



DATE: October 28, 2014

CATEGORY: Public Hearing

DEPT.: Community Development

TITLE: **Public Hearing on Assessment for Business Improvement District (BID) No. 2 and Allocation of 2015 BID Revenues**

RECOMMENDATION

1. Adopt a Resolution Levying the Annual Benefit Assessments for Fiscal Year 2015 for Downtown Mountain View Business Improvement District (BID) No. 2, to be read in title only, further reading waived (Attachment 1 to the Council report).
2. Authorize the City Manager to execute a contract for services with the Central Business Association (CBA) for 2015 and authorize the allocation of 2015 revenues from BID No. 1 and BID No. 2 to the CBA.

BACKGROUND

A Business Improvement District (BID) is a common way to generate funds for downtown by requiring that each business in the District pay a BID fee in addition to the business license fee. The fees vary by type, size, and location of business but are not subject to Proposition 218 because they are business-based, not property-based. State law requires that these funds be used for advertising, promotion, special events, or other activities that promote the downtown. The State law also allows the fees to be used for lighting, cleaning, parking maintenance, or some other activities. The fees are either to be used by the City or allocated to an organization like the Chamber of Commerce or the CBA. The two Mountain View BIDs were initiated by the CBA. Revenues have always been allocated to the CBA.

Mountain View has two Business Improvement Districts (Attachment 2). The 1983 Business Improvement District, BID No. 1, includes the length of Castro Street and some side streets. The 1991 Business Improvement District, BID No. 2, includes a smaller area in the 100, 200, and 300 blocks of Castro Street. The Districts serve the same purpose but were enacted under different State-enabling legislation. In 1991, the CBA recommended, and the City Council approved, the formation of the second District when the CBA identified the need to increase BID revenues in 1991. The

rationale for the boundaries of BID No. 2 is that this area receives the most benefit from the CBA events and promotions.

ANALYSIS

The two Business Improvement Districts provide an estimated \$45,000 in assessment revenues, which constitute approximately 23 percent of the CBA's operating budget. BID No. 2 requires both a public meeting as well as a public hearing in order to adopt fees and authorize expenditure of funds; whereas, the State legislation used to enact BID No. 1 automatically assesses fees and will only require BID No. 1 to go to a public meeting and hearing when fees are raised and/or the fee structure is modified.

At the September 16, 2014 public meeting, the City Council set a date for the public hearing and preliminarily approved the report submitted by the CBA. The report summarizes how the 2014 BID funds were used and how the CBA intends to use the 2015 BID revenues. The City Council also discussed the BID fee structure of both Districts and the fee collection process. City Council did request information on the amount of staff time used to renew and process the fees. Each year staff spends 20 hours on the renewal of the Business Improvement Districts and 100 hours on the billing process (including producing the invoices and follow-up inquiries).

At the October 28, 2014 public hearing, the Council will be asked to review and give final approval to the CBA, levy the assessments, and allocate the 2015 funds from both Districts to the CBA. A fee increase is not recommended this year.

FISCAL IMPACT

All 300± downtown businesses are included in the BID No. 1 and are charged either \$50 (professional), \$150 (retail), or \$200 (restaurant). Businesses in the 100, 200, and 300 blocks of Castro Street (approximately 135 businesses) are assessed an additional \$25 or \$175 for BID No. 2.

The assessments for both Districts are added to the \$30 business license fee and are due with the renewal of business licenses every January. The revenues from the two Districts are estimated to be \$34,000 for BID No. 1 and \$11,000 for BID No. 2 and can be used for a variety of activities, including downtown maintenance and promotion. The report from the CBA (Attachment 3) identifies each affected business, the proposed assessments, and how the CBA intends to use these revenues during 2015. Staff is working with the CBA to ensure the businesses within the Districts are paying the BID fees. Letters were sent to all the businesses within the District reminding them of the renewal process and staff identified new businesses that had not paid their business

license fee. Those new businesses will receive information on how to apply for a business license and the purpose of the BID.

ALTERNATIVES

If the resolution levying the annual assessment and the authorization for the City Manager to execute a contract with the Central Business Association is not adopted, the BID fees would not be levied and the 2015 funds from both Districts would not be allocated to the CBA. The CBA would need to seek new funding or reduce its programming.

PUBLIC NOTICING

Notice of the public hearing was mailed to all businesses in the two Districts, appears in a flyer the CBA distributed to every downtown business, and was published in the *San Jose Post Record*, the official record for the City of Mountain View. Notice of the October 28, 2014, public meeting was also included in the standard Council agenda notice and posting procedures. A link to this report was sent to the CBA and the Chamber of Commerce.

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Attachments: 1. Resolution Levying the Annual Benefit Assessment for 2015
2. Business Improvement District Map
3. Business Improvement District Annual Report 2014

cc: Ms. Julie Smiley
Central Business Association

Downtown Committee