



Los Gatos Property and Business Improvement District Formation

Service Plan
October 22, 2019

BACKGROUND

Civitas was hired to help determine if a Property Business Improvement District (PBID) in Los Gatos was feasible. The first step in the PBID feasibility process was to examine potential boundaries and the need for services in the proposed areas. Based on stakeholder feedback, the Steering Committee determined what services the PBID would like to include and what budget would be needed for the PBID to provide these services.

Over the past five months, the Los Gatos Chamber of Commerce, the Town of Los Gatos and key stakeholders have been in discussions about forming a PBID to finance additional services in the area above and beyond the baseline services the Town currently provides. Funds were allocated by Town Council to hire Civitas to examine the needs of the area and subsequently draft a Feasibility Study gauging property and business owner support. Should the Los Gatos Chamber of Commerce and the PBID Steering Committee decide to move forward with PBID formation, Civitas will provide a proposal and assist with the formation process.

Several methods were used to gather information:

- The Town of Los Gatos gave funds to hire Civitas as their consultant, to assist in the PBID feasibility process;
- The project Steering Committee was formed. The committee is comprised of property owners, prominent business leaders in the community, and representatives from the Los Gatos Chamber of Commerce;
- Between April and September 2019, the Los Gatos Chamber of Commerce, Steering Committee and stakeholders conducted face-to-face meetings with property and business owners in the proposed boundaries to obtain their interest level in forming a PBID;
- Three open houses were hosted by the Steering Committee within the proposed boundaries, in which dozens of property owners, stakeholders, and Town Council members and Staff attended to show support or provide feedback;
- Analysis of the proposed boundaries and services were discussed with the Steering Committee; and
- Based on feedback from the stakeholders and Steering Committee discussions, a detailed Service Plan was created to illustrate the proposed district parameters including budget, services and boundaries.

PROPOSED BUDGET

The budgets below are examples of how funds could be allocated in the initial year. Budget categories may require adjustments up or down to continue the intended level of services. The budget is formulated based on services and benefit to the assessed parcels within the proposed boundaries, as described later in this plan.

The Los Gatos PBID Owners' Association, a to be formed non-profit corporation, will have the authority to re-allocate up to fifteen percent (15%) of total service budget between categories. Over the initial five (5) year term of the district, the assessment rate may be subject to annual increases that will not exceed three percent (3%) per year. Increases will be determined by the Owners' Association Board of Directors and can vary each year.

Service	FY 2021 Budget	%
Destination Development	\$127,280.16	30%
Destination Marketing	\$127,280.16	30%
Infrastructure	\$127,280.16	30%
Administration & Continency	\$42,426.72	10%
TOTAL	\$424,267.20	100%

ATTACHMENT 1

PROPOSED SERVICES

The Los Gatos Property and Business Improvement District (LGPBID) will provide activities and services that will create special benefits to assessed parcels and will not replace existing baseline Town Services.

Destination Development

The purpose of Destination Development is to create and maintain a clean, inviting, usable district for the benefit of the assessed parcels. Some of these benefits may include but are not limited to:

- Special events to attract new visitors and further engage locals;
- District Ambassadors advocating Los Gatos as a destination within the proposed boundaries, provide directions and assistance to pedestrians in need throughout Downtown to assist them in accessing the assessed parcels;
- Signage including, but not limited to, gateways and pole banners;
- Park beautification and development;
- Pressure washing sidewalks and parking lots adjacent to assessed properties on a regular basis;
- Regular litter removal services, including garbage, debris, and leaves; and
- Planter box beautification and revival.

Destination Marketing

Marketing efforts will highlight Los Gatos as a unique destination in an effort to increase visitor activity and sales that directly benefit the assessed parcels. Marketing may include: promotions and marketing of the LGPBID as a destination area, the maintenance of a district brand package and website, promotional materials, visitor guides, maps, press releases and newsletters. It is the intent of this program to allow the public to view the area as a single destination with a rich collection of attractions, events and services. Some of these benefits may include but are not limited to:

- Kiosks within San Jose International Airport showcasing Los Gatos as a nearby destination, providing useful information and upcoming special events;
- Increase social media traffic through strategic and targeted posts;
- Partnerships with Team San Jose and Visit California; and
- A Town-wide app to be used on mobile devices, promoting current events, nearby assessed businesses, directions, etc.

Infrastructure

The infrastructure program will use a multi-faceted approach to planning, design and management of public spaces in the LGPBID. District funds will be leveraged to create a unique sense of place, which may include wayfinding signage/banners, seasonal banners and lighting, and other public space improvements. The PBID Owners' Association Board of Directors can hold a reserve account to fund for larger improvements, which will be noted in the Annual Report that is presented to the Town Council. Some of these benefits may include but are not limited to:

- Street furnishings and sidewalk improvements; and
- Parking and traffic programs which may include a parking structure.

Administration & Contingency

The administration portion of the budget will be utilized for administrative costs associated with providing the activities and improvements for the LGPBID. These costs may include rent, telephone charges, legal fees, accounting fees, postage, administrative staff, insurance, and other general office expenses.

The budget also includes a prudent fiscal reserve. Changes in data, lower than anticipated collections, higher than expected program costs, and other issues may change the revenue and expenses. In order to buffer the organization for unexpected changes in revenue, and/or allow the PBID Owners' Association Board of Directors to fund other overhead or renewal costs, the reserve is included as a budget item. Should contingency funds remain at the expiration of the district, and property owners wish to renew the LGPBID, the remaining funds may be used for the costs of renewal. This category also includes the necessary funds to pay the Town of Los Gatos' fees associated with collection of assessments. The Town's fee is anticipated to be 2% of the assessments collected.



INITIAL ASSESSMENT RATE

Parcels are assessed based on services provided, benefit and parcel size. To determine a parcel's assessment, the applicable lot size rates in the tables below are applied to the parcel's actual lot size within the LGPBID zones. Residential condominiums, apartments and churches are not assessed. These parcels are not commercial, public, non-profit or parking lots and will not specifically benefit from or directly receive the LGPBID's improvements, maintenance, and activities. Based on services and benefits that commercial, public, non-profit and parking lots would receive, the proposed assessment methodology was established.

The assessment rates are:

Parcel type	Assessment rate (per sq. ft.)
Commercial / Public & Private Parking Lots	\$0.20
Public	\$0.10
Non-profit	\$0.10

Assessment rates may be subject to an increase of no more than three percent (3%) per year.

Based off the proposed assessment methodology, the Town's assessment will be \$89,073.80, which is approximately twenty (20) percent of the LGPBID's overall budget.

MANAGEMENT

The LGPBID shall create a new non-profit corporation which will serve as the Owners' Association described in Streets and Highways code § 36651. The Owners' Association is charged with the day-to-day operations of the LGPBID, including but not limited to, management of assessment funds and full decision-making authority regarding the LGPBID programs. The majority of the LGPBID Board of Directors shall be made up of property owners, or representatives of property owners, who are paying the PBID assessment. The Board of Directors will also have representation from the Los Gatos Chamber of Commerce and the Town.

Currently, the Steering Committee is comprised of:

- Catherine Somers, Los Gatos Chamber of Commerce, Executive Director
- Sue Farwell, Property Owner
- Jim Foley, Property Owner

There are different options being explored regarding the governing body of the LGPBID, prior the finalization of the Management District Plan. However, the aforementioned governance option has been prioritized.

COLLECTION OF ASSESSMENTS

As provided by State Law, the LGPBID assessment will appear as a separate line item on annual property tax bills prepared by the Town of Los Gatos. Property tax bills are generally distributed in the fall and spring, so annual assessments are divided into two equal payments for each year of the assessment. The Town of Los Gatos shall distribute funds collected to the LGPBID Owners' Association. Existing laws for enforcement and appeal of property taxes, including penalties and interest, apply to the LGPBID assessments.

TERM

The LGPBID will be formed for a five (5) year period, with services commencing January 1, 2021 through December 31, 2025. After the initial five (5) year term, the PBID may be renewed again for up to ten (10) years if property owners support continuing the programs.

BOUNDARIES

The map below illustrates the proposed LGPBID boundaries.

