



# City of Palo Alto

## City Council Staff Report

(ID # 12255)

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**Report Type: Action Items**

**Meeting Date: 6/7/2021**

**Summary Title: PUBLIC HEARING: Resolution to suspend assessments for FY22 (BID)**

**Title: PUBLIC HEARING: Adoption of a Resolution to Suspend Assessments for Fiscal Year 2022 for Downtown Business Improvement District (BID)  
((CONTINUED FROM JUNE 1, 2021))**

**From: City Manager**

**Lead Department: Administrative Services**

### **Recommendation**

Staff recommends that the City Council hold a public hearing and adopt a resolution temporarily suspending the levy of assessments in Fiscal Year 2022 in connection with the Downtown Palo Alto Business Improvement District (BID).

### **Background**

The 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 (PADBPA), 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. PADBPA in its capacity as the BID Advisory Board has monthly open meetings governed by the Brown Act which any business or individual can attend.

In a typical year, such as 2019 ([CMR 10315](#)), without COVID-19 implications the City contracts with PADBPA to provide services to businesses in the BID. However, in May 2020 Council suspended the assessment for the BID due to the COVID-19 emergency ([CMR 11219](#)). On June 8, 2020, the City Council adopted a Resolution Declaring an Intention to Temporarily Suspend the Levy of Assessment in the BID for FY 2021, setting a date and time for the public hearing on the proposed to temporarily suspend assessments for June 23, 2020 ([CMR 11358](#)) thereby suspending the BID assessment for FY 2021 on June 23, 2020.

With the continued impacts of COVID 19 on May 17, 2021, the City Council adopted a

Resolution Declaring an Intention to Temporarily Suspend the Levy of Assessment in the BID for Fiscal Year 2022, setting a date and time for the public hearing on the Proposed Temporary Suspension for June 1, 2021, at 5:00PM ([CMR 12167](#)).

### **Discussion**

Traditionally the PADBPA provides an annual report in the spring that includes specifics of the estimated revenues and expenses to be collected and services to be provided by PADBPA in the upcoming fiscal year. And in a typical year, PADBPA would now be returning to Council for confirmation of the report and request for to levy assessments for FY 2022. Council's approval of the levy would trigger a renewal of the contract with PADBPA for the upcoming fiscal year.

The City Council rescinded the Downtown BID assessment for FY 2020 on May 4, 2020 and suspended the assessment for FY2021 on June 23, 2020. Therefore, PADBPA is not submitting a report for FY 2020/2021 activities. As such, no BID activities are expected to occur in FY 2022. Staff will collaborate with PADBPA to determine next steps and the future state for the Downtown BID during FY 2022 for activities expected in FY 2023.

BID assessments have been collected by the City's contractor Avenu for the last several years along with the Business Registry Certificate program (BRC). A portion of the cost of Avenu has been allocated to the BID, but this will no longer occur in Fiscal Years 2021 and 2022. This transition was made to save costs, streamline efforts and provide businesses with one annual invoice, and aligning the BID and Business Registry Certificate (BRC) fee collection timeline. As a result of this continued suspension, staff expects to have Avenu continue with BRC data collection but discontinue BID collection work in FY 2022. This contract is currently a blended service between the BRC and BID, therefore staff will explore contract negotiations with Avenu as a result of this expected reduction in scope in order to achieve cost savings. Work to continue to register businesses for the BRC without collection of fees continues. This will ensure that the BRC database continues to improve. In FY 2022, the City plans to identify means and methods to further enhance collection of the business data in the BRC database as directed by the City Council in March 2020.

### **Resource Impacts**

No additional funding is requested as part of this report. The BID is set up as a separate fund within the City. Recently, the BID has required a General Fund subsidy as collected assessments fell short of the costs of operating the BID. With no PADBPA expenditures in FY 2021 due to the suspension of activities the fund currently has a positive balance of \$12,000. Sufficient funding is available to support minor expenses associated with the contract with Avenu for maintaining the BRC and BID system that are anticipated in Fiscal Years 2021 and 2022. Future funding needs will be brought forward for City Council approval.

### **Stakeholder Engagement**

Staff has coordinated with the chair of the PADBPA on the recommendation included in this staff report.

**Environmental Review**

The proposed action is not a project for the purposes of the California Environmental Quality Act.

**Attachments:**

- Attachment A : Resolution Suspending Assessment for Downtown Business Improvement District Fiscal Year 2022

NOT YET ADOPTED

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

Resolution of the Council of the City of Palo Alto Temporarily Suspending  
the Levy of Assessments Against Businesses Within the Downtown Palo Alto  
Business Improvement District for Fiscal Year 2022

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 ("PADBPA"), 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 has been under a series of Shelter in Place orders issued by the County Health Officer due to the COVID-19 pandemic and statewide emergency.

E. Under the initial Shelter in Place order, most businesses in downtown Palo Alto were required to close. Most retail businesses were required to close entirely and restaurants were required to close to in-person dining.

F. Two months later, on May 22, 2020, retail businesses were allowed to open for curbside pickup only, but many businesses remained closed due in part to the strict protocols required to be implemented in order to open and the substantially reduced customer base with most downtown offices still closed and travel restricted under the modified Shelter in Place order.

G. Under the Shelter in Place Order, issued on June 1, 2020, in-store retail and outdoor restaurant dining were allowed to resume effective June 5, 2020, with specified public health measures in place.

NOT YET ADOPTED

H. COVID-19 and the measures to mitigate the spread have resulted in significant financial loss and uncertainty for a tremendous number of people and businesses including those in Palo Alto. The financial impacts are anticipated to continue for months, if not longer.

I. In recognition of the current challenges affecting downtown businesses, the City Council on May 4, 2020, rescinded and refunded the previously levied assessments for the District for Fiscal Year 2020 (July 1, 2019 through June 30, 2020) and on June 23, 2020 suspended the levy for Fiscal Year 2021 (July 1, 2020 through June 30, 2021).

J. In recognition of the continued 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).

K. The City Council by Resolution No. 9957, declared its intention to temporarily suspend the levied assessments against downtown businesses for Fiscal Year 2022 (July 1, 2021 through June 30, 2022), and scheduled a public hearing on the proposed suspension of assessment on June 1, 2021.

L. On June 1, 2021 the City Council held a duly noticed public hearing at which all interested persons were afforded the opportunity to hear and be heard.

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.

SECTION 2. The City Council does hereby temporarily suspend the levy of assessments against businesses within the Downtown Palo Alto Business Improvement District for Fiscal Year 2022.

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NOT YET ADOPTED

SECTION 3. 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

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Mayor

APPROVED AS TO FORM:

APPROVED:

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

\_\_\_\_\_  
City Manager

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Director of Administrative Services