



COUNCIL AGENDA: 06-06-06
ITEM: 2.6(b)

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Paul Krutko

SUBJECT: See below

DATE: May 15, 2006

Approved

Deanna Satra

Date

5/18/06

COUNCIL DISTRICT: 6
SNI AREA: N/A

**SUBJECT: PRELIMINARY APPROVAL OF 2006-2007 BUDGET REPORT,
ADOPTION OF RESOLUTION OF INTENTION TO LEVY 2006-2007
ASSESSMENTS IN THE WILLOW GLEN BUSINESS IMPROVEMENT
DISTRICT, AND SETTING OF A DATE AND TIME FOR THE PUBLIC
HEARING ON THE LEVY OF ASSESSMENTS**

RECOMMENDATION

Preliminary approval of the report as filed by the Willow Glen Business Improvement District Advisory Board, or as modified by Council; and adoption of a resolution of intention to levy the annual assessment for 2006-2007, and set June 20, 2006 at 1:30 p.m. as the date and time for the public hearing on the levy of the proposed assessments.

BACKGROUND

The Willow Glen Business Improvement District ("The BID") was established by Council in 1983 pursuant to the California Parking and Business Improvement Area Law ("BID Law") to promote the economic revitalization and physical maintenance of the Willow Glen business district. In 1984, the Council appointed the Willow Glen Business and Professional Association as the Advisory Board ("Advisory Board") for the BID, to advise the Council on the levy of assessments in the BID and the expenditure of revenues derived from the assessments.

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Pursuant to the BID Law, the Advisory Board must come before the Council on an annual basis to present a report to the Council that proposes a budget for the upcoming fiscal year for the BID. The Council must then: 1) review the report and preliminarily approve it as proposed or as changed by the Council; 2) adopt a resolution of intention to levy the assessments for the upcoming fiscal year; and 3) set a date and time for the public hearing on the levy of assessments in the BID. Absent a majority protest at the public hearing, at the conclusion of the public hearing the Council may adopt a resolution approving the budget for Fiscal Year 2006-2007 as filed or as modified by the Council. The adoption of the resolution constitutes the levying of the Willow Glen BID assessments for Fiscal Year 2006-2007.

ANALYSIS

The Advisory Board has prepared a budget report (the "report"), attached hereto, for the Council's consideration as the budget for the Willow Glen BID for Fiscal Year 2006-2007. As required by BID Law, the report has been filed with the City Clerk and contains, among other things, a list of the improvements, activities, and associated costs proposed in the BID in Fiscal Year 2006-2007. The Advisory Board has recommended no change in the BID boundaries or the method and basis for levying assessments. The proposed assessments in the BID for Fiscal Year 2006-2007 are the same as the assessments in Fiscal Year 2005-2006.

OUTCOMES

This action is consistent with the Economic Development Strategy approved by the Council, specifically Initiative No. 5, "Support Start up and Growth of Local Businesses, in Tech as well as Non-Tech fields" and Initiative No. 13, "Develop Retail to Full Potential, Maximizing Revenue Impact and Neighborhood Livability." A healthy Business Improvement District will encourage growth of the retail community and consequently result in additional sales tax revenue for the City.

ALTERNATIVES

Not applicable.

PUBLIC OUTREACH

The budget for Fiscal Year 2006-2007 was reviewed and approved by the Advisory Board on April 21, 2006.

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COORDINATION

This memorandum has been coordinated with the City Attorney's Office, Finance Department, Willow Glen Business & Professional Association and the City Clerk's Office.

COST IMPLICATIONS

Adoption of the proposed BID budget does not impact City revenue. BID assessments are restricted for use exclusively by the BID. It is anticipated that a healthy Business Improvement District will encourage growth of the retail community and consequently result in additional business tax and sales tax revenue for the City.

BUDGET REFERENCE

Not applicable.

CEQA

CEQA: Exempt, PP03-05-165



PAUL KRUTKO
Director of Economic Development

For questions please contact Paul Krutko, Director at (408) 535-8181

Attachment



WILLOW GLEN BUSINESS & PROFESSIONAL ASSOCIATION

2006-2007 Budget Report Willow Glen Business Improvement District

2006-07 Board of Directors

Martin Berman
MBA Advisors

Jennifer Bell
Willow Glen Residents

Joe Lam
Help-U-Sell Diamond Realty

Boris Lavie
Dorak

Lance Mauer
Willow Glen Business Supply

Michael Muehlen
Newman Partners LP

Fred Othman
Ponderosa C.A. Realty

Bruce Pyle
Casa Casa

Gary Rovee
Conestoga Lounge

Don Skjovath
Signs A North American Business

Karin Swanson
Edward Jones & Co.

Tom Trudell
Truberg Associates LP

Executive Director
Norma Rutz

PO Box 3036

San Jose, CA 95133-3036

Phone: 408-298-2100

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BACKGROUND

The Willow Glen Business Improvement District (BID) was established by the Council in 1983 for the purpose of promoting and improving the Willow Glen Business District. In 1984 the Council appointed the Willow Glen Business and Professional Association as the contractor responsible for the execution of the Agreement By and Between the Willow Glen Business and Professional Association and the City of San José for the Operation and Administration of the Willow Glen Business Improvement District, dated April 24, 1984.

BID BOUNDARIES

The current address range for the Willow Glen BID is as follows:

Minnesota Avenue	1093
Willow Street	1072-1115
Lincoln Avenue	1000-1401
Brace Avenue	1110-1114

GOALS AND ACTIVITIES FOR FY 2006-2007

Based on the 8-year Strategic Plan, the Board of Directors has established the following goals and activities for this fiscal year:

1. Produce a profitable Dancin' on the Avenue event
 - a. This remains a volunteer driven event which is projected to generate revenue for WGBPA
2. Develop a communication program
 - a. Develop and distribute quarterly printed newsletters to membership
 - b. Develop and send monthly e-newsletter to membership
 - c. Implement the Business Ambassador Program
 - d. Hold quarterly educational and social meetings for membership
3. Develop a marketing program
 - a. Develop a 2006-2007 business directory and distribute to Willow Glen residents and businesses
 - b. Re-design the website – emphasize the business directory
 - c. Implement the cooperative advertising program based on annual calendar
 - d. Continue the branding project
4. Facilitate beautification and maintenance activities
 - a. Provide regular sidewalk power washings
 - b. Maintain holiday decorations and nighttime garland lights and tree lights
 - c. Maintenance of crosswalk arches
 - d. Work with the City to replace burned-out pedestrian lights and lights on arches
 - e. Conduct a pre-engineering assessment of the provision of City electrical power to the BID for street decorations and other activities.
5. Increase retail and restaurant business recruitment
 - a. Work with the City and neighborhoods to revise parking requirements
 - b. Work with property owners to implement a shared parking program
6. Sponsor a 2006 Founder's Day Event that will be revenue-generating

7. Develop a strategy for evening business
8. Identify financial resources such as: grants, sponsorships and parking districts
9. Strengthen partnerships with neighborhoods, City and chambers of commerce

USE OF BID FEES

The total projected cost of providing BID programs and activities for the fiscal year 2006-2007 is \$413,063. BID revenue is projected at \$120,000, which will cover 29% of the costs for the programs and activities. The BID funds will be used to support the following programs and activities:

- Advertising and Promotions
- Avenue Maintenance and Cleanliness
- Holiday Decorations
- Overhead expenses – staffing, office supplies and maintenance, insurance
- Events
- Membership programs – newsletters, socials, meetings, ambassador program

LEVYING THE ASSESSMENTS

The current method and basis for levying the annual assessment are as follows:

Type of Business	Assessment
Banks/Savings	\$825
Retail/Restaurants	\$400
Non-retail/Professional/Non-profit	\$275
Property Owner (assessed per building by sf)	
Single buildings less than 10,000 sf	\$275
Single buildings over 10,000 sf	\$525
Single buildings over 20,000 sf	\$800
Independent Contractors (Stylists, aestheticians, Sub lessees)	\$100

Businesses which fall into more than one category will be assessed on the category producing the highest revenue for the BID.

INCOME

Estimated BID Income	\$120,000	
Program Revenues	\$105,000	
Donations Cash	\$81,500	
Merchant Event/Program Fees	\$56,700	
Donations In-kind	\$36,518	
Grants	\$12,000	
Membership Dues	\$1,000	
Total Income		\$412,718

EXPENSES

Member Services

Newsletter	\$2,400	
Mixers/Annual meeting	\$2,200	
Ambassador Program	\$700	
subtotal		\$5,300

Administrative Operating Expenses

Personnel	\$60,000	
Rent	\$9,400	
Professional Fees	\$6,000	
Liability Insurance	\$2,000	
Telephone	\$1,500	
Office Supplies/Postage/Printing	\$1,200	
Meetings	\$100	
Taxes	\$10	
subtotal		\$80,210

Promotional Activities & Special Event

Advertising

Advertising/Promotions	\$97,500	
DOTA	\$95,000	
Founder's Day	\$51,825	
Holiday	\$20,500	
Business Directory	\$13,028	
Halloween	\$5,200	
Website	\$5,000	
Farmer's Market	\$2,200	
subtotal		\$290,253

Beautification

Clean & Maintain	\$21,000	
Seasonal Decorations	\$11,300	
Electrical Power Assessment	\$5,000	
subtotal		\$37,300

Total Expenses		\$413,063
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Estimated carryover for 2007-08		(\$345)
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