

Capitola City Council

Agenda Report



Meeting: June 22, 2023

From: Finance Department

Subject: Levy of Capitola Village and Wharf Business Improvement Area Assessments for Fiscal Year 2023-24

Recommended Action: Conduct the noticed public hearing and adopt a resolution levying the Fiscal Year 2023-24 Capitola Village and Wharf Business Improvement Area Assessments and accepting the CVWBIA Annual Plan and budget.

Background: On June 23, 2005, the City Council adopted Ordinance No. 889 adding Chapter 5.10 to the Capitola Municipal Code establishing the Capitola Village and Wharf Business Improvement Area (CVWBIA). The CVWBIA assessments are renewed annually and fund various programs that benefit businesses within the CVWBIA district boundaries.

Discussion: On May 25, 2023, the City Council adopted Resolution No. 4316, Resolution of Intention to Levy Business Improvement Assessments for Fiscal Year 2023-24, which set a public hearing for June 22, 2023, in accordance with state law and Chapter 5.10 of the Capitola Municipal Code. Notice of this public hearing was published in the Santa Cruz Sentinel newspaper on Friday June 9, 2023, and was mailed to affected business owners by the CVWBIA.

The CVWBIA is a business-based, self-imposed assessment district in which the assessments are paid by business owners within the district boundary for improvements and activities that support and revitalize businesses as well as attract visitors. The assessment amount for each business is based on the business type and may be a flat fee or increasing fee based on the number of full-time equivalent employees. Consistent with the FY 2021-22 and FY 2022-23 adopted assessments, the proposed FY 2023-24 assessments are reduced by 25% from pre-pandemic levels and the assessments for the hotel/motel/inn category are proposed to be reduced by 50%.

The billing for City services identified in the CVWBIA plan was based on past agreements. The annual billing rates are \$3,000 for Public Works and \$4,200 for accounting services. The annual report and budget are included as Exhibit A.

During the public comment portion of this hearing, written and oral protests may be made pertaining to the proposed levy of assessments, the amount of the proposed assessments, and the proposed improvements and activities in accordance with California Streets & Highways Code §36524 and §36525.

In November 2018, voters approved Measure J, which increased the transient occupancy tax (TOT) from 10 percent to 12 percent. That Measure restricted 20 percent of the TOT increase to be used for local business groups' marketing and community improvements. In February 2019, the City Council directed that restricted TOT funding be split evenly between the Capitola-Soquel Chamber of Commerce and the CVWBIA. City Council also requested that a minimum of 25 percent of restricted TOT revenues be allocated toward community improvements, which may include special events. The proposed CVWBIA budget includes \$36,500 of TOT revenues for FY 2023-24. \$31,000 (85%) of the proposed TOT budget is for village enhancement and events, \$4,000 is for printing directories, and the remaining \$1,500 will rolled-over to FY 2024-25.

Staff recommends the City Council adopt the proposed resolution confirming the Fiscal Year 2023-24 CVWBIA Assessments and adopting the Annual Plan and Fiscal Year 2023-24 budget, as received by the Council on May 25, 2023, unless it receives oral and written protests from the owners of businesses that will pay 50 percent or more of the assessments as mandated by state law.

Fiscal Impact: There is no fiscal impact for the City. All administrative costs for billing and collections incurred by the City are reimbursed by the CVWBIA.

Attachments:

1. Proposed resolution
2. Exhibit A: BIA

Report Prepared By: Jim Malberg, Finance Director

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

Approved By: Jamie Goldstein, City Manager