Business Improvement District

Annual Report
2007-2008

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As approved by the PAD Advisory Board on March 19, 2008
Introduction

This report from the Advisory Board of the Palo Alto Downtown Business & Professional Association ("PAd") was prepared for City Council to review for the annual reauthorization of the Downtown Palo Alto Business Improvement District ("BID") pursuant to Section 36533 of the Parking and Business Improvement Law of 1989 (Section 36500 and following of the California Streets and Highways code) (the "Law"). This report is for the proposed fiscal year for the BID commencing July 1, 2008 and ending June 30, 2009. ("Fiscal Year 2008-09").

As required by the Law, this report contains the following information:

I. Any proposed changes in BID boundaries and benefit zones within the BID;
II. The improvements and activities to be provided for Fiscal Year 2008-09;
III. An estimate of the cost of providing the improvements and the activities for Fiscal Year 2008-09;
IV. The method and basis of levying the assessment in sufficient detail to allow each business owner to estimate the amount of the assessment to be levied against his or her business for Fiscal Year 2008-09.
V. The amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
VI. The amount of any contributions to be made from sources other than assessments levied pursuant to the Law.

Submitted by Barbara Gross, Chair, on behalf of the Advisory Board ("Advisory Board") of the Palo Alto Downtown Business & Professional Association ("PAd").

The Board approved this Report March 19, 2008 at a publicly noticed meeting of the Advisory Board.

Received on file in the Office of the City Clerk of the City of Palo Alto on April 01, 2008.
Section I: BID boundaries and Benefit Zones

There have been no changes in the BID boundaries or benefit zones within the BID and no changes are proposed.
Section II
Improvements and Activities Completed in 2007-08

Marketing and Events

Programs
- Expanded the website that is more user friendly for members and consumers. It includes current activities, a comprehensive business directory, maps for parking and directions, and other links. (www.paloaltodowntown.com). We track nearly 3000 unique hits on the site per month.
- Members may advertise their businesses by posting a link to their website on the “Home” page for a fee.
- The “What’s Happening” page is updated daily with specific information including merchant sales, specials and promotions.
- Continuous updating of the database of all downtown businesses for display and use via the website.
- Cross referenced & categorized comprehensive business sectors.
- Frequent email blasts to notify members of pertinent on goings in the downtown.
- Semi-annual e-newsletter distributed to members.

Events
- The Dine Downtown event was launched in August ’05 and continues successfully on a bi-annual basis and is well received by the restaurants and their patrons. The number of participating restaurants ranges from 15-25 each season.
- Through a collaboration and partnership with the City of Palo Alto, Stanford University and the Chamber of Commerce, PAd participates in the promotion of the Admit Week at Stanford University, through serving as Ambassadors and promoting downtown Palo Alto as a destination.
- PAd partnered with DPA in the promotion of the Tour of California, through the in kind contribution of banner space on the three Avenues in the downtown. Further outreach to members was made through a preliminary information session, as well as personal visits to inform them of the upcoming event and opportunities for participation and promotion.
- PAd remains an active partner and contributing participant in the promotion of Destination Palo Alto.
- PAd produced the University Avenue Promenade in July 2007, promoting downtown Palo Alto as a destination. The span of University Avenue was closed from Cowper to Emerson streets. The Promenade of Film and Music provided live music and movie screening. PAd obtained a blanket encroachment permit, and many restaurants participated through outdoor dining, and retailers were able to set up sidewalk sales.
- Plans are under consideration for the re-creation of the summer promenade on University Avenue or select side streets to encourage a pedestrian friendly environment.
- PAd will hold its 2nd breakfast Roundtable discussion, hosted by the Garden Court Hotel, on April 04, 2008 on Downtown Improvements. The panel of speakers include community relations and transportation officer, Lt. Sandra
Brown. Gayle Likens of the transportation department will discuss parking in the downtown, new signage and will offer details on the new “Luke” pay and stay machines. Further discussions regarding the need for an additional parking structure in the downtown will be encouraged. Annette Puskarich, will unveil plans on the promotion of reusable shopping bags. Members will be updated on the plans and progress of the private/public partnership for the renovation of Lyttot Plaza.

PAd intends to hold these roundtable community/town hall discussions quarterly to encourage member attendance and participation on topics of importance within the district.

Downtown Streets
The Downtown Streets Team was founded in May 2005, by the PAd after its initial survey to business owners. The survey was sent to all BID constituents to better understand how it could serve its members. Overwhelmingly, homelessness and cleanliness of the downtown area were the issue of most concern.

The program participants clean the streets of downtown for food and shelter and is a platform for many formerly homeless to find jobs and housing. This highly successful program was spun off as its own non-profit entity in 2006. PAd supported the program through joint promotions and fund raising efforts, as well as a financial pledge of $10,000 to help ensure its continued success. To further the ongoing partnership and continuity, the President of the DST is a voting member of the Board of Directors of the PAd.

The program has built successful working relationships with Innvision, The Opportunity Center, Catholic Charities, Alliance for Community Care, City Council, PAPD, City Management, The Emergency Housing Consortium, and now holds a place on the Steering Committee for the County’s 10- year plan to end homelessness.

- The program has received funding and is expecting continued funding from the City of Palo Alto, in both HSRAP and contracts for cleaning, EHC and Innvision contracts, foundation grants and local businesses and residents. The BID/PAd will continue to make quarterly financial contributions of $1250 in fiscal 2008-09 to the DST.

Environmental/Marketing
- Created the Streets Task Force to further address the issue of panhandling and homelessness in the downtown. PAd initiated and was instrumental in the expansion of the sit/lie ordinance through the district.
- Key areas were identified and plans are underway to address upgrading the alleyways, increase plantings, and signage and installation of directories in certain areas of the district.
- PAd initiated the resurrection of plans for the upgrading and renovation of
Lytton Plaza through a private/public partnership. PAd and the City are working on the renovation of Lytton Plaza. While the discussions of a Public/Private partnership are in the formative stages, preliminary plans for the Plaza’s rehabilitation have been drawn which include new landscaping, a water feature and community gathering facilities which recognize and respect this location’s importance as a center of community dialogue and free speech. Future steps include developing plans and cost estimates which will enable the City Council to evaluate its participation in the partnership.
- PAd invested $4000 to have LED lighting installed at City Hall Plaza. Brightening up the Plaza expands the surrounding area that suffers from poor lighting. The Plaza was selected because of existing available electricity.
- PAd meets quarterly and works closely with City of Palo Alto Departments to address necessary improvements within the district.
- Through a partnership with the City of Palo Alto, PAd produces and installs quarterly banners on the three Avenues in the district. The intent is to dress up the downtown and promote the district.
- PAd created and installed flags and banners along Bryant Street and University Avenue, post the Walgreen’s fire to promote the area. PAd participated in recovery efforts, and helped coordinate solutions with property owners and managers, as well as the PAPD, and economic development officials at the City, to assist in maintaining traffic and flow to the affected area.

Parking
- Representatives from PAd attend the Palo Alto Chamber of Commerce’s parking committee to learn of programs underway and contribute the downtown business perspective.
- PAd conducted a parking survey to determine the needs of the business community.
- PAd has compiled a matrix on the maintenance and cleanliness schedule and guidelines within the district. This matrix was recently presented to the City and formal discussions have begun as to future implementation and investment.

Executive Committee
- Created a budget for Fiscal Year 2008-09.
- Completed the 2007-08 Annual Report
- Created an Advocacy team to address issues on behalf of downtown businesses.
- Hosted a Community/Town Hall meeting on the district improvement projects.
- Enforce a partnership with the Palo Alto Chamber of Commerce. The Chamber CEO remains a voting member of the Board of Directors of the PAd.
- Outreach to the PA Police Department to improve communications and build a strong working relationship.

Advocacy
- PAd will listen to find out what is on business mind.
- Speak with prospective tenants and work closely with property owners and managers to ensure the maintenance of a balanced retail mix in the district.
- Represented at the GAC and DPA meetings.
- Involved in upcoming plans for the Stanford Shopping Center expansion and its effect on the downtown district.

**Nominating**
- Recruited new members to the Advisory Board to ensure all business sectors are represented.
- Coordinated the annual member meetings and election of directors of PAAd.

**Finance**
- Maintain accounting systems for PAAd bookkeeping.
- Assisted in the billing of annual fee assessments.
- Improved the invoicing process.
- Planned and implemented delinquent member collections.
- Completed year-end tax filing.
- Annual Audit completed through June 30, 2007 and submitted to the City.
Section II
Expected Improvements and Activities for 2008-09

Marketing and Events

Programs
- Maintain and grow website aimed for consumer and member use and for cross promotion of downtown businesses. It will include current activities, a comprehensive business directory, maps for parking and directions, and other links. The website (www.paloaltodowntown.com) provides opportunities for members to self promote on the website through advertising.
- Create a property owners Bulletin Board listing downtown vacancies/leases
- E-newsletter will be prepared and distributed quarterly.

Events
- Dine Downtown will produce its programs in August ’08 & January ’09.
- PAD will continue to produce venues that include music, performers, and artists throughout the year.
- PAD will continue to produce banners for the Avenues and additional marketing pieces on the bridges and side streets.
- PAD will co-market events with Destination Palo Alto to accommodate the influx of visitors to Stanford events and local business.
- PAD will work with the City to promote a pedestrian friendly environment through events that will feature entertainment and a draw to the downtown.

Downtown Streets

Downtown Streets Team
- PAD will continue it’s support of the program financially with a pledge of $5000 for the year, as well as event promotions.

Environmental
- Seasonal banners featuring business promotion will be designed and displayed.
- Renovation of Lytton Plaza will be pursued. PAD has pledged $5000 to the project.
- Through assistance from the City’s Planning & Public Works Departments, additional lighting will be installed in the downtown.
- Removal and or replacement of benches will be recommended.
- Certain key areas will be identified for landscaping. Hanging baskets or potted plants will be considered.
- Continued efforts through the partnership between the Streets Task Force and PAPD to monitor panhandling and enforcement of the sit/lie ordinance.

Parking
- Education and outreach programs will be put in place to inform business owners and managers of the parking options.
- Continue to advocate for transferable business parking permits.
- Outreach programs will be used to educate public of the ample free parking.
- Survey results will be evaluated and implemented.
- Security enforcement in the parking structures will be addressed. PAD will support the use of the DST for ongoing maintenance/graffiti removal within the structures.
- PAd will encourage City contracts with the DST to provide additional maintenance in the district.

Executive Committee
- Continue to refine PAd structure and organizational development.
- Continue to update and refine information provided to Advisory Board Members.
- Continue to advocate on behalf of downtown businesses.
- Hold quarterly roundtable discussions.
- Create visibility within the business community.
- Begin Urban Planning initiative for the downtown area.
- Work closely with Destination Palo Alto to increase tourism.
- Continue to partner with property owners and leasing agents to ensure a good retail mix in the district.

Nominating
- Continue to recruit effective, active members to the Advisory Board.
- Manage the annual election notification and voting process.

Finance
- Oversee the filing of year end tax return
- Oversee the filing of the Annual Audit
- Review and advise on annual budget and explore income/fundraising opportunities.

Section III: Budget for 2008-09

The total funds available for activities for this fiscal year are estimated to be $125,000. The budget for providing the activities is set forth as follows:

BID 2008/09 Budget

INCOME

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessments</td>
<td>$135,000</td>
</tr>
<tr>
<td>Uncollectible Fees</td>
<td>$(34,000)</td>
</tr>
<tr>
<td>Total Assessments</td>
<td>$101,000</td>
</tr>
<tr>
<td>Income/Fundraising</td>
<td>$14,000</td>
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</table>

TOTAL INCOME $115,000

EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>Expenses</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff Salaries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Description</td>
<td>Costs</td>
<td></td>
</tr>
<tr>
<td>---------------------------------------</td>
<td>-----------</td>
<td></td>
</tr>
<tr>
<td>Executive Director Salary</td>
<td>$60,000</td>
<td></td>
</tr>
<tr>
<td>Support Staff Salary</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>$6,000</td>
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</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>$81,000</td>
<td></td>
</tr>
</tbody>
</table>

**Marketing and Events**

**Programs & Member Outreach**
- Member Communications: $1,000
- Banners: $5,000
- Roundtable: $3,500
- Environmental/Beautification: $2,000

**Events & Fundraising**
- Dine Downtown: $4,000
- Events: $5,000
- Promotional Sales/Fundraising: $2,000
- Permit Fees: $1,500

**Total Marketing/Events**
- $24,000
- $11,000

**Contributions**
- DST: $5,000
- Lytton Plaza: $5,000

**Total Contributions**
- $10,000

**Total Expenses/Income**
- $115,000
- $14,000

Section IV: Method and Basis of Levying the Assessment
Cost Benefit Analysis / Bid Assessments

The method and basis of levying the assessment is provided sufficient detail to allow each business owner to estimate the amount of the assessment to be levied against his or her business for Fiscal Year 2008-09 and is not changed from the FY 2006-07 assessment.

There have been no changes made to the Cost-Benefit Analysis or to the BID Assessments since they were approved by City Council on February 2, 2004.

The method of calculation used to determine the cost and benefit to each business located in the BID is described below. The BID assessments are based on three criteria: the type of business, the location of the business and the size of the business.

It has been consistently demonstrated that the typical BID program places a higher priority on activities such as commercial marketing. As a result, the retail and restaurant establishments in the BID are assessed more than service and professional businesses in the district.

While service-oriented businesses benefit from a BID less than retailers and restaurateurs, they benefit more than professional businesses such as medical, dental, architectural, consultant and legal offices with their minimal advertising and promotion needs.

For these reasons, various business types are assessed according to the benefit that they receive from the BID, as follows:

➢ Retail and Restaurant  100% of base amount
➢ Service               75% of base amount
➢ Professional         50% of base amount

Exceptions to this rule include financial institutions that are traditionally charged a flat rate regardless of location or size and lodging businesses that are typically charged by total rooms.

The location of a business also determines the degree of benefit that accrues to that business. Centrally located businesses tend to benefit more, as do businesses located on the ground floor.

For this reason, A and B benefit zones have been identified for the BID.

In Palo Alto, Zone A benefit businesses are assessed 100% of the base benefit assessment while Zone B businesses are assessed 75%.

A third criterion is used in the BID to determine benefit. This criterion, the size of the business, takes into consideration the number of full time employees employed by the business. Please refer to Attachment 1 for a more complete understanding of the application of these three variables to establish BID benefit.

Attachment 2 is the BID assessment for each business located within the BID boundaries. Applying the criteria identified in Attachment 1, a summary of the assessment that applies to each business by size, type and location is outlined. In addition to the Cost-Benefit Analysis, the assessments include the following criteria:

➢ An exemption for “single person professional businesses” that have 25% or fewer full time equivalent (“FTE”), including the business owner. This covers employees who
work less than 10 hours a week (based on a 40 hour work week (A full FTE equals approximately 2000 hours annually)
➢ An assessment specifically for “single person businesses” that have 26% FTE to 1 FTE in the professional business category of the BID (A full FTE equals approximately 2000 hours annually)
➢ The tiring of other professional businesses by size based (according to benefit) on the “single person business” criteria

This outline provides information by which a business can determine its annual assessment based on objective criteria.

Except where otherwise defined, all terms shall have the meanings identified below:

**Definitions of Business Types in the Downtown Business Improvement District**

**Retailers and Restaurants:** Businesses that buy or resell goods such as clothing stores, shoe stores, office supplies as well as businesses that sell prepared food and drink.

**Service Businesses:** Businesses that sell services such as beauty or barber shops, repair shops, most automotive businesses, dry cleaners, art and dance studios, printing firms, film processing companies, travel agencies, entertainment businesses such as theatres, etc.

**Hotel and Lodging:** These include businesses that have as their main business the lodging of customers. This is restricted to residential businesses that provide lodging services to customers for less than 30 days.

**Professional Businesses:** Businesses that require advanced and/or specialized licenses or academic degrees such as architects, engineers, attorneys, chiropractors, dentists, doctors, accountants, optometrists, realtors, insurance brokers, venture capital firms, consultants, advertising and marketing professionals and mortgage brokers and similar professions.

**Financial Institutions:** Includes banking, savings and loan institutions and credit unions.

Additional clarification on business definitions will be defined according to Section 18.04.030 (Definitions) of the Palo Alto Municipal Code.

The Advisory Board recommends that the following businesses be exempt from the BID assessment:
➢ New businesses established in the BID area following the annual assessment for the year in which they locate in the BID area
➢ Non-profit organizations
➢ Newspapers
➢ “Single person professional businesses” that have 25% or less full time equivalent (FTE), including the business owner

The Assessment calculated shall be paid to the City no later 30 days after receipt of the invoice with the amount of the annual assessment sent by the City. A second notice will be mailed as a reminder to businesses that have not remitted payment by that date. Late payment will be subject to a 10% late fee.

**Section V: Revenue Surplus or Deficit**
It is not expected that any funds will be carried over from the FY 07-08 budget. This is based on the revenue balance on 3/31/08 as $000000. Expected expenses for the remainder of FY 07-08 are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current revenue balance</td>
<td>$ 8423</td>
</tr>
<tr>
<td>Expected expenses for remaining FY</td>
<td></td>
</tr>
<tr>
<td>Staff Salaries</td>
<td>$13,800</td>
</tr>
<tr>
<td>Elections and Annual Report</td>
<td>$2,000</td>
</tr>
<tr>
<td>Office + operating expenses</td>
<td>$1,000</td>
</tr>
<tr>
<td>Outside Audit</td>
<td>$2,500</td>
</tr>
<tr>
<td>Website/newsletter</td>
<td>$ 500</td>
</tr>
<tr>
<td>Total expected expenses</td>
<td>$19,800</td>
</tr>
</tbody>
</table>

Expected carry-over  <$11,377>

**Section VI: Non-assessment Income**

It is estimated that $14,000 will be raised in fundraising, and sponsor support. Additionally, anticipate in kind contribution towards expenses for Fiscal Year 2008-09.

**Projected Income for Fiscal Year 08-09**

Events & Marketing
- Dine Downtown $ 4,000
- Events $ 5,000
- Promotional Sales/Fundraising $ 2,000
Rent (donation) $ 3,000

**Total** $ 14,000
Section VII: PAD Board of Directors by Business Type

Retailers and Restaurants

Claudia Cornejo, Caffe del Doge
Ashwani Dharwan, Mantra Restaurant & Lounge
Georgie Gleim, Gleim Jewelers
Phil Lonardo, Whole Foods Market

Hotel and Lodging

Barbara Gross, Garden Court Hotel

Professional Businesses

Sunny Dykwel, Alain Pinel Realtors
Brannan Vaughan, Morgan Stanley

Service Businesses

Stacey Yates, Skin Spirit

Financial Institutions

Deborah Pappas, Borel Bank

Chamber of Commerce
Sandra Lonnquist

Downtown Streets Team
Eileen Richardson
A General Statement Regarding Cost-Benefit Analysis For 
BID Businesses Using The Traditional Three Criteria Formula

Criteria 1) Type of Business:
Statement Concerning Cost-Benefit Formula For BID Businesses Regarding Type 
Of Business:
In a review of 200 California Business Improvement Districts, it is consistently 
demonstrated that the typical BID Program places a higher priority on Commercial 
Marketing Programs than on Civic Beautification and Commercial Recruitment Programs. 
With that trend in mind, retail and restaurant businesses, with their emphasis on, and 
need for, commercial marketing, are traditionally assessed more than less marketing-
sensitive service-oriented or professional-oriented businesses.

However, while service-oriented businesses benefit from a BID less than retailers and 
restaurateurs, they benefit more, (from commercial marketing programs), than 
professional businesses such as medical, dental and legal offices with their minimal 
advertising and promotion needs.

Therefore, set forth below, is an example of how various business types might be 
considered regarding the computation of the annual benefit assessment.

- Retail and Restaurant: 100% of base amount
- Service: 75% of base amount
- Professional: 50% of base amount

Exceptions to this rule include financial institutions that are traditionally charged a flat 
rate regardless of location or size and lodging businesses that are typically charged by 
total rooms. Lodging businesses are assessed based on the total number of rooms 
because it is a more equitable manner of determining size. Many lodging businesses have 
many part time employees, but revenues are based on the room occupancies of the hotel, 
not the goods sold or serviced provided by employees.

Criteria 2) Location of Business:
Statement Concerning Cost-Benefit Formula For BID Businesses Regarding 
Location of Business:
It has also been consistently demonstrated that the more centrally located businesses 
tend to benefit from BID activities and services to a greater degree than businesses 
located toward the periphery of the proposed BID boundaries. Events and activities tend 
to originate in the central core of the downtown area and spread benefit to the outer 
areas with diminishing energy and impact, much like the ripple effect of a stone tossed 
into a body of calm water.

Furthermore, ground floor businesses tend to benefit to a greater degree than businesses 
located in upper floors. Therefore, in some cases, a new BID's annual benefit assessment 
formula also takes these street level criteria into account.
As mentioned above, special events, fairs, festivals and other activities tend to take place within, or along, the Main Street core rather than in the areas at the periphery of the downtown core. Additionally, BID-sponsored seasonal decorations, public art projects, street banners and street furniture tend to be located within the immediate core area.

Therefore, businesses located within the most central area of the proposed BID are considered to be within "Zone A" which should be considered the primary benefit zone. There is typically a "secondary zone" or "Zone B" within most proposed BID areas. This area receives less benefit than Zone A and should be assessed accordingly.

An example of how different zones might be treated regarding the computation of the annual benefit assessment is as follows.

- Zone A: 100% of base benefit assessment
- Zone B: 75% of base benefit assessment

In the case of Downtown Palo Alto, it is recommended that all Zone A upper floor businesses, as well as any other businesses located at the periphery of the proposed BID, be considered as Zone B businesses. Please refer to the map in Attachment I.

**Criteria 3) Size of Business:**

**Statement Concerning Cost-Benefit Formula For BID Businesses Regarding Size of Business:**

In approximately 50% of newly established BIDs, a third assessment criterion is used. This criterion involves the size of each individual business that is based upon the businesses' total number of full-time employees. Full-time employees are those working a total of 2,000 hours per year. Part-time employees are grouped into full-time job positions, i.e., two half-time employees total one full-time. Fractions are rounded down to the nearest whole number with no less than one person as a minimum for business.

An example of how various business sizes might be treated regarding the computation of the annual benefit assessment is as follows:

- **Small:** 50% of base assessment
- **Medium:** 75% of base assessment
- **Large:** 100% of base assessment

<table>
<thead>
<tr>
<th>Retail/Restaurants</th>
<th>Service Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>under 6 FTE*</td>
<td>under 4 FTE*</td>
</tr>
<tr>
<td>6-under 11 FTE*</td>
<td>4 to under 7 FTE*</td>
</tr>
<tr>
<td>11+ FTE*</td>
<td>7+ FTE*</td>
</tr>
</tbody>
</table>

* Full-time employees (FTE)

Additionally, an exemption was established for "single person professional businesses" that have 25% or less full time equivalent (FTE), including the business owner. This covers employees who work less 10 hours a week (based on a 40 hour work week).

Since "single person businesses" that have 26% FTE to 1 FTE in the professional business category of the BID benefit the very least from the assessment, their assessments have been tiered by size based (according to benefit) on the new "single person business" criteria.
Downtown Palo Alto Business Improvement District
Annual BID Assessments

<table>
<thead>
<tr>
<th>ZONE A</th>
<th>ZONE B  (75%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Retailers and Restaurants</strong></td>
<td></td>
</tr>
<tr>
<td>(100%)</td>
<td></td>
</tr>
<tr>
<td>$225.00 (Under 6 FTE employees) (50%)</td>
<td>$170.00</td>
</tr>
<tr>
<td>$340.00 (6 to under 11 FTE employees) (75%)</td>
<td>$260.00</td>
</tr>
<tr>
<td>$450.00 (11+ FTE employees) (100%)</td>
<td>$340.00</td>
</tr>
<tr>
<td><strong>Service Businesses</strong></td>
<td></td>
</tr>
<tr>
<td>(75%)</td>
<td></td>
</tr>
<tr>
<td>$170.00 (Under 4 FTE employees) (50%)</td>
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<tr>
<td>$260.00 (4 to under 7 FTE employees) (75%)</td>
<td>$200.00</td>
</tr>
<tr>
<td>$340.00 (7+ FTE employees) (100%)</td>
<td>$260.00</td>
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<tr>
<td><strong>Professional Businesses</strong></td>
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<tr>
<td>(50%)</td>
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</tr>
<tr>
<td>EXEMPT (25% or fewer FTE employees, including the business owner)</td>
<td></td>
</tr>
<tr>
<td>$  60.00 (26% to under 1 FTE employees) (25%)</td>
<td>$  50.00</td>
</tr>
<tr>
<td>$110.00 (2 to 4 FTE employees) (50%)</td>
<td>$  90.00</td>
</tr>
<tr>
<td>$170.00 (5 to 9 FTE employees) (75%)</td>
<td>$130.00</td>
</tr>
<tr>
<td>$225.00 (10+ FTE employees) (100%)</td>
<td>$170.00</td>
</tr>
<tr>
<td><strong>Lodging Businesses</strong></td>
<td></td>
</tr>
<tr>
<td>(100%)</td>
<td></td>
</tr>
<tr>
<td>$225.00 (up to 20 rooms) (50%)</td>
<td>$170.00</td>
</tr>
<tr>
<td>$340.00 (21 to 40 rooms) (75%)</td>
<td>$260.00</td>
</tr>
<tr>
<td>$450.00 (41+ rooms) (100%)</td>
<td>$340.00</td>
</tr>
<tr>
<td><strong>Financial Institutions</strong></td>
<td></td>
</tr>
<tr>
<td>$500.00</td>
<td>$500.00</td>
</tr>
</tbody>
</table>

**Note 1:** For retail, restaurant, service, and professional businesses, size will be determined by number of employees either full-time or equivalent (FTE) made up of multiples of part-time employees. A full FTE equals approximately 2000 hours annually. Lodging facilities will be charged by number of rooms available and financial institutions will be charged a flat fee.

**Note 2:** Second floor (and higher) businesses located within Zone A, will be assessed the same as similar street-level businesses located within Zone B.

**Note 3:** Assessment amounts are rounded to the nearest ten dollars. The minimum assessment will be $50.00.
RESOLUTION NO. _______
RESOLUTION OF THE 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-
2009 AND SETTING A TIME AND PLACE FOR MAY 12, 2008 FOR
HEARING OBJECTIONS THERETO

THE CITY COUNCIL OF THE CITY OF PALO ALTO DOES HEREBYZ FIND,
DECLARE, AND ORDER AS FOLLOWS:

SECTION 1. The Parking and Business Improvement Area Law of 1989 (the
"Law"), California Streets and Highways Code Sections 36500 et seq., authorizes the City
Council to levy an assessment against businesses within a parking and business improvement
area which is in addition to any assessments, fees, charges, or taxes imposed in the City.

SECTION 2. Pursuant to the Law, the City Council adopted Ordinance No. 4819
establishing the Downtown Palo Alto Business Improvement District (the "District") in the City
of Palo Alto.

SECTION 3. The City Council, by Resolution No. 8416, appointed the Board of
Directors of the Palo Alto Downtown Business & Professional Association, a California
nonprofit mutual benefit corporation, to serve as the Advisory Board for the District (the
"Advisory Board").

SECTION 4. In accordance with Section 36533 of the law, the Advisory Board
prepared and filed with the City Clerk a report entitled "Downtown Palo Alto Business
Improvement District, Annual Report 2008-2009" (the "Report"). The City council hereby
preliminarily approved the report.

SECTION 5. The boundaries of the District are within the City limits of the City
of Palo Alto (the "City") and encompass the greater downtown area of the City, generally
extending from El Camino Real to the East, Webster Street to the West, Lytton Avenue to the
North and Addison Avenue to the South (east of Emerson Street, the boundaries extend only to
Forest Avenue to the South). Reference is hereby made to the map of the District attached hereto
as Exhibit "A" and incorporated herein by reference for a complete description of the boundaries
of the District.

SECTION 6. The City Council hereby declares its intention, in addition to any
assessments, fees, charges or taxes imposed by the City, to levy and collect an assessment
against businesses within the District for fiscal year 2008-2009 (July 1, 2008 to June 30, 2009).
Such assessment is not proposed to increase from the assessment levied and collected for fiscal
year 2005-2006. The method and basis of levying the assessment is set forth in Exhibit "B"
attached hereto, and incorporated herein by reference.
SECTION 7. The types of improvements to be funded by the levy of an assessment against businesses within the District are the acquisition, construction, installation or maintenance of any tangible property with an estimated useful life of five years or more. The types of activities to be funded by the levy of an assessment against businesses within the District are the promotion of public events which benefit businesses in the area and which take place on or in public places within the District; the furnishing of music in any public place in the District; and activities which benefit businesses located and operating in the District.

SECTION 8. New businesses established in the District after the beginning of any fiscal year shall be exempt from the levy of the assessment for that fiscal year. In addition, non-profit organizations, newspapers and professional "single-person businesses," defined as those businesses which have 25% or less full time equivalent employees, including the business owner, shall be exempt from the assessment.

SECTION 9. The City Council hereby fixes the time and place for a public hearing on the proposed levy of an assessment against businesses within the District for fiscal year 2008-2009 as follows:

TIME: 7:00 p.m.

DATE: Monday, May 12, 2008

PLACE: City Council Chambers
        250 Hamilton Avenue
        Palo Alto, California 94301

At the public hearing, the testimony of all interested persons regarding the levy of an assessment against businesses within the District for fiscal year 2008-2009 shall be heard. A protest may be made orally or in writing by any interested person.

Any protest pertaining to the regularity or sufficiency of the proceedings must be in writing and shall clearly set forth the irregularity or defect to which the objection is made.

Every written protest must be filed with the City Clerk at or before the time fixed for the public hearing. The City Council may waive any irregularity in the form or content of any written protest and at the public hearing may correct minor defects in the proceedings. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing.

Each written protest must contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the City as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business. A written protest which does not comply with the requirements set forth in this paragraph will not be counted in determining a majority protest (as defined below).
NOT YET APPROVED

If, at the conclusion of the public hearing, written protests are received from the owners of businesses in the District which will pay 50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than that 50 percent (i.e., there is a majority protest), no further proceedings to levy the proposed assessment, as contained in this resolution of intention, shall be taken for a period of one year from the date of the finding of a majority protest by the City Council.

If the majority protest is only against the furnishing of a specified type or types of improvement or activity within the District, those types of improvements or activities shall be eliminated.

SECTION 10. For a full and detailed description of the improvements and activities to be provided for fiscal year 2008-2009, the boundaries of the District and the proposed assessments to be levied against the businesses within the District for fiscal year 2008-2009, reference is hereby made to the Report of the Advisory Board. The Report is on file with the City Clerk and open to public inspection.

SECTION 11. The City Clerk is hereby authorized and directed to provide notice of the public hearing in accordance with law.
SECTION 12. The Council finds that the adoption of this resolution does not meet the definition of a project under Section 21065 of the California Environmental Quality Act and, therefore, no environmental impact assessment is necessary.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

______________________________  ______________________________
City Clerk                        Mayor

APPROVED AS TO FORM:

______________________________
Assistant City Attorney

APPROVED:

______________________________
City Manager

______________________________
Director of Administrative Services

______________________________
Director of Planning and Community Environment