

DATE: June 2, 2009

TO: Mayor and City Council

FROM: Redevelopment Director

SUBJECT: Downtown Business Improvement Area Annual Report and Proposed Budget for FY 2010

### **RECOMMENDATION**

That the City Council accepts the attached Annual Report and FY 2010 Budget, and adopts the attached resolution setting a public hearing for June 23, 2009 to consider the Annual Downtown Business Improvement Area 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 improvement of the downtown business district, and to attract new business to the downtown.

The BIA Advisory Board's Annual Report and budget recommendations are attached to this report as Exhibit A. The Annual Report is mandated by the state enabling legislation. The Annual Report is required to discuss a variety of topics concerning boundaries, levy rates, business classifications, recommended funding from the DBIA Levy, and other sources; and also recommends the BIA activities for the upcoming fiscal year.

DBIA fees contribute to the following activities:

- (1) **Events:** Four (4) summer street parties produced by the Chamber of Commerce, and Light Up the Season, the holiday event produced in part by the City and the Chamber.
- (2) **Publications:** Designed to promote the events, which in the past have been newspaper supplements/tabloids inserted in the Daily Review and distributed by merchants. In addition, quarterly newsletters have been produced to communicate to DBIA members.
- (3) **Banners & Holiday Decoration:** Fees pay for banners (158) located throughout the DBIA area, their rotation, maintenance, and hardware repair and replacement. Holiday wreaths were purchased approximately nine (9) years ago, and are installed yearly on B Street from Foothill to Watkins as well as a number on D Street and Mission Boulevard in front of the old City Hall.

(4) **Sidewalk Cleaning:** Once a year, sidewalks in the entire DBIA area are steam cleaned. The downtown core is cleaned a second-time yearly. With increased focus on “clean and safe” strategies, sidewalks on B Street from Foothill to Watkins are “spot” cleaned 3 times weekly/two-hours per visit focusing on areas where recent spills or dirt appear. Decorative garbage cans are also steam cleaned twice-a-year. With the relocation of the Farmers Market to City Hall Plaza, steam cleaning of the Plaza will be included in the FY 2010 budget.

The DBIA’s boundaries are shown on Attachment 1 of the Annual Report. This area includes more than 500 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 2001-02, is in the downtown core and has the highest rates, followed by Zone 1 and Zone 2 (see Attachment 1 of the Annual Report).

The proposed FY 2010 DBIA budget reflects minor deviations from previous year budget, reflected as follows:

1. Addition of a fourth Street Party to be held in September 2010. The Chamber of Commerce is working with staff to create new attractions and provide an individual themed approach to differentiate between Street Parties, as discussed in a CDC meeting held earlier this year, including the follow: Planes & Trains & Autos (transportation); Green & Healthy; Last Hurrah (kid focused); and Art & Wine.
2. Reduction of the “Publications” line item from \$22,400 to \$17,650 with the DBIA Advisory Board to explore communication alternatives that could replace quarterly newsletters to DBIA members, and possible advertising/promotion alternatives to market Light Up The Season. Advertising alternatives can include print television and radio spots. Communication alternatives to replace quarterly newsletters could include web-based strategies, or less expensive newsletters. In the past, newsletters produced by the Chamber of Commerce have cost \$8,000 and it is not clear if they are an effective tool to reach DBIA members. Staff will work with the DBIA Advisory Board and the Chamber of Commerce to evaluate communication and marketing alternatives.
3. The Farmers Market relocation to City Hall Plaza beginning May 9, 2009, bringing 2,000 + shoppers to the Downtown on a weekly basis year-round. This additional foot-traffic will increase the need to steam clean City Hall Plaza, which will be included as part of the DBIA sidewalk cleaning contract. The added annual cleaning in the Plaza will be \$2,640. The Marin Farmers Market will become a member of the Downtown Business Improvement Area

This budget also reflects a roll-over of funds allocated in the FY 2009 budget for banners and banner hardware replacement. Proposed banners have been received, but require additional time for final designs to be evaluated and produced. These proposed banner designs focus on “Celebrating Hayward’s Performing Arts”, would be produced this summer, and are scheduled for installation to coordinate with the winter “theatre” season in January 2010.

## FISCAL IMPACTS

In an effort to limit spending from the DBIA Budget Reserve Fund, the DBIA Advisory Board elected not to replace aged holiday light pole decorations, and not to establish a decorative tree-light maintenance program. A recent bid to rewrap and maintain tree lights amounted to \$6,900. Tree lights, which were approved and installed last year, may have a shortened life span due to vandalism, tree maturity, and burnout without maintenance. The current unencumbered DBIA reserves amount to approximately \$90,000, and the funding source for these reserves is a blend of revenues from the annual DBIA Levy and Redevelopment funds.

## PUBLIC INPUT

The DBIA Advisory Board met on April 1 and again on May 7, 2009 to consider the draft and proposed FY 2010 budget reflected in the Annual Report. On May 7, 2009, a quorum of the DBIA Advisory Board adopted a motion approving the proposed FY 2010 budget with the changes as noted above.

Staff will work with DBIA board members over the course of the new fiscal year to evaluate the allocation of the DBIA budget for promotions and communications.

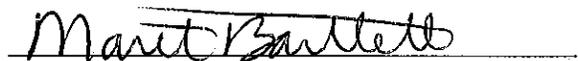
## NEXT STEPS

The attached resolution sets a public hearing date of June 23, 2009 to consider the 2010 DBIA Levy.

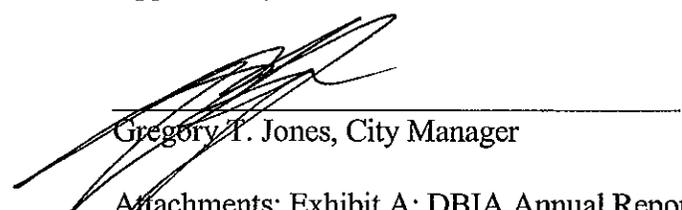
Prepared by:

  
Gloria Ortega, Redevelopment Project Manager

Recommended by:

  
Maret Bartlett, Redevelopment Agency Director

Approved by:

  
Gregory T. Jones, City Manager

Attachments: Exhibit A: DBIA Annual Report and Proposed Budget for FY 09  
Exhibit B: Map and Fee Schedule  
Resolution

## EXHIBIT A

### DOWNTOWN BUSINESS IMPROVEMENT AREA ANNUAL REPORT AND PROPOSED BUDGET FOR FY 2009

#### 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 (See Attachment 1: Business Improvement Area Zone)

#### STATEMENT OF ACTIVITIES AND ACCOMPLISHMENTS FOR FISCAL YEAR 2009:

The DBIA's activities during the current fiscal year were funded by Downtown Business Improvement Area assessments, contributions from the Redevelopment Agency, and fund balance reserves from prior fiscal years. As in the past, more than half of the budget was spent on downtown promotions, with the balance spent on sidewalk steam cleaning and communications to DBIA members. Downtown promotions include: banners, "Summer Street Parties", and "Light Up The Season" activities.

Over the past year, there has been an increased focus on steam cleaning sidewalks and garbage cans, and improving the overall "clean and safe" appearance of the downtown.

The sources of funding and expenditures for the fiscal year 2009 were:

#### FY 2009 DBIA Budget

|   |                   |
|---|-------------------|
| <b>Revenues</b>   |                   |
| DBIA 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         |
| "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> |

## ACTIVITIES AND ACCOMPLISHMENTS FOR FISCAL YEAR 2009:

All major activities planned for FY 2009 have been, or are anticipated to be, accomplished by the end of the fiscal year and include the following:

- **Summer Street Parties:** Street Parties include private and non-profit vendors promoting various goods and services, along with musical entertainment, historic cars, and a “beer garden”. Approximately 3,000 to 4,000 people attend the Street Parties.
- **Light Up The Season:** Approximately 2,000 persons attended this annual event to “kick-off” the holiday shopping season. This event repeated last year’s staging of the activities and various performances inside various businesses, to allow the event to carry on regardless of weather conditions. The annual tree lighting was held in the City Hall rotunda with Santa and children getting their picture taken. The rotunda with the tree lighting and entertainment was filled to capacity with event participants. For a second year, a synthetic ice rink was well received by children, who kept the rink at its maximum capacity the whole evening.

For a second year, downtown businesses collected toys on behalf of the Hayward Police Department for their holiday toy drive for the needy families located in Hayward. This year, the number of businesses collecting toys grew to 10, along with toy contributions from City employees. Hayward Police Department was able to provide toys for 80+ families with toys collected by downtown merchants contributing to this effort.

- **Cinema Place Opening:** Cinemark, the theater operators, covered the costs of the theater opening, with \$3,700 spent for event entertainment. The Chamber submitted a proposal for the balance of the funds for the advertising campaign for the downtown.
- **Banners:** The DBIA Advisory Board has received proposals for a new banner design which will replace banners purchased in 2001 and displayed during the winter/spring season from January – May. The theme of these banners is “Celebrating Hayward’s Performing Arts” elevating the visibility of the many venues offering stage entertainment.

Banner designs have been submitted, but production will not be completed by June 30, 2009. As a result, funds reserved for this purpose in 2009 will be “rolled-over” to the 2010 budget. Staff also plan to re-bid banner hardware replacement and installation amount in the upcoming fiscal year. As a result, the amount reserved for hardware replacement (\$4,693) will also be rolled over to the 2010 budget to allow for competitive bidding.

**Publications:** Included four newsletters mailed to all DBIA members; two tabloids published during the year to promote the Light Up The Season celebration; and the Summer Street Parties.

**Sidewalk Cleaning:** Enhanced sidewalk steam cleaning services included as follows: (1) Annual steam cleaning of sidewalks in the entire DBIA.  
(2) Second annual steam cleaning of sidewalks in the Downtown core.  
(3) Spot steam cleaning of sidewalks – B Street to Foothill, 3x per week/2 hours per visit.

(4) Black decorative cans steam cleaned 3 x per year. Spot steam cleaning allows sidewalk cleaners to focus on heavily soiled sidewalks particularly around benches and locations where people tend to congregate. The vendor at no charge to the DBIA sprayed garbage can tops that were faded or damaged by graffiti.

**The Annual Report addresses the following six topic areas:**

**1. PROPOSED DBIA BOUNDARY CHANGES DURING FY 2009**

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

**2. STATEMENT OF PROPOSED BUDGET AND ACTIVITIES FOR FY 2010**

The DBIA’s activities for fiscal year 2009 will be funded through annual business improvement area assessments, a contribution from the Redevelopment Agency, and a transfer of DBIA reserve funds. The proposed budget for fiscal year 2009 is as follows:

**FY 2010 Proposed DBIA Budget**

|   |                   |
|---|-------------------|
| <b>Revenues</b>   |                   |
| BIA Assessments   | \$ 55,000         |
| Redevelopment Agency Contribution                             | \$ 55,000         |
| Funds Encumbered from FY09 Budget - Banners                   | \$24,693          |
| Reserve Funds   | \$ 5,265          |
| <b>Total Revenues:</b>  | <b>\$139,958</b>  |
| <b>Expenses</b>   |                   |
| Summer Street Parties   | \$ 30,000         |
| “Light Up The Season”   | \$ 22,975         |
| Banners – Maintenance & Rotation, New Hardware, & New Banners | \$38,293          |
| Publications  | \$17,650          |
| Sidewalk Cleaning   | \$ 31,040         |
| <b>Total Expenses</b>   | <b>\$ 139,958</b> |

DBIA Assessments are expected to remain at the same level in FY 2009 as in the current year. The Redevelopment Agency’s annual contribution remains at \$55,000. As noted above, funds for new banners and hardware will be rolled-over to FY 2010. The DBIA Advisory Board elected to transfer \$5,265 from the budget reserve to cover publications devoted to communications with DBIA members, advertising and promotions.

**PROPOSED ACTIVITIES FOR FISCAL YEAR 2010:**

**Summer Street Parties \$30,000**

The Summer Street Parties are sponsored and organized by the Hayward Chamber of Commerce under contract to the DBIA. The Chamber is working on re-vamping the Street Parties with new themes and attractions. It is proposed that one of the events, most likely in September, will be an Art & Wine Festival. It is also possible that the August event, which will be "family/youth" focused, may re-introduce the Pet Parade which was held two years ago.

**"Light Up The Season" \$22,975**

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 people. This year's event will repeat last year's activities which included a synthetic ice skating rink, tree lighting, entertainment and Santa in City Hall's Rotunda. Additional events may contribute or replace proposed activities as planning efforts materialize.

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

The cost of hanging seasonal banners (\$13,600) is expected to remain the same, however, this service will be re-bid in FY 2010.

**Publications \$17,650**

The DBIA voted for a slight reduction of \$2,350 in an effort to minimize the amount of reserve funds required to balance the budget. This strategy will result in an evaluation of the most effective ways to communicate with DBIA members and to promote/advertise Light Up The Season. Alternative communication strategies to quarterly DBIA newsletters could include information sharing on the City's Economic Development web site "Open for Business", a less expensive newsletter, or the development of a DBIA web-site. Alternatives to the Light Up The Season newspaper insert/tabloid include possible TV and/or radio news spots, or newspaper advertising. Staff will work with the DBIA Advisory Board to explore these various options.

**Sidewalk Cleaning \$31,040**

Enhanced sidewalk steam cleaning services adopted last year will continue to include the following:

- (1) Annual steam cleaning of sidewalks in the entire DBIA.
- (2) Second annual steam cleaning of sidewalks in the Downtown core.
- (3) Spot steam cleaning of sidewalks – B Street to Foothill, 3x per week/2 hours per visit.
- (4) Black decorative cans steam cleaned 3 x per year (including an increase number which replaced the old aggregate cans in the downtown core).
- (5) Added service will include steam cleaning City Hall Plaza as a result of the relocation of the Farmers Market to this location beginning May 9, 2009, every Saturday, year-long. The additional foot-traffic while benefiting downtown merchants will increase the need to steam-clean City Hall plaza, and will be included as part of the DBIA sidewalk cleaning contract. The Marin Farmers Market will become a member of the Downtown Business Improvement Area.

**3. PROPOSED BUDGET EXPENDITURES 2009**

As noted above the total proposed budget for FY 2010 is \$139,958.

**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 funds for FY 2010 include:

- (a) \$5,265 transferred for the DBIA budget reserve;
- (b) \$24,693 from the Redéveloppement Agency; and
- (c) \$24,693 rollover of funds reserved for banners and hardware in the FY2009 budget.

**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 continue to evaluate means to deliver more cost-effective communication strategies and advertising and promotion of events in the downtown.

**DUE TO THE COLOR OF  
ATTACHMENT B,  
IT HAS BEEN ATTACHED AS  
A SEPARATE LINK**

## 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 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. 09-

Introduced by Council Member \_\_\_\_\_

*me*  
*5/29/09*

RESOLUTION ACCEPTING ANNUAL REPORT AND  
DECLARING INTENTION TO LEVY ANNUAL CHARGES  
FOR THE DOWNTOWN HAYWARD BUSINESS  
IMPROVEMENT AREA FOR THE FISCAL YEAR 2010 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 36500 et seq. of the Streets and Highways Code of the State of California, which was commonly known as the Parking and Business Improvement Area Law of 1979 and, as now codified, is commonly known as the Parking and Business Improvement Law of 1989.
2. The Advisory Board for the Downtown Hayward Business Improvement Area prepared an annual report for the fiscal year July 1, 2009 to June 30, 2010, on behalf of the Downtown Hayward Business Improvement Area pursuant to section 36533 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 2010 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. The area is generally described on the map attached hereto as Exhibit "A".
4. Notice is hereby given that Tuesday, June 23, 2009, 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 sections 36524 and 36525 of the Streets and Highways Code.

5. The City Clerk shall cause notice of the hearing to be given by publishing a copy of this resolution in The Daily Review, a newspaper published and circulated in the City of Hayward, at least seven days prior to the date of the hearing specified above.

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2009

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