



DATE: January 6, 2025

TO: Honorable Mayor and Members of the City Council through City Manager

FROM: Nancy Sands, Senior Management Analyst

SUBJECT: Public Hearing to Levy an Annual Assessment for Fiscal Year 2025 for the Downtown Petaluma Business Improvement District and Resolution Establishing the Levy for the 2025 Annual Assessment for the Downtown Petaluma Business Improvement District

RECOMMENDATION

It is recommended that the City Council conduct the public hearing and adopt the attached Resolution establishing the levy for the 2025 Annual Assessment for the Downtown Petaluma Business Improvement District.

BACKGROUND

The Petaluma Downtown Business Improvement District (DBID) is a special assessment district designed to support economic health and business success within the district boundaries. The DBID was established in November 2000 when Petaluma City Council approved Ordinance 2104 N.C.S. The DBID is regulated by Petaluma Municipal Code (PMC) Chapter 6.04 in compliance with the state Parking and Business Improvement Area Law of 1989, Streets and Highways Code Section 36500 et seq.

All businesses, trades, and professions located within the district boundaries are subject to the annual assessment in an amount approved by City Council. A Board of Directors (Board) administers the affairs of the DBID; the Petaluma Downtown Association (PDA) Board serves as the DBID Board.

The collected assessments are used to fund programs, services, activities, and improvements that benefit businesses within the district and meet guidelines set forth in the City ordinance and state law.

The DBID fiscal year runs January 1 - December 31. The first step in the collection of assessments for the new fiscal year is Council adoption of a Resolution of Intention to Levy the Annual Assessment; this process requires the DBID Board to present for Council review and

approval an annual report that includes a proposed budget for the upcoming fiscal year. Once approved, the new fiscal year budget cannot be changed by the City except in the case of a written majority protest from the business owners who will pay 50 percent or more of the assessments to be levied.

The second step in the process is a public hearing for City Council to hear testimony for and against the proposed levy. The budget and levy shall remain unchanged and be voted on unless City Council receives a written majority protest that meets the threshold of California Streets and Highways Code Section 36525(b). In such a case, the written protest regarding any specific budget item shall be grounds to eliminate or modify the expenditure from the DBID's proposed budget.

California Streets and Highways Code Sections 36523 and 36523 require that the public hearing take place at least 10 days after the Resolution of Intention is adopted and that a public notice be published in the paper 7 days in advance of the hearing.

DISCUSSION

On December 16, 2024, City Council completed the first step in the assessment process when it adopted the Resolution Approving the 2025 Downtown Petaluma Business Improvement District Annual Report and Related Budget, Declaring the Intention to Levy the 2025 Annual Assessment for the District, and Setting the Public Hearing on the Proposed 2025 Annual Assessment.

Official notice of the public hearing appeared in the December 27, 2024, issue of the Argus-Courier. The notice complied with legal requirements and included a copy of the Resolution (noting date, time, and location of the hearing); the approved annual report and budget; and the DBID geographical boundaries.

At the public hearing, the Council will hear any testimony for and against the proposed levy, including any protests, after which the Council should determine whether to approve the levy. No correspondence was received before the distribution of the City Council packet. Any correspondence received after the distribution of the packet will be posted online during normal business hours and made available at the City Council meeting.

Once the levy is approved, the Petaluma Downtown Association will work with Mungle & Associates to coordinate billing and collection services. The services include printing and mailing the DBID billing notices and attachments, processing and depositing all payments, and preparing and submitting reports to PDA staff for periodic review. Mungle & Associates will mail up to three (3) notices and make a reminder call approximately 15 days after the deadline to pay. Mungle & Associates also will provide year-round delinquent account collection services for prior DBID calendar years.

Efforts to improve collection for the 2025 fiscal year will include:

- Additional resources, including DBID Board members, spent updating the list of businesses
- Availability of an online payment option
- In-person outreach by DBID Board members to businesses that do not pay within the deadline
- Regular outreach to all DBID businesses to demonstrate value of DBID in creating a welcoming, safe downtown and supportive peer network of business

PUBLIC OUTREACH

This public hearing was publicized in the following ways:

- Petaluma Downtown Association email, social media, and website
- Public notice in December 27, 2024, issue of Argus-Courier
- Listed on tentative and published agenda for January 6, 2025, City Council meeting

COUNCIL GOAL ALIGNMENT

Annual approval of the DBID assessment aligns with City Council's goal to "Encourage a thriving business environment that results in a strong, diverse, resilient economy and supports community prosperity."

CLIMATE ACTION/SUSTAINABILITY EFFORTS

To reduce its carbon footprint, the PDA/DBID has replaced most of its paper-based communications with email communications and now offers an electronic payment option for the 2025 assessment.

ENVIRONMENTAL REVIEW

Environmental review for this item was already completed during the initial creation of the DBID. Additionally, administration of assessment districts does not constitute a project under the California Environmental Quality Act (CEQA) because it involves continuing administrative or maintenance activities and organizational or administrative activities that will not result in direct or indirect physical changes in the environment. [14 Cal. Code Regs. § 15378(b)(2) & (5). If the proposed action did constitute a project under CEQA the proposed action is statutorily exempt under CEQA Guidelines Section 15273(a) (Rates, Tolls, Fares, and Charges) and categorically exempt under CEQA Guidelines Sections 15301 (Existing Facilities) and 15305 (Minor Alterations to Land) as the resulting funds will be used to maintain downtown.

FINANCIAL IMPACTS

The City incurs costs associated with publishing the notice of the annual public hearing, as well as staff time spent on DBID-related projects and meetings. These costs are absorbed by City funds and are not reimbursed by the DBID.

ALTERNATIVES

If this resolution is not approved, the BID will not be able to collect its assessments.

ATTACHMENTS

1. Resolution Establishing the Levy for the 2025 Annual Assessment for the Downtown Petaluma Business Improvement District with Exhibit A
2. Notice of Public Hearing
3. Sample billing packet for DBID assessments including cover letter and statement