



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Paul Krutko

**SUBJECT: SEE BELOW**

**DATE:** June 1, 2004

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Approved

Date

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**COUNCIL DISTRICT: 3**

**SNI AREA: St. James Square; University;  
Josefa/Auzerais;Burbank/DelMonte**

**SUBJECT: ADOPTION OF A RESOLUTION TO APPROVE THE 2004-2005 BUDGET  
REPORT AND TO LEVY DOWNTOWN BUSINESS IMPROVEMENT  
DISTRICT ASSESSMENTS FOR FISCAL YEAR 2004-05**

## **RECOMMENDATION**

Adoption of a resolution to approve the Downtown Business Improvement District budget report for fiscal year 2004-05, as filed or as modified by the Council, and to levy the Downtown BID assessments for 2004-05.

## **BACKGROUND**

The Downtown Business Improvement District (“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. The Council appointed the San José 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, an annual public hearing is required in order to approve the annual budget report and levy the annual BID assessments. On June 8, 2004, the Council set June 22, 2004 at 1:30 p.m. as the date and time for the public hearing on the proposed 2004-05 assessments. On June 8, 2004, the Council preliminarily approved the 2004-05 budget report as filed by the Advisory Board or as modified by the City Council and adopted a resolution of intention to levy the annual assessments for fiscal year 2004-05 for the BID. The 2004-05 budget report submitted to the Council on June 8, 2004 is attached to this memo as Exhibit 1. In accordance

with the BID Law, the City Clerk has published the required legal notice with regard to the levy of assessments for fiscal year 2004-05.

### **ANALYSIS**

When a hearing is held under BID Law with regard to the levy of assessments of a BID, the City Council shall hear and consider all protests against the continued authorization of the BID, the extent of the area, the assessments, or the furnishing of specified types of improvements or activities. Protests may be made orally or in writing. Written protests must be filed with the City Clerk at or before the time fixed for the public hearing. BID Law requires that the proceedings shall terminate if protests are made in writing against the continued authorization of the BID by businesses or property owners in the proposed district that will pay a majority of the charges to be assessed. If the majority protest is only against the furnishing of a specified type or types of improvement or activity within the area, those improvements or activities shall be eliminated.

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 2004-05. As required by BID Law, the report has been filed with the City Clerk and contains, among other things, a list of the improvements and activities proposed to be provided in the BID in Fiscal Year 2004-05 and an estimate of the cost of providing the improvements and activities. The Advisory Board has recommended no change to the BID boundaries or to the method and basis for levying assessments. Therefore, the proposed assessments in the BID for Fiscal Year 2004-05, described in the report, are the same as the assessments for Fiscal Year 2003-04.

During the course or upon the conclusion of the public hearing the City Council may order changes in any of the matters provided in the Advisory Board's report. At the conclusion of the public hearing the City Council may adopt a resolution confirming the report as originally filed or as modified by the Council. The adoption of the resolution constitutes the levy of the assessment for the fiscal year 2004-05.

### **PUBLIC OUTREACH**

The budget for Fiscal Year 2004-2005 was reviewed and approved by the Advisory Board at a public meeting conducted on April 30, 2004.

### **COORDINATION**

This memorandum has been coordinated with Finance-Treasury, the Redevelopment Agency's General Counsel's Office, the San José Downtown Association, and the City Clerk.

HONORABLE MAYOR & CITY COUNCIL

June 1, 2004

**Subject: Downtown BID Assessments for FY 2004/05**

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### **COST IMPLICATIONS**

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

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.

<b>REVENUE</b>	<b>Amount ( in \$ )</b>
BID FY 2003-04 (Carry-over)	50,000
BID FY 2004-05 (Estimated)	550,000
<b>Total Revenue</b>	600,000
<b>EXPENSE</b>	
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
<b>Total Expenses</b>	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

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