



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: July 14, 2015

TO: Mayor and Councilmembers

FROM: City Administrator's Office

SUBJECT: Proposed Milpas Business Improvement District

RECOMMENDATION:

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

DISCUSSION:

In May 2015, the Greater Eastside Merchants Association contacted the City about creating a business improvement district that would formalize the identity of the Milpas merchants. Miguel Avila from the Association will make a presentation to Council regarding a proposal to create a Milpas Business Improvement District that would assess businesses between the 200 and 600 blocks of Milpas Street for economic development and cleaning and security services during public events.

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 Greater Eastside Merchants Association is proposing an improvement district that would assess businesses for a flat rate determined by business type. The assessment rates would range from \$35 to \$70 with the full rate schedule available in the Proposed Management District Plan. The district would extend from the 200 to 600 block of Milpas Street (see Attachment). The proposed district is estimating an annual collection and budget of \$5,975 with the assessment expiring in 5 years, beginning on November 1, 2015 and ending October 31, 2020. Each year, the 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 Association to form a new district is the development of a Management District Plan and petitioning affected businesses. When the 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 approval of the district, 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 Greater Eastside Merchants 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 scheduled to be available to the public by the end of July.

It should be noted that another petition gathering effort is currently underway for a Milpas-Eastside Business Improvement District, coordinated by the Milpas Community Association. They presented a proposal to City Council in November 2014 and are anticipating returning to Council with petitions in late summer.

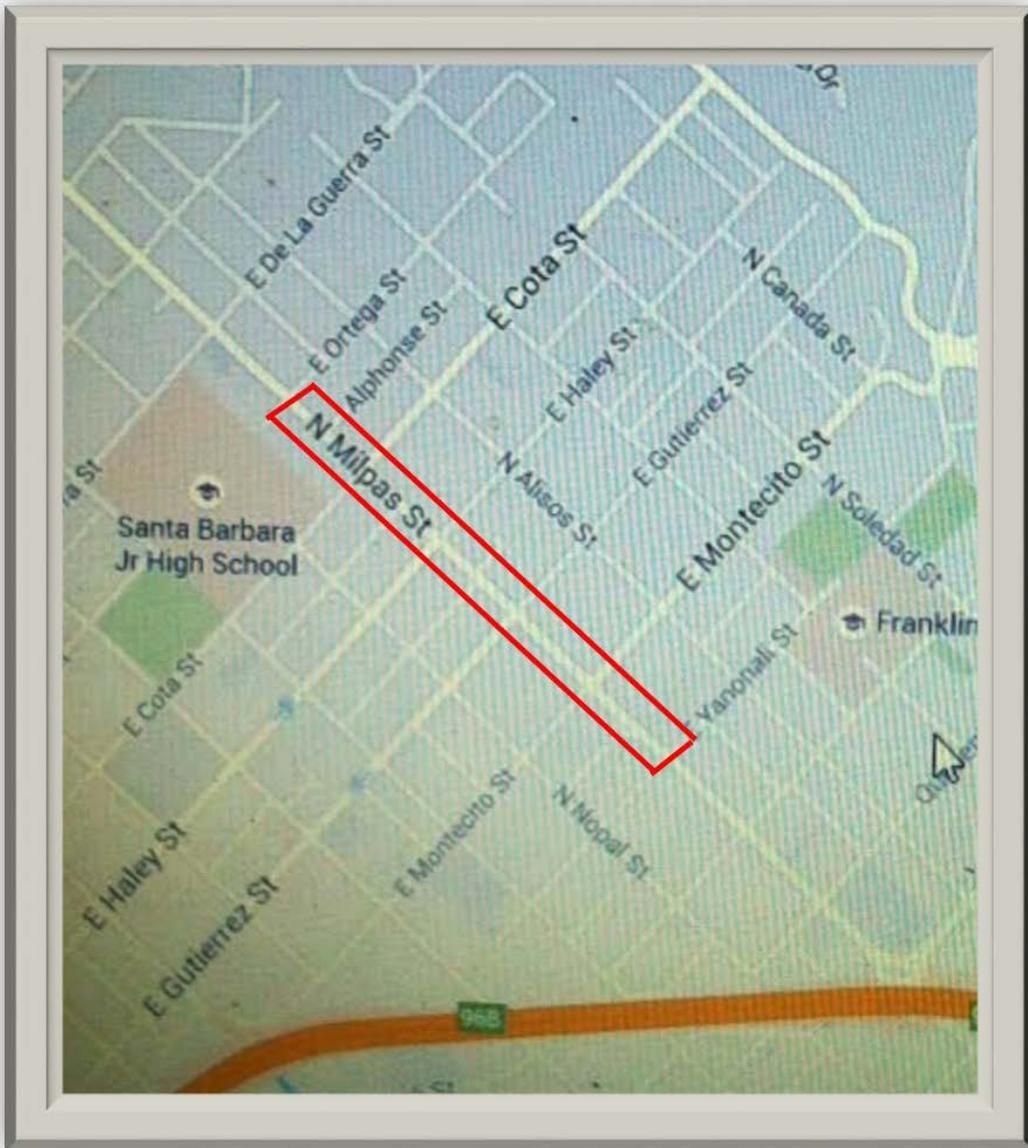
ATTACHMENT: Map of Proposed Milpas Business Improvement District Boundaries

PREPARED BY: Nina Johnson, Assistant to the City Administrator

SUBMITTED BY: Paul Casey, City Administrator

APPROVED BY: City Administrator's Office

Map of Proposed Milpas Business Improvement District Boundaries





Proposed Milpas Business Improvement District



City Council
July 14, 2015



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

- ◆ 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

- ◆ 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



Milpas Improvement District

- ◆ Greater Eastside Merchants Association submitted draft management plan to City
 - Provided business license fees collected
 - Provided information on forming an improvement district
 - Reviewed different versions of the plan for:
 - Compliance with State law
 - Accuracy of business listing
 - Feasibility of implementing the assessment



Milpas Improvement District

◆ Key Steps in Formation

- Develop a management district plan with an assessment methodology, boundaries, and specific benefits
- Gather petitions from affected businesses
- If petitions are received with a value of 50%+ of the total assessment value, submit petitions to the City Council to initiate proceedings



Milpas Improvement District

◆ Key Steps in Formation

- 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
- Businesses can submit letters of protest to City



Milpas Improvement District

◆ Key Steps in Formation

- City Council conducts 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



Improvement District Proposals

- ◆ Eastside Improvement District proposed by Milpas Community Association
 - Boundaries include the Milpas corridor
 - Council heard presentation in November 2014
 - Petition gather underway anticipating return to Council in late summer
 - City applied same review and procedures to both proposals