TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: City Manager

DATE: JUNE 7, 2004 CMR: 292:04

SUBJECT: APPROVAL OF AGREEMENT WITH PALO ALTO DOWNTOWN BUSINESS AND PROFESSIONAL ASSOCIATION (PADBPA) FOR THE OPERATION AND ADMINISTRATION OF THE DOWNTOWN PALO ALTO BUSINESS IMPROVEMENT DISTRICT (BID)

RECOMMENDATION
Staff recommends that the City Council approve the Agreement with the Palo Alto Downtown Business and Professional Association (PADBPA) for the operation and administration of the Downtown Palo Alto Business Improvement District (BID).

BACKGROUND
The Downtown Palo Alto BID was established by the City Council on January 12, 2004 pursuant to state law (California Streets and Highway Code Section 36500). The purpose of a BID is to promote and improve a specific geographic area for the benefit of the businesses in the BID area.

PADBPA formed as a California non-profit corporation and registered with the State of California on March 24, 2004.

On May 10, 2004, the City Council named the Board of Directors of PADBPA as the Advisory Board to make recommendations regarding BID assessments, boundaries, operations and activities and to prepare the BID Annual Report for each fiscal year. The Annual Report includes the improvements and activities to be provided in that fiscal year and a budget for carrying out those improvements and activities. The City Council has preliminarily approved the Annual Report for the upcoming fiscal year.

Annual assessments paid by the businesses in the district fund the BID activities and improvements. The City collects the assessments from the businesses each fiscal year. With the establishment of PADPA the City may contract with PADPA to carry out the BID activities and improvements as approved by Council in the Annual Report.
DISCUSSION
At this time, staff recommends that the City Council enter into contract with PADBPA to provide BID administration and carry out the BID improvements and activities. The contract is Attachment 1 to this staff report. The contract provides that meetings of the PADBPA Board of Directors will be open meetings subject to the public notice requirement of the Brown Act when the Board discusses proposed or approved BID activities.

Under the contract, PADBPA will provide services related to administration of the BID and BID activities. PADBPA will carry out the activities and improvements contained in the approved Annual Report. The City will reimburse PADPA from the assessment proceeds.

In addition, PADBPA will prepare the Annual Report each year, maintain a database of businesses within the BID, and provide information to assist the City to prepare the assessment invoices.

The agreement will automatically renew each year upon Council approval of the BID Annual Report and annual BID reauthorization each year.

PADBPA will not expend BID assessment funds except in accordance with the Annual Report and Budget as approved by the City Council.

RESOURCE IMPACT
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.

POLICY IMPLICATIONS
The establishment of a Downtown BID and contract to carry out BID activities is consistent with Comprehensive Plan Policies and was one of the recommendations for
Downtown Palo Alto identified in the Retail Strategy for the City of Palo Alto prepared by Sedway and Associates in June 2000.

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

Attachment 1: Agreement Between the City of Palo Alto and the Palo Alto Downtown Business and Professional Association for the Operation and Administration of the Downtown Palo Alto Business Improvement District

PREPARED BY:  

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CITY MANAGER APPROVAL:  

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