TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER  DEPARTMENT: CITY MANAGER

DATE: MAY 1, 2006  CMR: 206:06

SUBJECT: APPROVAL OF THE REPORT OF THE ADVISORY BOARD FOR FISCAL YEAR 2006-07 IN CONNECTION WITH THE PALO ALTO DOWNTOWN BUSINESS IMPROVEMENT DISTRICT; AND RESOLUTION DECLARING INTENT TO LEVY AN ASSESSMENT AGAINST BUSINESSES WITHIN THE DOWNTOWN PALO ALTO BUSINESS IMPROVEMENT DISTRICT FOR 2006-07 AND SETTING A TIME AND PLACE FOR A PUBLIC HEARING FOR MAY 15, 2006 AT 7:00 PM

RECOMMENDATION

Staff recommends that the City Council:

(a) Adopt a resolution preliminarily approving the BID Advisory Board’s 2006-2007 Budget Report for the Downtown Palo Alto Business Improvement District.

(b) Adopt a Resolution of Intention to Levy Assessments in the Palo Alto Downtown Business Improvement district for fiscal year 2006-2007 and set a date and time for the public hearing on the levy of the proposed assessments for May 15, 2006 at 7:00 p.m.

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 Board of Directors of the Palo Alto Downtown Business and Professional Association, a non-profit corporation, 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.
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.

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 confirming the report for Fiscal Year 2006-07 as filed or as modified by the Council. The adoption of the resolution constitutes the levying of the BID assessments for fiscal year 2006-07.

**DISCUSSION**

The Advisory Board has prepared a report (Attachment 1), for the Council’s consideration, which includes the budget for the Palo Alto Downtown BID for fiscal year 2006-07. 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 2006-07. The Advisory Board has recommended no change in the BID boundaries or the method and basis for levying assessments. The activities and improvements are an extension of those initiated last year. The estimated amount of carryover funds to be used to carry out activities is estimated to be $42,000.

A map of the Palo Alto Downtown BID is attached as Attachment 2. The proposed assessments in the BID for fiscal year 2006-07 are the same as the assessments in fiscal year 2005-06.

The budget report for fiscal year 2006-07 was reviewed and approved by the Palo Alto Downtown Business and Professional Association at its board meeting on March 22, 2006.

**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. The Economic Development Manager 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: Report of the Advisory Board with Regard to the Reauthorization of the Downtown Palo Alto Business Improvement District for Fiscal Year 2006-07
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 2006-07 in connection with the Palo Alto Downtown Business Improvement District
Attachment 4: Resolution of the 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 Fiscal year 2006-07 and Set a Time and Place for hearing Objections Thereto

PREPARED BY: ________________________________
SUSAN ARPAN, Economic Development Manager

CITY MANAGER APPROVAL: ________________________________
EMILY HARRISON, Assistant City Manager