



COUNCIL REPORT

DATE: September 24, 2024

CATEGORY: Public Hearing

DEPT.: Community Development

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

RECOMMENDATION

1. Approve the Annual Report.
2. Adopt a Resolution of the City Council of the City of Mountain View Approving the Annual Report of the Downtown Mountain View Business Improvement Area No. 1 and Declaring Its Intention to Levy Assessments for 2025, to be read in title only, further reading waived, and set a public hearing date of October 22, 2024 (Attachment 1 to the Council report).
3. Adopt a Resolution of the City Council of the City of Mountain View Approving the Annual Report of the Downtown Mountain View Business Improvement Area No. 2 and Declaring Its Intention to Levy Assessments for 2025, to be read in title only, further reading waived, and set a public hearing date of October 22, 2024 (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 tax. The amount of the 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, historically organized as the Central Business Association and, later, the Downtown Business Association (DBA), with revenues historically allocated to them. In May 2021, the Mountain View Chamber of Commerce (Chamber) was appointed by the City Council to provide support to the downtown businesses and to receive and manage both BIAs and their revenues. The 1983 Business Improvement Area, BIA No. 1, includes the entire length of Castro Street (from

West Evelyn Avenue to El Camino Real) and some side streets. BIA No. 1 fees are based upon the type of business, specifically restaurant, retail, and professional (i.e., office). In 1991, the DBA recommended, and the City Council approved, the formation of a second BIA when the DBA identified the need to increase BIA revenues. 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 rationale for the boundaries of BIA No. 2 is that this area receives the most benefit from the resources provided the BIA. BIA No. 2 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. Businesses located 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 Chamber estimates the two BIAs will generate \$45,875 in assessment revenues (\$34,750 for BIA No. 1 and \$11,125 for BIA No. 2) in 2025. The Chamber does not propose an increase or change in this year's BIA assessment, including the assessment rate or methodology.

For the public meeting on September 24, 2024, 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 Chamber (Attachment 4), and set October 22, 2024 as the date of the public hearing. The Chamber report identifies businesses within the BIAs, their proposed assessments, and recommendations for how the Chamber plans to use the revenue for downtown promotions and activities for 2025 (see below for a summary). The City Council may also identify additional information it would like to be available.

At the public hearing on October 22, 2024, the City Council will be asked to review and give final approval to the Chamber report, levy the assessments, and allocate the 2025 funds from both BIAs to the Chamber. 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 businesses located within the BIA boundaries.

The Chamber's primary role is to provide staffing support to the DBA and manage the advisory group, which will continue to be known as the Downtown Business Association, and advise the Chamber on the BIAs, utilize BIA funds for marketing and promotional events in downtown, and

expand its business advocacy role in supporting the downtown area. Some highlights of the 2024 accomplishments include:

- The 2023 Art & Wine Festival was reengineered to make restaurants in the 100 to 300 blocks a deliberate and highlighted component of the event, including promotion, inclusion in signage and wayfinding tools, and extending the presence of festival vendor booths. Most business owners reported increases in sales that were notably higher than during previous years' festivals. The new patio requirements will allow further expansion of this approach in September 2024. A special booth at the Art & Wine Festival promoted downtown's history, highlighted by photos and books donated by the Mountain View Historical Association. In Q4 2023, in partnership with the City, delivered a new toolkit to help businesses use social media. Three downtown businesses were specifically selected to inform research and were provided with additional, customized templates and content. They are also serving as ongoing "case studies."
- Executed holiday-themed events and promotions specific to downtown, including Halloween on Castro (October) and The Great Elf Hunt (December). Additionally, in partnership with Steins Beer House, the popular Oktoberfest celebration successfully returned to downtown (October). These activities increased sales, traffic, visibility, social media buzz, and community engagement.
- In Q2 2024, promotional videos were created to promote visiting and shopping downtown with several downtown businesses specifically highlighted; two videos are hosted permanently on the Chamber website homepage and the iLoveMV.org homepage.
- In May 2024, in partnership with the Mountain View Fire Department (MVFD), assisted in planning and promotion of a downtown parade celebrating the 150th Anniversary of the MVFD. Downtown businesses were encouraged to participate with special offers for attendees.

For 2025, the Chamber developed a work plan that is focused on marketing and promotions, small-business advocacy, growing the advisory group of the downtown businesses, and providing direct assistance to businesses:

- Work with the Mountain View Historical Association to provide more photos and information about downtown, including displays in storefront windows and a special interactive booth at the Art & Wine Festival;
- Resume the State of the Downtown meeting, an annual meeting where the DBA president provides a review of the past year's activities and a projection for the upcoming year;

- Reimage and relaunch DBA’s web resources and incorporate into high-traffic sites, such as *iLoveMV.org* and *ChamberMV.org*;
- Invite neighborhood associations and community members to the monthly DBA meeting to continue building stronger relationships, share concerns, further understanding, and work on win-win scenarios; and
- Hold another “Meet Our Merchants” presentation to allow local businesses to tell their story and connect with the community as well as directly inform the City Council and staff on key issues.

FISCAL IMPACT

The Chamber projects revenues from the two areas to be \$45,875 (\$34,750 for BIA No. 1 and \$11,125 for BIA No. 2) and are allocated to the Chamber for downtown promotions, business advocacy, and event planning in the downtown area. The assessments for both areas are added to the business license fee and are due with the renewal of the business licenses in January 2025. Staff works with the Chamber to ensure that businesses within the area pay their BIA fees.

ALTERNATIVES

1. Do not preliminarily approve the Chamber report, and do not set October 22, 2024 as the date of the public hearing. If the report from the Chamber is not preliminarily approved and the resolutions are not adopted, the BIAs’ fees would not be levied as part of the annual renewal process the Finance and Administrative Services Department begins in November for the business license tax, and there would be no funds for 2025 from either area to be allocated to the Chamber. The Chamber would need to seek new funding or reduce its programming.
2. Provide other direction.

PUBLIC NOTICING

The renewal of the current annual BIAs was presented at the September 10, 2024 Downtown Committee meeting. 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 *Daily Post Journal*, the official record for the City of Mountain View.

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JL/1/CAM
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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. Chamber Annual Report 2024

cc: Mountain View Chamber of Commerce