CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 06/15/04
AGENDA ITEM 5
WORK SESSION ITEM _____

TO: Mayor and City Council

FROM: Director of Community and Economic Development

SUBJECT: Downtown Business Improvement Area Consideration of Annual Levy

RECOMMENDATION:

It is recommended that the City Council adopt the attached resolution authorizing the levy and collection of fees within the Downtown Business Improvement Area (DBIA) for the calendar year 2005.

BACKGROUND:

The DBIA exists for the purpose of undertaking improvements and activities designed to promote the business environment in downtown Hayward. Most retail, service/professional and financial institutions within the boundaries of the DBIA are assessed an annual levy which is collected by the City's Finance Department. The levy amount, as detailed in Attachment 1, varies by business license category, and by zone in which the business is located. A small minority of business license holders located within the DBIA are exempted from the levy.

In accordance with State law, the levy may be approved each year by City Council only after the adoption of an annual report which has been submitted by a Citizens' Advisory Board, and after holding a public hearing regarding the proposed levy.

On June 1, 2004, the City Council accepted the FY 2003-04 DBIA Annual Report and FY 2004-05 budget recommendations submitted by the DBIA Advisory Board. The Report projected $50,000 to be collected from the DBIA levy. It also allocated $35,000 in funding by the Redevelopment Agency. Thus, the total budget allocations for the next fiscal year equal $85,000. The DBIA's annual report recommended no changes to DBIA district boundaries, benefit zones, or the method of the levy at this time.

Notice of the June 15, 2004, public hearing was published by the City Clerk on June 5, 2004, or 10 days prior to the public hearing. It is recommended that the City Council hold the public hearing to take any testimony regarding the proposed 2005 levy, and that the City Council subsequently adopt the attached resolution authorizing the collection of assessments for the calendar year 2005.

Prepared by:

Paul Dalmon
Redevelopment Project Manager

Recommended by:

Sylvia Ehrenthal
Director of Community and
Economic Development

Approved by:

Jesús Armas
City Manager

Attachments: 1 - Downtown Business Improvement Area Annual Report and Proposed Budget for 2004-05 and Map and Fee Structure
Resolution

ATTACHMENT 1

DOWNTOWN BUSINESS IMPROVEMENT AREA
ANNUAL REPORT AND PROPOSED BUDGET FOR 2004-05

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 assessments to businesses within 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 2003-04:

Fiscal Year 2003-04 Budget Revenues

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 prior fiscal years. The sources of funding for the fiscal year 2003-04 are:

1.	BIA assessments	$48,000
2.	Redevelopment Agency	$35,000
3.	FY2002-03 carry-over funds	$11,000
	Total Budget Amount FY 2003-04	**$94,000**

Fiscal Year 2003-04 DBIA Activities and Expenditures

DBIA activities during this fiscal year included the coordination and promotion of public events such as three (3) Thursday Night Summer Street Parties, and the very successful annual "Light up the Season" event in late November. Other DBIA activities included the funding of downtown sidewalk cleaning efforts, promotional publications, and the pending purchase of a new custom set of banners to be rotated with existing three sets in the banner program.

Efforts to establish a new event, the Hayward Heritage Festival, which was to replace the former Antique Faire, were hindered by changing market conditions for antique sale venues. With the exception of the Heritage Festival, all major activities planned for FY 2003-04 have been or are anticipated to be accomplished by the end of the fiscal year.

During the fiscal year 2003-04, the DBIA budgeted funds in the following manner:

1.	Hayward Heritage Festival	$ 3,000
2.	Summer Street Parties	$18,000
3.	"Light Up the Season"	$16,000
4.	New Patriotic Banners, Banner Maintenance & Rotation	$24,000
5.	Publications	$22,000
6.	Sidewalk Cleaning	$11,000
	Total Budget 2003-04	**$94,000**

Annual Report for Fiscal Year 2004-05:

The Annual Report will address the following six topic areas:

1. Proposed BIA Boundary Changes during FY 2004-05

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

2. Summary of BIA Activities, Revenues and Expenditures

   The DBIA's activities for fiscal year 2004-05 are proposed for funding by business improvement area assessments and contributions from the Redevelopment Agency. The anticipated funding amounts for fiscal year 2004-05 are:

1.	DBIA assessments (anticipated)	$50,000
2.	Redevelopment Agency	$35,000
	Total Budget Amount (FY 2004-05)	**$85,000**

   The anticipating funding derived from the DBIA assessments has been increased to $50,000 for FY 2004-05 from $48,000 the previous year. The increase comes as a result of a higher level of assessments collected in each of the past two years due to improving business conditions in the downtown core. Funding from the Hayward Redevelopment Agency remains at $35,000.

   Overall, the proposed budget for FY 2004-05 is less than the previous two years, in which the budget was increased via the transfer of reserve funds to cover non-recurring expenditures.

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

Given the goals expressed, the DBIA Advisory Board recommends the allocation of the fiscal year 2004-05 funds for the following activities and items:

- Summer Street Parties $21,000

Proposed funding for the evening Street parties, which take place in June, July, and August, has been adjusted slightly upward from the 2003-04 level of $18,000. The funding for these events was increased over last year in an effort to enhance the activities to appeal to all ages. This year it is anticipated that games for children will be added along with the continuation of the successful "hot rod" and vintage car shows.

- "Light Up The Season" $17,000

Proposed funding for this event is slightly more than FY 2003-04. Last year the main stage was moved across B Street facing Newman Park to provide better viewing with a larger stage and much improved lighting, sound, and power systems. Due to inclement weather conditions last year, it is recommended that the stage be tented next year to provide for the safety of the performers and the equipment. There were cost savings associated with coordinating the entertainment and equipment rental and it is anticipated that these will be realized again this year.

- Banners $12,000

There are presently three sets of banners for hanging on street poles in the downtown as follows: patriotic banners from Memorial Day through Veterans Day, holiday banners from Thanksgiving Day through New Year's Day, and welcome/rediscover downtown Hayward banners from New Year's Day to Memorial Day. All of the banners have been replaced within the past four years. In addition, the DBIA Advisory Board budgeted $16,000 in FY 2003-04 to purchase a fourth set of banners to be used in the rotation. The cost of rotating and storing all four sets of banners is budgeted at $12,000.

- Publications $23,000

The DBIA Advisory Board proposes to continue with the four newsletters that are mailed to businesses in the DBIA. In addition, there are two tabloids published during the year in the Daily Review to promote downtown events. One is published for Light up the Season and the second will be published to kick off the Summer Street Parties. The budget for this line item has been increased by $1,000 over the FY 2003-04 level in order to cover costs associated with printing an informational foldout brochure that is mailed to DBIA businesses along with their annual assessment.

- Sidewalk Cleaning $12,000

The sidewalk cleaning budget remains at $12,000.

3. Proposed Budget

The proposed budget for FY 2004-05 is $9,000 less that the budgeted amount from the prior year, primarily due to the fact that it does not include any major non-recurring expenses as in prior years, such as the purchase of decorative banners. As a result, it is anticipated that no transfers from reserves will be required to balance the 2004-05 budget. During the coming year the Advisory Board will be looking at new opportunities to promote the downtown. At this time, however, it is anticipated that such activities will not take place until FY 2005-06.

1.	Summer Street Parties	$21,000
2.	"Light Up the Season"	$17,000
3.	Banners - Maintenance & Rotation	$12,000
4.	Publications	$23,000
5.	Sidewalk Cleaning	$12,000
	Total Proposed Budget 2004-05	**$85,000**

4. Proposed Method and Basis for Levying DBIA Assessments

The DBIA zones and levy (fee structure) are indicated on Attachment 1 of this report.

No changes are proposed at this time.

5. Contributions from other Sources

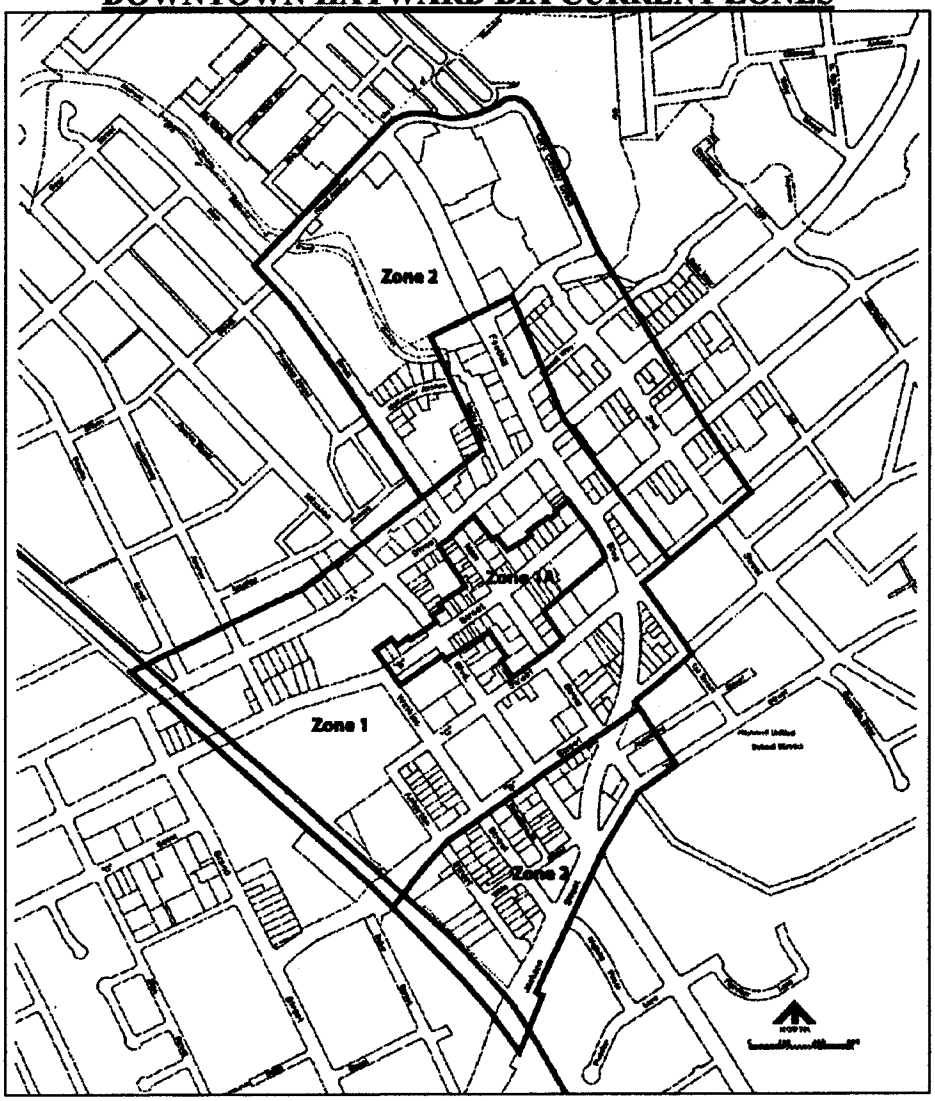
Other proposed sources of contributions for FY 2004-05 include $35,000 from the Hayward Redevelopment Agency. The DBIA Advisory Board is recommending adoption of the proposed Budget for these funds.

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: DBIA Zones and Fee Structure

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 MISCELLANOUS 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

HAYWARD CITY COUNCIL

RESOLUTION NO. _____

Introduced by Council Member_____

RESOLUTION CONFIRMING THE ANNUAL REPORT AND AUTHORIZING THE DOWNTOWN BUSINESS IMPROVEMENT AREA (DBIA) LEVY FOR CALENDAR YEAR 2005

WHEREAS, on June 1, 2004, the City Council accepted the FY 2004-05 DBIA Annual report; and

WHEREAS, the Council established June 15, 2004, as the date for the public hearing on the levy and provided for oral and written protests at that hearing; and

WHEREAS, the DBIA Advisory Board recommended no changes to the DBIA district boundaries, benefit zones or the method of the levy.

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Hayward finds as follows:

1. The resolution of intention was appropriately adopted and the required notice of the assessment hearing given.

2. The assessment hearing has been held and all oral and written protests considered.

3. There has not been a majority protest to the assessment.

4. All properties in the district will derive benefit from the assessment in proportion to the assessment.

BE IT FURTHER RESOLVED that the Council hereby confirms the DBIA Annual Report and orders the levies contained in the report.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2004

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:
MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST:_____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

_____
City Attorney of the City of Hayward