

Capitola City Council

Agenda Report



Meeting: June 12, 2025

From: Finance Department

Subject: Business Improvement Assessments for FY 2025-26

Recommended Action: Adopt a resolution providing notice of the City's intent to levy business improvement assessments for Fiscal Year (FY) 2025-26, receiving the annual report and proposed budget of the Capitola Village and Wharf Business Improvement Area (CVWBIA), setting the date for a public hearing to be held on Thursday, June 26, 2025, and outlining noticing requirements.

Background: In June 2005, the City of Capitola adopted Ordinance No. 889, now codified at Capitola Municipal Code Chapter 5.10, which established the CVWBIA to generate revenue for the exclusive purpose of promoting business in the CVWBIA. State law requires certain annual actions and a public hearing to continue this assessment district.

Discussion: In accordance with state law, the CVWBIA is required to submit an annual plan each year in order to levy assessments. The annual report (Attachment 2) was prepared by the CVWBIA and submitted to the City on May 22nd. It fulfills the requirement for Fiscal Year 2025-26 and is submitted for Council review and approval. In addition, to continue levying the assessment, the City Council must, on an annual basis, adopt a resolution of intention notifying the business owners of the pending assessment, hold a public hearing, and adopt a resolution levying the assessment.

In November 2018, voters approved Measure J, which increased the local transient occupancy tax (TOT) from 10% to 12%. 20% of the TOT increase is designated for local business groups to be used for marketing and community improvements. The proposed FY 2025-26 CVWBIA budget includes \$35,000 of TOT revenues.

Assessments for FY 2025-26 continue to be the same reduced rates established in FY 2021-22. Gift certificates have been eliminated from all categories, and no late fees will be assessed.

The annual report also outlines the CVWBIA's Fiscal Year 2025-26 planned activities, goals, and proposed budget. These include:

- Improving ease of access to information via newsletters, the internet, print, and television advertising;
- Providing fun, family-oriented events throughout the year;
- Improving and enhancing the appearance of the Village in cooperation with the City; and
- Enhancing the ability of the CVWBIA to serve as a liaison between the business community and local governments.

Pursuant to state law, staff recommends the City Council adopt the proposed resolution of intention providing notification of the City's intent to levy business improvement assessments for Fiscal Year 2025-26; the resolution officially receives the annual report and proposed budget of

the CVWBIA; sets the date for a public hearing to be held on Thursday, June 26, 2025; and outlines noticing requirements.

A representative of the CVWBIA will attend the meeting; however, the CVWBIA's presentation will be made at the public hearing on June 26th.

Fiscal Impact: There is no fiscal impact to the City. CVWBIA billing and accounts payable costs incurred by the City are offset by assessment revenues. The City and CVWBIA have reviewed the amounts charged by the City for these services and agree that they are reasonable.

Attachments:

1. Resolution
2. CVWBIA Annual Report

Report Prepared By: Leda Laidlaw-Hunter, Accountant II

Reviewed By: Jim Malberg, Finance Director; Julia Gautho, City Clerk; Samantha Zutler, City Attorney

Approved By: Jamie Goldstein, City Manager