



COUNCIL REPORT

DATE: October 10, 2023
CATEGORY: Public Hearing
DEPT.: Community Development
TITLE: **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 2024, to be read in title only, further reading waived, and set a public hearing date of November 14, 2023 (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 2024, to be read in title only, further reading waived, and set a public hearing date of November 14, 2023 (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 fee. The amount of 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 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 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 \$39,775 in assessment revenues (\$30,350 for BIA No. 1 and \$9,425 for BIA No. 2) in 2024. 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 October 10, 2023, 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 November 14, 2023 as the date of the public hearing. The Chamber report identifies businesses within the BIAs, their proposed assessment, and recommendations for how the Chamber plans to use the revenue for downtown promotions and activities for 2024 (see below for a summary). The City Council may also identify additional information it would like to be available.

At the public hearing on November 14, 2023, the City Council will be asked to review and give final approval to the Chamber report, levy the assessments, and allocate the 2024 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 the businesses located within the BIA boundaries.

The Chamber's primary role is to provide staffing support to the Downtown Business Association 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 2023 accomplishments include:

- The Art & Wine Festival was redesigned 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 offering of special menus. This approach was expanded in September 2023.
- The DBA held an “Open House” where 10 business owners/general managers gave presentations to the public and City leaders to further connect with the community and encourage policy changes by telling their stories, personalizing their business, and providing perspective on the issues they face. There were over 50 attendees, including members of the City Council.
- To promote end-of-year shopping, and over the first quarter of 2023, a traditionally slow period for merchants, the Chamber executed new holiday-themed events and promotions specific to downtown, including Halloween on Castro (October), The Great Elf Hunt and Santa-Thon (December), REEL Love (an online contest for Valentine’s Day), and Find the Clover (Saint Patrick’s Day). These activities increased traffic, visibility, social media buzz, and community engagement.
- Developed a month-long campaign to donate a percentage of participating downtown merchants’ sales to the Community Services Agency (CSA) by more publicly demonstrating downtown businesses’ support, commitment, and connection to Mountain View at-large.
- In partnership with the City, have been facilitating the implementation of new sustainability guidelines, especially regarding compostable food containers, plates, and utensils.

For 2024, 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 Mountain View Historical Association to provide photos and information about downtown, including utilizing vacant storefront windows to improve ground-floor activation and a special booth at the Art & Wine Festival.
- In partnership with Steins and Ludwig’s, bring the Oktoberfest celebration back to downtown.
- Create promotional video to highlight visiting and shopping downtown.

- In partnership with Mountain View Fire Department, assist in planning and promotion of a downtown parade celebrating the 150th anniversary of MVFD.
- Reimage and relaunch DBA's web resources, and incorporate into high-traffic sites such as *ilovemv.org* and *chambermv.org*.
- Incorporate more public art to increase vibrancy of the street and attract more visitors.
- Deliver a new toolkit to help businesses use social media. Two downtown businesses were specifically selected to inform research and to serve as ongoing "case studies."
- Neighborhood associations and community members are invited to the monthly DBA meeting to continue building stronger relationships, share concerns, further understanding, and work on win-win scenarios.

Begin campaign with DBA members to automatically make all downtown businesses entry-level Chamber members, with full benefits provided at that level—including online and offline listings, advertising, seminars, trainings, and other valuable services. The Chamber is also proposing to waive the Chamber membership fee for businesses that pay BIA fees.

FISCAL IMPACT

The Chamber projects revenues from the two areas to be \$39,775 (\$30,350 for BIA No. 1 and \$9,425 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 2024. 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 November 14, 2023 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, and there would be no funds for 2023 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 5, 2023 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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- 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 2023

cc: Mountain View Chamber of Commerce