



DATE: October 3, 2017

CATEGORY: Public Hearing

DEPT.: Community Development

TITLE: **Public Meeting on Downtown Business Improvement Areas (BIAs)**

RECOMMENDATION

1. Hold a public meeting on the Downtown Business Improvement Areas.
2. Preliminarily approve the Central Business Association Annual Report.
3. Adopt a Resolution of the City Council 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 7, 2017 (Attachment 1 to the Council report).
4. Adopt a Resolution of the City Council 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 7, 2017 (Attachment 2 to the Council report).

BACKGROUND

A business improvement area (BIA) is a common way to generate funds for downtown by requiring each business in the area to pay a BIA 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, promotions, special events, or other activities that promote the downtown. The fees can either be used by the City or allocated to an organization such as the Central Business Association (CBA) or the Chamber of Commerce.

Mountain View has two BIAs (Attachment 3). The two Mountain View BIAs were initiated by the CBA and revenues have historically been allocated to the CBA.

The 1983 Business Improvement Area, BIA No. 1, includes the length of Castro Street (West Evelyn Avenue to El Camino Real) and some side streets. The 1991 Business Improvement Area, BIA No. 2, includes a smaller area in the 100, 200, and 300 blocks of Castro Street. The areas 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 area when the CBA identified the need to increase BIA revenues in 1991. The rationale for the boundaries of BIA No. 2 is that this area receives the most benefit from CBA events and promotions.

ANALYSIS

The two BIAs provide an estimated \$48,000 in assessment revenues, which constitute approximately 24 percent of the CBA's operating budget. Under State law, both areas require a public meeting as well as a public hearing (the public hearing is scheduled for November 7, 2017) in order to adopt fees and authorize expenditure of funds. At today's public meeting, the City Council will be asked to set a date for the public hearing and to preliminarily approve the report submitted by the CBA (Attachment 4). The report summarizes how the 2017 BIA funds were used and how the CBA intends to use the 2018 BIA funds. Note that the budget reflects an adjustment to the 2016 assessment revenues. The original amount received in 2016 was \$55,699. The adjusted amount is \$48,243. A business refund of \$7,456 is being processed for 67 businesses. The refund is due to a discrepancy discovered in the fee category.

At the November 7, 2017 public hearing, the City Council will be asked to review and give final approval to the CBA report, levy the assessments, and allocate the 2018 funds from both areas to the CBA.

The CBA's primary role is to utilize BIA funds for marketing, promotional events, and continue to expand its business advocacy role in supporting the downtown. The CBA continues to sponsor the annual A La Carte and Art event (in its 21st year) and held the fifth annual Downtown Mountain View Wine Walk on August 10, 2017. In addition, the CBA will continue the popular Halloween Trick-or-Treating event, where participating businesses hand out treats to children. They will be hosting the event again on October 28, 2017 from 1:00 p.m. to 4:00 p.m. The CBA continues several marketing programs, including a downtown guide and website (<http://mountainviewdowntown.com>) to help downtown businesses establish or expand their marketing presence online. The CBA also continues to maintain both a Facebook page (*Mtn. View Central Business Association*) and a Google Plus page.

At today's public meeting, the City Council may discuss the BIA and receive any comments or other input from members of the public. The City Council may also want

to identify additional information it would like available for the November 7, 2017 public hearing. After the City Council takes final action at the public hearing on November 7, 2017, the business license renewal notices will be sent to the businesses located within the BIA boundaries.

FISCAL IMPACT

Holding a public meeting preliminarily approving the report and setting a public hearing date has no fiscal impacts. At the public hearing on November 7, 2017, the City Council will determine: (1) how much to assess businesses in BIA Nos. 1 and 2; and (2) how to allocate those funds for downtown promotion and improvement activities.

The revenues from the two areas are estimated to be \$37,000 for BIA No. 1 and \$11,000 for BIA No. 2, and can be used for a variety of activities, including downtown promotions, business advocacy, and event planning. The assessments for both areas are added to the \$30 business license fee and are due with the renewal of the business licenses in January. Staff is working with the CBA to ensure that businesses within the area are paying their BIA fees, and letters were sent to new businesses that had not yet paid their business license fee. The attached report from the CBA (Attachment 4) identifies businesses affected, their proposed assessment, and the CBA's recommendations for how it plans to use the revenue for downtown promotions and activities for 2018. The CBA does not propose an increase in this year's BIA assessment.

ALTERNATIVES

If the report from the CBA is not preliminarily approved and the resolutions are not adopted, the BIAs' fees would not be levied and the 2018 funds from both areas would not be allocated to the CBA. The CBA would need to seek new funding or reduce its programming.

PUBLIC NOTICING

The renewal of the annual BIAs was discussed and recommended for Council approval at the September 5, 2017 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, will appear in a flyer the CBA distributes to every downtown business, and in the *San Jose Post Record*—the official record for the City of Mountain View.

Prepared by:

Margaret Tamisiea
Business Development Specialist

Alex Andrade
Economic Development Manager

Approved by:

Randal Tsuda
Community Development Director

Daniel H. Rich
City Manager

MT-AA/3/CAM
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Attachments: 1. Resolution of Intention to Levy Assessment for BIA No. 1
2. Resolution of Intention to Levy Assessment for BIA No. 2
3. Business Improvement Area Map
4. Business Improvement Area Annual Report 2017

cc: Ms. Julie Smiley – Central Business Association