

# CAPITOLA VILLAGE AND WHARF BUSINESS IMPROVEMENT AREA ASSESSMENTS FY 2025-26

August 28, 2025



# Background

- June 23, 2005 - City Council adopted Ordinance No. 889 establishing Capitola Village & Wharf Business Improvement Area (BIA)
- BIA is a business-based, self-imposed assessment district with assessments paid by businesses within district for improvements & activities that support, revitalize and attract tourists to those businesses
- Assessment amounts are determined by business classification and number of full-time equivalent employees
  - *Assessed at 75% maximum allowable*
  - *Reduced by 50% for Hotels & Lodging*
    - Consistent with prior years

# Two Different CVWBIA Groups

## Advisory Committee

- Established May 2005
- Council adopted bylaws & appointed members on July 24, 2025
- Role: Recommend (to Council) on the expenditure of revenues derived from the levy of the business assessments and other matters related to the assessments

## Non-Profit

- 501c(3) Nonprofit Organization
- City last signed contract with nonprofit BIA in 2019
- Role: Dedicated to marketing & improving Capitola Village
- Staff recommends new contract with nonprofit BIA to carry out services aligned with the Advisory Committee recommended budget

# Annual Assessment Process

June 12, 2025 - City Council set a public hearing for June 26, 2025, which was continued until tonight

- *Notice of Public Hearing published in Santa Cruz Sentinel and mailed to affected business owners*

California State Law & the Capitola Municipal Code require that Council conduct a public hearing annually prior to approving assessments

- *BIA Advisory Body recommends an annual plan and budget for Council approval*

No fiscal impact to the City – all services provided by City are reimbursed by BIA

- *Public Works Dept. - \$3,000*
- *Finance Dept. - \$4,200*

# Annual Assessment Process <sup>(cont.)</sup>

- Recommended nonprofit BIA budget/scope of work includes Assessment revenue as well as Restricted Transient Occupancy Tax (TOT) revenue
  - *Measure J approved by voters in 2018 dedicated a portion of TOT revenues for local business groups*
  - *February 28, 2019, Council directed that TOT revenues restricted for local business groups would be split evenly between nonprofit BIA and Capitola Soquel Chamber of Commerce*
    - Requiring a minimum of 25% of restricted TOT revenue be allocated for Village improvements and/or enhancements
    - Restricted TOT revenue and its uses need to be presented separately with annual budget

# Annual Assessment Process <sup>(cont.)</sup>

- FY 2025-26 Scope of Work (Budget)
  - *Assessment & TOT Revenue* - \$90,000
    - Communication Manager - \$36,000
    - Village Enhancements - \$14,000
    - Website management - \$10,000
    - Ambassador - \$6,000
    - Directories printing - \$4,500
    - Holidays & Events - \$4,000
    - Doubtful accounts - \$3,000
    - Video photo production - \$3,000
    - Storage Unit - \$2,000
  - City Accounting - \$4,200
  - City Public Works - \$3,000



# Proposed Assessments

| Business Category                 | Number of Full-Time Equivalent Employees* |                  |                        |
|-----------------------------------|-------------------------------------------|------------------|------------------------|
|                                   | 0 – 5 employees                           | 6 – 10 employees | More than 10 employees |
| Retail / Service                  | \$315                                     | \$630            | N/A                    |
| Restaurant Full Bar               | N/A                                       | \$720            | \$1,080                |
| Restaurant Beer and Wine          | \$367.50                                  | \$682.50         | \$1,042.50             |
| Restaurant No Alcohol             | \$315                                     | \$630            | N/A                    |
|                                   | Flat Fee                                  |                  |                        |
| Wine/Beer Service                 | \$315                                     |                  |                        |
| Office / Professional / Specialty | \$90                                      |                  |                        |
| Short-term Rental                 | \$135                                     |                  |                        |
| Seasonal Food Service             | \$210                                     |                  |                        |
|                                   | Per Unit Fee                              |                  |                        |
| Hotel / Motel / Inn               | \$180 per unit                            |                  |                        |

# Recommended Action

- Adopt Resolution levying FY 2025-26 Capitola Village and Wharf Business Improvement Area Assessments and accepting BIA Annual Plan and Budget
- Authorize contract with nonprofit BIA in amount NTE \$90,000