



REPORT TO COUNCIL

City of Sacramento

31

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

STAFF REPORT
May 23, 2006

Honorable Mayor and
Members of the City Council

Subject: Administration of Del Paso Boulevard Business Improvement Area funds

Location/Council District: Council District 2

Recommendation:

Adopt a Resolution: 1) authorizing the City Manager to advise the North Sacramento Chamber of Commerce that the City of Sacramento has elected not to renew its agreement with the Chamber to administer the Del Paso Boulevard Business Improvement Area funds, and 2) directing the City Manager to negotiate an agreement with the Del Paso Boulevard Partnership to administer the Del Paso Boulevard Business Improvement Area funds.

Contact: Brad Wasson, Revenue Manager, (916) 808-5844

Presenters: Brad Wasson, Revenue Manager, (916) 808-5844 and Sini Makasini, Administrative Analyst, Development Services, 808-7967

Department: Finance

Division: Revenue

Organization No: 1121

Summary:

Businesses in the Del Paso Boulevard area have created two separate funding mechanisms, the Del Paso Business Improvement Area (BIA) and the Del Paso Boulevard Property Business Improvement District (PBID), to promote and improve business in the area. For the BIA, the fees are paid to the City by the businesses and administered by the North Sacramento Chamber of Commerce. For the PBID, the fees are paid by the property owners to the County and administered by the Del Paso Boulevard Partnership. To improve efficiencies and accountability in promoting this area, staff recommends the Mayor and the City Council designate the Del Paso Boulevard Partnership as a single entity to administer these funds.

Committee/Commission Action: None.

Background Information:

In 1987, a group of businesses in the Del Paso Boulevard area created the Del Paso Boulevard Business Improvement Area (BIA) and elected to assess themselves fees to promote and improve business in the area. These fees, which are paid directly by the businesses in the area, are collected in conjunction with the City's collection of the Business Operations Tax. Currently, the City has an agreement with the North Sacramento Chamber of Commerce (Chamber) to administer the funds for the area.

In 2005, property owners in approximately the same boundaries as the BIA wanted more promotional activities in the area and formed a Property Business Improvement District (PBID). Fees for the PBID are collected from the property owners. The Del Paso Boulevard Partnership (Partnership) was incorporated to administer these fees.

Although the funding mechanisms are different, the goals of the BIA and the PBID are the same - improving business in the Del Paso Boulevard area. To improve efficiencies and accountability, it is appropriate to have the fees collected for both the BIA and the PBID administered by a single entity. Further, having both of the fees administered by a single agency maximizes the utilization of the resources toward the common goal of improving this area. The primary purpose for the creation Partnership was to serve as the legal entity to accept and administer the PBID fees. Consequently, the Partnership becomes the best entity to administer the BIA fees as well.

The agreement between the City and the Chamber to administer the BIA is automatically renewed annually on July 1st. In accordance with the agreement, either party can terminate the contract with a written thirty (30) day notice. The attached resolution directs the City Manager to advise the Chamber that the City has elected not to renew its agreement with the Chamber to administer the BIA. Additionally, the City Manager is directed to negotiate an agreement with the Partnership to administer the BIA funds.

Financial Considerations:

For FY 2006-2007, the projected annual budget for the BIA is \$43,000. The BIA fees are paid directly by the area businesses as part of the Business Operation Tax and collected by the City. Governments are exempt from this fee. For 2006-2007, the projected annual budget the PBID is \$210,000. The fees collected for the PBID are paid by the property owners in the area including the City of Sacramento. For FY 2006-2007, the City will pay \$36,000 to the PBID.

Staff recommendation to have the Partnership administer the funds for the BIA will not have a financial impact to the City budget.

Environmental Considerations:

Not applicable.

Policy Considerations:

The staff recommendation is consistent with the Mayor and City Council strategic planning focus to promote economic development in the City of Sacramento.

Emerging Small Business Development (ESBD):

No goods or services are being purchased.

Respectfully Submitted by: Walker Black
for
Brad Wasson
Revenue Manager

Approved by: Russell Fehr
Russell Fehr
Director of Finance

Recommendation Approved:

Ray Kerridge
Ray Kerridge
City Manager

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RESOLUTION NO.

Adopted by the Sacramento City Council

May 23, 2006

DEL PASO BOULEVARD BUSINESS IMPROVEMENT AREA: ELECTION NOT TO RENEW BUSINESS IMPROVEMENT AREA AGREEMENT, AND AUTHORIZATION TO ENTER INTO A NEW AGREEMENT WITH DEL PASO BOULEVARD PARTNERSHIP

BACKGROUND:

- A.** In 1987, the City Council established the Del Paso Boulevard Business Improvement Area ("the BIA") in accordance with the predecessors of the Parking and Business Improvement Area Law of 1989 ("the 1989 Act") and Sacramento City Code chapter 3.108 ("Chapter 3.108"). The BIA's purpose is to levy an assessment on businesses within the BIA, the revenues of which will fund the activities and improvements described in Chapter 3.108.
- B.** Chapter 3.108 authorizes the City Council to contract for the administration of the BIA with an entity that, in the City Council's opinion, is capable of representing the interests of businesses within the BIA, has general objectives that are consistent with the purposes of Chapter 3.108, and will provide the resources to achieve those objectives effectively.
- C.** On July 16, 1987, the City Council contracted with the North Sacramento Chamber of Commerce for administration of the BIA. This agreement provides for successive one-year terms (from July 1 to June 30) unless one party notifies the other party, at least 30 days before the end of the current term that the agreement will not be renewed.
- D.** The area of the BIA overlaps the area of the recently formed Del Paso Boulevard Property and Business Improvement District (the PBID). To administer the PBID, the city has contracted with the Del Paso Boulevard Partnership, a non-profit corporation.
- E.** The City Council has decided not to renew the agreement with the North Sacramento Chamber of Commerce. Instead, in the interest of coordinating the administration of the BIA and the PBID, and to achieve efficiency, the City Council believes that one organization, the Del Paso Boulevard Partnership, should administer both the BIA and the PBID.

BASED ON THE FOREGOING RECITALS, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The City Council finds and determines that the facts set forth above in the Background are true.

Section 2. The City Manager is directed to notify the North Sacramento Chamber of Commerce, in accordance with section 9 of the 1987 agreement for administration of the BIA, that the City has elected not to renew the agreement for another year. Thus, the term of that agreement will end on June 30, 2006.

Section 3. The City Manager is further directed to negotiate, on the City's behalf, a new agreement for administration of the BIA. The new agreement is to have a term beginning July 1, 2006.

Section 4. The City Council finds and determines that Del Paso Boulevard Partnership is capable of representing the interests of businesses within the BIA, has general objectives that are consistent with the purposes of Chapter 3.108, and will provide the resources to achieve those objectives effectively. Accordingly, the City Manager is authorized to sign the new agreement on the City's behalf (and thus need not bring the new agreement back to the City Council for approval) so long as the new agreement is with Del Paso Boulevard Partnership and is on terms substantially similar to those set forth in Exhibit A to this resolution.

Section 5. Exhibit A is part of this resolution.

REVENUE
No. Del

Exhibit A
to the Resolution

BUSINESS IMPROVEMENT AREA ADMINISTRATION AGREEMENT

THIS AGREEMENT is made and entered into between the CITY OF SACRAMENTO, a municipal corporation, hereinafter called "City", and the North Sacramento Chamber of Commerce, a California nonprofit corporation, hereinafter called "Chamber".

WHEREAS there was formed and established by the City, pursuant to Ordinance No. 87-056, the "Del Paso Boulevard Business Improvement Area of the City of Sacramento" under the authority of the Parking and Business Improvement Area Law of 1979, and

WHEREAS under the terms of the said Ordinance an additional charge is levied on businesses in the said Area for the purpose of promoting business activity therein, and

WHEREAS such purpose can best be served by an organization having available the resources, expertise and time, and reflecting the said Area's point of view, so as to facilitate the planning for, and the day-to-day administration and implementation of the said Area's activities to effectively carry out the purposes of the Ordinance, and

WHEREAS the City finds that the Chamber best meets these qualifications,

NOW THEREFORE, in consideration of the mutual covenants and promises herein contained, the parties hereto agree as follows:

1. City agrees that it will provide the President or other designated officer of the Chamber in writing upon the execution hereof, and no later than May 31 of each year thereafter, with an estimate of anticipated receipts of the said tax expected to be collected from the Area for the following fiscal year from July 1, through June 30.

2. Chamber agrees that based on such estimate it shall prepare and submit to the City Council, no later than July 1 of each year, a report setting forth

CITY AGREEMENT NO.

in general terms the planned activities, programs and events, and the estimated expenditures therefor, for the ensuing year. After acceptance of such report by the City Council, the City agrees to disburse said charge receipts from the "Del Paso Boulevard Business Improvement Area Fund" to the Chamber as hereinafter set forth.

3. Chamber agrees that at the conclusion of the first year of its services hereunder, and thereafter, it will at the same time as it submits the aforesaid report to City Council, also submit a report to it describing in general terms its actual activities and expenditures during the preceding year.

4. Chamber agrees that it will use its best efforts to develop, implement, promote and administer programs within the purposes authorized by the said Ordinance for the benefit of the said Area and all businesses paying the said charge.

5. Pursuant to the terms of the said Ordinance, City shall collect the said charge at the same time and in the same manner as the general business operations tax, depositing such collections in a special fund to be known as the "Del Paso Boulevard Business Improvement Area Fund". Disbursements therefrom shall be made by City to Chamber at such times and in such manner as is to be mutually agreed upon in writing by the parties.

6. Chamber represents and covenants that subject only to reasonable rules and regulations, membership in Chamber is open to any business in the Area paying the said charge.

7. Chamber agrees that it shall hold at least one meeting a year for the purpose of considering the proposed Area budget and the activities incident thereto, which shall be a public meeting open to representatives of all businesses in the Area paying the said charge.

8. Chamber agrees to keep all necessary books and records in connection with the services performed under this Agreement, and agrees to make them

available to the City's Director of Finance or his designated representative at all reasonable times for audit purposes.

9. The term of this Agreement shall be for one year from July 1, 1987 through June 30, 1988, and thereafter shall be automatically renewed for additional one-year terms unless one of the parties gives written notice to the other of its desire not to renew at least thirty (30) days before the end of the term. Provided, however, that the Agreement may be terminated by either party after sixty (60) days written notice to the other. In the event of such termination, Chamber shall account to the City Council, as under Paragraph 3, above, no later than thirty (30) days prior to the termination date, and simultaneously therewith remit to City any unexpended funds in its possession.

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the dates set forth opposite their respective signatures.

Dated: July 16, 1987

CITY OF SACRAMENTO, a
municipal corporation

By: Walter J. Slips

ATTEST:

Annie Beamer
Deputy
CITY CLERK

Date: July 16, 1987

By: Rita Perry
RITA PERRY, PRESIDENT
NORTH SACRAMENTO CHAMBER OF COMMERCE
273 Arden Way
Sacramento, CA 95815

APPROVED AS TO FORM:

Laura M. Linder
CITY ATTORNEY

RESOLUTION NO. 87-507

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

JUN 30 1987

A RESOLUTION AUTHORIZING THE CITY MANAGER AND THE CITY CLERK TO EXECUTE ON BEHALF OF THE CITY COUNCIL AN AGREEMENT WITH THE NORTH SACRAMENTO CHAMBER OF COMMERCE TO ADMINISTER THE PROMOTIONAL ACTIVITIES OF THE DEL PASO BOULEVARD BUSINESS IMPROVEMENT AREA

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

That the City Manager and the City Clerk are hereby authorized to execute on behalf of the City Council an agreement with the North Sacramento Chamber of Commerce to administer the promotional activities of the Del Paso Boulevard Business Improvement Area.

ANNE RUDIN

MAYOR

ATTEST:

LORRAINE MAGANA

CITY CLERK

CERTIFIED AS TRUE COPY
of Resolution No. 87-507

JUL 10 1987

Annice Buma
CITY CLERK

City Agreement No. 88727