



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: December 9, 2014

TO: Mayor and Councilmembers

FROM: City Administrator's Office

SUBJECT: Downtown Organization Annual Assessment Report For 2015 And Intention To Levy

RECOMMENDATION: That Council:

- A. Approve the Downtown Organization and Old Town Business Improvement District Annual Assessment Report for 2015;
- B. Appoint an advisory board to oversee the Downtown Organization and Old Town Business Improvement District; and
- C. 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 2015, at a Public Hearing to be Held on January 13, 2015, 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 the Santa Barbara Downtown Organization. The Downtown Organization is a 501 (c) 3 organization that operates both improvement districts after merging with the Old Town Merchants Association in 2005.

The Downtown Business Improvement District serves businesses between Chapala and Anacapa Streets, from Ortega Street north to Micheltorena Street, as authorized under Municipal Code Section 4.39. The Old Town Improvement District serves businesses between Chapala and Anacapa Streets, from Montecito Street north to Ortega Street, as authorized under Municipal Code Section 4.43 (Map provided in Attachment 1).

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 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, 2015 to December 31, 2015 to pay for activities planned for the upcoming year with the estimated cost. The report also provides the method and basis of the assessment in sufficient detail for business owners to estimate the assessment amount for their business.

For the calendar year of 2015, there are no proposed changes to the boundaries or assessment rates in the Downtown and Old Town Improvement Districts. On November 25, 2014, the Downtown Organization Executive Committee recommended approval of the 2015 Annual Report, attached as an Exhibit to the Resolution. The Downtown and Old Town Business Improvement District revenues are projected to be approximately \$261,500 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, Musical 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 January 13, 2015 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.

Under state law, the City Council governs the activities of the business improvement district and oversees the decisions made by an advisory board.

Streets and Highways Code Section 36530: The city council shall appoint an advisory board which shall make a recommendation to the city council on the expenditure of revenues derived from the levy of assessments pursuant to this part, on the classification of businesses, as applicable, and on the method and basis of levying the assessments. The city council may designate existing advisory boards or commissions to serve as the advisory board for the area or may create a new advisory board for that purpose. The city council may limit membership of the advisory board to persons paying the assessments under this part. The city council may appoint the advisory board prior to adoption of the resolution of intention to create the area, so that the advisory board may recommend the provisions of the resolution of intention.

At this time, Council needs to take formal action to appoint an advisory board for the Downtown and Old Town Business Improvement Districts. The Downtown Organization has recommended that its Executive Committee members serve as the advisory board, in lieu of Council recruiting members for a new advisory board. The members of the current Executive Committee are listed in Attachment 2.

NOTE: Audited financial statements for the Downtown Organization for the years ended on December 31, 2012 and December 31, 2013 are on file in the City Clerk's Office at City Hall, 735 Anacapa Street.

ATTACHMENT: 1. Map of Downtown and Old Town Business Improvement District Boundaries
 2. Proposed Downtown Business Improvement District Advisory Board

PREPARED BY: Nina Johnson, Assistant to the City Administrator

SUBMITTED BY: Paul Casey, Acting City Administrator

APPROVED BY: City Administrator's Office



**Proposed Advisory Board
For Downtown and Old Town
Business Improvement Districts**

2015 Downtown Organization Executive Committee Members

Name	Organization	Participation in Business Improvement District Assessment
Ginny Brush	County Arts Commission	
Roger Durling	SBIFF	Pays dues in lieu of assessment
Michael Jordan	Hub International	Pays dues in lieu of assessment
Matt LaBrie	Lynx Property Management	Pays dues in lieu of assessment
Dave Lombardi	Distinctive Framing	Pays assessment
Gene McKnight	Commercial Real Estate	Pays dues in lieu of assessment
Tammy Steuart	Metropolitan Theatres	Pays assessment
Bob Stout	Wildcat Lounge	Pays assessment
Traci Taitt	Towbes Group	Pays assessment
Mark Whitehurst	Casa Magazine	Pays assessment



Downtown and Old Town Business Improvement Districts



City Council
December 9, 2014



Downtown and Old Town Business Improvement Districts

- ◆ Managed by the Downtown Organization
- ◆ Marketing and promotional services for Downtown businesses
 - Flag display program
 - Downtown Host program
 - First Thursday monthly event
 - Holiday Parade and holiday décor
 - Website, social media, and marketing campaigns



Downtown Business Improvement District

- Businesses pay 100% of business license fee
- Professionals pay 15% of business license fee (\$50 minimum)





Old Town Business Improvement District

- Businesses on State St. pay 100% of business license fee
- Businesses not located on State St. pay 75% of business license fee (\$100 minimum)
- Automobile sales and service businesses pay up to \$600/yr.
- Other businesses and professionals pay \$100/yr.





Downtown and Old Town Business Improvement Districts

- ◆ Governed by CA Streets and Highway Code, the Parking and Business Improvement District Law of 1989
- ◆ Authorizes cities to collect assessment on behalf of a nonprofit entity to promote public events and tourism and other activities that benefit businesses



Downtown and Old Town Business Improvement Districts

◆ Key Steps

- Similar to City's Parking and Business Improvement Area (PBIA)
- Council adopts a Resolution of Intention to Levy the Assessment on December 9
- Notices will be sent to businesses with public hearing date, assessment details, annual report, and instructions to oppose assessment (1,400)



Downtown and Old Town Business Improvement Districts

◆ Key Steps

- Public hearing will be held at Council on January 13, 2015 at 2 PM
 - Council confirms whether a lack of a majority protest exists (receiving protest forms representing 50% or more of the assessment value)
 - Council adopts a Resolution to Assessment



Advisory Board

- ◆ State law requires Council to appoint an advisory board to prepare an annual assessment report and make recommendations on expenditures from the assessment revenue and the method and basis of levying assessments
- ◆ Downtown Organization recommends Executive Committee to serve as advisory board