



COUNCIL REPORT

DATE:	September 23, 2025
CATEGORY:	Public Hearing
DEPT.:	Community Development
TITLE:	Downtown Business Improvement Area No. 1 – Annual Report and Levy of Business Assessments

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 2026, to be read in title only, further reading waived, and set a public hearing date of October 28, 2025 (Attachment 1 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 tax. The amount of the 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 2), 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 City Council designated the Mountain View Chamber of Commerce (Chamber) to provide support to the downtown businesses and to 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 that this area receives the most benefit from the resources provided by the BIA. BIA No. 2 fees are based upon the type of business (restaurant, retail, and professional) and business size 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 \$50,950 in assessment revenues (\$38,700 for BIA No. 1 and \$12,250 for BIA No. 2) in 2026. The Chamber does not propose an increase or change in this year's BIA assessment, including the assessment rate or methodology. The cost of operating the DBA, however, continues to outpace available revenues, limiting 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 about a desire for expanded events and activations, increased safety patrols and programming, and enhanced maintenance efforts. In recognition of both the funding constraints facing the DBA and the City's existing downtown services, staff is exploring potential funding mechanisms to bring additional resources that will enhance downtown vibrancy and better meet community expectations.

For the public meeting on September 23, 2025, 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 3), and set October 28, 2025 as the date of the public hearing. The Chamber report identifies businesses within the BIAs, their proposed assessments, and recommendations for how the Chamber plans to use the revenue for downtown promotions and activities for 2026 (see below for a summary). The City Council may also identify additional information it would like to be available.

At the public hearing on October 28, 2025, the City Council will be asked to review and give final approval to the Chamber report, levy the assessments, and allocate the 2026 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 DBA 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 2025 accomplishments include:

- The 2024 Art and Wine Festival (September) continued to highlight and promote traffic to local downtown businesses as part of the overall event, including a special “local discovery” section on the event map and website and encouraging attendees to visit businesses with event-themed offers or displays.
- Conducted holiday-themed events and promotions specific to downtown, including Halloween on Castro (October) and The Great Elf Hunt (December). New this year, the DBA launched the Bunny Hop (April), a holiday-themed event and promotion. This event was well attended and well received by the public and downtown merchants.

These activities increased sales, traffic, visibility, social media buzz, and community engagement:

- Social media videos/reels were created to spotlight several downtown businesses. Owners spoke about their business offerings, history, challenges, and relationship to the community.
- Ribbon cuttings performed for four businesses, two grand openings (Johnny & Sanny’s and MadeBy Maker Studio), and two celebrating expansions (Mediterranean Grill House and Monte Carlo Niteclub and Restaurant).

For 2026, 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:

- With the sale of Steins Beer Garden, the popular Oktoberfest celebration is now being handled entirely by the DBA/Chamber. It will be expanded in scope and be held in the 500 block of Castro Street in October to increase accessibility and visibility, promote visits to downtown and its local businesses, and increase community engagement.
- Reimage and relaunch the DBA’s web resources and incorporate into high-traffic sites, such as ilovemv.org and chambermv.org.
- Hold a “Meet and Greet on Castro Street” event to allow local businesses to tell their stories and connect with the community as well as directly inform the City Council and staff on key issues. Approximately 25 businesses will be represented and will have short introductory videos shown. Four businesses will be featured on a moderated panel.

- Invite neighborhood associations and community members to the monthly DBA meeting to continue building stronger relationships, share concerns, further understanding, and work on win-win scenarios.

FISCAL IMPACT

The Chamber projects total revenues of \$50,950 from the two BIAs in Fiscal Year 2025-26, with \$38,700 from BIA No. 1 and \$12,250 from BIA No. 2. These funds are allocated to the Chamber to support downtown promotions, business advocacy, and event planning in the downtown area. The BIA assessments are collected with the annual business license renewal process in January 2026. Staff coordinates with the Chamber to ensure that businesses within the BIAs remit their required fees.

LEVINE ACT

California Government Code Section 84308 (also known as the Levine Act) prohibits city officials from participating in any proceeding involving a “license, permit, or other entitlement for use” if the official has received a campaign contribution exceeding \$500 from a party, participant, or agent of a party or participant within the last 12 months. The Levine Act is intended to prevent financial influence on decisions that affect specific, identifiable persons or participants. For more information see the Fair Political Practices Commission website: www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html

Please see below for information about whether the recommended action for this agenda item is subject to or exempt from the Levine Act.

SUBJECT TO THE LEVINE ACT

- ☒ Contract or franchise agreement

ALTERNATIVES

1. Do not preliminarily approve the Chamber report, and do not set October 28, 2025 as the date of the public hearing. If the report from the Chamber is not preliminarily approved and the resolutions are not adopted, fees for BIA No. 1 would not be levied as part of the annual renewal process the Finance Administrative Services Department begins in November for the business license tax, and there would be no funds for 2026 from BIA No. 1 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 annual BIAs was presented at the September 2, 2025 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 BIA No.1 area and published in *The Daily Post*, the official record for the City of Mountain View.

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CDD/AR-09-23-25CR

Attachments: 1. Resolution of Intention to Levy Assessments for BIA No. 1
 2. Business Improvement Area Map
 3. Chamber Annual Report 2025

cc: Mountain View Chamber of Commerce