



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** January 10, 2017

**TO:** Mayor and Councilmembers

**FROM:** City Administrator's Office

**SUBJECT:** Downtown Santa Barbara Annual Assessment Report For 2017 And Intention To Levy

**RECOMMENDATION:** That Council:

- A. Approve the Downtown and Old Town Business Improvement District Annual Assessment Report for 2017; and
- B. Adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Declaring Council's Intention to Levy Downtown Business Improvement District and Old Town Business Improvement District Assessment Rates for 2017, at a Public Hearing to be Held on February 28, 2017, at 2:00 p.m.

### DISCUSSION:

The Downtown and Old Town Business Improvement Districts have provided marketing and promotional services for downtown businesses for over forty years. The merchants in both business improvement districts pay for these services through an assessment based on their business license fee, location, and type of business. The assessment revenue is collected each year by the City and then remitted to Downtown Organization of Santa Barbara, Inc., a 501(c)(6) organization that operates both improvement districts after merging with the Old Town Merchants Association in 2005.

The Downtown Business Improvement District serves businesses located between Chapala and Anacapa Streets, from Ortega Street north to Micheltorena Street, as authorized under Chapter 4.39 of the Municipal Code. The Old Town Improvement District serves businesses located between Chapala and Anacapa Streets, from Gutierrez Street north to Ortega Street, as authorized under Chapter 4.43 of the Municipal Code (map provided in Exhibit A to the proposed Resolution).

The City Council, as the governing body of both improvement districts, requires the preparation and adoption of an annual assessment report pursuant to the California Streets and Highways Code, Parking and Business Improvement Area Law of 1989. In

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accordance with state law, the City Council must approve the assessment report and adopt a resolution of intention to levy an annual assessment for the fiscal year. The report outlines the assessment to be levied and collected from January 1 to December 31, 2017 to pay for activities planned for the upcoming year with the associated estimated costs. The report provides the method and basis of the assessment for business owners to estimate the assessment amount for their business.

For the calendar year of 2017, there are no proposed changes to the boundaries or assessment rates in the Downtown and Old Town Improvement Districts. On January 3, 2017, the Downtown Santa Barbara Executive Committee recommended approval of the 2017 Annual Report, attached as an Exhibit to the Resolution. The Downtown and Old Town Business Improvement District revenues are projected to be approximately \$280,000 to fund marketing and promotional activities for downtown businesses.

Generally, the Parking and Business Improvement Area Law of 1989 allows the Downtown Organization to provide the following activities through the Business Improvement Districts:

- Promotion of public events which benefit businesses in the area,
- Furnishing of music in any public place in the area,
- Promotion of tourism within the area, and
- Activities which benefit businesses located and operating in the area.

Marketing and promotional activities of the Downtown and Old Town Improvement Districts include the Downtown Host Program, First Thursday monthly event, Holiday Parade, State Street holiday décor, Live Art and Wine Tour, and promotion of the Downtown area by website and social media. This longstanding partnership between the City and downtown business community has helped promote the downtown area as a vital retail corridor and cultural arts destination for residents and visitors.

With Council approval of the annual report, notices to levy and collect the assessment will be mailed to all affected businesses in the districts. The notices will inform businesses of a public hearing on February 28, 2017 where written or oral protests may be made. At the public hearing, the City Council would consider all protests, confirm whether there is a lack of majority protest (protests received from business owners who pay 50% or more of the total assessments to be levied), and adopt a resolution to assess the rates in accordance with the annual report.

Downtown Santa Barbara recently changed their financial statement reporting period from a calendar year (January 1 through December 31) to a fiscal year ending June 30. Therefore, audited financial statements for Downtown Santa Barbara are provided for the year ended December 31, 2015, and for the six months ended June 30, 2016, which are on file in the City Clerk's Office at City Hall, 735 Anacapa Street.

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**PREPARED BY:** Nina Johnson, Senior Assistant to the City Administrator

**SUBMITTED BY:** Paul Casey, City Administrator

**APPROVED BY:** City Administrator's Office