



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Paul Krutko

SUBJECT: SEE BELOW

DATE: May 17, 2004

Approved

Date

COUNCIL DISTRICT: 3
SNI AREA: St. James Square; University;
Josefa/Auzerais;
Burbank/DelMonte

**SUBJECT: PRELIMINARY APPROVAL OF 2004-2005 BUDGET REPORT,
ADOPTION OF RESOLUTION OF INTENTION TO LEVY
2004-2005 ASSESSMENTS IN THE DOWNTOWN 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 Downtown Business Improvement District Advisory Board, or as modified by Council; and adoption of a resolution of intention to levy the annual assessment for 2004-2005, and set June 22, 2004 at 1:30 p.m. as the date and time for the public hearing on the levy of the proposed assessments.

BACKGROUND

The Downtown Business Improvement District (“the BID”) was established by the Council in 1988 pursuant to the California Parking and Business Improvement Area Law (“BID Law”) to promote the economic revitalization and physical maintenance of the Downtown business district. In 1989, the Council appointed the Downtown 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 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 2004-05 as filed or as modified by the Council. The adoption of the resolution constitutes the levying of the BID assessments for Fiscal Year 2004-2005.

ANALYSIS

The Advisory Board has prepared a budget report (the "report"), attached as Exhibit 1, for the Council's consideration as the budget for the Downtown BID for Fiscal Year 2004-2005. 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 2004-2005. 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 2004-2005 are the same as the assessments in Fiscal Year 2003-2004.

PUBLIC OUTREACH

The budget for Fiscal Year 2004-2005 was reviewed and approved at the Advisory Board's April 30, 2004 meeting.

COORDINATION

This memorandum has been coordinated with the Redevelopment Agency General Counsel's Office, Finance-Treasury, Downtown 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.

HONORABLE MAYOR & CITY COUNCIL

May 17, 2004

Subject: Preliminary Approval of 2004/05 Budget Report - Downtown BID

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CEQA

CEQA: Exempt, PP03-05-165

PAUL KRUTKO

Director of Economic Development

Attachment



Exhibit 1

Downtown BID Report for Fiscal 2004-2005

1. The boundaries of the Downtown BID are as follows: I-280, Highway 87 to West San Fernando Street, south side of West San Fernando Street to CalTrain tracks, CalTrain tracks to West Julian Street, south side of West Julian Street to Montgomery Street, west side of Montgomery Street to West St. John Street, south side of West St. John Street to Autumn, north side of West St. John Street from Autumn to Highway 87, Highway 87 to West Julian Street, north side of West Julian Street to First Street, south side of East Julian Street to Fourth Street, east side of Fourth Street, and back to I-280.
2. Improvements and activities for FY 2004-2005: See below:
3. An estimate of the total cost of providing the improvements and activities for fiscal year 2004-05 is approximately \$2,200,000. Estimated BID funds of \$600,000 contribute to total program and staffing costs. Additional costs estimated at \$1,600,000 are paid through Downtown Association revenue raised by programs and activities, projected Redevelopment Agency contract services, and other sources.
4. The current method and basis for levying the annual assessment are as follows:

CATEGORY	PROPOSED RATE
I. Retail	\$26.40 per FTE/\$240 min.
II. Non-Retail	\$15.60 per FTE/\$150 min.
III. Apartments & Hotels	\$ 7.20 per room/\$240 min.
IV. Parking Lots	\$300
V. Non-profits	Exempt
VI. Commercial Landlords	
10,000 square feet or less	\$400
10,001 to 50,000 square feet	\$900
50,001 to 100,000 square feet	\$1,400
More than 100,000 square feet	\$2,000

Maximum annual charge in all categories is \$6,000.

If any single business falls into more than one category, charges are assessed based upon the category producing the highest revenue for the BID.

5. It is estimated that there will be a surplus of \$50,000 in the BID fund, carry over from current fiscal year 2003-04.

REVENUE	Amount (in \$)
BID FY 2003-04 (Carry-over)	50,000
BID FY 2004-05 (Estimated)	550,000
Total Revenue	600,000
EXPENSE	
Operating / Administration	225,000
Music in the Park	60,000
Downtown Arts & Dining	12,000
Holiday Promotions/lighting	10,000
Farmers' Market	20,000
Fountain Alley District	10,000
Ice Rink	70,000
Music in the Other Park	47,000
Public Space Programming	10,000
DASH Shuttle	8,000
Parking Promotions	10,000
Communications/Publicity	50,000
Marketing and Advertising	45,000
Research & Planning	18,000
Other Programs	5,000
Total Expenses	600,000

Notes:

1. Program budget are estimates. Additional or unused BID revenue will be applied to similar programs or carry forward into the next fiscal year