



**CITY OF HAYWARD
AGENDA REPORT**

AGENDA DATE May 26, 1998
AGENDA ITEM 7
WORK SESSION ITEM _____

TO: Mayor and City Council
FROM: Director of Community and Economic Development
**SUBJECT: DOWNTOWN BUSINESS IMPROVEMENT AREA ANNUAL REPORT
FY 1998-99 AND SETTING PUBLIC HEARING FOR JUNE 16, 1998**

Recommendation:

That the City Council accept the Annual Report of the Downtown Hayward Business Improvement Area (BIA) for FY 1998-99, and adopt a resolution setting a public hearing to consider the 1999 Annual BIA Levy on June 16, 1998.

Background/Discussion:

The Hayward Downtown Business Improvement Area (BIA) exists for the purpose of undertaking improvements and activities which will serve to promote business in the downtown area. All retail, service/professional and financial institutions within the boundaries of the BIA pay a defined charge to fund these activities and improvements. The District has been in existence since 1984, and until last year the City had contracted with the Hayward Downtown Association (HDA) to act as Administrator of the BIA funds. At the end of last fiscal year the Hayward Downtown Association (HDA) notified the City that as of June 30, 1997 the HDA would disband and would no longer provide services for the BIA. In response to this, the Advisory Board recommended, and the City Council authorized, a solicitation of proposals for advertising and promotional services. Proposals were received from four firms, including one from Newsmakers. The Advisory Board recommended and the City Council subsequently approved the selection of Newsmakers on October 28, 1997.

Newsmaker's contract is for a one year period, corresponding to the 1998 calendar year. The consultant's scope of services includes a combination of advertising, a quarterly promotional newsletter, and a special event. By June 30, 1998, Newsmakers will have produced ads for Valentine's Day, Easter and Mother's Day, and distributed two quarterly newsletters. In addition, Newsmakers is coordinating a sidewalk sale that is scheduled to take place on June 27, 1998. Beginning in July 1998, the Advisory Board will review the results of the first six months of Newsmaker's contract to determine if any changes are needed to the scope of services. Newsmaker's performance and scope of services will again be reviewed at the end of the year. If it appears desirable to change consultants or to consider other options for the use of BIA funding at that time, the BIA would report its recommendations to the City Council. Newsmaker's scope of services is attached as Exhibit A to the Annual Report.

**Mayor and City Council
May 26, 1998**

The proposed BIA budget includes a \$20,000 requested transfer from the Redevelopment Agency, to be used for steam cleaning and downtown decorations. Therefore, approval of this budget is contingent upon the Redevelopment Agency Board approving the \$20,000 transfer. It should also be noted that this budget is contingent upon BIA assessment collections. The projected assessment income of \$50,000 is in line with actual collections in the 1998 calendar year to date. However, if next year's assessment collections are less than projected, and there are no excess funds from prior years, the BIA budget would need to be reduced or augmented from the BIA's Capital Fund carryover. The BIA proposed budget is attached as Exhibit B to the Annual Report.

The BIA Advisory Board met on May 14, 1998 to review the attached Annual Report and Budget. The Advisory Board unanimously voted to recommend the attached Annual Report and Budget for FY 1998-99.

Future Actions to Adopt the Annual Levy:

With respect to the remaining actions needed to adopt the BIA charge, State law requires that the City Council adopt a resolution of intention to consider the annual levy. The resolution of intention is attached to this agenda, and if adopted will set the public hearing for June 16, 1998.

Prepared by:



Maret Bartlett, Redevelopment Director

Recommended by:



Sylvia Ehrenthal, Director of Community & Economic Development

Approved by:



Jesús Armas, City Manager

- Attachments: A. BIA Annual Report and Proposed Budget for FY 1998-99
B. Resolution

ATTACHMENT A

DOWNTOWN BUSINESS IMPROVEMENT AREA ANNUAL REPORT AND PROPOSED BUDGET FOR 1998-99

Background:

The Downtown Business Improvement Area (DBIA) was established in 1984. State law requires that an Advisory Board appointed by City Council submit an Annual Report identifying the activities, budget, boundaries and proposed charges to the Improvement Area. The report may propose changes, including such items as the boundaries or benefit zones within the area, the basis and method of levying the charges, and any changes in the classification of businesses. The City Council may approve the report as submitted by the Advisory Board or may modify any particular item contained in the report and approve the report as modified.

Statement of Activities and Accomplishments for Fiscal Year 1997-98:

Fiscal Year 1997-98 is the first year that the DBIA has been administered directly by the City of Hayward. The Hayward Downtown Association, which formerly administered these funds, disbanded as of June 30, 1997. As a result, the DBIA Advisory Board met in late June and early July to consider options for the use of the DBIA funds. The Advisory Board sent out letters to all business owners in the DBIA soliciting their comments in this matter, and inviting them to the July 7, 1997 meeting. The Advisory Board concurred with staff's recommendation to have the City directly administer the banner maintenance and sidewalk steam cleaning contracts. In addition, the Advisory Board voted to recommend a scope of activities for the upcoming year which would emphasize advertising with a variety of media, the production of a merchant newsletter and the production of one to two special events. The scope of activities became the basis for a Request for Proposals, which was sent out at the end of July. The proposals were returned at the end of August, and the four firms which submitted proposals were interviewed by a committee of the Advisory Board. The Advisory Board recommended the advertising and public relations firm of Newsmakers for the contract, and the City Council approved the contract in late October.

Newsmakers began its work in January 1998. The contract is in the amount of \$ 48,000, and provides services throughout calendar year 1998. The Newsmakers Scope of Services is attached to this Report as Exhibit A. In brief, the services covered under this contract include the following. Four quarterly newsletters that provide downtown news stories, feature articles and advertisements of downtown businesses are distributed through the Daily Review to 25,000 subscribers in Hayward and Castro Valley. 2,000 extra copies of the Newsletter are printed for distribution at the City Hall, Mervyns corporate offices and other points downtown. Second, a series of six advertisements promoting downtown shopping and featuring selected businesses are printed in the Daily Review. The ads utilize a seasonal or holiday theme. Finally, the consultant's services include coordinating at least one special event to attract

shoppers into the downtown. The BIA has chosen to sponsor a summer sidewalk sale, to be held on June 27, 1998.

Annual Report for Fiscal Year 1998-99

The Annual Report is required, pursuant to State Law, to address the following six areas:

1. Proposed BIA Boundary Changes during FY 1998-99. The Advisory Board is proposing no changes to the boundaries at this time. The Advisory Board reviewed the current boundaries, which were adopted in 1984, and determined that they are still appropriate with respect to the downtown area, given the scope of activities which are undertaken with BIA Assessments

2. BIA Activities and Improvements:

The proposed BIA activities and improvements for fiscal year 1998-99 are based on staff's continuing administration of the seasonal banner maintenance program and the sidewalk steam-cleaning program. In addition, the activities and budget assume that the contract with Newsmakers will continue until the end of the year. The BIA Advisory Board will review the scope of services this July to determine whether adjustments should be made. For example, interest has been expressed in reviewing the effectiveness of the advertising. Interest has also been expressed in a program to "light up downtown" with decorative white lights at the year-end holiday season. Staff will present options for the BIA Advisory Board to consider in order to carry out this activity in the fall, as funding allows. Finally, the BIA Advisory Board recently voted to set up a committee with interested downtown antique dealers to organize an antique fair in the future.

The BIA Advisory Board plans to evaluate the effectiveness of this program again at the end of the year. If the program appears to be useful, the BIA may recommend to extend the contract with the consultant. Another option for the BIA to consider would be to issue another request for proposals to firms providing these kinds of services. If it appears that the program is not effective or no longer desired by the downtown business community, the BIA Advisory Board may recommend that the remaining funds be used for other activities or improvements.

3. Proposed Budget. The Advisory Board has reviewed the proposed Budget for FY 1998-99 and is recommending approval of the Budget. The Budget is attached to this Report as Exhibit B. The Budget is based upon the existing contract for advertising and promotional services, and increases the funding for special events to \$4,100 in order to allocate additional funds to organize an antiques show. The consultant's contract expires in December. As noted above, if it appears desirable to change the scope of activities for the BIA, corresponding Budget changes would also be presented to the City Council for its consideration.

4. Proposed Method of Charges. As with the current boundaries, the existing method and level of charges in the DBIA was established in 1984 when the district was created. The Board reviewed the current methods and levels of charges and determined that the existing method should not be changed at this time.
5. Contributions from other Sources. Other sources of contributions for FY 1998-99 include \$20,000 from the Hayward Redevelopment Agency. The Agency's funding is designated for sidewalk cleaning and downtown decorations. The Advisory Board is recommending adoption of the proposed Budget for these funds.
6. Closing Statement of the Board.

The Advisory Board also recommends continuance of the Downtown BIA.

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NEWSMAKERS SCOPE OF SERVICES- EXHIBIT A

SERVICES

In consultation with the Advisory Board of the Downtown Business Improvement Area (BIA) the consultant agrees to provide promotional and advertising services in conjunction with the design and implementation of a promotional and advertising campaign for the BIA. These duties will include:

1. The development of professional quality and attractive advertising and marketing graphics.
2. The development and implementation of a twelve month promotional calendar to coordinate newspaper and radio advertising, quarterly newsletters, holiday mailers, and special events.
3. The development and distribution of a newspaper and radio advertising.
4. The development and distribution of a quarterly newsletter.
5. The development and distribution of a holiday mailer.
6. The development and implementation of a special event, and possible tie-ins with other existing Downtown Hayward special events.

TIMELINE FOR COMPLETION

The following is a timeline based on 1998 calendar year:
See attached schedule of advertising.

Advertising in Daily Review	February 6-14	Valentines' Day
Advertising in Daily Review: First newsletter. Camera ready delivered to DR:	April 3-11	Spring Sale/Easter
Advertising in Daily Review	March 16	Appears April 1
Possible radio advertising and tie-in with Cinco de Mayo downtown event	May 1-9	Mother's Day
Advertising in Daily Review	May 2	Special event
Second newsletter. Camera ready delivered to DR: Possible Antique Show	June 26	Summer clearance
Advertising in Daily Review	June 8	Appears June 24
Third newsletter. Camera ready delivered to DR: Holiday mailer. Camera ready delivered to DR: (Fourth newsletter)	June 27 (&28?)	Special event
Advertising in Daily Review	August 28-Sept. 4	Back-to-School
Possible tie-in with existing downtown event	August 10	Appears August 26
Advertising in Daily Review	November 2	Appears November 13
	November 13-27	Holiday Shopping Special Event
	December 2-16	Holiday Shopping

Exhibit B

Downtown Business Improvement Area Budget 98/99

Operating Account	Assessments	Redevelopment	Subtotal
INCOME			
Assessments	50,000	---	
Redevelopment	--	20,000	
TOTAL INCOME	50,000	20,000	70,000
OPERATING EXPENSES			
Banners/Decorations	---	5,500	
Sidewalk Cleaning	---	14,500	
TOTAL OPERATIONS	---	20,000	20,000
ADVERTISING EXPENSES			
Newspaper Advertising	13,600	---	
Ad Preparation	6,500	---	
TOTAL ADVERTISING	20,100	---	20,100
NEWSLETTER EXPENSES			
Newsletter Preparation	1,000	---	
Printing and Distribution	12,800	---	
TOTAL NEWSLETTER	13,800	---	13,800
PROMOTION EXPENSES			
Event	4,100	---	
BIA Contractor Admin.	12,000	---	
TOTAL PROMOTIONS	16,100	---	16,100
TOTAL EXPENSES	50,000	20,000	70,000

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HAYWARD CITY COUNCIL

RESOLUTION NO. _____

Introduced by Council Member _____

**RESOLUTION ACCEPTING ANNUAL REPORT AND
DECLARING INTENTION TO LEVY ANNUAL CHARGES
FOR THE DOWNTOWN HAYWARD BUSINESS
IMPROVEMENT AREA FOR THE FISCAL YEAR 1998-99
AND PROVIDING FOR NOTICE OF HEARING THEREON**

BE IT RESOLVED by the City Council of the City of Hayward, as follows:

1. On September 18, 1984, the City Council established the Downtown Hayward Business Improvement Area pursuant to section 36500 et seq. of the Streets and Highways Code of the State of California, which was commonly known as the Parking and Business Improvement Area Law of 1979 and, as now codified, is commonly known as the Parking and Business Improvement Law of 1989.
2. The Advisory Board for the Downtown Hayward Business Improvement Area prepared an annual report for the fiscal year July 1, 1998, to June 30, 1999, on behalf of the Downtown Hayward Business Improvement Area pursuant to section 36533 of the California Streets and Highways Code, which report, on file in the office of the City Clerk, is hereby accepted by the City Council. Said report may be referred to for the particulars as to the detailed descriptions of improvements and activities to be provided, the charges to be levied, the benefit zones within the area, the proposed charges to be levied on businesses, and the exact boundaries of the area.
3. It is the intention of the City Council to levy and collect the charges within the Downtown Hayward Business Improvement Area for the fiscal year 1998-99 as set forth in the annual report or such report as hereafter modified. The charges may be used for parking facilities serving the area, decoration or music or advertising public events in public places in the area, and to promote business activities in the area. The area is generally described on the map attached hereto as Exhibit "A".

4. Notice is hereby given that Tuesday, June 16, 1998, at the hour of 8:00 p.m., in the regular meeting place of this City Council, 777 B Street, Hayward, California, a hearing will be held on the question of the levy of the proposed charges, at which time written and oral protests may be made in compliance with sections 36524 and 36525 of the Streets and Highways Code.
5. The City Clerk shall cause notice of the hearing to be given by publishing a copy of this resolution in The Daily Review, a newspaper published and circulated in the City of Hayward, at least seven days prior to the date of the hearing specified above.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 1998

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward