TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT

DATE: APRIL 14, 2008 CMR: 190:08

SUBJECT: PRELIMINARY APPROVAL OF THE REPORT OF THE ADVISORY BOARD FOR FISCAL YEAR 2008-09 IN CONNECTION WITH THE PALO ALTO DOWNTOWN BUSINESS IMPROVEMENT DISTRICT AND ADOPTION OF RESOLUTION OF INTENTION TO LEVY AN ASSESSMENT AGAINST BUSINESSES WITHIN THE DOWNTOWN PALO ALTO BUSINESS IMPROVEMENT DISTRICT FOR 2008-09 AND SETTING A TIME AND PLACE FOR A PUBLIC HEARING ON MAY 12, 2008 AT 7:00 PM OR THEREAFTER, IN THE CITY COUNCIL CHAMBERS

RECOMMENDATION
Staff recommends that the City Council:

(a) Preliminarily approve the BID Advisory Board’s 2008-09 Budget Report for the Business Improvement District (BID); and

(b) Adopt a Resolution of Intention to Levy Assessments in the Palo Alto Downtown Business Improvement District for fiscal year 2008-09, setting a date and time for the public hearing on the levy of the proposed assessments for May 12, 2008 at 7:00 p.m. or thereafter, in the City Council Chambers (Attachment 3).

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 for the BID. The Board’s purpose is 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 on May 12, 2008, at the conclusion of the public hearing, the Council may adopt a resolution confirming the report for Fiscal Year 2008-09 as filed or as modified by the Council. The adoption of the resolution constitutes the levying of the BID assessments for fiscal year 2008-09.

**DISCUSSION**

The Advisory Board has prepared a report (Attachment 1) for the Council’s consideration which includes the proposed budget for the Palo Alto Downtown BID for fiscal year 2008-09. 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 for fiscal year 2008-09. The Advisory Board has recommended no change in the BID boundaries or the method and basis for levying assessments. Many of the activities and improvements are an extension of those initiated last year.

A map of the BID is attached (Attachment 2). The proposed assessments in the BID for fiscal year 2008-09 are the same as the assessments in fiscal year 2007-08. No increases are proposed.

The budget report for fiscal year 2008-09 was reviewed and approved by the Palo Alto Downtown Business and Professional Association at its board meeting on March 19, 2008 (Attachment 1).

**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. Some staff effort is expended annually to administer the collection of the BID.

Staff will continue to monitor staff administrative time devoted to the collection of BID assessments. If costs significantly exceed the estimated $16,000 estimate of administering assessments, staff will consider an administrative charge to the Palo Alto Downtown Business and Professional Association who administer the BID, as allowed for under the contract, to offset these costs.
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. 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 does not meet the definition of a project under Section 21065 of the California Environmental Quality Act, and therefore no environmental assessment is necessary.

ATTACHMENTS
Attachment 2: Downtown Palo Alto Business Improvement District Map
Attachment 3: 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 2008-09 and Setting a Time and Place for hearing Objections Thereto

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