



ECONOMIC VITALITY COMMITTEE REPORT

December 19, 2024
Economic Development

TITLE: RECEIVE PRESENTATION ON PROPOSED DOWNTOWN PLEASANTON PROPERTY & BUSINESS IMPROVEMENT DISTRICT AND MAKE RECOMMENDATION TO THE CITY COUNCIL

BACKGROUND

In August 2023, the City Council adopted the updated Economic Development Strategic Plan (Plan). The five-year plan is comprised of five implementation plan priorities:

- 1.0 Economic Development Capacity Building
- 2.0 Business Retention, Expansion & Attraction
- 3.0 Local Revenue Growth
- 4.0 Entrepreneurship & Innovation Outreach
- 5.0 Major Projects Accelerator Program

There are specific action items under 3.0 Local Revenue Growth that are related to downtown Pleasanton:

3.2 Evaluate the Pleasanton Downtown Association's Business Improvement District Structure

To ensure economic vitality in Downtown Pleasanton, it is recommended that the City and Pleasanton Downtown Association evaluate the current business improvement district structure for increased funding for economic development opportunities.

Several decades ago, the City established a Downtown Pleasanton Business Improvement District (BID) with the purpose and boundaries of which are set forth in Chapter 5.28 of the Pleasanton Municipal Code. The Pleasanton Downtown Association (PDA) serves as the manager of the BID. The current agreement between the PDA and the City requires the City to match the annual assessments paid by businesses in the BID. These City funds are remitted to the PDA and used to conduct promotions, programs and activities that benefit downtown Pleasanton.

The assessment formula is based on the annual business license payment and is calculated as follows:

- businesses located curbside and downstairs on Main Street are assessed at two times (2X) their business license;

- businesses with a Main Street address located upstairs, or not curbside, are assessed at a rate of one and a half times (1½X) their business license;
- all other businesses (those located off Main Street) pay an amount equal to one times (1X) their business license.

The minimum assessment is \$50 and the maximum is \$350. Non-profit businesses within the district are not assessed.

DISCUSSION

Under the previous and current agreement between the PDA and the City, the City matches the annual BID assessment. While staff anticipates the 2025 annual assessments will similarly be around \$80,000, the full amount of the City's matching funds will be considered based on current financial constraints.

Over the decades, it has become apparent that the funding generated through the annual BID assessment does not provide sufficient revenue to support the PDA in the PDA's and City's shared expectations to sustain and increase the vitality and economic health of the downtown district.

To that end, the staff has been working with Civitas Advisors for the past four months to evaluate the current downtown Pleasanton business improvement district structure and the feasibility of a Property & Business Improvement District (PBID) as Phase 1 of the project. It is anticipated that creating a PBID would generate significantly more revenue than the approximately \$80,000 provided through the current assessment.

PBIDs are funded through an assessment on properties within the district. The amount of the assessment is determined by property owners at the formation of the district, within particular legal guidelines. Certain types of property can be exempt from all or part of the assessment if they do not benefit from district services. Funds raised through the assessment must be spent within the district for the benefit of the properties paying the assessment. A PBID is typically formed for five years, initially. After five years, it can be renewed by property owners for up to 10 years.

PBID assessments would be managed by the PDA and tailored to benefit the property owners paying the assessment. Possible services may include:

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| <ul style="list-style-type: none"> • Marketing and Advertising • Signage Improvements and Wayfinding • Street and Sidewalk Sweeping • Graffiti removal | <ul style="list-style-type: none"> • Installation of bus benches, trash cans, tree wells, and art • Landscape maintenance • Special event sponsorship • Business attraction and retention • Capital improvements |
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The PBID feasibility (Phase 1) included the following six steps:

1. Project Initiation & Infrastructure

A steering committee of property owners was formed to determine the district parameters and assess potential stakeholder support.

2. Database Development

The foundation of the District formation process is an accurate database which was prepared by Civitas.

3. Boundary Map

Civitas with City input created a map of the District boundaries, any benefit zones, and assessment scenarios. The current district map was used as a basis for this step.

4. Property Owner Outreach

Outreach to property owners consisted of an open house and a survey to engage stakeholders within the District. The purpose of the outreach included the identification of priorities for specific services and the level of support for financing these services.

5. District Service Plan & Assessment Scenarios

Based on input from stakeholders, Civitas provided the City a draft service plan, which includes proposed boundaries, assessment rate, budget, and services. Civitas also worked with the City to clarify the base level of services the City will continue providing in the District. The draft service plan was shared with the PDA Interim Executive Director and Board of Directors for feedback.

6. Financial Analysis and Recommendation

A feasibility study report, provided as Attachment 1, was prepared based on input received from the property owner outreach and includes the draft service plan, assessment of stakeholder support, and recommendations for PBID formation (Phase 2). A service plan will be the basis of the Management District Plan (MDP), if it is recommended to proceed with the PBID formation.

For reference, Civitas Advisors was the consultant for the development and renewal of the Tri-Valley Tourism Marketing District that's managed by Visit Tri-Valley, so they have familiarity with the Pleasanton community.

Civitas Project Manager Kelly Rankin will provide an overview of the feasibility process, draft service plan, results, and recommendations to the Economic Vitality Committee at the meeting.

The EVC is asked to provide feedback on the feasibility study results and make a recommendation to the City Council regarding the formation of a PBID. Additional options will be considered by the City Council at the January 21, 2025, meeting. If the City Council approves to proceed with a PBID formation, Phase 2 of the process will take approximately 8 months to complete and consist of the following actions:

City Council Approval to proceed with PBID/Phase 2	January 21, 2025
Steering Committee & City staff review and approval of MDP	January/February 2025
Submit Final MDP to Engineer; draft Engineer's Report	February 2025
Final MDP + Engineer's Report and Petition approved by City staff	March 2025
Property owner meetings: Petition drive	April 2025
City Council Authorize City to sign Petition & Ballot for City-owned properties	April 2025
Submit Petitions totaling over 50% of assessment to City	April 2025
City Council – Initial Hearing Resolution of Intention (<i>can be on consent calendar</i>)	May 2025
Mail Ballot / Notice of Public Hearing	May 2025
City Council – Public Hearing & Resolution of Formation <i>Must be held at least 45 days after Notice/Ballot are mailed</i>	June 2025
Deadline to complete District renewal for tax rolls	July 2025
New District begins collecting assessment	January 1, 2026

If the City Council decides not to proceed with the PBID formation, staff will begin an evaluation toward the transition of the current business improvement district from the Parking and Business Improvement Area Law of 1989 to the 1994 law, as the 1994 law allows the district term to be formed for up to five years, which aligns with the current five-year term of the City-PDA agreement. The initiation process would also be based on the submission of petitions signed by businesses that will pay at least 50% of the proposed assessment rather than by resolution adopted by the City Council. The calendar year 2026 would be the target for implementing a new or updated structure.

As the partnership between the City and PDA is essential in the downtown's success in stimulating economic growth, both parties will work collaboratively throughout the process. It is intended that completion of the project will identify priorities of stakeholders and focus on strengthening existing downtown businesses and attracting new businesses to create a balance of commercial offerings for the community.

ACTION: RECEIVE PRESENTATION ON PROPOSED DOWNTOWN PLEASANTON PROPERTY & BUSINESS IMPROVEMENT DISTRICT AND MAKE RECOMMENDATION TO THE CITY COUNCIL

Attachment 1 – Downtown Pleasanton Property & Business Improvement District Formation Feasibility Study, November 2024