TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER DEPARTMENT: CITY MANAGER
DATE: MAY 10, 2004 CMR: 258:04

SUBJECT: ADOPTION OF RESOLUTION PRELIMINARILY APPROVING BID ADVISORY BOARD’S 2004-2005 BUDGET REPORT

ADOPTION OF RESOLUTION OF INTENTION TO LEVY 2004-2005 ASSESSMENTS IN THE PALO ALTO DOWNTOWN BUSINESS IMPROVEMENT DISTRICT AND SETTING OF A DATE AND TIME FOR THE PUBLIC HEARING ON THE LEVY OF ASSESSMENTS

APPROVAL TO WAIVE THE 10% LATE CHARGE FEE FOR 2003-04 ANNUAL BID ASSESSMENT

RECOMMENDATION
Staff recommends that the City Council:

- Adopt a resolution preliminarily approving the report as filed by the Palo Alto Downtown Business Improvement District Advisory Board for the 2004-2005 fiscal year
- Adopt a resolution of intention to levy the annual assessment for 2004-05 and
- Set June 7, 2004 at 7:00 p.m. as the date and time for the public hearing on the levy of the proposed assessments
- Approve the waiver of the 10% late fee for businesses paying the 2003-04 BID assessment

BACKGROUND
The Palo Alto Downtown Business Improvement District (BID) was established by the City Council in 2004 pursuant to the California Parking and Business Improvement Area Law to promote the economic revitalization and physical maintenance of the Palo Alto Downtown business district. The Council appointed the Palo Alto Downtown Business
and Professional Association as the Advisory Board (Advisory Board) for the BID, to advise the Council on the method and basis for levy of assessments in the BID and the expenditure of revenues derived from the assessments.

**DISCUSSION**

Pursuant to BID law, the Advisory Board must annually submit to the Council on an annual basis a report that proposes a budget for the upcoming fiscal year for the BID. The report must: 1) propose any boundary changes in the BID (none are proposed); 2) list the improvements and activities to be provided in the fiscal year. Activities will be an extension of the activities and improvements initiated in the last year. 3) estimate the cost to provide the improvements and activities; 4) set forth the method and basis for levy of assessments (no changes are proposed); 5) identify surplus or deficit revenues carried over from the prior fiscal year. It is anticipated that approximately $42,500 will be carried over into the 2004-05 fiscal year, due to the partial year of operation in the prior fiscal year and 6) identify amounts of contributions from sources other than assessments.

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 report 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 2004-05.

The Advisory Board has prepared a report attached as Attachment 1, for the Council’s consideration that includes the budget for the Palo Alto Downtown BID for fiscal year 2004-05. As required by BID law, the report has been filed with the City Clerk and contains a list of the improvements, activities, and associated costs proposed in the BID in fiscal year 2004-05. The Advisory Board has recommended no change in the BID boundaries or the method and basis for levying assessments. A map of the Palo Alto Downtown BID is attached as Attachment 2. The proposed assessments in the BID for fiscal year 2004-05 are the same as the assessments in fiscal year 2003-04, although because the BID was in operation for only six months, the assessments sent to businesses were only 50% of the annual BID assessment for FY 2003-04.

The budget for fiscal year 2004-2005 was reviewed and approved by the Palo Alto Downtown Business and Professional Association at its board meeting on May 5, 2004.
Because of the partial year of the 2003-04 assessment and lateness of the actual billing, (invoices were sent March 19, due by April 19) staff recommends that the BID assessments do not include an additional amount for late fees not paid within 30 days. In this start up year, corrections to the database also impacted the timeline for the collection of payments from Downtown businesses.

**RESOURCE IMPACTS**
Adoption of the proposed BID budget will not directly impact City revenue. BID assessments are restricted for use exclusively by the BID and must be reported to the City Council annually. It is anticipated that a BID will encourage growth of the retail community; potentially resulting in additional sales tax revenue for the City. The City Attorney’s Office will continue to provide legal oversight to the BID during the annual reauthorization process without reimbursement. Administrative Services staff will provide assistance in the receipt and processing of BID assessments. Cost estimates for these processes will continue at the current level of $16,000, of which, the BID will pay $5,000 and $11,000 paid from the City Manager’s contingency fund. The City Manager's office will continue to provide oversight to the BID and will prepare the annual reauthorization.

**ENVIRONMENTAL REVIEW**
This action by the City Council is not considered a project under the California Environmental Quality Act.

**ATTACHMENTS**
Attachment 2: Downtown Palo Alto Business Improvement District Map
Attachment 3: Resolution of the City Council of the City of Palo Alto Approving the Report of the Advisory Board for Fiscal Year 2004-05 In Connection with the Palo Alto Downtown Business Improvement District
Attachment 4: Resolution of City Council of the City of Palo Alto Declaring its Intention to Levy an Assessment Against Businesses Within the
Downtown Palo Alto Business Improvement District for FY 2004-05 and Setting a Time and Place for Hearing Objections Thereto

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