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DATE: December 16, 2024

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

FROM: Nancy Sands, Senior Management Analyst

SUBJECT: Resolution to Approve the 2025 Downtown Petaluma Business Improvement District Annual Report and Related Budget; Declaring the Intention to Levy the 2025 Annual Assessment; and Setting a Public Hearing on the Proposed 2025 Annual Assessment

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**RECOMMENDATION**

It is recommended that the City Council adopt the attached 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.

**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. Examples include shopping and promotional programs; public events; and the acquisition, construction, installation, or maintenance of tangible property with a useful life of five years or more, such as benches, decorations, façade improvements; and permanent landscaping.

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. The following summarizes what shall be included in the resolution of intention to levy:

1. Declare the intention to change the district boundaries if a change is proposed;
2. Declare the intention to levy and collect assessments within the district;
3. Describe proposed improvements and activities;
4. Refer to the district by name and indicate the location of the area;
5. Refer to the report on file for a full and detailed description of that fiscal year's proposed improvements/activities, district boundaries, and proposed assessments;
6. Fix a time and place for a public hearing that shall be held not less than 10 days after the adoption of the resolution of intention;
7. State that at the public hearing written and oral protest may be made.

The public hearing is the second step in the process and provides an opportunity for public comment and input on the proposed budget and the DBID annual assessment. The public hearing must be noticed through publishing of the resolution of intention in a newspaper of general circulation in the city not less than seven days before the public hearing. Staff recommend the public hearing be held at the January 6, 2025, City Council meeting.

The City Council cannot adopt, modify, or otherwise amend the proposed budget of the DBID in a manner that is inconsistent in any way with the budget as agreed to and presented by the Board except in the case of a written majority protest from business owners that will pay fifty percent or more of the assessments proposed to be levied.

Once City Council adopts the Resolution levying the assessment at the January 6, 2025, City Council meeting, the DBID may proceed with the assessment collections process for the fiscal year.

## **DISCUSSION**

### **2024 – Overview of Achievements**

The City, PDA, and business/property owners worked closely together to ensure the DBID community was well served in 2024. City staff and the PDA executive director met monthly and had ongoing “check-in” conversations to identify issues and develop solutions. City Staff attended scheduled DBID meetings and interacted with individual businesses based on their specific needs.

Our shared achievements include:

- Monthly DBID meeting agendas focused on supporting business success, with quarterly updates from City;
- Partnership on new City-funded LUMA Go microtransit shuttle with service in the DBID boundaries;

- Special advertising rates and marketing initiatives for DBID businesses, including new Maritime Passport to capture foot traffic from visiting boaters and City ice rink (Luma Ice);
- Successful DBID events, including Sidewalk sale, Trick-or-Treat trail, Holiday Open House and Marketplace, with promotion through City community update and social media;
- City, PDA, and DBID efforts to verify open/closed businesses for 2024 and 2025 DBID assessment process;
- Collaborative approach to Graffiti abatement in the downtown area, in partnership with Code Enforcement, Rebuilding Together Petaluma, and Business/Property Owners;
- Ongoing City investment for capital improvement projects within district boundaries, including Turning Basin and Dock Repair, Downtown Public Restroom, 1<sup>st</sup> and F Street Water and Sewer Repair, 1<sup>st</sup> and F Street Bridge Pedestrian Improvements, Trestle Rehabilitation, and Pedestrian ADA Improvements;
- Electrical upgrades and new holiday lighting on Water Street and in Putnam Plaza and Center Park;
- Implementation of CalRecycle grant to replace downtown waste receptacles;
- Ongoing partnership with Rebuilding Together Petaluma and SAFE Team to improve cleanliness and safety in the district while supporting the needs of unsheltered community members;
- Coordinated efforts to address health hazards related to unsecured garbage, recycling, and compost in the district;
- Coordination and input for Downtown Parking Management Study.

**2024 Review and 2025 Annual Report**

Attachment 1 includes a review of 2024 activities and year-over-year budget comparisons as well as the materials required for Council review, including the 2025 Annual Report, Proposed Budget, Assessment Schedule and Boundary Map.

The proposed 2025 budget is shown below.

<b>Percentage</b>	<b>Description</b>	<b>Amount</b>
27%	Security	\$17,280
23%	Marketing	\$14,720
30%	Beautification	\$19,200
20%	Administration	\$12,800
<b>100%</b>	<b>ALL</b>	<b>\$64,000</b>

Mungle & Associates performed the DBID billing and collection services for 2024 and will carry out these same services in 2025. 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.

The fee for these services is \$12 per business.

Attachment 1 includes a draft version of the billing notice for transmission to approximately 600 businesses in the district boundary. Mail for the DBID will be sent to Mungle & Associates' office and processed for deposit into a DBID bank account.

### **PUBLIC OUTREACH**

This agenda item was noticed with the Monday, December 16, 2024, Regular City Council/PCDSA Meeting agenda, in accordance with Government Code §54954.2(a) and was placed on the tentative agenda at the December 2, 2024, City Council meeting. In addition, information about the BID process and this agenda item have been included in a PDA email to its subscriber list; and on the PDA website at <https://petalumadowntown.com/membership-bid>.

If City Council approves this item, a public hearing will be scheduled for January 6, 2025. Entities that are subject to the DBID assessment will be notified of this hearing in the following ways:

- The item will be noticed with the January 6, 2025, Regular City Council/PCDSA Meeting agenda.
- Notice of the date and time of the public hearing will be published in the Argus Courier at least seven days before the public hearing in accordance with Streets and Highways Code Section 36534 (see Attachment 3 for the drafted public notice);
- The hearing date and time will be publicized by the PDA via email and on its website.

### **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."

### **ENVIRONMENTAL REVIEW**

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. Â§ 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 15304 (Minor Alterations to Land) as the resulting funds will be used to maintain downtown.

## **FINANCIAL IMPACTS**

The City views the DBID and PDA as valuable partners in helping us meet our economic and community development goals. With that in mind, the City provides staffing and financial resources to support DBID initiatives and activities, including the following:

- Staff time dedicated to attending DBID meetings and supporting downtown-related communications, events, and improvements;
- Funding minor improvements to downtown infrastructure and decorations (e.g., electrical wiring; lamp post hardware; holiday decorations);
- Waiving special events and/or park permit fees if needed for DBID/PDA events;
- Graffiti abatement program;
- Public noticing costs.

## **ALTERNATIVES**

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

## **ATTACHMENTS**

1. DBID Report from Petaluma Downtown Association including: a) Cover Letter; b) 2014-2024 DBID analysis; c) 2025 Annual Report Assessment Schedule, Budget, and Map for 2025 Fiscal Year; d) Draft DBID Invoice and Letter to Business Owners with Boundary Map.
2. Resolution Approving 2025 Annual Report and 2025 Budget and Declaring Intention to Levy Annual Assessment.
3. Draft Public Notice for December 27, 2024, edition of Argus-Courier with DBID Annual Report, Budget, and Map for 2025 Fiscal Year.