



# City of Palo Alto

## City Council Staff Report

(ID # 12167)

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Report Type: Consent Calendar

Meeting Date: 5/17/2021

Summary Title: Business Registry and BID Fee Waiver for 2021

**Title: Adoption of a: 1) Resolution Waiving the Business Registration Fee for Fiscal Year 2022 if Completed on Time and Extending the due Date to July 15, 2021; 2) Resolution Declaring an Intention to Temporarily Suspend the Levy of Assessment Against Businesses Within the Downtown Business Improvement District for Fiscal Year 2022, and Setting a Public Hearing on the Proposed Temporary Suspension for June 1, 2021; and 3) Approval of the Reimbursement of any Business Registration Fees and BID Assessments Already Paid in 2021**

**From: City Manager**

**Lead Department: Administrative Services**

### **Recommendation**

Staff recommends that Council:

- 1) Adopt a resolution waiving the business registration fee (Palo Alto Municipal Code Chapter 4.60) due and payable in calendar year 2021 for FY 2022, except the minimal state certified access specialist (CASp) fee required by law (Attachment A), provided that registration is completed on time, and extending the due date to July 15, 2021, and extending all late fees for the FY 2022 collection cycle to August 15, 2021;
- 2) Adopt a resolution of intention to temporarily suspend the levy of the assessments in the Palo Alto Downtown Business Improvement District (BID) for Fiscal Year 2022 (Attachment B), setting a date and time for the public hearing on the proposal to suspend the levy for June 1 2021, at 5:00 PM, or thereafter; and
- 3) Approve the reimbursement of any business registration fees and BID assessments due in 2021 for FY 2022 that have already been paid by businesses.

### **Background**

On May 4 2020, Council waived the business registration and BID fees for the FY 2021 cycle due to the COVID-19 public health emergency ([CMR 11219](#)). As a result, any fees paid by businesses in 2020 for the FY 2021 collection cycle were refunded as approved

by Council. On June 8 and June 23, 2020 Council implemented the suspension of the BID fees for FY 2021. (CMRs [11358](#), [11405](#).)

At the [March 1, 2021 Council meeting](#), in response to the ongoing impact of the COVID-19 pandemic, Council adopted a motion to waive the FY 2022 business registration fee provided that registrations are completed by the due date, and to suspend the FY 2022 downtown business improvement (BID) assessment levy. The motion was recorded as follows:

Direct Staff to return with the necessary documents to waive the business registration fee (Palo Alto Municipal Code Chapter 4.60) for timely completion, due and payable in Calendar Year 2021 and the assessments typically levied for the Downtown Business Improvement District (BID) for Fiscal Year 2021\*

(\*Note: The reference in the motion to "Fiscal Year 2021" is an error. The FY 2021 assessments had already waived by Council action in May and June of 2020. The March 1, 2021 staff report recommended suspension of BID fees due in 2021 for FY 2022. Staff has interpreted Council's motion to apply to BID fees typically collected in 2021 for the FY 2022 collection cycle.)

Staff is proposing that the business registration due date be July 15, 2021 to offer businesses ample time to complete the process and take advantage of the fee waiver. The regular \$50 fee for the Business Registry Certificate (BRC) will apply to any registration completed after July 15, 2021 and late fees for the BRC will be applied after August 15, 2021. There will be no fees or late fees for the BID. This report requests the approval of resolutions to enact Council's direction.

### Business Registry

The Business Registration Program requirements in Palo Alto Municipal Code Chapter 4.60 (commonly referred to as the "Business Registry") apply to all businesses located in Palo Alto, with the exception of nonprofits and businesses with less than one full-time equivalent employee, home-based or transitory businesses, religious organizations with no ancillary business on-site, businesses who relocated outside of Palo Alto in the past year, and businesses that are permanently closed. Most exempt businesses need to annually claim their exemption through the application but do not pay the fees. The \$50 business registration fee is for cost recovery purposes and the \$4 certified access specialist (CASp) fee is a State requirement (SB1186 and AB1379) for local jurisdictions to collect a \$4 fee from new or renewal applicants for a local business license or equivalent instrument or permit. The CASp fee is for the purposes of increasing CASp services and compliance with construction-related accessibility requirements in Palo Alto and cannot be waived by the City.

### Business Improvement District

The Downtown Business Improvement District (BID) was established to promote the economic revitalization and physical maintenance of the Palo Alto Downtown Business Improvement District. The City contracts with Palo Alto Downtown Business and Professional Association (PADBPA) to provide services to businesses in the BID. The BID assessment is levied on and paid by businesses in the district boundary to provide these services. The assessment ranges between \$50-\$500 based on the location of the business in the BID, type of business, and number of employees (or number of rooms for a lodging business).

## **Discussion**

Based on the City Council action on March 1, 2021, staff is bringing forward the following actions:

- 1) Adopt a resolution waiving the FY 2022 Business Registry Fee of \$50 for registrations completed by July 15, 2021 (the regular fee of \$50 will be assessed for registrations completed after July 15, 2021 and all registrants will pay the minimal CASp fee required by the state), and extending the deadline for the BRC to July 15, 2021, and the late fee for the BRC to August 15, 2021; and
- 2) Adopt a resolution of intention to suspend the levy of assessments in the Palo Alto Downtown Business Improvement District (BID) for Fiscal Year 2022, setting a date and time for the public hearing on the proposal to suspend the levy of assessment for June 1, 2021, at 5:00 PM, or thereafter; and
- 3) Direct staff to reimburse any business registration fees and BID assessments already paid in 2021 for FY 2022.

In a typical year, the collection process for both programs would have kicked-off in February with due dates of March 31, 2021 for the Business Registry, and April 13, 2021 for BID assessments. Due to the ongoing impact of COVID-19 and to assist businesses during this time, the Council adopted a motion on March 1, 2021 directing staff to waive fees for BRC registrations completed on time, which staff has designated as July 15, 2021 to provide business sufficient time to complete registrations, and to suspend the BID assessments for FY 2022.

Rescinding the approval of the levy of assessments for the BID as well as waiving the business registration fee are included in this recommendation to further assist businesses during this time. The BID assessment can be a larger amount for many businesses in the district compared to the Business Registry fee. If the proposed resolution (Attachment A) is approved, the City will not collect the \$50 registration fee from businesses due for FY 2022 if registrations are completed by the July 15, 2021 due date. The \$50 registration fee will apply for registrations completed after July 15, 2021, and late fees for the BRC will be applied after August 15. Businesses will still pay the state-mandated \$4 CASp fee, a portion of which is remitted to the State and the balance maintained in a restricted City fund.

For any business that inadvertently paid the BRC or BID fee for FY 2021 or FY 2022, staff is requesting Council's authorization to issue refunds as done previously in 2020. Providing refunds is recommended as opposed to providing fee and assessment credits. Providing credits was determined to be administratively complex after consulting with Avenu Insights & Analytics, on details required for implementation. Refunds will be issued by mail to businesses that have already paid. No action will be required by these organizations to receive this refund.

### **Resource Impact**

Fees collected through the BID assessment are typically used by the Palo Alto Downtown Business and Professional Association (PADBPA) for programs and activities. With the waiver of fees for FY 2021, no activities were scheduled. The FY 2022 Proposed Budget assumed the continuation of no scheduled activities to align with the possible fee waiver in FY 2022. An average of approximately \$76,000 has been collected from the annual BID assessment cycle in the past.

This recommendation will also impact the annual collection of the cost recovery Business Registry fees. Approximately \$100,000 has been collected annually in the past, with approximately \$15,000 of this amount attributed to late fees. The waiver of the business registration fee was not assumed as part of the FY 2022 Proposed Budget, and this action will result in a loss in revenues in Fiscal Year 2022, however, this is expected to be offset by vacancy savings due to a current vacancy in the position that administers this program. An adjustment to the FY 2022 Proposed Budget to account for the reduced revenue will be brought forward for Council review as necessary for FY 2022.

### Avenu Insights & Analytics Contract

Avenu Insights & Analytics bills the City \$12 per initial registry payment from each business per registry period. This will still be owed by the City to Avenu Insights & Analytics even if no registration payments are collected from businesses to defray that cost. These costs have been assumed as part of the FY 2022 Proposed budget. The recommendation for Avenu Insights & Analytics to issue refunds to businesses comes at no additional cost.

### **Stakeholder Engagement**

The City contacted a representative of PADBPA who expressed support for not collecting the assessment for FY 2022.

### **Environmental Review**

The proposed actions are not a project under the California Environmental Quality Act.

#### **Attachments:**

- Attachment A: Resolution Waiving Business Registry Certificate Fee 2022
- Attachment B: Resolution Declaring Intention to Temporarily Suspend the Levy of Assessments

Attachment A

NOT YET ADOPTED

Resolution No. \_\_\_\_\_

Resolution of the Council of the City of Palo Alto Waiving the 2021 Business Registration Fee (Palo Alto Municipal Code Chapter 4.60) for Registrations Completed on Time, Setting the Due Date as July 15 and Establishing Late Fees for Registrations Received After August 15 for the 2022 Collection Cycle

The Council of the City of Palo Alto hereby DECLARES as follows:

SECTION 1. Under the City of Palo Alto Business Registry Program (Palo Alto Municipal Code (PAMC) Chapter 4.60), Palo Alto businesses are required to annually register and submit an application for a business registration certificate, together with payment of a registration fee, which is currently \$50. In compliance with state law, the City also collects with each business certificate application a \$4 fee to support the Certified Access Specialist (CASp) program.

SECTION 2. Due to the substantial detrimental impacts on businesses in Palo Alto resulting from the ongoing coronavirus (covid-19) pandemic, state of emergency and economic contraction, the Council desires to waive payment of the business registration fee by businesses that submit registrations by the due date of July 15 and are otherwise in compliance with PAMC Chapter 4.60.

SECTION 3. The City Council hereby authorizes and approves the waiver of the 2022 business registration fee for businesses that register by July 15. This waiver applies only to the \$50 registration fee and not to the \$4 state-mandated CASp fee which remains due and payable with each application.

SECTION 4. The City Council hereby authorizes and directs the City Manager to return or reimburse any payments of the business registration fee already made by businesses for 2022.

SECTION 5. The City Council hereby authorizes and approves the establishment of late payment fees for business registrations that are made after August 15.

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Attachment A

NOT YET ADOPTED

SECTION 6. 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:

\_\_\_\_\_  
City Attorney

\_\_\_\_\_  
City Manager or Designee

\_\_\_\_\_  
Director of Administrative  
Services

Attachment A

NOT YET ADOPTED

Attachment B

Resolution No. \_\_\_\_\_

Resolution of the Council of the City of Palo Alto Declaring Its Intention to Temporarily Suspend the Levy of Assessments Against Businesses Within the Downtown Palo Alto Business Improvement District for Fiscal Year 2022; and Setting a Time and Place for a Public Hearing on the Proposed Suspension of Assessment on June 1, 2021 at 5:00 PM or Thereafter, in the Council Chambers

R E C I T A L S

A. 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.

B. 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.

C. 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").

D. Since March 17, 2020, Santa Clara County together with all other Bay Area counties, have been under a Shelter in Place order issued by the County Public Health Officers due to the COVID-19 pandemic and statewide emergency. For periods of time during the intervening year, businesses were required to close, open for curbside pick-up or take-out only, or open with reduced capacity.

E. COVID-19 and the measures to mitigate the spread have resulted in significant financial loss and uncertainty for many people and businesses including those in Palo Alto. While increased vaccinations and decreased case numbers are allowing economic activity to resume, the financial impacts on local businesses are anticipated to continue for months, if not longer.

F. In recognition of the current challenges affecting downtown businesses, the City Council on March 1, 2021 directed the suspension of assessments for fiscal year 2022 (July 1, 2021 through June 30, 2022).

NOW THEREFORE THE CITY COUNCIL OF THE CITY OF PALO ALTO RESOLVES AS FOLLOWS:

SECTION 1. The Council hereby adopts the above Recitals as findings of the Council.



Attachment B

SECTION 2. Based on the findings herein, the Council intends to suspend the levy and collection of assessments for the District for fiscal year 2022 (July 1, 2021 through June 30, 2022). The District shall remain in effect and the Council will consider the levy of assessments for following fiscal years.

SECTION 3. The City Council hereby fixes the time and place for a public hearing on the proposed suspension of levy of an assessment against businesses within the District for fiscal year 2022 as follows:

DATE: June 1, 2021

PLACE: Conducted via Zoom Meeting

TIME: 5:00 p.m. or soon thereafter

At the public hearing, the testimony of all interested persons regarding the suspension of levy of an assessment against businesses within the District for fiscal year 2022 shall be heard.

SECTION 4. The City Clerk is hereby authorized and directed to provide notice of the public hearing in accordance with law.

SECTION 5. 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:

\_\_\_\_\_  
City Attorney

\_\_\_\_\_  
City Manager or Designee

Attachment B

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Director of Administrative  
Services