TO:        HONORABLE CITY COUNCIL

FROM:      CITY MANAGER        DEPARTMENT: CITY MANAGER

DATE:      JUNE 7, 2004        CMR: 290:04

SUBJECT: ADOPTION OF A RESOLUTION TO APPROVE THE 2004-2005 BUDGET REPORT AND TO LEVY THE ANNUAL ASSESSMENT FOR THE PALO ALTO DOWNTOWN BUSINESS IMPROVEMENT DISTRICT (BID) FOR FISCAL YEAR 2004-05

RECOMMENDATION
Staff recommends that the City Council adopt a resolution to approve the 2004-05 Budget Report and to levy the annual assessment for the Palo Alto Business Improvement District for 2004-05.

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.

The budget report 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.

In preparation for the public hearing, City Council took the following actions on May 10, 2004, as required by BID law:

- Adopted the resolution preliminarily approving the BID Advisory Board’s 2004-05 Budget Report
- Adopted the resolution of intention to levy 2004-05 assessments in the Palo Alto Downtown Business Improvement District and set June 7, 2004 at 7:00 p.m. as the date for the public hearing on the levy of assessments
DISCUSSION
The Advisory Board has prepared a report (Attachment 2), 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 3. 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 assessment for the full year will be assessed in FY 2004-05.

Pursuant to BID law, the Advisory Board must annually submit to the Council 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; 2) list the improvements and activities to be provided in the fiscal year. 3) estimate the cost to provide the improvements and activities; 4) set forth the method and basis for levy of assessments; 5) identify surplus or deficit revenues carried over from the prior fiscal year, and 6) identify amounts of contributions from sources other than assessments.

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.

RESOURCE IMPACTS
Adoption of the proposed BID budget does not directly impact City revenue. BID assessments are restricted for use exclusively by the BID. It is anticipated that a healthy BID will encourage growth of the retail community and consequently result in additional sales tax revenue for the City. The Attorney’s Office will continue to provide legal oversight to the BID during the annual reauthorization process. Administrative Services staff provides assistance in the collection of BID assessments. Estimates indicate that the cost of collection by the City will continue at the current level of $16,000. Any amount over the $5,000 allocated in the BID budget will paid out of the City Manager’s contingency fund up to that level. City Manager staff 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 1: Resolution of Intention to approve the 2004-05 Budget Report and to levy the annual assessment for the Palo Alto Business Improvement District for 2004-05
Attachment 3: Downtown Palo Alto Business Improvement District Map

PREPARED BY: SUSAN ARPAN, Economic Development and Redevelopment Manager

CITY MANAGER APPROVAL: FRANK BENEST, City Manager