



DATE: October 9, 2018

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 13, 2018 (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 13, 2018 (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 CBA has estimated \$48,675 in assessment revenues for the two BIAs, 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 13, 2018) 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 the CBA's revenues and expenses for the 2017 actuals, 2018 estimated and proposed for 2019. Last year, the 2017 reflected an adjustment to the 2016 assessment revenues, and a business refund of \$7,456 was processed for the 67 businesses. The actuals for 2017 resulted in a deficit of \$21,199, and the CBA is estimating a deficit of \$9,653 for 2018, but a positive balance of \$6,475 is projected by CBA for 2019.

At the November 13, 2018 public hearing, the City Council will be asked to review and give final approval to the CBA report, levy the assessments, and allocate the 2019 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 22nd year) and held the sixth annual Downtown Mountain View Wine Walk on August 2, 2018. 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 27, 2018 from 3:00 p.m. to 6:00 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 identify any additional information it would like available for the November 13, 2018 public hearing. After the City Council takes final action at the public hearing on November 13, 2018, 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 13, 2018, 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 CBA projects revenues from the two areas to be \$37,600 for BIA No. 1 and \$11,075 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 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 2019. 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 2019 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 11, 2018 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.

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TC-AA/2/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 2018

cc: Ms. Julie Smiley – Central Business Association