

(R-99-378)

RESOLUTION NUMBER R- 290890

ADOPTED ON OCT 19 1998

A RESOLUTION AMENDING COUNCIL POLICY NO. 900-07
REGARDING BUSINESS IMPROVEMENT DISTRICTS.

BE IT RESOLVED, by the Council of The City of San Diego, that Council Policy
No. 900-07, titled "Business Improvement Districts," is amended as set forth in the Council Policy
filed in the office of the City Clerk as Document No. RR- 290890.

BE IT FURTHER RESOLVED, that the City Clerk is instructed to add the aforesaid to
the Council Policy Manual.

APPROVED: CASEY GWINN, City Attorney

By Prescilla Dugard
Prescilla Dugard
Deputy City Attorney

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Or.Dept:Comm.&Eco.Dev.
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SUBJECT: BUSINESS IMPROVEMENT DISTRICTS
POLICY NO.: 900-07
EFFECTIVE DATE: _____

BACKGROUND:

Business Improvement Districts (BID's) are governmentally-designated geographic areas formed to permit businesses to assess themselves to improve business conditions in community commercial areas. They are formed by the City Council under the provisions of State law (The Parking and Business Improvement Act law of 1989-SB 1424). The State legislature found that businesses located and operating within older commercial areas are at a competitive disadvantage with newer development because of inadequate parking, lack of organization and promotional programs. The legislature further found that it is in the public interest to promote the economic revitalization and physical maintenance of those older commercial areas in order to create jobs, attract new businesses and prevent erosion of the districts.

Oftentimes, voluntary merchant's associations serve as the catalyst to form a district. While effective, purely voluntary organizations by themselves benefit all businesses but draw their resources from only a minority. BID's permit the costs of improvements to be spread equitably over all those who benefit.

BID's are not voluntary organizations; they should, however, have the strong support of the underlying membership. They require annual budgets, assessments and hearings and generally have the same formation, administration and dissolution criteria as other governmental assessment entities. The City collects the assessment, contracts with a business association to carry out the improvement program and generally oversees the district operation. In its most successful form, however, the business district and its related association have a great deal of latitude in defining and carrying out their improvement programs with a minimum of bureaucratic intervention and related governmental overhead costs.

PURPOSE:

The purpose of this policy is to provide guidelines to establish, administer and provide for the orderly dissolution of BID's within the City.

POLICY:

It shall be the policy of the City Council to encourage the establishment and support the operation of Business Improvement Districts in the City's older commercial areas.

The following criteria shall apply to the operation of such BIDs:

Establishment

- Upon presentation of a petition signed by 20% of the eligible businesses within the proposed district, staff shall conduct a mailed ballot procedure of all eligible businesses. The procedure shall be held to determine whether a majority support exists among eligible businesses by assessed value that respond to the mailing. In the event that an assessed value majority of those responding support the formation, the City Council may proceed with a public hearing process.
- The district shall include only business tax certificate holders within the bounds established as part of the formation process and (optionally) rental unit business tax certificate holders.
- Businesses with Home Occupancy Permits may be excluded.
- Establishment shall be considered once annually prior to confirming the budget and levying the annual assessment for the following fiscal year.

Administration

- The Council, as part of the annual confirmation of the various B.I.D. budgets, shall designate an entity, generally a non-profit business or merchant's association (the association) within each district to advise the Council on the district budget, assessments and activities and to carry out the improvement program.

Selection of the entity shall be based upon its involvement in small business affairs within the district, demonstrated track record and representation of business.

- The association shall be a legally formed California non-profit corporation whose membership shall include all businesses within the district holding current business tax certificates. The association shall elect its board at an annual meeting of the membership called for that purpose and shall take affirmative action to assure its board reflects the ethnic and business diversity of the community; notice of the meeting shall be provided to all eligible businesses.

- Policy issues including assessment levels should be resolved through the board election process.
- Proposed changes in assessment levels and changes to district boundaries shall be noticed to the BID membership. Any such proposed changes shall be approved by at least two-thirds of the association board of directors prior to City Council consideration.
- The City Treasurer shall collect the BID fees as part of the business tax certificate process. Fees collected shall be first applied against the BID fees due.

Disestablishment

- Disestablishment for any district shall be considered no more than once annually prior to confirming the budget and levying the annual assessment. The Council will consider disestablishment where strong support for such action is indicated by one or more of the following:
 - upon presentation of a petition signed by 20% of the eligible businesses within the district, staff shall conduct a mailed election of all eligible businesses. The election shall be held to determine whether there exists at least 50% of eligible businesses by assessed value that support district disestablishment. In the event that 50% or more of the total number of eligible businesses by assessed value do not vote to support disestablishment, further proceedings shall cease and the district shall not be disestablished. Non-responses to the election shall not be deemed as supporting disestablishment. The Council will consider only one petition process per district for disestablishment in any three-year period.
 - a resolution by at least four-fifths of the total number of directors of the association. In this event, the Council may proceed to disestablish the district or take any other appropriate action including district continuance.
 - special circumstances as determined by the Council.
- In the event of disestablishment, the Council shall allow for an appropriate period to permit for a reasonable wind down of operations and to assure that existing contracts are not impaired. Any remaining assets shall be returned to those businesses of record who were current in their BID assessments at the effective date of the disestablishment ordinance. If the costs to return the remaining assets is greater than the amount of the assets, then the assets shall

be spent on an eligible BID activity as determined by the City Manager.

Implementation

- The City Manager shall establish the necessary administrative procedures to implement this policy.

HISTORY:

"Formation of Business Improvement Districts"

Adopted by Resolution R-265208 03/10/86

Retitled to "Business Improvement Districts" and

Amended by Resolution R-279400 02/10/92

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