

What is the Novato Downtown Business Improvement District?



THE CITY OF
NOVATO
CALIFORNIA

1 Background

A Business Improvement District, or “BID” or “DBID,” is a revitalization tool for commercial neighborhoods such as shopping areas and downtown business districts. Established by law in the late 1980’s and early 1990’s, BIDs are public/private sector partnerships that perform a variety of services to improve the image of their cities and promote individual business districts. They also carry out economic development services by working to attract, retain and expand businesses. Today, there are over 1,200 BIDs in the United States alone, with additional BIDs throughout other countries.

2 Novato’s Downtown Business Improvement District

In 1999, a group of merchants (the BID Formation Committee) worked with the City to create the Business Improvement District. The goal was to attract more business Downtown and enhance the customer and visitor experience. The BID was seen as an important part of the continued revitalization of Downtown Novato. In partnership with the merchants, the Novato City Council formed the Novato Downtown Business Improvement District (BID) in 1999 which was incorporated into the Novato Municipal Code as Section 2-25 ‘Downtown Novato Business Improvement District’. The Municipal Code allows the City and the BID Board of Directors to establish agreements for the administration of the district. This is a typical structure used by cities across the nation. Since 1999, the City Council has contracted with the Downtown Novato Business Association (DNBA) to serve as the BID Advisory Board and to administer and manage BID activities and funding since the creation of the BID. In 2015, the agreement between the City and the DNBA was updated and Administrative Guidelines were adopted to provide operating clarity for the BID’s operations. The DNBA is a non-profit organization with a volunteer Board of Directors and historically has not had paid staff. In 2014, the DNBA created an Executive Director position to provide management and administrative assistance – to support the organization’s ability to provide better communication, marketing, and coordination of the DNBA’s work. The DNBA has adopted bylaws to govern its activities and functions.

3 Novato BID Boundaries and Assessments

There are approximately 380 businesses in the BID which self-assess an annual fee that generates about \$54,000 per year. In 2005, the BID fee was increased by five percent and the BID boundary was expanded to include the two retail centers at Seventh and Grant Avenues (Lucky’s and DMV centers), northward along Redwood Avenue from Vallejo Avenue to Golden Gate Place (Trader Joe’s and Atherton Ranch commercial areas), and eastward the area around Whole Foods was changed from a Zone B to a Zone A. The map attached (Exhibit A) shows the boundaries of the BID with Zone A and B.

Business Improvement District assessments are levied on the basis of the estimated benefit to the businesses and property within the BID area. A BID may assess property according to zones of benefit, in relation to the benefit being received by businesses within each zone. The BID assessment is billed annually with the City of Novato’s business license distribution. As shown below, the assessment schedule is as follows:

<u>Type of Business</u>	<u>Benefit Assessment</u>		<u>Type of Business</u>	<u>Benefit Assessment</u>	
	<u>Zone A</u>	<u>Zone B</u>		<u>Zone A</u>	<u>Zone B</u>
Retailers/Restaurants			Professional Businesses	\$131	\$65
1-3 Employees	\$158	\$79	Financial Institutions	\$525	\$525
4-6 Employees	\$263	\$131	Lodging (Bed and Breakfast)	\$158	\$158
7 + Employees	\$368	\$184	Lodging (Hotels and Motels)	\$263	\$263
Service Businesses	\$158	\$79			

4 Isn’t This Just Another Tax?

No. Business improvement district assessments are not taxes. BID assessments are vehicles which convey a special benefit upon those who pay. While it is true that all affected parties in a given district must pay the assessment, it is important to remember that the BID was established originally through the consent of those businesses which paid a majority of the assessment.

5 What is the Annual Assessment Process?

As part of the annual renewal process for the BID, the BID Advisory Board is required to prepare an annual report each year. Among other things, the annual report includes a proposed work plan and detailed budget for the upcoming year, summary of accomplishments and information outlining the method and basis for levying the BID assessment.

As a reminder, for this BID, the DNBA serves as the BID Advisory Board and prepares the annual report and budget. Below is the annual assessment process for the BID which requires City actions -- including two City Council meetings, legislative actions by the Council, and public and member notification.

- **1st City Council Meeting (November 15, 2016)**
 - Presentation by the DNBA/BID Advisory Board of its Annual Report and proposed 2017 budget
 - Council takes action on the 2017 BID Budget and Annual Report
 - Council takes action on a Resolution of Intention to Levy assessments for 2017
- **Public Notice**
 - Publish Resolution of Intention to Levy an Annual Assessment in newspaper (at least 7 days prior to the public hearing)
- **2nd City Council Meeting (November 29, 2016)**
 - Public hearing on the Annual Assessment and to receive protests against levy of assessments
 - Council action on Resolution Confirming the Annual Report (approves the levy of assessments)

After the assessments are approved, City finance staff incorporates the BID levies into the business licenses bills which are distributed in mid-December to all members.

6 Public Hearing & Comments For or Against

At the public hearing on November 29th, all members of the BID and public are welcome to speak to the City Council regarding the annual BID assessment. Written comments for or against the benefit assessments to be levied can be mailed to the City Clerk of the City of Novato at 922 Machin Avenue, Novato, California 94945, or submitted to the City Clerk at or before the public hearing on November 29, 2016. To be counted formally, protests must be received by the City Clerk no later than the public hearing on November 29, 2016.

A protest against the levy of assessments may be made orally or in writing. An oral protest shall be made at the public hearing however, in order to count in calculating whether businesses paying 50% or more of the proposed assessments are against the assessment, a protest must be in writing. Each written protest must (i) be filed by an owner of a business located within the business improvement district and (ii) be signed by the person shown on the official records of the City as being the owner or designated agent of that business. In addition, in order to be counted as a valid written protest, each written protest shall be completed on the City's "2016 Protest Form" which is available at www.novato.org/BID. For purposes of BID protests, the "official records" of the City are the City business license database. If the person signing the protest is not shown on the official records of the City of Novato as the owner of the business, then the protest shall contain or be accompanied by written evidence that the person is the "designated agent" for the corporation or entity. A written protest may be withdrawn from record at any time before the conclusion of the public hearing. The Administrative Guidelines provide additional information regarding the protest process and can be found at www.novato.org/BID.

If there are a large number of written protests submitted on a timely basis, the City Council has the option to close the public hearing and then continue the matter to its November 29, 2016 meeting to allow for a thorough counting of the submitted written protests. If written protests have been timely submitted by the owners of the businesses within the BID that will pay fifty percent (50%) or more of the total assessments of the entire BID, then no further proceedings to levy the assessments shall occur for the 2017 year and any new proceedings to levy assessments shall not be undertaken again for a period of at least one (1) year from the date of the finding of the 50% or more written protest by the City Council. If the 50% or more written protest is only as to an improvement or activity proposed in the DBID's annual report, then that type of improvement or activity shall not be included in the BID for 2017.

7 Further Information

Interested persons may view the BID documents on file with the City Clerk's office which are also posted on the City's web site with the agenda packet for the November 29, 2016 Council meeting. Further information regarding the Downtown Novato Business Improvement District may be obtained from the City Clerk of the City of Novato, at 922 Machin Avenue, Novato, California, 94945, from 9:00 a.m. - 5:00 p.m., Monday through Thursday, or telephone 899-8900. All written comments shall be mailed and/or delivered to said address.