



DATE: November 7, 2017

CATEGORY: Public Hearing

DEPT.: Community Development

TITLE: **Public Hearing on Downtown Business Improvement Areas (BIAs) No. 1 and No. 2 and Allocation of 2018 BIA Revenues**

RECOMMENDATION

1. Adopt a Resolution Levying the Annual Benefit Assessments for Fiscal Year 2017-18 for Downtown Mountain View Business Improvement Area (BIA) No. 1, to be read in title only, further reading waived, (Attachment 1 to the Council report).
2. Adopt a Resolution Levying the Annual Benefit Assessments for Fiscal Year 2017-18 for Downtown Mountain View Business Improvement Area (BIA) No. 2, to be read in title only, further reading waived, (Attachment 2 to the Council report).
3. Authorize the City Manager to execute a contract for services with the Central Business Association (CBA) for 2018 and authorize the allocation of 2018 revenues from BIA No. 1 and BIA No. 2 to the CBA.

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 CBA or the Chamber of Commerce.

Mountain View has two BIAs. 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. 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 in order to adopt fees and authorize expenditure of funds. The CBA's submitted report summarizes how the 2017 BIA funds were used and how the CBA intends to use the 2018 BIA funds (Attachment 3). 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 October 3, 2017 public meeting, the City Council set a date for the public hearing and preliminarily approved the report submitted by the CBA. At today's 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.

FISCAL IMPACT

All 300+ downtown businesses are included in the BIA No. 1 and are charged either \$50 (professional), \$150 (retail), or \$200 (restaurant). Businesses in the 100, 200, and 300 blocks of Castro Street are assessed an additional \$25 to \$175 for BIA No. 2 based on the square footage of the business.

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 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 resolution levying the annual assessment and authorization for the City Manager to execute a contract with the CBA is 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

Notice of the public hearing was mailed to all businesses in the two areas, and was published in the *San Jose Post Record* – the official record for the City of Mountain View. Notice of the November 7, 2017 public hearing was also included in the standard Council agenda notice and posting procedures.

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- Attachments:
1. Resolution Levying the 2018 Annual Benefit Assessment for BIA No. 1
 2. Resolution Levying the 2018 Annual Benefit Assessment for BIA No. 2
 3. Business Improvement Area Annual Report 2017
 4. October 3, 2017 Council Report

cc: Ms. Julie Smiley – Central Business Association

Downtown Committee