



# City of Sacramento City Council

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42

**Meeting Date:** 6/21/2011

**Report Type:** Discussion

**Title:** Handle Business Improvement District No. 2011-04 (Noticed on 5-31-11)

**Report ID:** 2011-00201

**Location:** District 3

**Recommendation:** Conduct a public meeting regarding the proposed formation of the Handle Business Improvement District No. 2011-04.

**Contact:** Brian Wong, Program Specialist, (916) 808-5778, Finance Department; Mark Griffin, Program Manager, (916) 808-8788, Finance Department

**Presenter:** Brian Wong, Program Specialist, (916) 808-5778, Finance Department

**Department:** Finance

**Division:** Public Improvement Finance

**Dept ID:** 06001321

## **Attachments:**

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- 1-Description/Analysis
- 2-Background
- 3-Schedule of Proceedings

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### **City Attorney Review**

Approved as to Form  
Jeffrey C. Heeren  
6/14/2011 11:18:15 AM

### **City Treasurer Review**

Prior Council Financial Policy Approval or  
Outside City Treasurer Scope  
Russell Fehr  
6/3/2011 5:01:04 PM

### **Approvals/Acknowledgements**

Department Director or Designee: Leyne Milstein - 6/13/2011 4:16:28 PM

Assistant City Manager: Patti Bisharat - 6/13/2011 5:13:44 PM

## Description/Analysis

**Issue:** The business owners within the Handle District have proposed to form the Handle Business Improvement District (District) with a five-year term.

Administration of the District will be a cooperative effort between the City and a third-party administrator contracted by the District board, the responsibilities of which are delineated in the background section of this report. The structure will promote the most effective and efficient operation of the District. The formation of future Business Improvements Districts (BIDs) will follow the same structure as the formation of the District, with a third-party administrator contracting with the respective district board, and the City having only essential responsibilities.

On May 24, 2011, City Council (Council) approved the Resolution of Intention and set June 21, 2011, and July 12, 2011, as the dates for the public meeting and public hearing, respectively, for the proposed formation of the District.

The public meeting is a venue for affected business owners in the proposed District to protest the formation proceedings of the District. No formal action will be taken by City Council subsequent to the conclusion of the public meeting.

**Policy Considerations:** The proceedings under which the District is proposed to be formed are set forth in Sections 36600 to 36671 of the California Streets and Highways Code, entitled “Property and Business Improvement District Law of 1994” and Government Code section 54954.6. The District will provide services to promote clean and safe programs, security patrols in coordination with local law enforcement, District signage to promote awareness of businesses in the District, landscaping and lighting maintenance and improvements, and various other services – all in an effort to increase business revenue of businesses in the District.

### Environmental Considerations:

**California Environmental Quality Act:** Under CEQA guidelines, initiation of a BID does not constitute a project and is therefore exempt from review.

**Sustainability:** There are no sustainability considerations applicable to the formation or renewal process and administration of an assessment district.

**Commission/Committee Action:** None

**Rationale for Recommendation:** The action in the Recommendation section of the report is required by the California Streets and Highways Code Part 7 (beginning with

Section 36600) of Division 18 associated with the formation of a BID and to satisfy requirements as set forth in Government Code section 54954.6.

**Financial Considerations:** Financing will be provided by the levy of assessments upon businesses that benefit from improvements and services. Food and beverage businesses will be assessed 1.5% of gross sales, excluding alcohol sales. Retail businesses with under \$100,000 in gross annual revenue will be assessed a flat assessment of \$25 per month, while Retail businesses with \$100,000 or more in gross annual revenue will be assessed a flat assessment of \$50 per month. Business classification as “food and beverage” or “retail” shall be based on the primary business activity of each business. New businesses which open during the term of the District shall not be exempt from assessment. The assessment rates associated with new businesses shall be determined utilizing the most current quarterly gross sales information to extrapolate the respective annual assessment amount.

The District will not issue bonds. The total District assessment budget in the first year of operation is estimated to be \$200,000. The District will receive approximately \$187,500 for operations (inclusive of \$45,000 to be used by the District to pay the third-party administrator and District consultant). The remaining \$12,500 will be initially retained by the City to cover City administrative costs. The annual operating budget for the District will be adjusted to reflect the Council approved assessments and expenditure plans.

**Emerging Small Business Development (ESBD):** City Council approval of these proceedings is not affected by City policy related to the ESBD Program.

## BACKGROUND

The proposed Handle Business Improvement District (District) will be a Business Improvement District formed by the business owners to fund services such as security programs, landscaping and lighting maintenance, and image enhancement within the boundaries of the District. The District is comprised of approximately 28 businesses.

These services are concentrated within a geographic area and are paid for by means of a special assessment on benefited businesses.

Business Improvement Districts (BIDs) are formed pursuant to California's "Property and Business Improvement District Law of 1994" (PBID Law). Assessments of BIDs be are not secured by real property but are a lien on the business themselves. Billings will be hand billed by a third party administrator on a monthly basis.

The District will deliver services to all restaurant and retail businesses available for public occupancy within and around the boundaries of 18<sup>th</sup> Street, 19<sup>th</sup> Street, L Street, and Capitol Avenue.

The City will work closely with a third-party administrator in the assessment administration of the District with responsibilities delineated as follows.

### Third-party administrator will have the following responsibilities:

- Under a confidentiality clause in the third-party contract, analyze gross sales information of each food and beverage business in the District to determine an applicable assessment for each business.
- Forward gross sales information under the confidentiality clause to the City.
- Prepare District assessment invoices (hand bills).
- Process payment information received from the City for the preparation of collection/delinquency detail reports for the City.
- Initiate limited scope delinquency collection services.

### The City will have the following responsibilities:

- Provide third-party administrator with applicable assessment rate for each business in the District.
- Collect assessment payments and post deposits in the City's cashiering system.
- Remit payment information to the third-party administrator.
- Forward delinquent accounts received from third-party administrator to the City's collection agent.
- Review and approve the selection by the Board of a third-party administrator.

The structure will promote the most effective and efficient operation of the District.

It is recommended that this District serve as a model for the formation of future BIDs formed under the PBID Law.

### **Subsequent Events**

On May 24, 2011, City Council approved the Resolution of Intention and set June 21, 2011 and July 12, 2011, respectively, as the dates for the public meeting and public hearing.

The Joint Notice of Public Meeting and Public Hearing was mailed to known business owners in the proposed District on May 31, 2011.



**SCHEDULE OF PROCEEDINGS  
HANDLE BUSINESS IMPROVEMENT DISTRICT NO. 2011-04**

November 1, 2010	Petition Drive Kick-off
April 20, 2011	Receive Signed Petitions
May 24, 2011	Resolution of Intention – City Council
May 31, 2011 *	Mail Notices of Public Meeting and Public Hearing

<b>June 21, 2011</b>	<b>Public Meeting – City Council</b>
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July 12, 2011 *	Public Hearing – City Council
August 2011 **	Record Notice of Assessment
September 2011 **	Third-Party Administrator begins billing business owners for Handle BID assessment

\* As result of additional time that was necessary to confirm the identity of known businesses in the proposed Handle BID, the mail out of notices occurred on May 31, 2011 as compared to May 26, 2011 initially scheduled. In order to comply with minimum noticing requirements as mandated by State law, the Public Hearing will be on the Council agenda for July 12, 2011, but will be continued to July 19, 2011.

\*\* These two events will take place only if the Handle BID does not achieve a majority protest.