



**DATE:** May 25, 2021

**CATEGORY:** Consent

**DEPT.:** Community Development

**TITLE:** **Downtown Business Improvement Area Transition**

### **RECOMMENDATION**

Adopt a Resolution of the City Council of the City of Mountain View Appointing the Mountain View Chamber of Commerce as the Advisory Board for the Downtown Mountain View Business Improvement Area No. 1 and Business Improvement Area No. 2, and Authorizing the City Manager to Execute a Contract for Services with the Mountain View Chamber of Commerce to Accomplish the Purposes of, and Allocating the 2021 Revenues From, the Business Improvement Areas, to be read in title only, further reading waived (Attachment 1 to the Council report).

### **BACKGROUND**

A business improvement area (BIA) is a way to generate funds to promote a downtown area. BIAs require each business in the area to pay a BIA fee, and the amount 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 created by the downtown businesses and Downtown Business Association (DBA). 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 the type of business, specifically restaurant, retail, and professional (i.e., office). The 1991 Business Improvement Area, BIA No. 2, includes the 100, 200, and 300 blocks of Castro Street, and the fees are based upon the type of business (restaurant, retail, or professional) and size of business (square feet). Businesses within both BIAs pay both fees, and the total BIA revenues are then allocated to the designated advisory body, which historically has been the DBA.

The DBA's primary role was to utilize BIA funds for marketing and promotional events and business advocacy in supporting the downtown area. However, in 2019, the DBA's Executive Director departed, and the Board of Directors used independent contractors and partnered with the Mountain View Chamber of Commerce (Chamber) to carry out their BIA obligations under an existing agreement with the City for the performance of services consistent with the fee assessment purposes. The City Council was updated regarding these changes during the annual BIA renewal process, which was completed on November 17, 2020 (Attachment 2 – [Council Report](#)).

After the 2020 approval, the DBA and Chamber partnership continued to provide support to downtown businesses during the COVID-19 pandemic. At the same time, the DBA and Chamber began formal discussions to transition the BIAs' roles and responsibilities from the DBA to the Chamber because downtown businesses and DBA board members were unable to dedicate extensive time to the organization and needed a staff person to manage the responsibilities. In December 2020, the DBA Board determined they did not have the administrative capacity to manage the BIAs and recommended that the roles and responsibilities of the DBA as they relate to the BIAs be transferred to the Chamber, with the formation of an advisory board to advise the Chamber with respect to the BIAs.

## **ANALYSIS**

State law requires the City Council appoint an advisory board to make recommendations to the City Council on the expenditure of revenues derived from the assessments levied in the BIAs, the classification of businesses, and the method and basis of levying the assessments. The advisory board is responsible for preparing a report each fiscal year for which assessments are to be levied and collected to pay the costs of the improvements and activities as described in the report.

The transition comes at an important time when downtown businesses need an organization to provide advocacy and support during and after the COVID-19 pandemic. Staff has been working with the Chamber and DBA to identify their responsibilities to ensure the transition is a smooth and transparent process. The Chamber and DBA developed a 2021 work plan and conducted outreach to downtown businesses to ensure the businesses support the transition.

The work plan outlines how the Chamber will continue to fulfill the DBA's responsibilities, which includes activities funded by the BIAs' revenues in addition to other funding the Chamber receives (Attachment 3). The DBA Advisory Board will be established with a Chamber staff person to support the board and downtown businesses.

This advisory board will make recommendations to the Chamber Board of Directors who will advise the City Council. Additional Chamber staff can be used when needed to provide broader and greater support.

The BIA funds will be used in accordance with the approved annual report and the purposes Council adopted when the assessments were levied in November 2020 and through the direction and oversight provided by the DBA Advisory Board. The Chamber will continue to market and promote downtown while helping downtown businesses recover from the COVID-19 pandemic.

### *Outreach*

The Chamber reached out to the ground-floor downtown businesses to discuss the transition and recruit businesses to serve on the advisory board. They also conducted a survey to gauge the opinion of downtown businesses on the transition from the DBA to the Chamber. One hundred sixty-five (165) downtown businesses were provided the survey, and 63 businesses responded. Fifty-two percent (52%) of survey respondents were in favor of DBA operations being managed by the Chamber, 43% were neutral, 5% were against. In addition, the Chamber and DBA discussed the transition with the Downtown Committee at their April 6, 2021 meeting. The Downtown Committee recommended Council approval of the Chamber Board of Directors as the advisory board to the City Council for the BIAs and the transition in general.

Staff anticipates the change will not impact the support the downtown businesses receive. On an annual basis, the City holds public hearings on the annual work plans and BIA assessments. The annual renewal will provide the City with an ongoing opportunity to ensure the Chamber is carrying out the roles and responsibilities of the BIAs.

### **FISCAL IMPACT**

The 2021 revenues from the two areas are \$31,150 for BIA No. 1 and \$9,200 for BIA No. 2 for a total of \$40,350 from both BIAs. Staff recommends the revenues be allocated to the Chamber to promote downtown and provide business advocacy. The Chamber would also have available remaining unexpended 2020 assessment funds transferred from the DBA. The City Council will conduct the next annual renewal of the BIAs in fall 2021, which provides Council with the opportunity to review the revenues.

## **ALTERNATIVES**

1. Do not adopt the resolution designating the Mountain View Chamber of Commerce as the advisory board for the BIAs. If the resolution is not adopted, there will be no organization or advisory board to administer and manage the BIA funds and responsibilities, and another advisory board will need to be appointed.
2. Provide other direction.

## **PUBLIC NOTICING**

Notice of this public meeting was included in the standard Council agenda notice and posting procedures. Notice of the Council meeting was mailed to all downtown 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
  2. [November 17, 2020 City Council Report](#)
  3. Chamber of Commerce – BIA Work Plan