



Office of the City Manager

CONSENT CALENDAR

November 14, 2006

To: Honorable Mayor and  
Members of the City Council

From:  Phil Kamlarz, City Manager

Submitted by: Michael Caplan, Acting Manager of Economic Development

Subject: Solano Avenue Business Improvement District

RECOMMENDATION

Adopt a Resolution approving the 2006 Annual Report of the Solano Avenue Business Improvement District (BID); declaring Council's intention to levy an annual assessment for the Solano Avenue BID for calendar year 2007; and directing the City Clerk to schedule a public hearing for December 5, 2006, to consider levying a renewed assessment for the year 2007.

FISCAL IMPACTS OF RECOMMENDATION

Projected expenditure of \$35,000 in BID revenues as included in the FY 2007 Adopted Budget (budget code 474-8703-465.35-10).

Adoption of the Resolution has no direct financial impact on the City's budget. The BID constitutes an independent funding source that must be targeted to organizational, promotional and other commercial revitalization efforts that are recommended by the Advisory Board. To the extent that the work of the Solano BID enhances the development of Solano Avenue and its business climate over the long term, the BID contributes towards enhanced City revenues through increased sales and property taxes. The formula for assessments on individual businesses is shown in Exhibit A.3 of the 2006 Annual Report.

CURRENT SITUATION AND ITS EFFECTS

On December 9, 2003, Council adopted an ordinance creating the Solano Avenue Business Improvement District. This is a business-based BID that assesses all businesses in the District. It must be renewed annually by the City Council. The attached Resolution complies with State requirements for the reauthorization of the BID assessment for another year. It approves the Annual Report (Exhibit A of the Resolution) submitted by the Solano Avenue Business District Advisory Board, declares the Council's intent to levy an annual assessment for the District for the coming year and sets a public hearing on the matter for December 5, 2006. After Council adoption, the Resolution will be published in a local paper of general circulation.

At the public hearing on December 5, 2006, the City Council may order changes in any of the matters provided in the Annual Report, including changes in the proposed assessments, the proposed improvements and activities to be funded, and the proposed boundaries of the area. At

the conclusion of the public hearing, Council may adopt a Resolution confirming the Annual Report as originally filed or as changed by it. The adoption of that Resolution shall constitute the levy of an assessment for the BID's 2006 calendar year.

At its October 18, 2006 meeting, the Solano Avenue Business Improvement District Advisory Board approved the 2006 Annual Report for submission to the City Council.

#### BACKGROUND

Following establishment of the Solano Avenue Business Improvement District, the City entered into a contract with the Solano Avenue Association for administration of the BID and implementation of the BID activities contained in the original Resolution of Intention. As is outlined in the attached Annual Report for the BID, the SAA has continued regular sidewalk sweeping, steam cleaning and weeding.

The SAA continues to produce events including the Solano Avenue Stroll, the Chocolate and Chalk Art Festival and holiday music. The SAA continues to market and promote the district through advertisements in various publications, distribution of its business directory and maintenance of its website.

In 2007 BID activities started in 2006 will continue, and the SAA will initiate additional activities, including installation of new banners and possible street tree plantings. BID assessments for 2007 are estimated at \$35,000.

The Solano Avenue Business Improvement District Board reviewed the progress of the BID to date. The Board did not recommend any changes in the boundaries off the BID, benefit zones or the method and basis for levying the 2007 assessments.

#### RATIONALE FOR RECOMMENDATION

State law requires that the City Council annually renew the Solano BID by first passing a resolution stating Council's intention to levy an annual assessment and scheduling a public hearing on the proposed renewed assessment for the coming year.

#### ALTERNATIVE ACTIONS CONSIDERED

The Solano Avenue BID Advisory Board considered whether the assessment rates should be revised for 2007. The Board concluded that there should be no change in the rates at this time.

#### CONTACT PERSON

Dave Fogarty, Economic Development Project Coordinator, 981-7530

Attachments:

1: Resolution

Exhibit A: 2006 Annual Report of the Solano Avenue Business Improvement District

RESOLUTION NO. -N.S.

APPROVING THE YEAR 2006 ANNUAL REPORT OF THE SOLANO AVENUE BUSINESS IMPROVEMENT DISTRICT; DECLARING COUNCIL'S INTENTION TO LEVY AN ANNUAL ASSESSMENT FOR THE SOLANO AVENUE BUSINESS IMPROVEMENT DISTRICT FOR CALENDAR YEAR 2007; AND DIRECTING THE CITY CLERK TO SCHEDULE A PUBLIC HEARING FOR DECEMBER 5, 2006 TO CONSIDER LEVYING A RENEWED ASSESSMENT FOR THE YEAR 2007.

WHEREAS, the Parking and Business Improvement Area Law of 1989 (California Streets and Highway Code section 36500 et seq.) authorizes cities to establish parking and business improvement areas for the purpose of imposing assessments on businesses for certain purposes; and

WHEREAS, on December 9, 2003 the Berkeley City Council established such an area known as the Solano Avenue Business Improvement District (the "District"); and

WHEREAS, the City Council established a Solano Avenue Business Improvement District Advisory Board (Advisory Board) to act in compliance with State law to oversee the activities of the District; and

WHEREAS, the Advisory Board has submitted an Annual Report to the Berkeley City Council that outlines the activities of the District proposed for 2007 as required by the California Streets and Highways Code Section 36533; and

WHEREAS, the Annual Report is clear and complete and found to comply with the interests of Solano Avenue assessees; and

WHEREAS, the annual process for levying assessments in Business Improvement Districts requires that cities adopt a Resolution of Intent that declares their intent to levy such an assessment and then set a date for a public hearing where interested parties may be heard on the issue.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley as follows:

Section 1. The City Council hereby approves the Solano Avenue Business Improvement District Annual Report for the year 2006 (Exhibit A) as submitted to the City Clerk by the Solano Avenue Business Improvement District Advisory Board.

Section 2. Pursuant to the provisions of Section 36500 et seq. of the California Streets and Highways Code (the "Act"), the City Council declares its intent to levy an annual assessment for the parking and business improvement area known as the Solano Avenue Business Improvement District.

Section 3. The boundaries of the District are set forth in Exhibit A3 of the BID year 2006 Annual Report which is attached hereto and incorporated herein by reference.

Section 4. The improvements and activities proposed for the District shall be funded by the levy of assessments on businesses within the District boundaries and may include the following:

- a. Public improvements.
- b. Maintenance of public spaces.
- b. Promotion of public events which benefit businesses in the District and which take place on or in public places within the District.
- c. Furnishing of music in any public place in the area.
- d. Advertising and promotion of tourism within the area.
- e. Other activities that benefit businesses located and operating in the area.

Council intends that these funds be used principally for promotion and marketing activities, maintenance and public improvements for the Solano Avenue commercial area. Council explicitly intends that funds generated through this BID shall not be used to pay for activities routinely paid for by the City.

Section 5. The City Council intends to levy assessments on businesses located within the boundaries of the District in the amounts and on the business classifications set forth in Exhibit A3, which is attached hereto and incorporated herein by reference. The projected levied assessments for the year 2007 total \$35,000 (budget code 474-8703-465.35-10).

Section 6. A public hearing shall be held before the City Council on the 5th day of December 2006 in the Council Chambers, 2134 Martin Luther King, Jr. Way, Berkeley, California. Following the hearing the Council will consider adoption of a resolution levying an assessment as recommended by the Solano Avenue Business Improvement Advisory Board. At this hearing the Council will hear all interested persons for or against the levying of such an assessment.

Formal protests against the levying of the District assessment must be made in writing. All written and oral protests should contain the following certification: "I certify that I am the owner of the business listed below, and that the business is located or operates within the boundaries of the Solano Avenue Business Improvement District." Protests should also contain the following information: business name (printed), business address (printed), City business license tax registration number, name of protester (printed), signature of protester, date of protest and the reason(s) the protester is against the levying of the District assessment. Protests will not be considered valid unless signed and submitted by the owner of a business located within the boundaries of the proposed District. Written protests shall be filed with the City Clerk, First Floor, City Hall, at 2180 Milvia Street, Berkeley, California, 94704, at or before the time fixed

for the hearing and shall contain a description of the business sufficient to identify the business, and if the person so protesting is not listed on City records as the owner of the business, the protest shall be accompanied by written evidence that the person subscribing the protest is the owner of the business. Any protest pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularity or defect to which the objection is made. If written protests are received from the owners of businesses in the District that will pay fifty percent (50%) or more of the assessment proposed to be levied, no further proceedings to levy the assessment shall be taken for a period of one year from the date of the finding of a majority protest by the City Council. If the majority protest is only against the furnishing of a specified type or types of improvements or activities within the District, those types of improvements or activities shall be eliminated.

Section 7. The City Clerk is directed to give notice of said public hearing by causing the Resolution of Intention to be published once in a newspaper of general circulation in the City of Berkeley not less than seven days before the public hearing.

#### Exhibits

A: 2006 Annual Report of the Solano Avenue Business Improvement District

**Exhibit A**



**2006 Annual Report & 2007 Draft Workplan  
Solano Avenue Berkeley  
Business Improvement District**

**Annual Report**

# **SOLANO AVENUE BERKELEY BUSINESS IMPROVEMENT DISTRICT**

## **2007 DRAFT WORKPLAN**

### **1. Events & Promotions**

- A. Produce & distribute 14,000 SAA Directories
- B. Maintain SAA Website
- C. Solano Avenue Gift Certificate (SAGC)/Scrip Program
- D. Group ads
- E. Chocolate & Chalk Art Festival
- F. Solano Stroll Kickoff Party
- G. Solano Stroll & Parade
- H. Dia de Los Muertos
- I. Holidays on Solano

#### **Notes:**

A. 1000 fewer directories were printed than the prior year due to decreased demand, perhaps due to an increase of on-line directory usage.

B. It is recommended to update the Solano website to allow on-line applications for event participation and to take credit cards for all functions of the SAA. There may be minimal financial impact as the cost of upgrading the website and using credit cards will result in a decrease in labor costs.

C. SAGC Program has been highly successful since its inception in 1994, creating a cushion of over \$13,000 in the SAA account due to unused or lost SAGCs. The Scrip portion of the program that sells SAGCs at an 8% discount to schools, has brought over \$34,000 in direct sales to Solano Avenue.

D. Last year a group ad was taken out in the East Bay Express with merchant buy-in for logo ads. The SAA underwrote the \$1788 Express ad at a cost of \$452. The Berkeley Convention & Visitor's Guide, in which a group ad was which was purchased late in 2005, is in publication for two years.

E. The Chocolate & Chalk Art Festival had over 5,000 attendees and is a growing event. It is underwritten from income from the Solano Stroll.

F. The Solano Stroll Kickoff Party, held at and underwritten by Golden Gate Fields, is the annual mixer for the SAA and was well-attended by over 200 people: VIPs, merchants, City staff, etc.

G. The Solano Stroll & Parade was highly successful with over 250,000 attendees and 750 participating vendors. The board should consider hiring a production company to take over a portion of the event as it has grown too large for current staff.

H. Dia de Los Muertos is scheduled for November 2. It is a low-key, inexpensive, event that is well-liked by the community, drawing about 200 people onto Solano Avenue in the evening. It is organized by several of the merchants.

I. Plans for Holidays on Solano should be discussed with the possibility of not hiring most of the street entertainers (except those involved with Santa) for this one year in order to create the financial backing for the SAA to open it's own credit card.

## **2. Physical Improvements**

- A. Sidewalk steam cleaning 1x month June-October
- B. Sidewalk sweeping & weeding 2x week Jan.-Dec.
- C. Poster removal 2x week January-December
- D. Purchase & installation of 5 new sidewalk planters  
& maintenance of existing planters
- E. Installation of the first bulb-out
- F. Installation of street banners 3x year

### **Notes:**

A. B. C. With the increase in BID fees due to COLA, a different company should be hired to provide these services. There have been too many complaints about the existing company which has been the lowest bidder for the job. The BID board may also want to increase the frequency with which the sidewalks are steam cleaned.

D. Originally 20 planters were purchased for Solano. After several smaller ones were stolen and 3 were broken, 5 more were purchased. At the end of this year, if there are enough funds, more should be purchased. Each planter in a large enough size, with plants, soil and fertilizer, installed by a gardener, costs around \$275. This does not include maintenance every two months.

E. The City of Berkeley, thanks to Councilmember Laurie Capitelli, has approved funding to install a bulb-out in front of Peet's in early February 2007. Several of the larger merchants will be asked by the Councilmember to contribute to the landscaping and furniture for the bulb-out. The BID has been asked to maintain any planters on the bulb-out. The additional expense to the BID will probably be under \$250/year since it will be included in the overall contract for the gardener. There is a possibility of installing 3-4 additional bulb-outs in later years if there is support for them, not only financially from the City, but politically from the business community,

## **3. Administration**

**BUDGET PROPOSAL for 2007**

<b>REVENUE</b>	<b>2006 Albany Actual</b>	<b>2006 BID Actual</b>	<b>2006 TOTAL REVENUE</b>	<b>2007 Budget Proposal Albany</b>	<b>2007 Budget Proposal BID</b>	<b>Proposed 2007 Budget</b>	
BID	0	35,395	35,395	-	41,800	41,800	10% increase
Dues Income	16,122	400	16,522	16,500	750	17,250	
Advertising	448	448	895	1,500	1,500	3,000	
Event Revenue	69,727	69,727	139,453	71,818	71,818	143,637	3% increase
Other	255	255	510	200	200	400	
	86,551	106,224	192,775	90,018	116,068	206,087	
Gift Certificate (Net)							
Sales						17,000	
Purchases						(16,150)	
	(32)	(32)	(32)	425	425	850	
Estimated 2006 Revenue:	<b>86,519</b>	<b>106,192</b>	<b>192,743</b>	<b>90,443</b>	<b>116,493</b>	<b>206,937</b>	

<b>EXPENSES</b>	<b>SAA 2006 ACTUAL</b>	<b>2006 BID ACTUAL</b>	<b>SAA 2007 BUDGET</b>	<b>2007 BID BUDGET</b>	<b>(Assumes 3% increase in expenses for 2007)</b>
<b>Marketing:</b>					
Advertising:	15,105		15,558		
Banners-Installation:	3,610		3,718		
Printing and Graphics	6,876		7,082		
Entertainers, Artists	24,161		24,886		
Equipment Rentals	13,543		13,949		
T-shirts, posters, totes, caps	7,857		8,093		
Shuttles	3,690		3,801		
Permits, Event Insurance	3,062		3,154		
Event Staffing, Volunteers	3,280		3,378		
Stroll Kick-off Party	1,599		1,647		
Contestants	500		515		
Postage, event supplies, misc.	6,917		7,124		
<b>Total Marketing Expenses:</b>	<b>90,200</b>	<b>45,100</b>	<b>92,906</b>	<b>46,453</b>	<b>50%</b>
<b>Administration:</b>					
Insurance	4,183		4,308		
Internet	4,084		4,207		
Phone, utilities	700		721		
Supplies, postage, misc.	2,449		2,522		
Volunteers, Appreciation	1,035		1,066		
Dues Expenses	558		574		
Interest	221		228		
<b>Subtotal:</b>	<b>13,229</b>	<b>6,615</b>	<b>13,626</b>	<b>6,813</b>	<b>50%</b>
<b>Professional Services</b>					
Lisa Bullwinkel	60,500	30,250	62,315	31,158	50%
Other	12,000		12,000	3,000	100%
<b>Total Administration:</b>	<b>85,729</b>	<b>36,865</b>	<b>87,941</b>	<b>40,971</b>	
<b>Physical:</b>					
Cleaning	-	17,400	-	20,880	
Copy and Graphics	-	-	-	-	
Gardening	-	700	-	750	
Planters/Gardening	-	2,200	-	3,500	
<b>Total Physical Expenses:</b>	<b>-</b>	<b>20,300</b>	<b>-</b>	<b>25,130</b>	<b>100%</b>
<b>Total Expenses:</b>	<b>175,929</b>	<b>102,265</b>	<b>180,847</b>	<b>112,554</b>	
Less BID Share:	(81,965)		(84,424)		
	<b>93,965</b>	<b>102,265</b>	<b>96,424</b>	<b>112,554</b>	
Proposed Net Gain (Loss):	# (7,446)	3,927	(5,980)	3,940	

**2006 EXPENSES - SAA AND BID**

<b>EXPENSES</b>	<b>SAA General</b>	<b>Solano Stroll</b>	<b>Chocolate &amp; Chalk Art</b>	<b>Christmas on Solano</b>	<b>SAA TOTAL</b>	<b>BID SHARE</b>
<b>Marketing:</b>						
Advertising:	3,737	3,724	4,245	3,399	15,105	
Banners-Installation:	3,610	-	-	-	3,610	
Printing and Graphics	865	3,804	2,207	-	6,876	
Entertainers, Artists	-	19,986	1,175	3,000	24,161	
Equipment Rentals	-	13,543	-	-	13,543	
T-shirts, posters, totes, caps	-	7,857	-	-	7,857	
Shuttles	-	3,690	-	-	3,690	
Permits, Event Insurance	-	2,712	350	-	3,062	
Event Staffing, Volunteers	-	3,280	-	-	3,280	
Stroll Kick-off Party	-	1,599	-	-	1,599	
Contestants	-	-	500	-	500	
Postage, event supplies, misc.	350	4,337	1,565	665	6,917	
<b>Total Marketing Expenses:</b>	<b>8,562</b>	<b>64,532</b>	<b>10,042</b>	<b>7,064</b>	<b>90,200</b>	<b>45,100 (50% of Marketing Total)</b>
<b>Administration:</b>						
Insurance	4,183				4,183	
Internet	2,042	2,042			4,084	
Phone, utilities	350	350			700	
Supplies, postage, misc.	2,449				2,449	
Volunteers, Appreciation	1,035				1,035	
Dues Expenses	558				558	
Interest	221				221	
<b>Subtotal:</b>	<b>10,837</b>	<b>2,392</b>	<b>-</b>	<b>-</b>	<b>13,229</b>	<b>6,615 50 % of General Admin</b>
<b>Professional Services</b>						
Lisa Bullwinkel	30,250	24,200	4,235	1,815	60,500	30,250 (50% of Total Salary)
Other	3,600	8,400			12,000	-
<b>Total Administration:</b>	<b>44,687</b>	<b>34,992</b>	<b>4,235</b>	<b>1,815</b>	<b>85,729</b>	<b>36,865</b>
<b>Physical:</b>						
Cleaning	-	-	-	-	-	17,400 (\$1,450/month average)
Copy and Graphics	-	-	-	-	-	-
Gardening	-	-	-	-	-	700
Planters/Gardening	-	-	-	-	-	2,200
<b>Total Physical Expenses:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,300</b>
<b>Total Expenses:</b>	<b>53,249</b>	<b>99,524</b>	<b>14,277</b>	<b>8,879</b>	<b>175,929</b>	<b>102,265</b>
Less BID Share of SAA Expenses					<b>(81,965)</b>	
Share of 2006 Expenses:					<b>93,965</b>	<b>102,265</b>

BID Budget Breakdown for 2006

	Budgeted		Actual	
Marketing	77,800	65%	45,100	44%
Admin	23,975	20%	36,865	36%
Physical	18,450	15%	20,300	20%
<b>Totals</b>	<b>120,225</b>	<b>100%</b>	<b>102,265</b>	<b>100%</b>

BID Actuals

	2004	2005	2006
Marketing	48,417	73,176	45,100
Admin	30,031	24,490	36,865
Physical	10,273	19,076	20,300
	<b>88,721</b>	<b>116,742</b>	<b>102,265</b>

**2006 REVENUE - SAA AND BID**

REVENUE	SAA General	Solano Stroll	Chocolate & Chalk	Christmas on Solano	SUB TOTAL	Share of Revenue		TOTAL
						Albany	BID	
BID						0	35,395	35,395
Dues Income	16,122	-	-	-	16,122	16,122	400	16,522
Advertising	895	-	-	-	895	448	448	895
Sponsors		36,028	1,170	-	37,198	18,599	18,599	37,198
Event Revenue		95,820	6,186	250	102,256	51,128	51,128	102,256
Other	510				510	255	255	510
	17,526	131,847	7,356	250	156,980	86,551	106,224	192,775
Gift Certificate (Net)								
Sales	17,491	-	-	-	17,491			
Purchases	(17,554)	-	-	-	(17,554)			
	(64)				(64)	(32)	(32)	(64)
Estimated 2006 Revenue:	<b>17,463</b>	<b>131,847</b>	<b>7,356</b>	<b>250</b>	<b>156,916</b>	<b>86,519</b>	<b>106,192</b>	<b>192,711</b>

**2006 Budget v Actual**

	2006 Bid Budget	2006 BID Actual	2006 Albany Budget	2006 Albany Actual
BID	38,000	38,000	-	-
Dues	750	400	15,600	16,122
Advertising	2,650	448	2,650	448
Events Revenue	71,900	69,727	71,900	69,727
Other (Labels)	100	255	100	255
Gift Certificates	9,175	(32)	9,175	(32)
	122,575	108,797	99,425	86,519