

**DATE:** June 24, 2008  
**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 hold the public hearing to take any testimony regarding the proposed 2009 levy, and that the City Council subsequently adopts the attached resolution authorizing the levy and collection of fees within the Downtown Business Improvement Area (DBIA) for the calendar year 2009.

### **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 the zone in which the business is located. A small minority of business license holders located within the DBIA are exempted from the levy.

### **DISCUSSION**

In accordance with State law, the levy may be approved each year by City Council only after the adoption of an annual report submitted by the Citizens' Advisory Board, and after holding a public hearing regarding the proposed levy. On May 27, 2008, the City Council accepted the FY 2008-09 DBIA Annual Report and FY 2008-09 budget recommendations submitted by the DBIA Advisory Board. The Report projected \$55,000 to be collected from the DBIA levy. It also allocated \$55,000 in funding by the Redevelopment Agency and a transfer of \$25,462 in reserve funds. Thus, the total budget allocation for DBIA for FY 2008-09 is \$135,462 as detailed in Attachment 2. The DBIA's annual report recommended no changes to DBIA district boundaries, benefit zones, or the method of the levy at this time; however, staff will work with the BIA Advisory Board to consider a levy increase in 2010, in order to provide increased funding for existing activities and to consider potential new activities. The BIA levy was last modified in June 2001, and the Agency's contribution was also increased at that time from \$20,000 to \$35,000 per year. Neither the BIA levy nor the Agency contribution was increased until the current fiscal year, when additional Agency

funding was approved. Staff has not proposed an increase in BIA funding since FY 2001-02 because revenues have been sufficient to fund the relatively limited scope of BIA efforts, as evidenced by the level of BIA reserves, and because of reportedly limited revenues among the majority of downtown merchants.

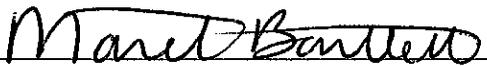
### **FISCAL AND ECONOMIC IMPACT**

The BIA levy is collected from downtown businesses in conjunction with the annual invoicing for the City's business licenses, and there is no additional impact to the City's General Fund. Staffing for the BIA is provided by the Redevelopment Agency, and the annual Redevelopment Agency contribution was approved with the FY 2009 Budget.

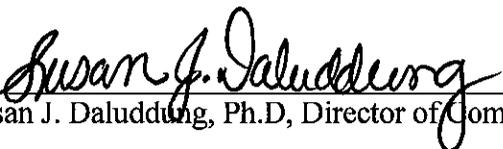
### **NEXT STEPS/SCHEDULE**

Notice of the June 24, 2008, public hearing was published by the City Clerk on June 14, 2008, 10 days prior to the public hearing. If the levy is adopted, the City will issue the billing in January 2009.

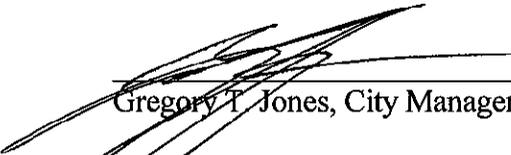
Prepared by:

  
Maret Bartlett, Redevelopment Director

Recommended by:

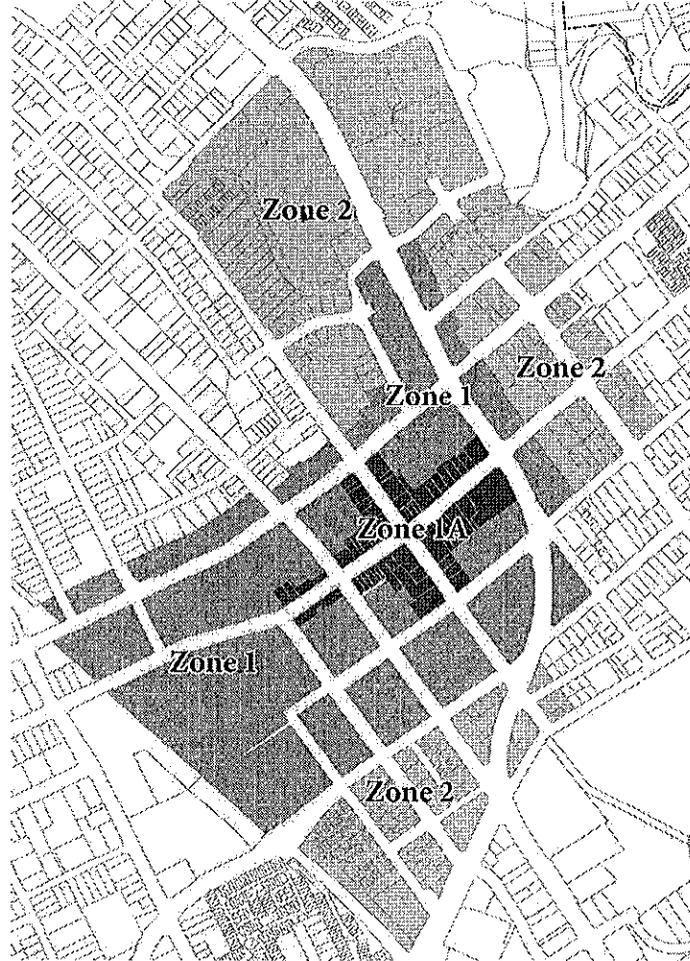
  
Susan J. Daludding, Ph.D, Director of Community and Economic Development

Approved by:

  
Gregory T. Jones, City Manager

Attachment(s):      Attachment 1: Downtown Hayward BIA Current Zones and BIA Fee Structure  
Attachment 2: 2008-2009 Adopted Budget Resolution

## Attachment 1: Business Improvement Area 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:

<b>GROSS RECEIPTS</b>	<b>ZONE 1A</b>	<b>ZONE 1</b>		<b>ZONE 2 GROSS RECEIPTS</b>
	<b>ZONE 1A</b>	<b>ZONE 1</b>	<b>ZONE 2</b>	
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	

**Attachment: 2**

**DOWNTOWN BUSINESS IMPROVEMENT AREA  
APPROVED BUDGET FOR FY 2009**

<b>Revenues</b>	
BIA Assessments	\$ 55,000
Redevelopment Agency Contribution	\$ 55,000
Reserve Funds	\$ 25,462
<b>Total Revenues:</b>	<b>\$135,462</b>
<b>Expenses</b>	
Summer Street Parties	\$ 21,000
Cinema Place Opening*	\$ 10,000
Howl-O-Ween Parade	0
“Light Up The Season”	\$ 16,824
Banners – Maintenance & Rotation, New Hardware, & New Banners	\$ 38,293
Publications	\$ 22,400
Sidewalk Cleaning	\$ 26,945
<b>Total Expenses</b>	<b>\$ 135,462</b>

DBIA Assessments are expected to remain at the same level in FY 2009 as in the current year. In order to cover the cost of increased steam cleaning, the Redevelopment Agency’s annual contribution is proposed to be increased from \$35,000 to \$55,000 in FY 2009. Funding in the amount of \$26,945 from the DBIA Reserve is also recommended in order to cover increased program expenses, and an additional amount up to \$10,000 is recommended to be allocated from the Budget reserve for the Cinema Place opening, as needed.

**PROPOSED ACTIVITIES FOR FISCAL YEAR 2009:**

<b>Summer Street Parties</b>	<b>\$21,000</b>
<b>Cinema Place Opening</b>	<b>\$10,000</b>

The Summer Street Parties are organized by the Hayward Chamber of Commerce under contract to the DBIA. Based on informal feedback from participants and some vendors, it was concluded that the Street Parties could benefit from a “make-over”. In order to increase the number of people attending the event, including families with children, entertainment and vendor offerings need to be enhanced. In response, the Chamber has agreed to eliminate one of the summer street parties (September), and to potentially replace it in future years with a September Art & Wine Festival. An Art & Wine Festival could not only provide some variation to the summer events, but could be used to showcase the local arts community. In an effort to balance the budget and limit reserve fund expenditures as much as possible, staff is recommending that the Art & Wine Festival be delayed until next year.

This year, the Chamber has proposed to produce an event for the grand opening of Cinema Place in late October or early November 2008. Given the importance of this new retail center for downtown, the extra funding for this one-time event is recommended. The theater-operator has also indicated their intent to host a public celebration along with a charity event and will work with a planning committee of the Board to plan the event. However, in order to ensure the event's success, the Board has recommended that \$10,000 be budgeted at this time for the Cinema Place opening event, and that an additional amount up to \$10,000 be held in reserve if necessary to ensure the event's success.

**Howl-O-Ween Pet Parade** **\$0**

In order to limit the amount of funds transferred from the reserve fund it is recommended that this event not be funded. However, the Volunteers of the Animal Shelter will seek private and corporate donations to cover event costs. Given the success of last year's Santa's Paws Parade they expect to double the number of pets participating in the parade and in anticipation of this would also like to expand the parade route. Staff anticipates that a continued media partnership with the Wolf Radio station will give increased visibility to the parade and Downtown Hayward.

**"Light Up The Season"** **16,824**

This event takes place the first Thursday evening after Thanksgiving Day with merchants hosting the festivities and entertainment in their stores. Estimated attendance is 2000 persons. Last year's event benefited from event enhancements, including the small skate rink that was filled to capacity, however, in order to balance the budget and minimize the draw on BIA reserves, staff is recommending that this year's funding be reduced from \$24,971 (actual costs) to \$16,824 and efforts be made to generate corporate sponsorship to reduce the costs to the DBIA.

**Banners Rotation, Maintenance& Replacement** **\$38,293**

At least one set of the banners require replacement, and banner hardware in many locations is broken, missing or in need of repair. The cost of hanging seasonal banners (\$13,600) remains the same, however, it is estimated that approximately \$20,000 would be needed to replace a set of banners, and \$4,693 to replace the needed hardware. While the DBIA Advisory Board recommends a budget for banner replacement this year, they would also like the opportunity to evaluate banner alternatives such as an electronic billboard on B Street and Foothill, historic street signs or other gateway markers to the downtown.

**Publications** **\$22,400**

This budget category includes 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 is \$22,400. It is proposed that DBIA businesses be surveyed to determine if newsletters are the most effective method for informing them of activities in the downtown.

**Sidewalk Cleaning**

**\$26,945**

As noted, the downtown sidewalks are pressure washed in late spring throughout the downtown with a second cleaning in early fall along B Street between Watkins Street and Foothill Boulevard. The budgeted amount provides for additional steam cleaning in the downtown core (B Street from Foothill to Watkins) three times a week which includes the steam cleaning of the black decorate garbage cans every three months, and painting of the garbage can tops.

**3. PROPOSED BUDGET EXPENDITURES 2009**

As noted above the total proposed budget for FY 2009 is \$135,462.

**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 contribution for FY 2009 include a transfer from the DBIA budget reserve of \$24,462 and an increase in the Agency's contribution from \$35,000 to \$55,000. It is recommended that the DBIA Board evaluate how other downtown associations address clean and safe issues, promotions, and communications with members, so future budgets do not continue to rely on transfers from the DBIA budget reserve and increased contributions from the Redevelopment Agency.

**6. CLOSING STATEMENT OF THE BOARD**

The DBIA Advisory Board is looking forward to continued progress and cooperation with the downtown merchants and the City in the upcoming year, and will take the next program year to evaluate ways to best deliver clean and safe strategies and downtown promotions within the DBIA.



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