



COUNCIL AGENDA: 06-28-05

ITEM: 4.7c

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Paul Krutko

SUBJECT: See below

DATE: June 6, 2005

Approved

Date

June 15, 2005

COUNCIL DISTRICT: 6
SNI AREA: N/A

SUBJECT: ADOPTION OF A RESOLUTION TO APPROVE THE 2005-2006 BUDGET REPORT AND TO LEVY WILLOW GLEN BUSINESS IMPROVEMENT DISTRICT ASSESSMENTS FOR FISCAL YEAR 2005-2006

RECOMMENDATION

Adoption of a resolution to approve the Willow Glen Business Improvement District budget report for fiscal year 2005-06, as filed or as modified by the Council, and to levy the Willow Glen BID increased assessments for 2005-06.

BACKGROUND

The Willow Glen Business Improvement District ("BID") was established by the 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. 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 BID Law, an annual public hearing is required in order to approve the annual budget report and levy the annual BID assessments. On May 3, 2005, the Council set June 7, 2005 at 1:30 p.m. as the date and time for a public meeting to consider the adoption of a resolution of intention to levy increased assessments for Fiscal Year 2005-06 and set June 28, 2005 at 1:30 p.m. as the date and time for a public hearing on the levy of increased assessments for Fiscal Year 2005-06. On June 7, 2005, the Council preliminarily approved the 2005-06 budget report as filed by the Advisory Board or as modified by the City Council and adopted a resolution of intention to levy increased annual assessments for fiscal year 2005-06 for the BID. The 2005-06 budget report submitted to the Council on June 7, 2005 is attached to this memo as Exhibit 1.

In accordance with the BID Law, the City Clerk has published the required legal notices with regard to the levy of increased assessments for fiscal year 2005-06. In addition, the Office of Economic Development has mailed the required legal notice to all businesses and property owners in the BID who will be subject to the proposed increased assessment.

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 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 attached as Exhibit 1, for the Council's consideration as the budget for the Willow Glen BID for Fiscal Year 2005-06. 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 2005-06 and an estimate of the cost of providing the improvements and activities. The Advisory Board has recommended no change in the BID boundaries, but has recommended an increase in assessments and changes to the method and basis for levying assessments. In addition to the increase in assessments, the Advisory Board proposes a change to the current BID property owner flat fee by creating a commercial landlord category that is scaled more equitably to anticipated benefit.

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). In addition, a portion of the BID increased will be allocated to pay for required maintenance of a public parking lot.

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 2005-06.

OUTCOME

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

PUBLIC OUTREACH

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

COORDINATION

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

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

WILLOW GLEN BUSINESS & PROFESSIONAL ASSOCIATION

2005-2006 Budget Report Willow Glen Business Improvement District

2005-06 Board of Directors

*Don Skupwith, Siana Bistro
President*

*Marvin Bamberg, MBA Architects
Jennifer Ball, SYCENWG Resident
Judy Kane, Prudential CA Realty
Joe Lam, Half-O-Sell Diamond Realty
Bernie Leavis, Details Clothing
Kim Lipsitt, Gussied Up Dog Boutique
Shirley MacDougall, Wells Fargo Bank
Michael Muleahy, SDS NexGen
Fred Oliver, Prudential CA Realty
Tom Vendell, Property Owner
Greg West, Signed & Sealed*

*Executive Director
Norma Ruiz*

**WILLOW GLEN BUSINESS &
PROFESSIONAL**

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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		\$293,95
	Income		
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	\$20,400	\$292,56
	Expenses		
Estimated carryover for 2005-06		\$1,383	

