



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: November 11, 2014

TO: Mayor and Councilmembers

FROM: City Administrator's Office

SUBJECT: Proposed Eastside Business Improvement District

RECOMMENDATION:

That Council receive a status report from the Milpas Community Association on proposed plans to create an Eastside Business Improvement District.

DISCUSSION:

Sharon Byrne, Executive Director of the Milpas Community Association, will provide an update on a proposal to create an Eastside Business Improvement District that would assess businesses along the Milpas Street corridor and Eastside commercial/industrial area for marketing and promotional services, events, security, graffiti removal, and government relations.

In Spring 2013, the Association contacted the City to express an interest in the possibility of creating a business improvement district that would formalize the identity of the Milpas/Eastside area. Since that time, staff has provided guidance to the Association on different types of districts allowed under state law and prepared estimates of total business license fees collected within the proposed boundaries. In 2014, the Association contracted with Civitas, a consulting group that specializes in the formation of property and business improvement districts, to develop an assessment method and prepare a required management district plan.

Under the California Streets and Highway Code, the Property and Business Improvement District Law of 1994 allows the creation of improvement districts for the purpose of providing improvements and activities through the levy of an assessment on the businesses or real property who receive a specific benefit. The law authorizes cities to collect the assessment on behalf of a nonprofit entity that is under contract by the city to implement activities outlined by the management district plan. Specifically, state law allows the district to provide the following activities:

- Promotion of public events which benefit businesses or real property in the district,
- Furnishing of music in any public place within the district,
- Promotion of tourism within the district,
- Marketing and economic development, including retail retention and recruitment,
- Providing security, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality, and
- Activities which benefit businesses and real property located in the district.

The Milpas Community Association is proposing an improvement district that would assess businesses for a flat rate determined by business type. The assessment rates would range from \$215 to \$745 with the full rate schedule available in the Proposed Management District Plan. The district would extend through the Milpas commercial corridor from Cabrillo Blvd. to the County Bowl and cover Eastside businesses to the western boundary of Salsipuedes St. (see Attachment 1). The district plans to focus on the following activities: 1) Beautification, Cleanliness and Safety, 2) Government Relations, 3) Promotion, and 4) Special Events (see Attachment 2). The proposed district is estimating an annual collection and budget of \$150,000 - \$200,000 with the assessment expiring in 5 years, beginning on April 1, 2015 and ending March 31, 2020. Each year, the Milpas Community Association would provide an annual report to the City Council. At the anniversary of the district formation, a 30-day period would begin for business owners representing more than 50% of the assessment value to protest and initiate a Council hearing on district termination.

In accordance with state law, the first step for the Milpas Community Association to form a new district is the development of a Management District Plan and petitioning affected businesses. When the Milpas Community Association submits petitions from businesses that exceed 50% of the assessment value, the City's process to review and evaluate the proposal will officially begin. The City Council retains considerable discretion and control over the amount of the assessment and the types of improvements and activities to be funded. Upon petition submittal, staff will verify that sufficient petitions were received and will prepare for Council consideration a Resolution of Intention to initiate proceedings to levy an assessment with official public noticing and protest procedures. In thirty days following the adoption of the Resolution of Intention, the City Council would conduct a public hearing and determine whether there is a lack of a majority protest (receiving protest letters representing 50% or more of the assessment value). If the public hearing is considered successful due to a lack of majority protest, the City Council would consider adopting a Resolution of Formation and a Resolution Establishing the District.

The specific responsibilities of the City and the Milpas Community Association would need to be established under a contract, consistent with the proposed activities outlined in the Management District Plan. The Proposed Management District Plan is anticipated to be available to the public on the Milpas Community Association website this month.

ATTACHMENT: 1. Map of Proposed Eastside Business Improvement District Boundaries
2. Proposed Services for the Eastside Business Improvement District

PREPARED BY: Nina Johnson, Assistant to the City Administrator

SUBMITTED BY: Paul Casey, Acting City Administrator

APPROVED BY: City Administrator's Office

Beautification, Cleanliness, & Safety



"Miracle on Milpas Street" Holiday Lights Return

- ✓Community Patrols & Homeless Outreach
- ✓Children's Art Trash Can Project
- ✓Litter Pick-Up and Graffiti Abatement
- ✓Holiday Lights and Tree

Government Relations



- ✓Strong Voice with City and County officials
- ✓Ensure resources dedicated to area
- ✓Voting Member of SB Region Chamber of Commerce Government Relations Council

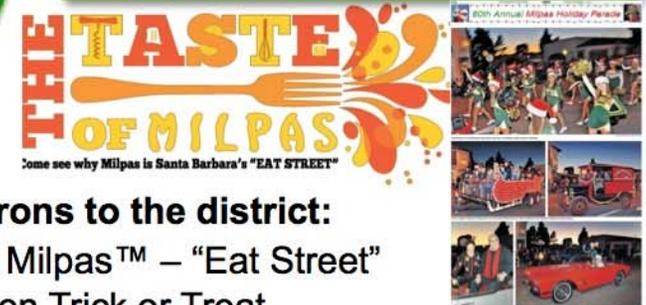


Promotion



- ✓Bi-weekly column in *Santa Barbara View* & *Sentinel*
- ✓Social Media Marketing
- ✓"Eat Street" promotion to hotels, cruise ships
- ✓Eastside MTD Shuttle
- ✓Design District Creation & Promotion
- ✓"Shop Small Business" Promotion

Special Events



Draw patrons to the district:

- ✓Taste of Milpas™ – "Eat Street"
- ✓Halloween Trick or Treat
- ✓Holiday Lighting Contest
- ✓Holiday Tree Lighting Celebration
- ✓Holiday Parade
- ✓"Eat Street" Classic Car Show
- ✓Bowl Concert nights – Shuttle and Parking

All for less than an ad in the paper!



Proposed Eastside Business Improvement District



City Council
November 11, 2014



Business Improvement District Formation

- ◆ Allowed under CA Streets and Highway Code, the Property and Business Improvement District Law of 1994
 - Provide improvements and activities through the levy of an assessment on the businesses who receive a specific benefit
 - Authorizes cities to collect the assessment on behalf of a nonprofit entity to implement activities in a management district plan



District Activities Allowed Under State Law

- ◆ Activities Provided to Businesses in the District:
 - Promotion of public events and furnishing of music,
 - Promotion of tourism,
 - Marketing and economic development, including retail retention and recruitment,



District Activities Allowed Under State Law

- ◆ Activities Provided to Businesses in the District:
 - Providing security, sanitation, graffiti removal, street and sidewalk cleaning, and other services supplemental to those normally provided by the municipality, and
 - Activities which benefit businesses located in the district



Eastside Improvement District

- ◆ Milpas Community Association approached City in Spring 2013
 - Provided aggregate amounts of business license fees collected
 - Provided information on how to form an improvement district
 - Advised to hire a consultant to prepare a management district plan and petition



Eastside Improvement District

◆ Key Steps

- Develop a management district plan with an assessment methodology and start a petitioning effort
- If petitions are received with a value of 50%+ of the total assessment value, submit petitions to the City Council to initiate proceedings



Eastside Improvement District

◆ Key Steps

- City staff will verify that sufficient petitions were received and will prepare for Council consideration a Resolution of Intention and set a date for a public hearing
- Notices will be sent to affected businesses
- Public hearing will be held at Council
- Business can submit letters of protest to City



Eastside Improvement District

◆ Key Steps

- City Council conduct a public hearing and determines whether there is a lack of a majority protest (receiving protest letters representing 50% or more of the assessment value).
- With a lack of majority protest, the City Council would consider adopting a Resolution of Formation and a Resolution Establishing the District