CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 05/24/05
AGENDA ITEM 6
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 2006.

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 May 10, 2005, the City Council accepted the FY 2004-05 DBIA Annual Report and FY 2005-06 budget recommendations submitted by the DBIA Advisory Board. The Report projected $55,000 to be collected from the DBIA levy. It also allocated $35,000 in funding by the Redevelopment Agency, as well as a transfer of $10,000 in reserve funds. Thus, the total budget allocation for DBIA for 2005-06 is $100,000. 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 May 24, 2005 public hearing was published by the City Clerk on May 14, 2005, 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 2006 levy, and that the City Council subsequently adopt the attached resolution authorizing the collection of assessments for the calendar year 2006.

Prepared by:

for Maret Bartlett
Redevelopment Director

Recommended by:

Sylvia Ehrenthal
Director of Community and
Economic Development

Approved by:

Jesús Armas
City Manager

Attachments: Attachment 1: Downtown Business Improvement Area Annual Report and Proposed Budget for 2005-2006 with Fee Structure
Resolution

ATTACHMENT 1

DOWNTOWN BUSINESS IMPROVEMENT AREA
ANNUAL REPORT AND PROPOSED BUDGET FOR 2005-06

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 2004-05:

Fiscal Year 2004-05 BIA 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 2004-05 are:

1.	BIA assessments	$50,000
2.	Redevelopment Agency	$35,000
	Total Revenues FY 2004-05	**$85,000**

Fiscal Year 2004-05 DBIA Activities and Expenditures

DBIA activities during this fiscal year included the coordination and promotion of public events including three (3) Thursday Night Summer Street Parties, and the very successful annual "Light up the Season" event in early December. Other DBIA activities included the funding of downtown sidewalk cleaning efforts, promotional publications including four (4) newsletters for BIA members and the public, and the pending purchase of a new custom set of banners to be rotated with existing three sets in the banner program. All major activities planned for FY 2004-05 have been or are anticipated to be accomplished by the end of the fiscal year.

During the fiscal year 2004-05, the DBIA budgeted funds in the following manner:

1.	Summer Street Parties	$21,000
2.	"Light Up the Season"	$17,000
3.	Banner Maintenance & Rotation	$12,000
4.	Publications	$23,000
5.	Sidewalk Cleaning	$11,000
6.	Carry Over to Reserve Fund	$ 1,000
	Total Budget 2004-05	**$85,000**

Annual Report for Fiscal Year 2005-06:

The Annual Report will address the following six topic areas:

1. Proposed BIA Boundary Changes during FY 2005-06

   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 2005-06 will be funded through annual business improvement area assessments, a contribution from the Redevelopment Agency, and a modest transfer of reserve funds. The anticipated funding amounts for fiscal year 2005-06 are:

1.	DBIA assessments (projected)	$55,000
2.	Redevelopment Agency	$35,000
3.	Transfer from reserves	$10,000
	Total Budget Amount (FY 2005-06)	**$100,000**

   For FY 2005-06, the projected revenue from DBIA assessments has been increased to $55,000, and funding from the Hayward Redevelopment Agency remains at $35,000. Staff will continue to monitor revenue increases in the upcoming fiscal year to determine whether further annual increases in revenue should be projected.

   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, and sidewalk cleaning/maintenance efforts. Overall, the proposed budget for FY 2005-06 is $15,000 more than the previous year to cover the publication of an updated Downtown Business Directory and the addition of a fourth Summer Street Party. The increased cost for Downtown Business Directory is a non-recurring expenditure of approximately $14,000 that will be paid for through a combination of increased revenue from assessments and a transfer of $10,000 in reserve funds. The

BIA currently has an undesignated fund balance of approximately $75,000. 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 2006-07.

Given the goals expressed, the DBIA Advisory Board recommends the allocation of the fiscal year 2005-06 funds for the following activities and items:

- Summer Street Parties $23,600

The Summer Street Parties are organized by the Hayward Chamber of Commerce under contract to the DBIA. Proposed funding for the evening street parties, which take place in June, July, and August, has been adjusted slightly upward from the 2004-05 level of $21,000. As these events have grown in scale and popularity since they were introduced five years ago, the Chamber as well as DBIA Advisory Board members believe that a fourth event would also be successful and well received by the community. The funding for these events, therefore, would be increased over last year in order to add a fourth street party, to be held in September. The marginal cost of adding this event is just $2,600 due to economies of scale.

- "Light Up The Season" $18,000

Proposed funding for this event has been increased by $1,000 to cover the cost of printing promotional fliers to be distributed through Hayward schools in an effort to increase awareness and attendance of the event, particularly among schoolchildren.

- Banners Rotation & Maintenance $11,000

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 January 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. Staff and DBIA members are currently working with the banners company, Sierra Display, on the design of the new set of custom banners for the downtown. The cost of rotating and storing all four sets of banners is budgeted at $11,000. This item has been revised slightly downward compared to the $12,000 budgeted in 2004-05 to more accurately reflect actual costs.

- Publications $36,400

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 $13,400 over the FY 2004-05 level in order to cover the cost of publishing and distributing approximately 25,000 copies of an updated Downtown Business Directory covering the entire DBIA.

- Sidewalk Cleaning $11,000

The sidewalk cleaning budget remains at $11,000.

3. Proposed Budget Expenditures 2005-06

1.	Summer Street Parties	$23,600
2.	"Light Up the Season"	$18,000
3.	Banners - Maintenance & Rotation	$11,000
4.	Publications	$36,400
5.	Sidewalk Cleaning	$11,000
	Total Proposed Budget 2005-06	**$100,000**

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 2005-06 include $35,000 from the Hayward Redevelopment Agency, and a transfer of $10,000 from reserves.

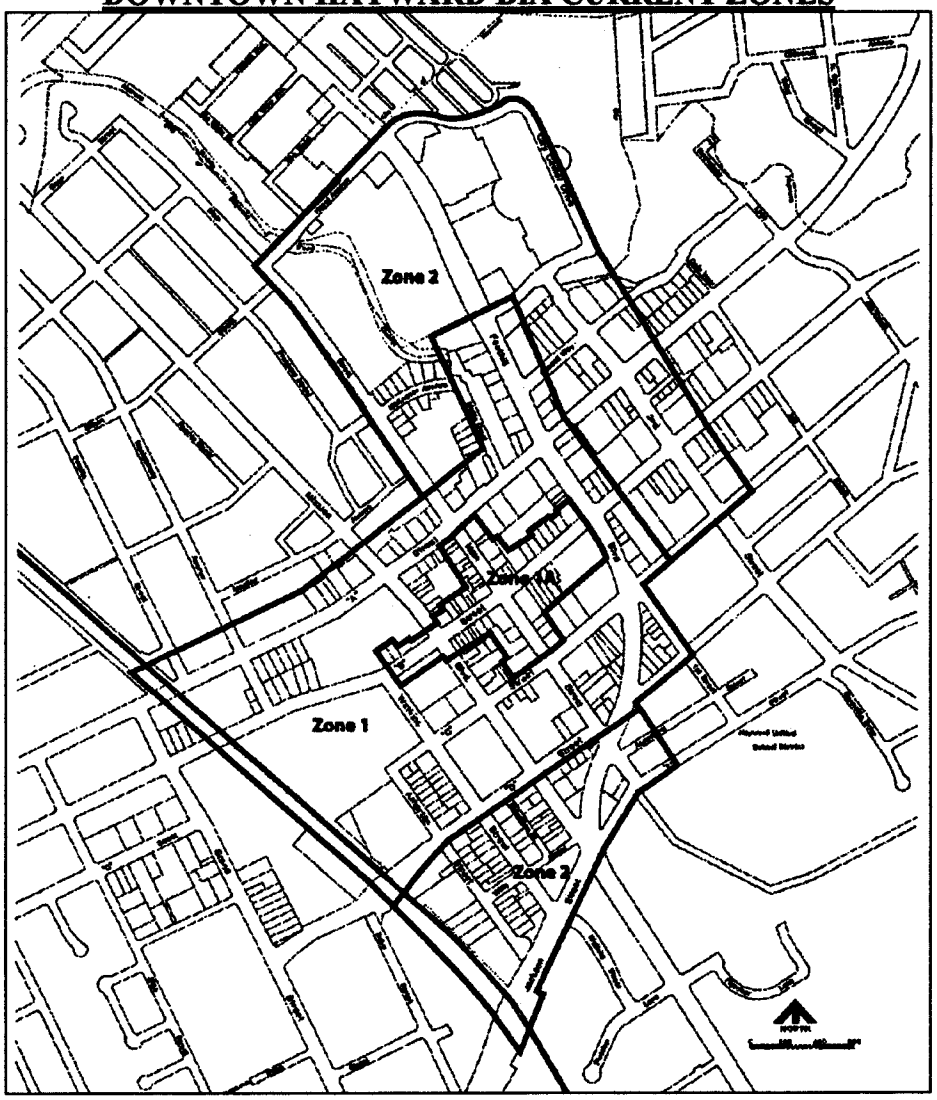
6. Closing Statement of the Board

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

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 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. 05-

Introduced by Council Member_____

mae 5/18/05

RESOLUTION CONFIRMING THE ANNUAL REPORT AND AUTHORIZING THE DOWNTOWN BUSINESS IMPROVEMENT AREA (DBIA) LEVY FOR CALENDAR YEAR 2006

WHEREAS, on May 10, 2005, the City Council accepted the FY 2005-06 DBIA Annual report; and

WHEREAS, the Council established May 24, 2005, 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 May 24 , 2005

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