City of Culver City, California

Agenda Item Report

Meeting Date: 11/12/2013	Item Number: C-2
CITY COUNCIL AGENDA ITEM: (1) Review and Approval of the Downtown Culver City Business Improvement District Advisory Board's Annual Work Program and Budget, and (2) Adoption of a Resolution of Intent to Conduct a Public Hearing on December 9, 2013 to Consider Levy of the Downtown Business Improvement District Assessment for 2014.	
Contact Person/Dept.: Glenn Heald Todd Tipton/Community Development	Phone Number: (310) 253-5752 (310) 253-5783
Fiscal Impact: Yes [] No [X]	General Fund: Yes [] No [X]
Public Hearing: [] Action Item: [X]	Attachments: [X]
Commission Action Required: Yes [] No [X]	Date: _______________
Public Notification: Downtown Business Association (09/16/13); (E-Mail) Agenda and meetings – City Council (11/05/13).	
Department Approval: Sol Blumenfeld (10/31/13)	City Attorney Approval: Carol Schwab (by H. Baker) (11/05/13)
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (11/05/13)	City Manager Approval: John M. Nachbar (11/05/13)

RECOMMENDATION:

Staff recommends the City Council (1) approve the Downtown Culver City Business Improvement District (BID) Advisory Board's annual Work Program and Budget for 2014 (Report), and (2) adopt a Resolution of Intent to conduct a public hearing on December 9, 2013 to consider continuation of the Downtown Culver City BID (Attachment No. 1).

BACKGROUND:

A BID provides a mechanism for businesses to levy assessments on themselves for, among other things, the maintenance and improvement of public areas and promotion of the business district, reducing their dependence on the City for services. The BID Work Program is managed by the Downtown Business Association (DBA) in accordance with the Management Agreement between the City and the DBA[i].

The Downtown Culver City BID was formed in September 1998 through the adoption of Ordinance No. 98-011 (superseded by Ordinance No. 2000-027) in accordance with the Parking and Business Improvement Area Law of 1989 within the California Streets and Highways Code (the Act).

Section 36501 of the Act states, in part:

> It is of particular local benefit to allow cities to fund property related improvements and activities through the levy of assessments upon the businesses which benefit from those improvements and activities… Assessments levied for the purpose of providing improvements and promoting activities which benefit individual businesses may also benefit the property within the area directly or indirectly and that those assessments are not taxes for the general benefit of a city, but are assessments for the improvements and activities which confer special benefits upon the businesses for which the improvements and activities are provided.

Culver City Ordinance No. 2000-027, Section 7, states:

> The purposes for which the funds raised by the assessment …may include, but are not limited to, the following improvements and activities:
>
> a. General promotion of business activities within the District;
> b. Promotion of public events which benefit businesses within the District and which are to take place on or in public places within the District;
> c. Decoration of any public place within the District; and
> d. Acquisition, construction, installation or maintenance of improvements identified in Section 36510 of the Act.

In accordance with the legal process for renewing a BID specified in the Streets and Highways Code, the City Council is required to review and consider the BID Advisory Board's Report during a public meeting[ii]. Upon completion of the public hearing, tentatively scheduled for December 9, 2013, the City Council is requested to consider a resolution to continue the BID and levy assessments. The public will be notified of the public hearing in accordance with state law.

DISCUSSION:

During 2013, 144 businesses were subject to the BID assessment. Of these, the assessment was collected from 131 businesses (91%). The total amount collected was approximately $174,621. The remaining businesses owe part or all of their assessment(s). A delinquency notice is sent by the City to all BID accounts from which payment was not received on or before the payment deadline. Further collection efforts are then assumed by the DBA pursuant to the Management Agreement. The DBA is currently pursuing collection of delinquent fees for years 2011 through 2013 totaling approximately $23,002.

Proposed 2014 BID Program

The 2014 BID budget estimates assessment revenues of approximately $179,711 and carry-over reserve funds in the amount of $31,000. Total anticipated revenue from all sources for 2014 is $260,818.

No changes to the boundaries of the BID are proposed for 2014. A map illustrating BID boundaries is included as Exhibit "A" to the proposed Resolution.

The Assessment Schedule is included as Exhibit "B" to the proposed Resolution[iii]. No changes to the assessment rates are proposed for 2014.

The 2014 BID Report has been filed with the City Clerk, containing a proposed Work Program and Budget included as Exhibit "C" to the proposed Resolution. The Work Program includes marketing and promotional activities and decoration and supplemental maintenance of the BID area in accordance with the Act.

FISCAL ANALYSIS:

There is no fiscal impact to the City for the approval of the BID Annual Work Program and Budget or resolution of intent to conduct a public hearing for the continuation of the BID for 2014.

ATTACHMENTS:

1. Proposed Resolution of Intention, including BID Boundary Map (Exhibit "A"), Proposed Assessment Schedule (Exhibit "B"), and 2014 BID Work Program and Budget (Exhibit "C").

MOTION:

That the City Council:

1. <u>Approve the BID Advisory Board's 2014 Annual Report as filed with the City Clerk; and,</u>

2. <u>Adopt a Resolution of Intention setting December 9, 2013, as the date for a public hearing to consider the continuation of the Downtown Culver City Business Improvement District for calendar year 2014.</u>

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[i] The Management Agreement requires the DBA to maintain tax-exempt status with the Internal Revenue Service, maintain general liability insurance in an amount specified by the City Attorney's Office, and submit quarterly reports and budget updates to the Community Development Director describing progress toward completion of their approved work program.

[ii] The Report describes any proposed changes in the BID boundaries, a description of activities to be undertaken (a work program), an estimate of the cost to provide the activities (a budget), the assessment rate schedule, the amount of surplus or deficit to be carried over from the previous year, and the amount of other expected BID revenues. The City Council may modify any component of the Report and approve it as modified or decline to approve the Report. At the

conclusion of the public meeting, the City Council is requested to adopt a Resolution of Intent to levy the proposed BID assessments and set a date and time to conduct a public hearing during which the City Council is requested to consider continuation of the BID for the following year.

[iii] Notes:

1. Business owners with multiple business licenses/operations at the same address will be assessed only the single highest applicable rate.
2. Business owners with multiple business locations within the BID area will be assessed separately at each location.
3. Commercial rentals are assessed per building, not per unit.
4. Multiple independent business owners at the same address will be assessed separately at their respective rates.