



## Staff Reports

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**File #:** 1309-2018, **Version:** 1

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**To:** Honorable Mayor and Members of City Council

**From:** Dr. Peter Pirnejad, Assistant City Manager - Development Services

**Prepared By:** Shari Cooper, Development Project Coordinator

**TITLE:**

Downtown Business Promotions Tax Area - 2019 Annual Report and Budget

**RECOMMENDED ACTION:**

Adopt a resolution approving the 2019 Annual Report and Budget for the Downtown Business Promotions Tax Area; authorizing the City Clerk to schedule a public hearing on June 19, 2018, to levy taxes in accordance with Napa Municipal Code Chapter 3.28; and determining that the actions authorized by this resolution are exempt from CEQA.

**DISCUSSION:**

The Napa Downtown Association ("NDA") has submitted the annual budget, programs, and promotional events, and roster of officers for the period January 1- December 31, 2019, for the Downtown Business Promotions Tax Area ("DBPTA"), which is identified in the Napa Municipal Code Chapter 3.28 as the "Napa Parking & Business Improvement Area 1, Benefit Zone 2." The DBPTA boundaries include the downtown core generally between Jefferson Street, Soscol Avenue, Yount Street and Division Street (see boundary map on Exhibit "E" to Attachment 1).

In accordance with the contract obligations contained in City Agreement 9354, "Napa Downtown Association Agreement, Management of Assessment Districts", the NDA must prepare and file with the City an annual report which describes improvements and activities that will be performed by the NDA in the upcoming fiscal year using tax revenues generated by the DBPTA.

The City collects DBPTA taxes from merchants within the DBPTA boundaries and pays those tax revenues to the NDA, and the NDA manages expenditures of the tax revenues for improvements and activities identified in the annual report, all under the terms of Agreement 9354.

Merchants in the DBPTA pay a promotional tax equal to 40 percent of the business license tax when their business licenses are renewed. Therefore, tax rates that are approved in 2018 are used to fund improvements and activities for the 2019 calendar year. The NDA estimates that \$121,200 in DBPTA tax revenue will be received from this area in 2019. Revenues received will be spent on promotional activities that benefit the businesses paying the taxes.

Although the City is not required to comply with any specific reporting requirements under State law for the DBPTA, Agreement 9354 requires the NDA to provide an annual report identifying the improvements and activities to be funded with DBPTA tax revenue using the structure applicable to

assessments under California Streets and Highways Code Section 36533 (consistent with similar assessment reports provided by the NDA for the Oxbow Business Promotions Assessment Area). Therefore, for the levy of the DBPTA, the City follows the same procedures required for the levy of assessments although not legally required. In summary:

1. There have not been any boundary changes to the DBPTA for the 2018 calendar year, and no boundary changes are anticipated for 2019.
2. The NDA plans to produce the following events in 2019: Napa Live! Inside and Out, Napa Show & Shine/Main Street Reunion Car Show, Blues, Brews, and BBQ, Hometown Halloween, Napa Tree Lighting Ceremony, and the Christmas Parade. Improvements to be made include the continuation of the Wine Tasting Card program, the Shop Napa Guide, and on-going tourism promotion for businesses within the DBPTA.
3. The NDA estimates the cost to provide the above activities and improvements totals \$472,688 (see "Expenses" minus "Reserve Fund" amount on Exhibit "B" to Attachment 1).
4. The method and basis of levying taxes remains the same as prior years, and equals 40 percent of the business license tax (imposed on each business pursuant to Napa Municipal Code Chapters 3.28 as the "Napa Parking & Business Improvement Area 1, Benefit Zone 2" and 5.04 Business Licenses Generally).
5. The NDA estimates the amount of surplus to be carried over from the previous year will total \$107,000.
6. The NDA estimates that the amount of all contributions to be made from sources other than the taxes levied in the DBPTA total \$463,193 (see "Income" minus "Downtown Promo Tax" amount on Exhibit "B" to Attachment 1).

The details of the annual report are set forth in the resolution (see Exhibit "D" to Attachment 1) to this report.

#### **FINANCIAL IMPACTS:**

The recommended action results in no financial City obligation or impact to the General Fund, but there are costs related to City staff time for financial accounting and preparation of staff reports and resolutions. The DBPTA tax revenue, equal to 40 percent of the business license tax, is collected by the Finance Department and remitted monthly to the NDA.

#### **CEQA:**

City staff recommends that the City Council determine that the Recommended Action described in this Staff Report is exempt from CEQA, pursuant to CEQA Guidelines Section 15323 (normal operation of facilities for public gatherings).

#### **DOCUMENTS ATTACHED:**

ATCH 1 - Resolution - 2019 Annual Report and Budget for the DBPTA

EX A - 2017 Budget to Actuals for the Oxbow BPAA and DBPTA

EX B - 2018 Budget for the Oxbow BPAA and DBPTA

EX C - 2019 Budget Estimate of Revenue Contributions to the Oxbow BPAA and DBPTA

EX D - 2019 Annual Report for the DBPTA

EX E - Boundary Map for the DBPTA

**NOTIFICATION:**

City staff notified the Napa Downtown Association of this agenda item before the meeting date.