

COUNCIL AGENDA: 05-20-08  
ITEM: 4.2(b)

# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Paul Krutko

**SUBJECT:** See below

**DATE:** April 28, 2008

Approved

Date

5/2/08

**COUNCIL DISTRICT: 6**

**SUBJECT: ADOPTION OF A RESOLUTION TO APPROVE THE 2008-2009 BUDGET REPORT, AND TO LEVY ASSESSMENTS IN THE WILLOW GLEN BUSINESS IMPROVEMENT DISTRICT FOR FISCAL YEAR 2008-2009**

## RECOMMENDATION

Adoption of a resolution to approve the Willow Glen Business Improvement District budget report for Fiscal Year 2008-2009, as filed or as modified by Council and to levy the Willow Glen BID assessment for 2008-2009.

## OUTCOME

Approval of this action will result in the levy of assessments for the upcoming fiscal year of the Willow Glen Business Improvement District.

## 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.

April 28, 2008

**Subject: Approval of 2008/09 Budget Report – Willow Glen BID**

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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 6, 2008, the Council preliminarily approved the 2008-09 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 2008-09 for the BID, and set May 20, 2008 at 1:30 p.m. as the date and time for the required public hearing on the levy of the proposed 2008-09 assessments. The 2008-09 budget report submitted to the Council on May 6, 2008 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 2008-09.

### **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 report (the "report") attached as Exhibit 1, for the Council's consideration as the budget for the Willow Glen BID for Fiscal Year 2008-09. 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 2008-09 and an estimate of the cost of providing the improvements and activities. The Advisory Board has recommended no change in the BID boundaries or the method and basis for levying assessments. Therefore, the proposed assessments in the BID for Fiscal Year 2008-09, described in the report, are the same as the assessments for Fiscal Year 2007-2008.

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 Fiscal Year 2008-09.

### **EVALUATION AND FOLLOW-UP**

The Advisory Board will come before the Council next year to present a report to the Council that proposes a budget for the upcoming fiscal year.

### **PUBLIC OUTREACH/INTEREST**

The budget for Fiscal Year 2008-2009 was reviewed and approved by the Advisory Board on April 8, 2008.

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

### **COORDINATION**

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

### **FISCAL/POLICY ALIGNMENT**

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.

Honorable Mayor and City Council

April 28, 2008

**Subject: Approval of 2008/09 Budget Report – Willow Glen BID**

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### **COST SUMMARY/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, File No.PP08-048

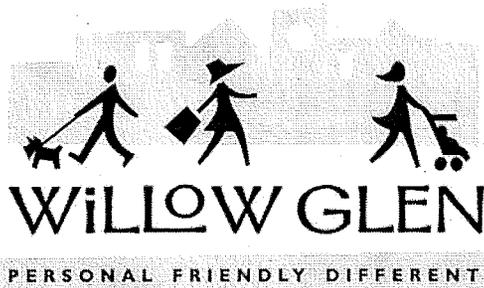


PAUL KRUTKO  
Chief Development Officer  
Phone # (408) 535-8181

Attachment



Willow Glen  
Business Association



2008-2009 Board of Directors

Michael Mulcahy, President  
SDS NexGen Partners LP

Kevin Swanson, Vice President  
Edward Jones & Co.

David Machado, Treasurer  
US Bank

Emilie Highley, Secretary  
Community Member

Stan Harris  
etc...group, inc.

Gary Nelson CPA

James Nichols  
Prudential Realty

Fred Oliver  
Prudential CA Realty

Julie Painchaud  
Our Secret

Richard Sutton  
Community Member

Gary Rovai  
Goosetown Lounge

Tom Trudell  
Truberg Associates LP

Linda Waltrip  
Park Place Vintage

Executive Director  
Norma Ruiz

March 26, 2008

Mr. Chris Coggins  
Economic Development Officer  
Office of Economic Development  
City of San Jose  
200 E. Santa Clara St.  
San Jose, CA 95113-1095

Dear Chris,

Enclosed is the Budget Report required for the BID Reauthorization process. The Budget Report will be presented to the Finance Committee on 4/1 and to the board at their 4/8 meeting.

Please let me know if you require any additional information.

Thanks,

*Norma*

# WILLOW GLEN BUSINESS ASSOCIATION

## 2008-2009 Budget Report Willow Glen Business Improvement District

### 2008-2009 Board of Directors

Michael Mulcahy, President  
SDS NexGen Partners LP

Kevin Swanson, Vice President  
Edward Jones & Co.

David Machado, Treasurer  
US Bank

Emilie Hightley, Secretary  
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Gary Rovai  
Goosetown Lounge

Tom Trudell  
Truberg Associates LP

Linda Waltrip  
Park Place Vintage

Executive Director  
Norma Ruiz



# WILLOW GLEN

PERSONAL FRIENDLY DIFFERENT

## 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 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 2008-2009

Based on the Corporation's purpose, the Board of Directors has established the following goals and activities for this fiscal year:

1. The promotion of the Willow Glen business community by producing successful events.
  - a. The 14<sup>th</sup> year of Dancin' on the Avenue
  - b. The return of the Founder's Day Parade & Celebration
  - c. Holiday events – including horse & carriage rides, Santa, carolers and more.
  - d. Summer Sidewalk Sale
  - e. Partnering with the Italian American Heritage Foundation for a second year to bring the Italian Family Festa to downtown Willow Glen
  - f. Continue promotion of the Farmers' Market
2. Improve the downtown Willow Glen Infrastructure and Beautification with the following projects:
  - a. Address parking issues by exploring employee parking, promotion of existing parking, common signage and bicycle racks,.
  - b. Develop and place locator signs along the Avenue showing business locations
  - c. Implement a banner program on Lincoln Avenue
  - d. Continue the annual Pride of Willow Glen – encouraging businesses and property owners to spruce up their property
  - e. Provide regular sidewalk power washings
  - f. Maintain holiday decorations and nighttime garland lights and tree lights
  - g. Maintain landscaping in planter boxes
3. Develop a positive identify for the Willow Glen business community through website, advertising and promotions.
  - a. Establish an advertising plan to support the Willow Glen brand
  - b. Establish promotions which tie-in to existing events
  - c. Maintain the [www.DowntownWillowGlen.org](http://www.DowntownWillowGlen.org) site to feature current information and promote web advertising program

**USE OF BID FEES**

The total projected cost of providing BID programs and activities for the fiscal year 2008-2009 is \$350,900. BID revenue is projected at \$120,000, which will cover 34% of the costs for the programs and activities. The BID funds will be used to support the following programs and activities:

- Outreach and Promotions Activities -- \$58,900
  - Mixers
  - Ambassador Program
  - Advertising
  - Business Directory
  - Website
  - Personnel
  
- Maintenance and Beautification -- \$62,600
  - Sidewalk Power Washing
  - Seasonal Decorations
  - Bank of America Parking Partnership
  - Landscape Maintenance
  - Street Locator Signage
  - Banner Program
  - Personnel

**LEVYING THE ASSESSMENTS**

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

| <b>Category</b>   | <b>Rate</b> |  |
|---|-------------|--|
| 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 10,000 sf to 20,000 sf                           | \$ 525      |  |
| Single buildings over 20,000 sf                                   | \$ 800      |  |
| Independent Contractors (Stylists,<br>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     |                  |
| Donations Cash              | \$70,000      |                  |
| Donations In-kind           | \$27,000      |                  |
| Grants                      | \$17,000      |                  |
| Member Dues (Assoc)         | \$3,000       |                  |
| Merchant Event/Program Fees | \$4,000       |                  |
| Program Revenues            | \$110,000     |                  |
|                             | <b>Total</b>  | <b>\$351,000</b> |
|                             | <b>Income</b> |                  |

**EXPENSES**

**Outreach & Promotions**

|                    |          |
|--------------------|----------|
| Advertising        | \$25,000 |
| Ambassador Program | \$700    |
| Business Directory | \$13,000 |
| Mixers             | \$2,200  |
| Personnel          | \$10,000 |
| Website            | \$8,000  |

**subtotal** \$58,900

**Maintenance & Beautification**

|                            |          |
|----------------------------|----------|
| Banner Program             | \$9,000  |
| Landscape Maintenance      | \$6,000  |
| Parking                    | \$6,300  |
| Personnel                  | \$6,000  |
| Sidewalk Power Washing     | \$15,000 |
| Signage                    | \$9,000  |
| Holiday Street Decorations | \$11,300 |

**subtotal** \$62,600

**Events**

|                 |           |
|-----------------|-----------|
| DOTA            | \$102,000 |
| Italian Festa   | \$15,000  |
| Founder's Day   | \$15,000  |
| Farmer's Market | \$1,500   |
| Halloween       | \$1,000   |
| Holiday         | \$9,000   |
| Personnel       | \$38,000  |
| Sidewalk Sale   | \$2,000   |

**subtotal** \$183,500

**Administrative Operating Expenses**

|   |          |
|---|----------|
| Insurance, Assessments, Taxes                 | \$2,300  |
| Personnel/Professional Fees                   | \$29,000 |
| Office Supplies, Postage, Printing, Telephone | \$3,900  |
| Rent – Office, Storage & Equipment            | \$10,700 |

**subtotal** \$45,900

**Total** \$350,900  
**Expenses**

Estimated carryover for 2009-10 \$100