



**DATE:** October 27, 2020

**CATEGORY:** Public Hearing

**DEPT.:** Community Development

**TITLE:** **Public Hearing on Downtown Business Improvement Areas**

### **RECOMMENDATION**

1. Preliminarily approve the Downtown Business Association Annual Report.
2. Adopt a Resolution of the City Council of the City of Mountain View Declaring Its Intention to Levy Assessments for the Downtown Mountain View Business Improvement Area No. 1, to be read in title only, further reading waived, and set a public hearing date of November 17, 2020 (Attachment 1 to the Council report).
3. Adopt a Resolution of the City Council of the City of Mountain View Declaring Its Intention to Levy Assessments for the Downtown Mountain View Business Improvement Area No. 2, to be read in title only, further reading waived, and set a public hearing date of November 17, 2020 (Attachment 2 to the Council report).

### **BACKGROUND**

A business improvement area (BIA) is a common way to generate funds to promote a downtown area. BIAs require each business in the area to pay a BIA fee, in addition to the business license fee. The amount of BIA fee that each business pays varies by the type, size, and/or location of the business. State law requires that BIA fees be used for advertising, promotions, special events, or other activities that promote the designated business area. The fees can either be used by the jurisdiction or allocated to an appropriate organization, such as a business association or chamber of commerce. BIAs are usually formed by a business association or chamber of commerce, given the interest of such organizations to support a business district.

Mountain View has two BIAs (Attachment 3), both originally created by the downtown businesses and Downtown Business Association (DBA) (formerly Central Business Association), with revenues historically allocated to them. The 1983 Business Improvement Area, BIA No. 1, includes the entire length of Castro Street (West Evelyn

Avenue to El Camino Real) and some side streets. BIA No. 1 fees are based upon type of business, specifically restaurant, retail, and professional (i.e., office). In 1991, the DBA recommended, and the City Council approved, the formation of the second area when the DBA identified the need to increase BIA revenues in 1991. BIA No. 2 includes a smaller area in the 100, 200, and 300 blocks of Castro Street and is geographically contained entirely within BIA No. 1; the fees are based upon the type of business (restaurant, retail, and professional) and size of business in square feet. Both BIAs serve the same purpose of supporting the downtown businesses but were enacted under different State enabling legislation. BIA No. 1 was created under the Parking and Business Improvement Area Law of 1979. The 1979 BIA Law was replaced by a 1989 law under which BIA No. 2 was created. The rationale for the boundaries of BIA No. 2 is that this area receives the most benefit from DBA events and promotions. Businesses within both BIAs pay both fees.

## ANALYSIS

Under State law, both BIAs require an annual public meeting and public hearing to levy assessments and authorize expenditure of funds. The DBA estimates the two BIAs will generate \$40,350 in assessment revenues (\$31,150 for BIA No. 1 and \$9,200 for BIA No. 2) in 2021. The DBA does not propose an increase or change in this year's BIA assessment, including the assessment rate/methodology.

For the public meeting on October 27, 2020, the City Council is being asked to review the proposed programming the BIAs should fund, receive any comments or other input from members of the public, preliminarily approve the annual report submitted by the DBA (Attachment 4), and set November 17, 2020 for the public hearing. The DBA report identifies businesses within the BIAs, their proposed assessment, and recommendations for how the DBA plans to use the revenue for downtown promotions and activities for 2021 (see below for a summary). The City Council may also identify any additional information it would like available.

At the public hearing on November 17, 2020, the City Council will be asked to review and give final approval to the DBA report, levy the assessments, and allocate the 2021 funds from both areas to the DBA. After the City Council takes final action, BIA fee amounts are included with the business license renewal notices and will be sent in January to the businesses located within the BIA boundaries.

The DBA's primary role is to utilize BIA funds for marketing and promotional events, and continue to expand its business advocacy role in supporting the downtown area. The DBA continues to operate without an Executive Director, and in 2020, the DBA partnered with the Mountain View Chamber of Commerce (Chamber) to provide support and

marketing services for the downtown area and to disseminate information to downtown businesses during the COVID-19 pandemic. Together, the DBA and the Chamber provided virtual networking opportunities, including a meeting with the Mayor, and webinars about State and local public health orders and how to operate under these orders. The DBA continues several marketing programs, including a downtown website (<http://mountainviewdowntown.com>), social media (Facebook—Mountain View Downtown Business Association), and digital and print ads in local newspapers.

In 2021, the DBA will focus on developing goals and a work plan to meet the challenges posed by the ongoing COVID-19 pandemic and its impact on downtown businesses. The Board of Directors will review operational needs of the organization as well as identify opportunities to support downtown businesses. Some highlights of the work plan include:

- Partnering with the Chamber and the City of Mountain View to implement the Small Business Action Plan (Plan). The DBA will align their resources with the Plan by creating and producing a downtown print guide and new map of the downtown, creating print and digital ads in the *Mountain View Voice*, and maintaining a social media campaign.
- Changing the method of providing information and networking opportunities to businesses and promotion of the downtown area to a digital format. Some examples include moving the “Meet the Mayor” event to a Zoom meeting format and converting the annual “Trick or Treat” event to a Virtual Monster Bash in collaboration with the City Recreation Division.

### Potential DBA Long-Term Options

During 2021, the DBA will also explore long-term options to support the organization and downtown businesses. With the departure of its Executive Director in 2019, the DBA Board of Directors used independent contractors and partnered with the Chamber. However, the DBA Board does not have the administrative capacity to hire and manage consultants and partnerships. As included in the DBA’s annual report, the DBA is exploring the following three long-term options.

1. Create a third BIA and raise the fees for office uses within the existing BIA geographic boundaries. Current office uses pay \$50 in BIA No. 1 and \$25 to \$75 depending on business square footage in BIA No. 2. The additional funds will allow the DBA to hire an Executive Director.

2. Contract with the Chamber of Commerce to manage a staff person for the downtown. BIA funds will be used to pay the salary of a part-time position. The Board of Directors will still be active and would work closely with this person.
3. A combination of Option 1 and Option 2. The third BIA would cover a part-time or full-time staff person and/or additional funds for marketing, promoting, and developing programming in the downtown.

The DBA is in discussions with the Chamber of Commerce regarding these options, and it is anticipated that the details of structure of the partnership between the DBA and Chamber will be developed in fall 2020.

This is an informational item, and no action is required of the Council at this time. However, this is being provided as background for any future proposal the DBA may have for 2021. If the DBA decides to proceed with Option 1, staff will work with the DBA on the process and timeline for creating a new Business Improvement Area, including returning to the City Council for discussion.

### **FISCAL IMPACT**

The DBA projects revenues from the two areas to be \$40,350 (\$31,150 for BIA No. 1 and \$9,200 for BIA No. 2) and are allocated to the DBA for downtown promotions, business advocacy, and event planning. The assessments for both areas are added to the business license fee and are due with the renewal of the business licenses in January 2021. Staff works with the DBA to ensure that businesses within the area pay their BIA fees, and, in September, letters were sent to all downtown businesses with a reminder to pay their business license fee.

### **ALTERNATIVES**

1. Do not preliminarily approve the DBA report and do not set November 17, 2020 for the public hearing. If the report from the DBA is not preliminarily approved and the resolutions are not adopted, the BIAs' fees would not be levied, and there would be no funds for 2021 from either area to be allocated to the DBA. The DBA would need to seek new funding or reduce its programming.
2. Provide other direction.

**PUBLIC NOTICING**

The renewal of the current annual BIAs and the summary of proposed activities in the 2020 DBA Annual Report were presented at the September 9, 2020 Downtown Committee (DTC) meeting. Any discussions on the proposed third BIA would be brought back to the DTC and discussed before bringing the proposal to Council. Notice of this public meeting was included in the standard Council agenda notice and posting procedures. Notice of the public meeting and hearing was mailed to all businesses in the two areas and published in the *San Jose Post Record*, the official record for the City of Mountain View.

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- Attachments:
1. Resolution of Intention to Levy Assessments for BIA No. 1
  2. Resolution of Intention to Levy Assessments for BIA No. 2
  3. Business Improvement Area Map
  4. Downtown Business Association Annual Report 2020

cc: Downtown Business Association