

DATE: September 2, 2025

TO: Downtown Committee

FROM: Amanda Rotella, Acting Economic Vitality Manager

VIA: Christian Murdock, Community Development Director

SUBJECT: **Downtown Business Improvement Area**

PURPOSE

The purpose of this memorandum is to provide the Downtown Committee with background and updated analysis for the annual renewal of the two Downtown Business Improvement Areas. The Committee may choose to support the renewal with a motion.

BACKGROUND

A Business Improvement Area (BIA) is a mechanism for generating revenue to support Downtown vitality by requiring businesses within the designated area to pay an additional fee alongside their annual business license tax. BIA fees vary based on business type, size, and location, and are not subject to Proposition 218, as they are business-based rather than property-based fees. Per state law, BIA funds must be used for activities that promote the Downtown area—such as marketing, events, and business advocacy—and may be administered by the City or allocated to a partner organization, such as the Downtown Business Association (DBA) or the Mountain View Chamber of Commerce.

Mountain View has two established BIAs (Attachment 1), both originally initiated by the Central Business Association (CBA), now known as the DBA:

- **BIA No. 1**, established in 1983, includes the length of Castro Street and several adjacent side streets. Its assessment formula is based on business type.
- **BIA No. 2**, created in 1991 to generate additional revenue, covers the 100, 200, and 300 blocks of Castro Street. Its assessment formula considers business type, size, and location.

The assessments for both BIAs are collected as part of the City's annual business license renewal process, with funds historically allocated to the DBA to support Downtown promotions, events, and advocacy efforts.

ANALYSIS

The City, in coordination with the Chamber and DBA, is required to annually renew the BIAs. The process begins with developing a list of businesses within the BIA boundaries and presenting an annual report of accomplishments and plans for the following year. For 2026, the DBA estimates the two BIAs will generate \$50,950 in assessment revenues (\$38,700 for BIA No. 1 and \$12,250 for BIA No. 2).

The cost of operating the DBA continues to outpace available revenues, straining the organization's capacity to sustain current marketing, events, and day-to-day functions that support the Downtown district. At the same time, the City and DBA regularly hear from the business community a desire for expanded services including events, activations, safety patrols and maintenance efforts. In recognition of the constraints facing both the DBA's and City's existing Downtown services, City staff is exploring supplemental funding mechanisms to support continued Downtown vibrancy and better meet community expectations.

NEXT STEPS

Council will review the annual report and estimated annual assessments at two public hearings. At the first public hearing on September 23, 2025, the City Council will review the BIA assessments and may preliminarily approve the renewal and identify additional information Council would like available. If the City Council preliminarily approves the renewal, a second public hearing will be held on October 28, 2025, where the City Council will approve the BIA assessments and allocate the funds. After the City Council takes final action, business license renewal notices will be sent to the businesses located within the BIA boundaries.

Attachment: Att 1 - Business Improvement Area Map
 Att 2 - Downtown BIAs Map