

Meeting Date: 8/13/2013

Report Type: Consent

Report ID: 2013-00163

Title: Fiscal Year (FY) 2013-14 Handle Business and Improvement District (District) Annual Proceedings

Location: District 4

Issue: State law requires that business improvement districts (BIDs), formed under the Property and Business Improvement District Law of 1994, file an annual report describing the proposed assessment, establishing a budget and levying the assessment on businesses that benefit from BID services.

Recommendation: Pass a Resolution 1) approving the District Annual Report; 2) amending the budget as necessary; and 3) levying an assessment for FY 2013-14.

Contact: Sheri Smith, Program Specialist, (916) 808-7204; Mark Griffin, Program Manager, (916) 808-8788, Department of Finance

Presenter: None

Department: Finance

Division: Public Improvement Finance

Dept ID: 06001321

Attachments:

1-Description/Analysis

2-Resolution

City Attorney Review

Approved as to Form
Gerald Hicks
7/31/2013 9:05:44 AM

City Treasurer Review

Reviewed for Impact on Cash and Debt
Janelle Gray
7/19/2013 2:48:28 PM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 7/24/2013 9:29:18 AM

Description/Analysis

Issue: The business owners within the boundaries of the Handle Business Improvement District (District) petitioned the City of Sacramento (City) to establish the District to assess business income in order to provide marketing, maintenance, and other services to increase restaurant and retail sales within the District. On July 19, 2011, City Council approved formation of the District.

The District was formed under the Property and Business Improvement Law of 1994, which requires that an Annual Report (Report) be filed with the City Clerk for City Council approval. The Handle District Advisory Board has prepared the Report for FY 2013-14, which is on file with the Public Improvement Financing Division of the Department of Finance, which the City Clerk has designated as the custodian of such records. The Report addresses the proposed budget, assessment, and services to be provided.

The Report does not change the scope of services or any other aspect of the District's legal structure as established in the Management District Plan approved at the formation of the District.

Approval of the attached Resolution will authorize the City to levy and collect assessments in the amount sufficient to provide funding for services such as security, maintenance, economic development, and image enhancement for FY 2013-14, and to establish the associated budget.

Policy Considerations: The District provides services to promote a clean and safe environment for visitors and patrons including security patrols in coordination with local law enforcement, District signage, maintenance services, and landscaping and lighting improvements. The District also provides advertising and marketing services, coordinates special events, and promotes the District in an effort to increase patronage to assessed businesses.

Economic Impacts: This report does not have direct economic impacts.

Environmental Considerations

California Environmental Quality Act (CEQA): Under CEQA Guidelines, administration and annual proceedings do not constitute a project and are therefore exempt from review.

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

Committee/Commission Action: None.

Rationale for Recommendation: The actions in the recommended resolution are required by the California Streets and Highways Code Part 7, (beginning with Section 36600) of Division 18.

Financial Considerations: The District is self-supporting and has no impact to the General Fund. Financing is provided by the levy of assessments upon businesses that benefit from the improvements and services. The District does not plan to issue bonds.

The operating budget for the District, which will fluctuate with market conditions and retail sales, will be adjusted annually to reflect Council approved assessments and expenditure plans.

Budget details are provided in the attachments to the Resolution.

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

RESOLUTION NO.

Adopted by the Sacramento City Council

APPROVING THE ANNUAL REPORT FOR THE HANDLE BUSINESS IMPROVEMENT DISTRICT AND LEVYING ASSESSMENT FOR FISCAL YEAR (FY) 2013-14

BACKGROUND

- A. On July 19, 2011, City Council approved formation of the Handle Business Improvement District No. 2011-04 (District), depicted in Exhibit A, for a five-year term commencing in October 2011. The business owners within the boundaries of the District petitioned the City of Sacramento to establish the District in order to provide services and improvements intended to increase restaurant and retail sales within the District
- B. The City Council established the District under the Property and Business Improvement District Law of 1994 (California Streets and Highway Code, Sections 36600 to 36671) (PBID Law) and has previously levied assessments on businesses in the District to pay for improvements and services to be provided within the District, in accordance with the PBID Law.
- C. Expenditures of assessment revenues provide for the following improvements and services within the District, all of which are intended to make the District safer, cleaner, and increase the commercial activity: (1) Security services are provided to complement existing security provided by City Police; (2) Lighting, landscaping, and signage; and 3) Image enhancement through events, marketing and advertising, to promote a vibrant commercial center. All services are as defined within the Annual Report and by reference made a part of this resolution. The Annual Report is separately bound and on file with the Public Improvement Financing Unit, which the City Clerk has designated as the custodian of such records.
- D. There is no change in the rate or methodology of assessment from the prior year.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1 The City Council finds and determines that the background statements A through D are true.
- Section 2 The City Manager is authorized to make any necessary budgetary adjustments associated with the District budget for FY 2013-14 as shown on Exhibit B.
- Section 3 The annual budget and assessments as set forth in the FY 2013-14 Annual Report are authorized.

Section 4 Exhibits A and B are part of this resolution.

Table of Contents:

Exhibit A: District Map

Exhibit B: FY 2013-14 District Budget & Business Assessment

Exhibit B

HANDLE (FUND 2241) PROPERTY AND BUSINESS IMPROVEMENT DISTRICT FY 2013-14 DISTRICT BUDGET & BUSINESS ASSESSMENT

Resources

| | |
|--------------------------|----------------------|
| Assessment Revenues | \$ 190,000.00 |
| Formation Cost Repayment | \$ (7,500.00) |
| Delinquencies | \$ (10,000.00) |
| Total Resources | \$ 172,500.00 |

Expenses

| | Amount Allowed per MDP | | Handle Budget |
|-------------------------------------|------------------------|-------------|---------------------|
| | Percent | Budget Max | |
| Programs - Clean and Safe | 45% | \$77,625.00 | |
| Maintenance | | | \$ 12,000.00 |
| Maintenance equipment/supplies | | | \$ 8,600.00 |
| Improvement Projects | | | \$ 32,025.00 |
| C&S Program Admin & Contingency | | | \$ 25,000.00 |
| | | | \$ 77,625.00 |
| Marketing, Advertising, and Events | 35% | \$60,375.00 | |
| Events | | | \$ 35,000.00 |
| Web and Social Media | | | \$ 5,000.00 |
| Other Marketing and Advertising | | | \$ 5,000.00 |
| MAE Admin & Contingency | | | \$ 15,375.00 |
| | | | \$ 60,375.00 |
| Assessment Collection & BID Renewal | 10% | \$17,250.00 | |
| Collection Contract | | | \$ 7,500.00 |
| BID Renewal Contract/Contingency | | | \$ 9,750.00 |
| | | | \$ 17,250.00 |
| Office Admin and Operations | 10% | \$17,250.00 | |
| Staff | | | \$ 10,000.00 |
| Insurance | | | \$ 3,200.00 |
| Accounting/Taxes | | | \$ 2,000.00 |
| General | | | \$ 2,050.00 |
| | | | \$ 17,250.00 |

Total Expenses **\$ 172,500.00**

Estimated Ending Fund Balance \$0.00

Business Assessment

Annual assessment rates are as follows: food and beverage businesses shall be assessed 1.5% of gross sales, excluding alcohol sales and certain items as described in Section V of the Management District Plan (MDP), on file with the Public Improvement Financing Unit, designated by the City Clerk as the custodian of such records. Retail businesses with under \$100,000 in gross annual revenue will be assessed a flat assessment of \$25 per month. 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. The business classification and the gross sales will be determined from the Business Operations Tax filings with the City of Sacramento. Certain sales shall not be included for purposes of the assessment as described in Section V of the MDP.

New businesses opening during the term of the District shall not be exempt from assessment. New businesses' assessment rates shall be determined by utilizing the most current quarterly gross sales information to extrapolate the annual assessment amount.