



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Paul Krutko

**SUBJECT:** See below

**DATE:** May 16, 2005

Approved

Date

May 23, 2005

**COUNCIL DISTRICT:** 6  
**SNI AREA:** N/A

**SUBJECT: PRELIMINARY APPROVAL OF 2005-2006 BUDGET REPORT,  
ADOPTION OF RESOLUTION OF INTENTION TO LEVY 2005-2006  
ASSESSMENTS IN THE WILLOW GLEN BUSINESS IMPROVEMENT  
DISTRICT**

## 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 increased annual assessments for 2005-2006 at the June 28, 2005 1:30 p.m. public hearing.

## 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.

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 2005-2006 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 2005-2006.

## **ANALYSIS**

This year the Willow Glen BID's Advisory Board is recommending an increase in assessments and a change in the method and basis for levying assessments in the Willow Glen BID. Based on these recommendations, additional public notice is required. At the May 3, 2005 meeting, the Council set June 7, 2005 at 1:30 p.m. as the date and time for the first public meeting to consider adoption of a resolution of intention to levy increased assessments for 2005-2006, and set June 28, 2005 at 1:30 p.m. as the date and time for the public hearing on the levy of assessments for 2005-2006 in the BID. At the direction of Council, the City Clerk has published the required notice of the public meeting and public hearing. The Office of Economic Development has mailed a notice of the public meeting and public hearing to all businesses and property owners in the BID who will be subject to the proposed increased assessment.

At the March 8, 2005 BID Advisory Board meeting, the Board recommended and approved a final budget and assessment schedule, which includes increases to assessments in the BID and a change in the method and basis for levying assessments. The Advisory Board conducted additional public meetings on April 27, 2005 and May 5, 2005 to answer any questions from the BID members regarding the changes to the assessments. The BID's 2005-2006 budget is attached hereto as Exhibit 1 for the Council's consideration. 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 2005-06. The Advisory Board has recommended no change in the BID boundaries. A map of the Willow Glen BID is attached hereto as Exhibit 2.

The Willow Glen BID fees have never been adjusted. The Advisory Board is seeking to adjust the assessment rates to allow the Advisory Board to continue expanding its services to Willow Glen businesses and property owners. BID fees are formulated based on anticipated benefit received from BID programs and services. For instance, retailers pay more than non-retailers because BID-financed promotional activities that draw people to Willow Glen benefit retailers to a larger degree than non-retail. Although restaurants have always been included in the retail category, to avoid confusion, the title of this category is being changed to Retail/Restaurants. Also the non-retail category has always included professional and non-profit organizations and is being revised to Non-retail/Professional/Non-profit. The Theater category was eliminated because none exist within the BID. In addition to the increase in assessments, the Advisory Board also proposes a change to the current BID commercial property owner flat fee by creating a property owner category that is scaled more equitably to anticipated benefit. A commercial

landlord with more leasable building space receives more BID benefits and its BID assessment will reflect that in the new proposed fee categories. Some businesses lease space to independent contractors that were also required to pay the BID fee. In recognition that this practice resulted in some categories of businesses paying rates in excess of the benefits received, a new category of Independent Contractor was added at a reduced rate. The proposed changes are outlined in Exhibit 1.

The change in assessments represents a 98% increase in the BID fees from \$55,500 to \$110,000. The BID funds represent 38% of the total budget, and these funds are used to support beautification, advertising/promotion, events, business directory, marketing, member meetings/socials, newsletters, and the website. The total projected cost of providing BID programs and activities for fiscal year 2005-2006 is \$293,000. The increased assessment will be used to increase cooperative advertising/promotions and marketing by 50% and increase the amount used for seasonal decorations by over 60%. The BID fees will cover 100% of Member Service Programs (\$11,500), 100% of Beautification (\$20,400) and 51% of Promotional Activities & Special Events (\$78,100).

The BID is currently in the second year of an eight-year plan, which among other things has brought access of a private parking lot for public use. In the near future the BID will be required to pay for the maintenance of the parking lot and will allocate a portion of the BID fee increase for that use.

### **OUTCOME**

An increase in the assessment rates to allow the Willow Glen BID to expand programs and services that support the local businesses.

### **PUBLIC OUTREACH**

The budget for Fiscal Year 2005-2006 was reviewed and approved at the Advisory Board's March 8, 2005 meeting. The Advisory Board conducted additional public meetings on April 27 and May 5, 2005.

### **COORDINATION**

This memorandum has been coordinated with the Redevelopment Agency General Counsel's Office, Finance-Treasury, Willow Glen Business & Professional Association and the City Clerk's Office.

Honorable Mayor and City Council

**Subject: Willow Glen BID Assessments for FY 2005/2006**

May 16, 2005

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### **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.

### **CEQA**

CEQA: Exempt, PP03-05-165

A handwritten signature in black ink, appearing to read "Paul Krutko", with a stylized flourish at the end.

PAUL KRUTKO

Director of Economic Development

Attachment

# WILLOW GLEN BUSINESS & PROFESSIONAL ASSOCIATION

## 2005-2006 Budget Report Willow Glen Business Improvement District

### *2005-06 Board of Directors*

*Don Skipwith, Siena Bistro  
President*

*Marvin Bamberg, MBA Architects  
Jennifer Bell, SVCN WG Resident  
Judy Kane, Prudential CA Realty  
Joe Lam, Help-U-Sell Diamond Realty  
Bernie Levine, Details Clothing  
Kim Lipsett, Gussied Up Dog Boutique  
Shirley MacDougall, Wells Fargo Bank  
Michael Mulcahy, SDS NexGen  
Fred Oliver, Prudential CA Realty  
Tom Trudell, Property Owner  
Greg West, Signed & Sealed*

*Executive Director  
Norma Ruiz*

**WILLOW GLEN BUSINESS &  
PROFESSIONAL**

PO Box 8086

San Jose, CA 95155-8086

Phone: 408 298-2100

Website: [DowntownWillowGlen.org](http://DowntownWillowGlen.org)



**BACKGROUND**

The Willow Glen Business Improvement District (BID) was established by the San Jose City 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 2005-2006**

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 and expensive to produce
  - b. Continues to be the single largest net revenue program of the organization and a great convener for the residents, businesses and visitors to Willow Glen.
  
2. Identify options for expanding financial base:
  - a. Increase the BID fees effective July 1, 2005.
  - b. Research the feasibility of a PBID.
  - c. Capture 100% of BID fees by working with the City's Finance Department to develop a process for collecting BID fees for businesses which are not required to have a license in the BID area (e.g. exempt, branch office, etc.).
  - d. Develop profitable events (see below)
  - e. Develop and implement advertising opportunities with upgrades to the business directory, website and newsletter.
  
3. Improve communications to the membership:
  - a. Increase attendance to member meetings and socials.
  - b. Improve the website – complete the member-only section.
  - c. Improve the quarterly newsletter.
  - d. Develop a business directory with parking map.

4. Facilitate beautification and maintenance activities:
  - a. Provide sidewalk power washings, especially due to the absence of City maintenance services.
  - b. Maintain and refine Holiday Season decor.
  - c. Maintain year-round nighttime garland and tree lights.
  - d. Conduct an assessment of the provision of electrical power to BID for previously mentioned street decorations.
5. Develop a brand image for downtown Willow Glen:
  - a. Create a consistent image for downtown Willow Glen which will be used for website, newsletter, advertising, directories, etc.
6. Develop an annual advertising plan:
  - a. Implement a cooperative advertising plan which is subsidized by WGBPA.
7. Expand staff to support programs:
  - a. Hire a part-time administrative assistant to support programs
8. Develop new or bring back events that are high profile, community builders that can drive new revenue sources:
  - a. In conjunction with the Willow Glen Neighborhood Association, research feasibility of Founder's Day and New Year's events.
9. Define and establish needed committees.
  - a. Define and staff both standing and ad-hoc committees.
10. Develop a volunteer recruitment plan
  - a. Identify skill sets required for committees
  - b. Identify specific tasks and projects required to implement programs.
  - c. Recruit volunteers based on a and b.
  - d. Research and use best practices for volunteer recruitment, retention and recognition.
  - e. Create and maintain a volunteer database.

#### **USE OF BID FEES**

The total projected cost of providing BID programs and activities for fiscal year 2005-2006 is \$293,000. Estimated BID funds of \$110,000, which includes an increase in the current BID fees on July 1, 2005, would contribute 38% of the funds need to cover this total projected cost. The BID fees will cover 100% of Member Service Programs (\$11,500), 100% of Beautification (\$20,400) and 51% of Promotional Activities & Special Events (\$78,100 of \$152,957).

BID funds directly support beautification, advertising/promotion, events, business directory, marketing, member meetings/socials, newsletters, and website.

We are planning to increase the BID fees for fiscal year 2005-2006. The BID fees have not been increased for 15 years and in order to fulfill the BID's purpose and strategic goals, the association requires additional resources to drive our plans. The Board of Directors is a well represented mix of stakeholders in the BID – retail stores, professional services, bankers, and property owners. The Board unanimously supports increasing the BID because it recognizes that it would truly be the catalyst to executing an aggressive and important strategic plan for Willow Glen.

**LEVYING THE ASSESSMENTS**

The current method and basis for levying the annual assessment are as follows (we have indicated the current and proposed assessments):

Type of Business	Current Assessment FY 2004/2005	Proposed Assessment FY 2005/2006
Banks/Savings	\$ 500	\$ 825
Retail/Restaurants*	\$ 240	\$ 400
Non-retail/ Professional*/Non-profit*	\$ 120	\$ 275
Property Owner* (assessed per building by sf)		
Single buildings less than 10,000 sf	\$ 120	\$ 275
Single buildings 10,000 sf to 20,000 sf	\$ 120	\$ 525
Single buildings over 20,000 sf	\$ 120	\$ 800
Independent Contractors (stylists, manicurists, sublessees)*	\$ 120	\$ 100
Theater	\$ 500	Delete Category

\* These businesses were previously assessed under the more general assessment categories but are being expanded or added as separate categories for FY 2005-2006.

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

2005-2006 Budget Report  
 Willow Glen Business Improvement District  
 Proposed Budget

**INCOME**

Estimated BID Income	\$110,000
Advertising	\$ 6,550
Donations Cash	\$31,000
Donations In-kind	\$22,900
Grants	\$9,000
Member Dues (Assoc)	\$1,000
Merchant Event/Program Fees	\$43,000
Program Revenues	\$70,500

**Total Income** \$293,950

**EXPENSES**

**Member Services**

Business Directory	\$2,500
Mixers/Annual Meeting	\$3,100
Newsletter	\$2,400
Website	\$3,500

**subtotal** \$11,500

**Administrative Operating Expenses**

Liability Insurance	\$2,000
Meetings	\$100
Misc.	\$1,000
Office Supplies/Postage	\$1,000
Personnel	\$65,000
Professional Fees	\$27,500
Rent	\$9,100
Taxes	\$10
Telephone	\$2,000

**subtotal** \$107,710

**Promotional Activities & Special Event**

**Advertising**

Cooperative Advertising/Promotions/Marketing	\$59,500
Dancin' on the Avenue	\$75,757
Holiday Events	\$17,300
Halloween	\$100

**subtotal** \$152,957

**Beautification**

Beautification & Upkeep	\$12,100
Electrical Power Assessment	\$2,000
Seasonal Decorations	\$6,300

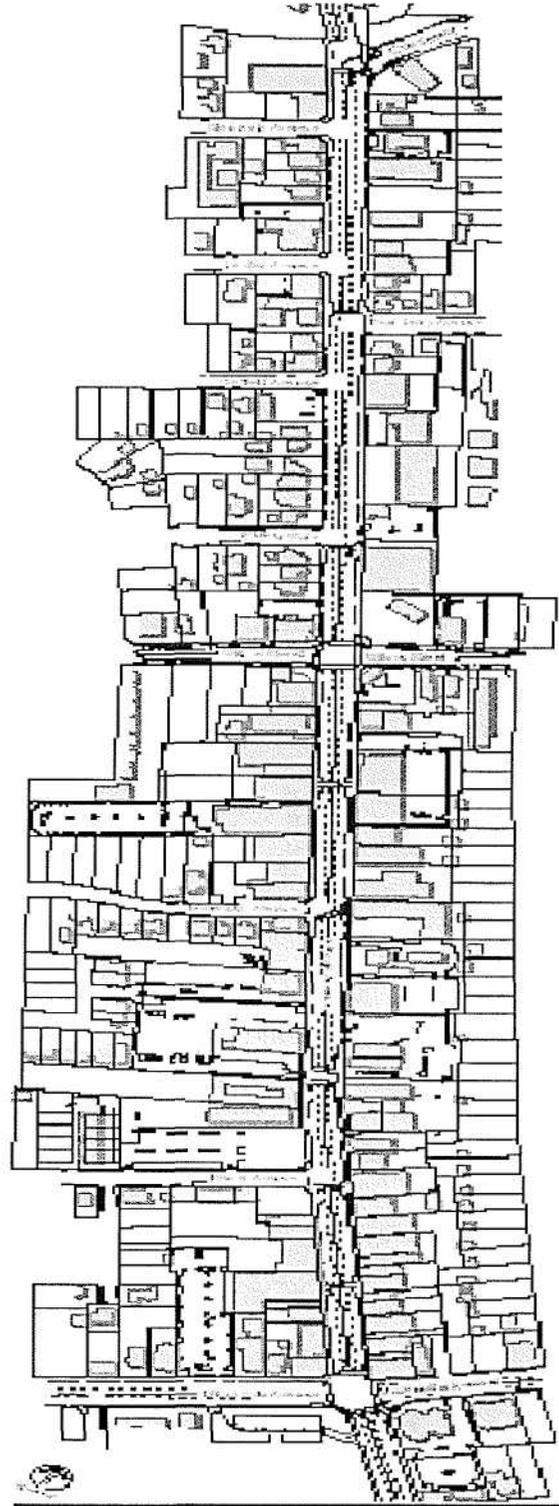
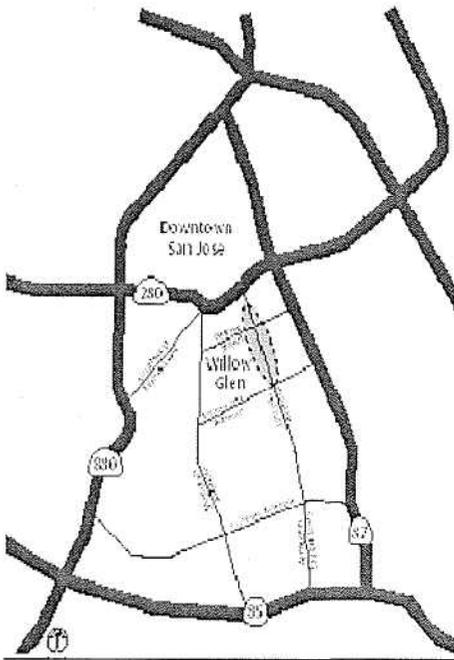
**subtotal**

**Total Expenses** \$20,400 \$292,567

Estimated carryover for 2005-06 \$1,383

# Exhibit 2

## Willow Glen Business Improvement District Map



**10 JOINT COUNCIL/**  
**REDEVELOPMENT AGENCY**

# **11 PUBLIC HEARINGS**