

# Capitola City Council

## Agenda Report

**Meeting:** May 25, 2023

**From:** Finance Department

**Subject:** Business Improvement Assessments for Fiscal Year 2023-24



**Recommended Action:** Adopt a resolution providing notification of the City's intent to levy business improvement assessments for Fiscal Year (FY) 2023-24; 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 22, 2023; and outlining noticing requirements.

**Background:** In June 2005, the City of Capitola adopted Ordinance No. 889, now codified as 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 for assessments to be levied in the CVWBIA. The annual report, Exhibit A to the proposed resolution (Attachment 1), was prepared by the CVWBIA. It fulfills the requirement for Fiscal Year 2023-24 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 transient occupancy tax (TOT) from 10% to 12%. 20% of the revenues from the TOT increase is designated for local business groups for marketing and community improvements. The proposed CVWBIA budget includes \$36,500 of TOT revenues for FY 2023-24.

Assessments for FY 2023-24 have been reduced by 25% and hotel/lodging dues will be reduced 50%. Gift certificates have been eliminated from all categories and no late fee will be assessed.

The annual report also outlines the CVWBIA's Fiscal Year 2023-24 planned activities, goals, and proposed budget. These include:

- Increasing the number of year-round visits.
- Increasing the number of people who stay, shop, and dine.
- Improving ease of access to information via newsletters, the internet and print advertising.
- Providing fun, family-oriented events throughout the year.
- Improving and enhancing the appearance of the Village in cooperation with the City.
- Enhancing the ability of the CVWBIA to serve as a liaison between business owners, private and government agencies, and the City.
- Increasing awareness outside of our community about the uniqueness of Capitola.

Pursuant to state law, staff recommends the City Council adopt the attached resolution of intention providing notification of the City's intent to levy business improvement assessments for Fiscal Year 2023-24. 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 22, 2023, and outlines noticing requirements.

A representative from the CVWBIA will provide a presentation during the public hearing on June 22, 2023.

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

Report Prepared By: Jim Malberg, Finance Director

Reviewed By: Julia Moss, City Clerk; Samantha Zutler, City Attorney

Approved By: Jamie Goldstein, City Manager