



CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 05/28/02
AGENDA ITEM 2
WORK SESSION ITEM _____

TO: Mayor and City Council
FROM: Director of Community and Economic Development
SUBJECT: Downtown Business Improvement Area Annual Report, Proposed Budget for FY 2002–2003 and Setting Public Hearing for June 18, 2002

RECOMMENDATION:

It is recommended that the City Council accept the Annual Report of the Downtown Hayward Business Improvement Area (DBIA) and adopt the attached resolution setting a public hearing for June 18, 2002 to consider the year 2003 DBIA annual levy.

BACKGROUND:

Hayward's Downtown Business Improvement Area ("DBIA") was established by the City Council in 1984. The DBIA's purpose is to promote the economic revitalization and physical maintenance of the downtown business district, to attract new businesses to the downtown and to create jobs.

The DBIA's boundaries are shown on Exhibit A. This area includes slightly more than 400 holders of Hayward business licenses. Within it are three "benefit zones" each with different levy rates. State law requires that levy rates relate to the amount of benefit derived by the businesses being assessed. Zone 1A, which was adopted by City Council in FY 2001-2002, is in the downtown core and has the highest rates, followed by Zone 1 and Zone 2.

The DBIA Advisory Board's Annual Report and budget recommendations are attached to this report as Exhibit B. The Annual Report is mandated by the state enabling legislation, and it is required to discuss a variety of topics concerning boundaries, levy rates, business classifications, recommended funding from the DBIA levy and other sources, and recommended activities to be paid for from the DBIA budget.

The Annual Report and budget recommendations reflect careful deliberation by the DBIA Advisory Board about how to best utilize the modest sums raised through the levy. The amount budgeted for proceeds from the levy remains at \$45,000. This reflects the actual receipts recorded in recent years by the City. The second year of the two-year budget includes a \$35,000 contribution from the Redevelopment Agency. Additionally, there would be \$13,380 used in carryover funds from previous years. The resulting annual budget totaling \$93,380 is similar to DBIA budgets endorsed previously by the City Council. It should also be acknowledged that the Redevelopment Agency makes a significant non-cash contribution to the DBIA in the form of administrative staff support.

DBIA activities have generally focused on special events and promotional campaigns to improve the downtown's image, and to attract potential customers to the area. Activities during the past fiscal year included an antique and collectable fair, four summer evening street parties and a highly successful "Light Up the Season" event that featured more activities for children. The proposed budget focuses on improving the quality of the events with special emphasis on attractions for people of all ages.

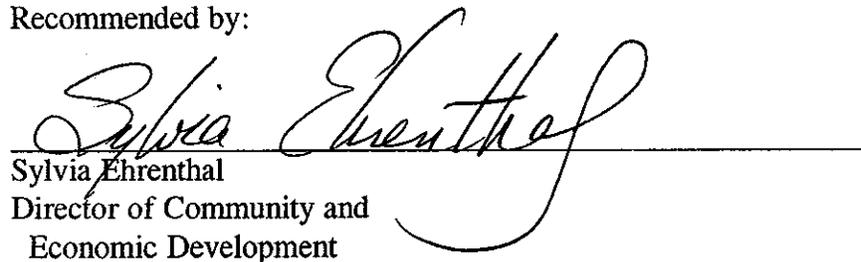
Staff recommends that the City Council adopt the attached resolution to accept the annual report and budget for FY 2002-2003, and to set a public hearing date of June 18, 2002, to consider the 2003 annual DBIA levy.

Prepared by:



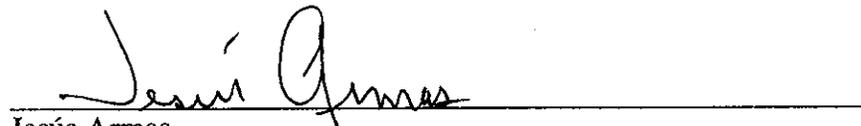
Maret Bartlett
Redevelopment Manager

Recommended by:



Sylvia Ehrenthal
Director of Community and
Economic Development

Approved by:



Jesús Armas
City Manager

Attachments: Exhibit A - DBIA Annual Report and Proposed Budget for FY 2002/2003
Resolution for June 18, 2002 public hearing

EXHIBIT A

DOWNTOWN BUSINESS IMPROVEMENT AREA ANNUAL REPORT AND PROPOSED BUDGET FOR 2002-03

Background:

The Downtown Business Improvement Area (DBIA) was established in 1984. State law requires that an Advisory Board appointed by City Council submit an Annual Report identifying the activities, budget, boundaries and proposed charges to the Improvement Area. The report may propose changes, including such items as the boundaries or benefit zones within the area, the basis and method of levying the charges, and any changes in the classification of businesses. The City Council may approve the report as submitted by the Advisory Board or may modify any particular item contained in the report and approve the report as modified.

Statement of Activities and Accomplishments for Fiscal Year 2001-02:

Fiscal Year 2001-02 Budget

The DBIA's activities during the current fiscal year were funded by business improvement area assessments, contributions from the Redevelopment Agency, and carry-over amounts from the prior fiscal year. The sources of funding for the fiscal year 2001-02 are:

| | | |
|----|-------------------------------------|-----------------|
| 1. | DIA assessments | \$45,000 |
| 2. | Redevelopment Agency | \$35,000 |
| 3. | FY2000-01 carry-over funds: | <u>\$5,400</u> |
| | Total Budget Amount FY 01-02 | \$85,400 |

Fiscal Year 2001-02 DBIA Activities

DBIA activities during this fiscal year included the coordination and promotion of public events such as the third annual Downtown Antique and Collectibles Fair in July, four Thursday Night Summer Street Parties, and the very successful annual "Light Up the Season" event in November. Other DBIA activities included the funding of downtown sidewalk cleaning efforts, promotional publications, and installation of new banner hardware along with the rotation of existing banners four times per year. All major activities have been accomplished, with the exception of several Newsletters, which have not been delivered. Finally, in FY 2001-02, the City Council adopted a new benefit zone, Zone 1-A, within the "core" area of B Street between Foothill and Watkins and Main Street between A and C Streets, and adjusted the levies in order to reflect a more equitable relationship between the levy imposed on the businesses and the benefits received.

During the fiscal year 2001-02, the DBIA budget funds in the following manner:

| | | |
|----|-----------------------------------|-----------------|
| 1: | Antique Faire: | \$10,000 |
| 2. | Summer Street Parties | \$15,000 |
| 3. | “Light Up The Season” | \$18,100 |
| 4. | Banners – Main tenance & Rotation | \$15,256 |
| 5. | Publications | \$12,000 |
| 6. | Sidewalk Cleaning | <u>\$15,000</u> |
| | Total Budget 01-02 | \$85,356 |

Annual Report for Fiscal Year 2002-03

The Annual Report will address the following six topic areas:

1. Proposed BIA Boundary Changes during FY 2002-03.

The Advisory Board is proposing no changes to the boundaries at this time.

2. BIA Activities and Improvements:

The DBIA’s activities for fiscal year 2002-03 are proposed for funding by business improvement area assessments, contributions from the Redevelopment Agency, and carry-over amounts from the prior fiscal year. The anticipated funding amounts for fiscal year 2002-03 are:

| | | |
|----|---------------------------------------|-----------------|
| 1. | DBIA assessments (anticipated): | \$45,000 |
| 2. | Redevelopment Agency | \$35,000 |
| 3. | FY 2001-02 carry-over funds: | <u>\$13,380</u> |
| | Total Budget Amount (FY 02-03) | \$93,380 |

As with prior years, the DBIA Advisory Board proposes to utilize funds for activities that generate the greatest return with the limitations of a modest budget. The Advisory Board proposes to expend the funds in the anticipated budget on special events, promotional materials and publications. Streetscape decorations that create a high visual impact, as well as cleaning/maintenance efforts.

Given the goals expressed, the DBIA Advisory Board recommends the allocation of the fiscal year 2002-03 funds for the following activities and items:

- Antique Faire \$4,000

This year, it is proposed that there be no Tabloid newspaper advertisement prepared for the Antique Fair, but that instead a Summer Tabloid be prepared advertising not only

the Antique Faire, but the Street Parties, the City's Blues Festival and other summer activities. Funding for the Antique Faire would be for a minor amount of specialized advertising for the promoter, as well as the B/Foothill Banner placement. This event is expected to be largely self-sustaining.

- Summer Street Parties \$18,000

In FY 2001-02, the DBIA funded a fourth Street Party that took place in September. In evaluating these events for funding this year, it was concluded that the September event was hampered by evening coming on earlier. Moreover, it is felt that the other street party events would benefit by additional funding to obtain more attractions, such as the "hot rod" car show that was included in one of the street parties, and more attractions for children. Therefore, while one event has been eliminated, proposed funding is being increased to \$18,000.

- Light Up The Season \$16,380

Proposed funding for this event appears to be reduced for FY 2002-03, however, the tabloid advertising for this event is being covered below under Publications. Actual line item funding is proposed to increase by approximately \$5,000 primarily in order to provide funding for a better stage for entertainment in the vicinity of Newman Park. In addition, due to the success of the children's rides this past year which were sponsored by Albertson's, contingency funding is proposed in the event a sponsor cannot be obtained in this year.

- Banners \$21,000

Proposed funding includes a new set of banners to replace the Patriotic Banners that are now approximately 7 years old. The new set is expected to cost approximately \$12,000. In addition, funding includes the four rotations and storing of the DBIA's existing banners.

- Publications \$22,000

The DBIA Advisory Board proposes to reduce the number of Newsletters that are created for the downtown merchants from six back to four per year. As noted above, this funding category also includes two tabloid publications: one would be a Summer Tabloid, and the other would be published just prior to Light Up The Season.

- Sidewalk Cleaning \$12,000

The steam cleaning contract is expected to be similar to last year's, with a cleaning covering much of Zone 1 in the early summer prior to the start of the street parties, and a cleaning of Zone 1-A in late fall prior to "Light Up The Season". In the following

fiscal year (FY 2003-04), the DBIA will need to consider modifying its street cleaning schedule in order to accommodate the scheduled sidewalk replacement program downtown.

3. Proposed Budget.

| | | |
|----|------------------------------------|-----------------|
| 1. | Antique Faire: | \$4,000 |
| 2. | Summer Street Parties | \$18,000 |
| 3. | “Light Up The Season” | \$16,380 |
| 4. | Banners – Maintenance & Rotation | \$21,000 |
| 5. | Publications | \$22,000 |
| 6. | Sidewalk Cleaning | \$12,000 |
| | Total Proposed Budget 02-03 | \$93,380 |

4. Proposed Method and Basis for Levying DBIA Assessments

- The DBIA levy and zones are indicated on Attachment 1 of this report and remain unchanged from last year.

No changes are proposed at this time.

5. Contributions from other Sources.

Other proposed sources of contributions for FY 2002-03 include \$35,000 from the Hayward Redevelopment Agency. The Agency’s funding is designated for sidewalk cleaning and downtown decorations. The Advisory Board is recommending adoption of the proposed Budget for these funds.

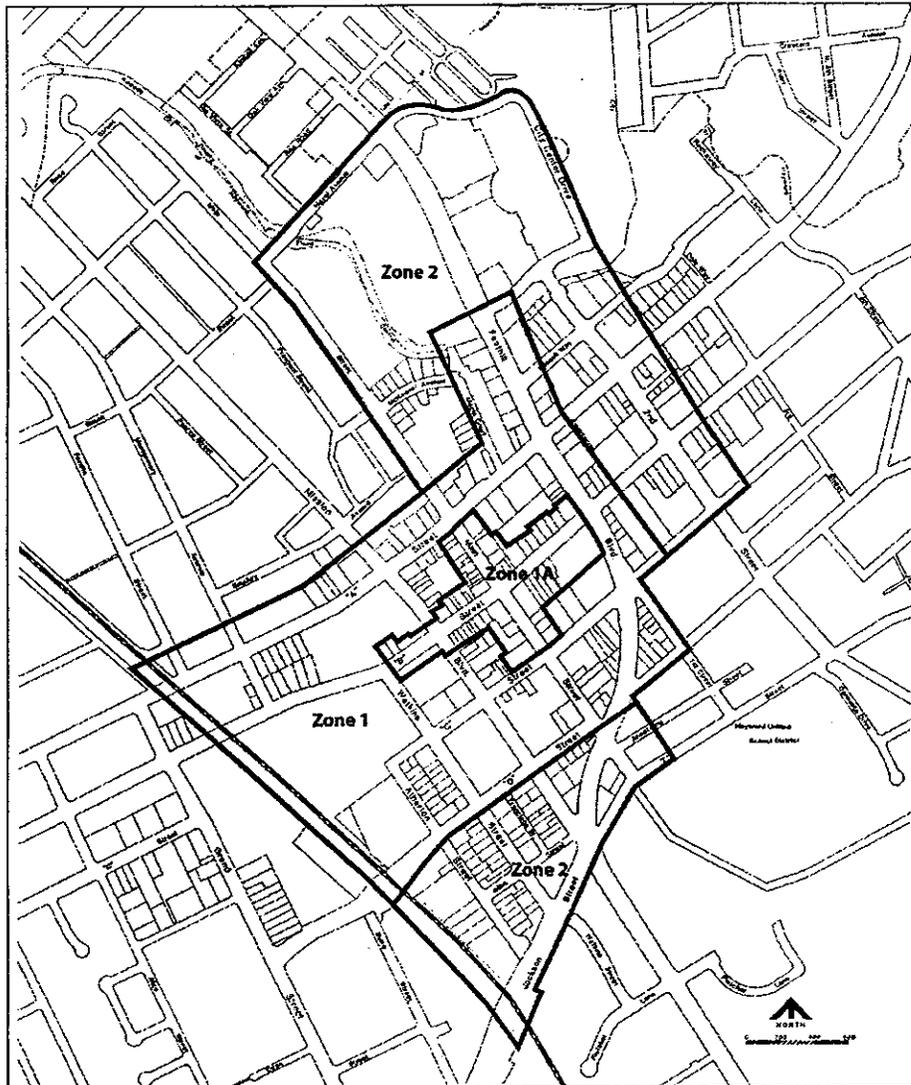
6. Closing Statement of the Board.

The DBIA Advisory Board looks forward to continued progress and cooperation with the downtown merchants and the City of Hayward in the upcoming year.

Attachment 1: BIA Levy

ATTACHMENT 1

DOWNTOWN HAYWARD BIA CURRENT ZONES



BIA FEE STRUCTURE

All businesses classified as PROFESSIONAL SERVICE AND MISCELLANEOUS NON-RETAIL which are located in Zone 1A shall pay a flat fee of \$125.00 per year. Zone 1 is a flat fee of \$75.00 per year.

All businesses classified as FINANCIAL which are located in Zone 1A shall pay a flat fee of \$325.00 per year. Zone 1 is a flat fee of \$200.00 per year.

All businesses classified as PROFESSIONAL SERVICE AND MISCELLANEOUS NON-RETAIL which are located in Zone 2 shall pay a flat fee of \$75.00 per year.

All businesses classified as FINANCIAL which are located in Zone 2 shall pay a flat fee of \$200.00 per year.

All businesses classified as RETAIL shall pay an assessment based on the following gross receipts schedule:

| GROSS RECEIPTS | ZONE 1A | ZONE 1 | ZONE 2 | GROSS RECEIPTS | ZONE 1A | ZONE 1 | ZONE 2 |
|-----------------------|----------|----------|----------|-------------------------|----------|----------|----------|
| Less than \$100,000 | \$145.00 | \$120.00 | \$ 90.00 | \$400,001 - \$ 500,000 | \$355.00 | \$330.00 | \$250.00 |
| \$100,001 - \$150,000 | \$175.00 | \$150.00 | \$115.00 | \$500,001 - \$ 750,000 | \$425.00 | \$400.00 | \$300.00 |
| \$150,001 - \$200,000 | \$205.00 | \$180.00 | \$135.00 | \$750,001 - \$1,000,000 | \$495.00 | \$400.00 | \$300.00 |
| \$200,001 - \$300,000 | \$255.00 | \$230.00 | \$175.00 | \$1,000,001 and up | \$525.00 | \$400.00 | \$300.00 |
| \$300,001 - \$400,000 | \$305.00 | \$280.00 | \$210.00 | | | | |

DRAFT

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5/10/02

HAYWARD CITY COUNCIL

RESOLUTION NO. _____

Introduced by Council Member _____

**RESOLUTION ACCEPTING ANNUAL REPORT AND
DECLARING INTENTION TO LEVY ANNUAL CHARGES
FOR THE DOWNTOWN HAYWARD BUSINESS
IMPROVEMENT AREA FOR THE FISCAL YEAR 2002-03
AND PROVIDING FOR NOTICE OF HEARING THEREON**

BE IT RESOLVED by the City Council of the City of Hayward, as follows:

1. On September 18, 1984, the City Council established the Downtown Hayward Business Improvement Area pursuant to section 36000 et seq. of the Streets and Highways Code of the State of California, commonly known as the Parking and Business Improvement Area Law of 1965.
2. The Advisory Board for the Downtown Hayward Business Improvement Area prepared an annual report for the fiscal year July 1, 2002 to June 30, 2003, on behalf of the Downtown Hayward Business Improvement Area pursuant to section 36003 of the California Streets and Highways Code, which report, on file in the office of the City Clerk, is hereby accepted by the City Council. Said report may be referred to for the particulars as to the detailed descriptions of improvements and activities to be provided, the charges to be levied, the benefit zones within the area, the proposed charges to be levied on businesses, and the exact boundaries of the area.
3. It is the intention of the City Council to levy and collect the charges within the Downtown Hayward Business Improvement Area for the fiscal year 2002-03 as set forth in the annual report or such report as hereafter modified. The charges may be used for parking facilities serving the area, decoration or music or advertising public events in public places in the area, and to promote business activities in the area.
4. Notice is hereby given that Tuesday, June 18, 2002, at the hour of 8:00 p.m., in the regular meeting place of this City Council, 777 B Street, Hayward, California, a hearing will be held on the question of the levy of the proposed charges, at which time written and oral protests may be made in compliance with section 36023 of the Streets and Highways Code.

5. Pursuant to section 36022 of the Streets and Highways Code, the City Clerk shall cause notice of the hearing to be given by publishing a copy of this resolution of intention in The Daily Review, a newspaper published and circulated in the City of Hayward and by mailing a complete copy of the resolution of intention to each business in the area, at least ten (10) days prior to the date of the hearing specified above.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2002

ADOPTED BY THE FOLLOWING VOTE:

AYES: CITY COUNCIL:

NOES: CITY COUNCIL:

ABSTAIN: CITY COUNCIL:

ABSENT: CITY COUNCIL:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward