TO:  HONORABLE CITY COUNCIL
FROM:  CITY MANAGER    DEPARTMENT: CITY MANAGER
DATE:  MAY 2, 2005    CMR: 215:05
SUBJECT:  APPROVAL OF THE REPORT OF THE ADVISORY BOARD FOR FISCAL YEAR 2005-06 IN CONNECTION WITH THE PALO ALTO DOWNTOWN BUSINESS IMPROVEMENT DISTRICT; AND A RESOLUTION DECLARING INTENT TO LEVY AN ASSESSMENT AGAINST BUSINESSES WITHIN THE DOWNTOWN PALO ALTO BUSINESS IMPROVEMENT DISTRICT FOR 2005-06 AND SETTING A TIME AND PLACE FOR A PUBLIC HEARING

RECOMMENDATION

Staff recommends that the City Council:

• Adopt a resolution preliminarily approving the report filed by the Palo Alto Downtown Business Improvement District Advisory Board for the 2005-2006 fiscal year;
• Adopt a resolution of intention to levy the annual assessment for 2005-06; and
• Set May 16, 2005 at 7:00 p.m. as the date and time for the public hearing on the levy of the proposed assessments

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.
DISCUSSION

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 2005-06 as filed or as modified by the Council. The adoption of the resolution constitutes the levying of the BID assessments for fiscal year 2005-06.

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 2005-06. 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 2005-06. 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 in the last year. The estimated amount of carryover funds to be used to carry out activities is $53,500.

A map of the Palo Alto Downtown BID is attached as Attachment 2. The proposed assessments in the BID for fiscal year 2005-06 are the same as the assessments in fiscal year 2004-05.

The budget report for fiscal year 2005-2006 was reviewed and approved by the Palo Alto Downtown Business and Professional Association at its board meeting on April 13, 2005.

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 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 2005-06 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 2005-06 and Setting a Time and Place for hearing Objections Thereto

PREPARED BY: ________________________________________
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CITY MANAGER APPROVAL: ________________________________________
EMILY HARRISON, Assistant City Manager