

Capitola City Council

Agenda Report



Meeting: May 23, 2024

From: Finance Department

Subject: Business Improvement Assessments FY 2024-25

Recommended Action: Adopt a resolution providing notification of the City's intent to levy business improvement assessments for Fiscal Year (FY) 2024-25; accepting the annual report and proposed budget of the Capitola Village and Wharf Business Improvement Area; setting the date for a public hearing to be held on Thursday, June 13, 2024; 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 Capitola Village and Wharf Business Improvement Area (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 was prepared by the CVWBIA and is included as Exhibit A to the proposed resolution (Attachment 1). It fulfills the legal requirement for FY 2024-25 and is submitted for City 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 TOT increase is designated for local business groups for marketing and community improvements. The proposed CVWBIA budget includes \$37,000 of TOT revenues for FY 2024-25.

Assessments for FY 2024-25 continue to be reduced by 25% while hotel/lodging dues are reduced by 50%. Gift certificates have been eliminated from all categories and no late fees will be assessed.

The annual report also outlines the CVWBIA's FY 2024-25 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 proposed resolution of intention providing notification of the City's intent to levy business improvement assessments for Fiscal Year 2024-25; 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 13, 2024; 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 13th.

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. Proposed Resolution
2. CVWBIA Annual Report

Report Prepared By: Report Prepared By: Leda Laidlaw-Hunter, Accountant I

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

Approved By: Jamie Goldstein, City Manager