



DATE: May 27, 2008
TO: Mayor and City Council
FROM: Director of Community and Economic Development
SUBJECT: Downtown Business Improvement Area Annual Report and Proposed Budget for FY 2009

RECOMMENDATION

That the City Council accepts the attached Annual Report and FY 2009 Budget, and adopts the attached resolution setting a public hearing for June 24, 2008 to consider the Annual Downtown Business Improvement Area levy.

BACKGROUND

Hayward's Downtown Business Improvement Area ("DBIA") was established by the City Council in 1984. The DBIA's purpose is to promote the economic revitalization and physical improvement of the downtown business district and to attract new business to the downtown.

The BIA Advisory Board's Annual Report and budget recommendations are attached to this report as Exhibit A. The Annual Report is mandated by the state enabling legislation. The Annual Report is required to discuss a variety of topics concerning boundaries, levy rates, business classifications, recommended funding from the DBIA levy, and other sources; and also recommends the BIA activities for the upcoming fiscal year.

As outlined in the Annual Report, the proposed BIA activities for FY 2009 include: 1) the production of several downtown promotional events such as Light Up the Season; 2) the maintenance of the BIA's stock of downtown banners, and the replacement of one set of banners; 3) the publication of four BIA newsletters and two newspaper advertising/promotional tabloids; and 4) steam cleaning downtown area sidewalks.

The DBIA's boundaries are shown on Attachment 1 of the Annual Report. This area includes more than 500 holders of Hayward business licenses. Within it are three benefit zones, each with different levy rates. State law requires that levy rates relate to the amount of benefit derived by the businesses being assessed. Zone 1A, which was adopted by City Council in FY 2001-02, is in the

downtown core and has the highest rates, followed by Zone 1 and Zone 2 (see Attachment 1 of the Annual Report).

Over the past year the City Council has expressed a growing concern regarding cleanliness and safety in the downtown area, and this concern has also been voiced by many property owners and businesses in the area. Staff is making plans to visit Alameda and potentially another downtown district with the BIA Advisory Board in the next month, in order to see how clean and safe strategies and promotional activities are undertaken in Hayward's neighboring communities.

The proposed FY 2009 DBIA budget includes an increased amount for sidewalk steam cleaning amounting to almost \$13,000 over the current year. This increased cost would be offset by a \$20,000 proposed increase in the annual Redevelopment Agency contribution to the DBIA. In addition, staff is recommending repairs to hardware and the replacement of one set of the downtown banners, which are becoming worn, at an estimated cost of approximately \$25,000. The DBIA Advisory Board has requested the opportunity to evaluate banner alternatives such as an electronic billboard on B Street and Foothill, historic street signs, or other gateway markers to the downtown. It is proposed that these extra costs be funded from the DBIA funding reserve. The amounts proposed for publications remain the same at an overall \$22,400.

The overall amount proposed by staff for promotional events in the upcoming fiscal year is not changed significantly from FY 2008, although there is some shifting of funds among the events being proposed. The budget for all events in FY 2008 was \$46,000; however, a total of \$48,970 was spent, including \$4,536 for a new event, which was the (Santa Paws) Pet Parade held immediately after Light Up the Season.

In the upcoming year, staff is recommending that the number of Street Parties be reduced from four to three in order to allow for remaining events to be better funded and for more variety in the events. It is also recommended that this year the BIA fund a one-time event celebrating the grand opening of Cinema Place, with start-up costs of \$10,000 and a contingency fund of additional \$10,000. The Board wants to ensure that the Cinema Place opening is an exceptional event that truly celebrates the importance of the theater opening. The theater operator has indicated their intent to host a public celebration along with a charity event and will work with a planning committee of the Board to plan the event.

In order to balance the budget and limit reserve fund expenditures as much as possible, staff is recommending that funding for both the Pet Parade and Light Up the Season be cut by a total of approximately \$9,700. Staff will attempt to achieve additional budget efficiencies, and will seek corporate sponsorships for the Pet Parade and for Light Up the Season event enhancements, such as the skating rink, so that these can be continued. In the event that private sponsorships are not obtained for the Pet Parade and the Light Up the Season enhancements, the BIA Board may re-evaluate whether to recommend additional funding for these activities from BIA reserves.

Finally, it should be noted that the Chamber had proposed a new Art and Wine Festival event this year. However, both staff and the Chamber agree that this year's focused investment should be directed toward promotions surrounding the Cinema Place opening. The Art and Wine Festival event is a worthy idea to consider for future funding.

FISCAL IMPACTS

DBIA assessments are currently expected to remain static at the \$55,000 level in the upcoming fiscal year, although revenues may be exceeded if a significant number of new businesses enter the downtown as a result of the City and Redevelopment Agency's efforts. Staff does not recommend considering an increase in the DBIA levy for the upcoming fiscal year due to the current slow economy. Because of increasing BIA costs, it may be prudent to consider raising the DBIA levies next year, particularly if the downtown area begins to improve as a result of the Cinema Place opening and other new businesses. As previously mentioned, it is proposed that the Redevelopment Agency increase its annual contribution from \$35,000 to \$55,000 in the upcoming budget adoption process to help cover the increased cost of steam cleaning the sidewalks. In addition, \$25,462 are requested from the DBIA reserves, largely in order to cover the capital cost of replacing one of the older sets of downtown banners and making repairs to banner hardware. The DBIA currently has a fund balance of approximately \$124,000.

PUBLIC INPUT

The BIA Advisory Board met on May 7 and again on May 14, 2008 to consider the draft Annual Report and proposed FY 2009 budget. On May 14, 2008, a quorum of the BIA Advisory Board adopted a motion approving the proposed Annual Report with the changes as noted above.

Staff will work with DBIA board members over the course of the new fiscal year to evaluate the allocation of the DBIA budget for promotions, communications, and clean and safe strategies. The challenge is how to best allocate limited funds so that the downtown is viewed as a clean and safe place and that promotional activities increase the number of people coming downtown for events, and ultimately for shopping dining and entertainment. In addition, staff will work with the BIA Advisory Board in the upcoming year to consider an increase in the DBIA levy for 2010.

NEXT STEPS

The attached resolution sets a public hearing date of June 24, 2008 to consider the 2009 DBIA Levy.

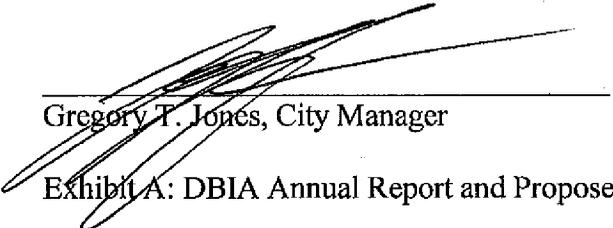
Prepared by:


Maret Bartlett, Redevelopment Director

Recommended by:


Susan J. Daluddung, Director of Community and Economic Department

Approved by:



Gregory T. Jones, City Manager

Exhibit A: DBIA Annual Report and Proposed Budget for FY 09

EXHIBIT A

DOWNTOWN BUSINESS IMPROVEMENT AREA ANNUAL REPORT AND PROPOSED BUDGET FOR FY 2009

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 assessments to businesses within 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 (See Attachment 1: Business Improvement Area Zone)

STATEMENT OF ACTIVITIES AND ACCOMPLISHMENTS FOR FISCAL YEAR 2008:

The DBIA's activities during the current fiscal year were funded by Business Improvement Area assessments, contributions from the Redevelopment Agency, and fund balance reserves from prior fiscal years. As in the past, more than half of the budget was spent on downtown promotions, with the balance spent on sidewalk steam cleaning and communications to DBIA members. Downtown promotions include: banners, "Summer Street Parties", The Santa Paws Parade", and "Light Up The Season" activities (see Attachment 2).

Over the past year, implementation of the "Retail Attraction Program" has resulted in increased communications with downtown property and business owners, who have requested an increased focus on "safe and clean" strategies downtown. As a result of these communications, funds were taken from the DBIA reserves to pay for additional sidewalk steam cleaning in the downtown core (B Street from Foothill to Watkins). Staff will continue to work with DBIA members to evaluate the most effective methods to address clean and safe strategies and promotional efforts to attract potential customers to the downtown.

The sources of funding and expenditures for the fiscal year 2008 were:

FY 2008 BIA Budget

Revenues	Proposed	Actual
BIA Assessments	\$55,000	\$55,000
Redevelopment Agency Contribution	\$35,000	\$35,000
Reserve Funds	\$ 5,000	\$11,295
Total Revenues:	\$95,000	\$101,295
Budget		
Summer Street Parties	\$24,000	\$24,000
“Light Up The Season”	\$22,000	\$24,971
Banners – Maintenance & Rotation	\$13,600	\$13,600
Publications	\$22,400	\$22,400
Sidewalk Cleaning	\$13,000	\$16,325
Total Expenses	\$95,000	\$101,296

ACTIVITIES AND ACCOMPLISHMENTS FOR FISCAL YEAR 2008:

All major activities planned for FY 2008 have been, or are anticipated to be, accomplished by the end of the fiscal year and include the following:

- **Summer Street Parties:** Approximately 6,000 persons attended each of these Thursday night events, which were held in June, July, August, and September.
- **Light Up The Season:** Approximately 2,000 persons attended this annual event to “kick-off” the holiday shopping season. This event repeated last year’s staging of the activities and various performances inside various businesses, to allow the event to carry on regardless of weather conditions. The annual tree lighting was moved from Newman Park to the City Hall rotunda, which was filled to capacity with event participants. A synthetic ice rink was well received by children, who kept the rink at its maximum capacity the whole evening.

The Santa Paws Parade, an add-on to Light Up The Season, was held on Saturday, December 8, 2007, and featured 99 dogs as well as other pets, with the majority of owners coming from Hayward and neighboring cities of Castro Valley, San Leandro, and San Lorenzo. It is proposed that this event should be continued in FY 09, but held in October 2008 rather than December in order to provide a more balanced schedule of downtown events. The event, as well as the downtown, benefited from media sponsorship provided by Wolf Radio that provided hourly event commercials.

- **Banners:** Maintenance and seasonal rotation of the downtown banner stock.
- **Publications:** Included four newsletters mailed to all DBIA members; two tabloids published during the year to promote the Light Up The Season celebration; and the Summer Street Parties.
- **Sidewalk Cleaning:** Sidewalks in the entire BIA area are steam cleaned once annually in June. The sidewalks in the downtown core (Zone 1A) are steamed cleaned twice a year.

In response to downtown property and business owners requesting improved environmental conditions downtown, steam cleaning on B Street from Foothill to Watkins was increased to three times per week (two hours per visit). During this time, steam cleaners focus on heavily soiled sidewalks particularly around benches and locations where people tend to congregate. The vendor also (at no charge) steam cleaned all the black decorative garbage cans.

The Annual Report addresses the following six topic areas:

1. PROPOSED BIA BOUNDARY CHANGES DURING FY 2009

The Advisory Board is proposing no changes to the boundaries at this time.

2. STATEMENT OF PROPOSED BUDGET AND ACTIVITIES, FOR FY 2009

The DBIA’s activities for fiscal year 2009 will be funded through annual business improvement area assessments, a contribution from the Redevelopment Agency, and a transfer of DBIA reserve funds. The proposed budget for fiscal year 2009 is as follows:

FY 2009 Proposed BIA Budget

Revenues	
BIA Assessments	\$ 55,000
Redevelopment Agency Contribution	\$ 55,000
Reserve Funds	\$ 25,462
Total Revenues:	\$135,462
Expenses	
Summer Street Parties	\$ 21,000
Cinema Place Opening*	\$ 10,000
Howl-O-Ween Parade	0
“Light Up The Season”	\$ 16,824
Banners – Maintenance & Rotation, New Hardware, & New Banners	\$ 38,293
Publications	\$ 22,400
Sidewalk Cleaning	\$ 26,945
Total Expenses	\$ 135,462

DBIA Assessments are expected to remain at the same level in FY 2009 as in the current year. In order to cover the cost of increased steam cleaning, the Redevelopment Agency’s annual contribution is proposed to be increased from \$35,000 to \$55,000 in FY 2009. Funding in the amount of \$26,945 from the DBIA Reserve is also recommended in order to cover increased program expenses, and an additional amount up to \$10,000 is recommended to be allocated from the Budget reserve for the Cinema Place opening, as needed.

PROPOSED ACTIVITIES FOR FISCAL YEAR 2009:

Summer Street Parties **\$21,000**
Cinema Place Opening **\$10,000**

The Summer Street Parties are organized by the Hayward Chamber of Commerce under contract to the DBIA. Based on informal feedback from participants and some vendors, it was concluded that the Street Parties could benefit from a “make-over”. In order to increase the number of people attending the event, including families with children, entertainment and vendor offerings need to be enhanced. In response, the Chamber has agreed to eliminate one of the summer street parties (September), and to potentially replace it in future years with a September Art & Wine Festival. An Art & Wine Festival could not only provide some variation to the summer events, but could be used to showcase the local arts community. In an effort to balance the budget and limit reserve fund expenditures as much as possible, staff is recommending that the Art & Wine Festival be delayed until next year.

This year, the Chamber has proposed to produce an event for the grand opening of Cinema Place in late October or early November 2008. Given the importance of this new retail center for downtown, the extra funding for this one-time event is recommended. The theater-operator has also indicated their intent to host a public celebration along with a charity event and will work with a planning committee of the Board to plan the event. However, in order to ensure the event’s success, the Board has recommended that \$10,000 be budgeted at this time for the Cinema Place opening event, and that an additional amount up to \$10,000 be held in reserve if necessary to ensure the event’s success.

Howl-O-Ween Pet Parade **\$0**

In order to limit the amount of funds transferred from the reserve fund it is recommended that this event not be funded. However, the Volunteers of the Animal Shelter will seek private and corporate donations to cover event costs. Given the success of last year’s Santa’s Paws Parade they expect to double the number of pets participating in the parade and in anticipation of this would also like to expand the parade route. Staff anticipates that a continued media partnership with the Wolf Radio station will give increased visibility to the parade and Downtown Hayward.

“Light Up The Season” **16,824**

This event takes place the first Thursday evening after Thanksgiving Day with merchants hosting the festivities and entertainment in their stores. Estimated attendance is 2000 persons. Last year’s event benefited from event enhancements, including the small skate rink that was filled to capacity, however, in order to balance the budget and minimize the draw on BIA reserves, staff is recommending that this year’s funding be reduced from \$24,971 (actual costs) to \$16,824 and efforts be made to generate corporate sponsorship to reduce the costs to the DBIA.

Banners Rotation, Maintenance& Replacement **\$38,293**

At least one set of the banners require replacement, and banner hardware in many locations is broken, missing or in need of repair. The cost of hanging seasonal banners (\$13,600) remains the same, however, it is estimated that approximately \$20,000 would be needed to replace a set of banners, and \$4,693 to replace the needed hardware. While

the DBIA Advisory Board recommends a budget for banner replacement this year, they would also like the opportunity to evaluate banner alternatives such as an electronic billboard on B Street and Foothill, historic street signs or other gateway markers to the downtown.

Publications

\$22,400

This budget category includes the four newsletters that are mailed to businesses in the DBIA. In addition, there are two tabloids published during the year in the Daily Review to promote downtown events. One is published for Light Up The Season and the second will be published to kick off the Summer Street Parties. The budget for this line item is \$22,400. It is proposed that DBIA businesses be surveyed to determine if newsletters are the most effective method for informing them of activities in the downtown.

Sidewalk Cleaning

\$26,945

As noted, the downtown sidewalks are pressure washed in late spring throughout the downtown with a second cleaning in early fall along B Street between Watkins Street and Foothill Boulevard. The budgeted amount provides for additional steam cleaning in the downtown core (B Street from Foothill to Watkins) three times a week which includes the steam cleaning of the black decorate garbage cans every three months, and painting of the garbage can tops.

3. PROPOSED BUDGET EXPENDITURES 2009

As noted above the total proposed budget for FY 2009 is \$135,462.

4. PROPOSED METHOD AND BASIS FOR LEVYING DBIA ASSESSMENTS

The DBIA zones and levy (fee structure) are indicated on Attachment 1 of this report. No changes are proposed at this time.

5. CONTRIBUTIONS FROM OTHER SOURCES

Other proposed sources of contribution for FY 2009 include a transfer from the DBIA budget reserve of \$24,462 and an increase in the Agency's contribution from \$35,000 to \$55,000. It is recommended that the DBIA Board evaluate how other downtown associations address clean and safe issues, promotions, and communications with members, so future budgets do not continue to rely on transfers from the DBIA budget reserve and increased contributions from the Redevelopment Agency.

6. CLOSING STATEMENT OF THE BOARD

The DBIA Advisory Board is looking forward to continued progress and cooperation with the downtown merchants and the City in the upcoming year, and will take the next program year to evaluate ways to best deliver clean and safe strategies and downtown promotions within the DBIA.

Attachment 1: DBIA Zones and Fee Structure

Attachment 2: DBIA Allocation of Funds

**THE REFERENCED EXHIBIT(S) IS/ARE
ATTACHED AS A SEPARATE LINK**

BIA FEE STRUCTURE

All businesses classified as PROFESSIONAL SERVICE AND MISCELLANEOUS NON-RETAIL which are located in **Zone 1A** shall pay a flat fee of \$125.00 per year. **Zone 1** is a flat fee of \$75.00 per year.

All businesses classified as FINANCIAL which are located in **Zone 1A** shall pay a flat fee of \$325.00 per year. **Zone 1** is a flat fee of \$200.00 per year.

All businesses classified as PROFESSIONAL SERVICE AND MISCELLANEOUS NON-RETAIL which are located in **Zone 2** shall pay a flat fee of \$75.00 per year.

All businesses classified as FINANCIAL which are located in **Zone 2** shall pay a flat fee of \$200.00 per year.

All businesses classified as RETAIL shall pay an assessment based on the following gross receipts schedule:

<u>GROSS RECEIPTS</u>	<u>ZONE 1A</u>	<u>ZONE 1</u>	<u>ZONE 2</u>	<u>GROSS RECEIPTS</u>	
Less than \$100,000	\$145.00	\$120.00	\$ 90.00	\$400,001 - \$ 500,000	\$355.00
\$100,001 - \$150,000	\$175.00	\$150.00	\$115.00	\$500,001 - \$ 750,000	\$425.00
\$150,001 - \$200,000	\$205.00	\$180.00	\$135.00	\$750,001 - \$1,000,000	\$495.00
\$200,001 - \$300,000	\$255.00	\$230.00	\$175.00	\$1,000,001 and up	\$525.00 \$400.00
\$300,001 - \$400,000	\$305.00	\$280.00	\$210.00		

**THE REFERENCED EXHIBIT(S) IS/ARE
ATTACHED AS A SEPARATE LINK**

DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. 08-

Introduced by Council Member

Mul
5/20/08

RESOLUTION ACCEPTING ANNUAL REPORT AND
DECLARING INTENTION TO LEVY ANNUAL CHARGES
FOR THE DOWNTOWN HAYWARD BUSINESS
IMPROVEMENT AREA FOR THE FISCAL YEAR 09 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, 2008 to June 30, 2009, 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 09 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 24, 2008, 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 _____, 2008

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:
MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward