



Staff Reports

File #: 2216-2019, **Version:** 1

To: Honorable Mayor and Members of City Council

From: Vin Smith, Community Development Director

Prepared By: Stephanie Cajina, Senior Development Specialist

TITLE:

Downtown Napa Property and Business Improvement District Renewal

RECOMMENDED ACTION:

Adopt a resolution authorizing the City Manager to grant property owner approval for City owned property to renew the Downtown Napa Property and Business Improvement District for another five-year term from January 1, 2021 through December 31, 2025.

DISCUSSION:

Overview

The Downtown Napa Property and Business Improvement District (DNPBID), formed in February 2005, is a benefit assessment district that funds marketing programs such as advertising and events, environmental enhancements such as circulation improvements, landscaping, artistic amenities, street furniture, lighting, signage, and services that create a benefit to the member properties. These benefits are concentrated within the distinct geographic boundaries of the DNPBID and are funded by means of a special assessment on parcels within the DNPBID boundary, currently totaling 277 individual assessed parcels (Attachment 2).

The DNPBID has historically been renewed for five-year terms. As was done in 2010 and 2015, the DNPBID prepared a proposed Management District Plan to extend the assessment for five more years (from 2021 through 2025). However, due to the economic impacts of the COVID-19 pandemic, on April 22, 2020, the Downtown Napa Association sent a letter to Council (Attachment 6) recommending that the assessments for the first year of the renewal (2021) be eliminated to allow time for property owners to financially recover from the pandemic. Consistent with this recommendation, the DNPBID submitted a revised Management District Plan (Attachment 3) to eliminate the assessment in 2021 so that there will not be an assessment in the first year of the extended term. As a result, programs and services will be nominal during year 1 (2021) of the renewal term and funded only by any carryover PBID funds from Year 2020, outside grants, donations, event proceeds, etc. Programs and services will begin at full service levels beginning in Year 2 (2022) and carry through Year 5 (2025).

Background

The DNPBID was originally established in 2005. It was renewed in 2010 for a second five-year term and renewed again in 2015 for an additional five-year term which expires on December 31, 2020. The current renewal effort is for another five-year term from January 1, 2021 through December 31, 2025. Since the DNPBID was first approved, it has funded a variety of projects and services for the benefit of assessed parcels, including but not limited to:

- Market research
- The DoNapa.com website
- Local and regional multi-media advertising
- Pedestrian directional sign program
- Welcome Center support
- Holiday lighting and décor
- Downtown Napa maps
- Napa ARTwalk Program contribution

The DNPBID is managed by the Napa Downtown Association (NDA) which oversees the day-to-day activities of the DNPBID and is guided by a committee of DNPBID members (property owners), referred to as the Owners' Association.

Proposed Renewed Term (2021-2025)

The renewal process is set forth in the State of California Streets and Highways Code Sections 36600, et seq., (hereinafter "PBID Law"). It is initiated by a petition drive that must result in receiving signed petitions from property owners representing at least 50 percent of the total Year 1 assessment. If the City receives the required number of petitions, the City Council is asked to approve a Resolution of Intention to renew the DNPBID. This Resolution calls for the mailing of a ballot and public hearing notice to each property owner to be assessed within the DNPBID. The public hearing is to be set no earlier than 45 days after the ballots and public hearing notice are mailed. At the conclusion of the public hearing, ballots for the renewal of the DNPBID will be opened and counted. PBID Law and Proposition 218 require that more than 50 percent of the ballots received, weighted by assessment, be in support of the DNPBID renewal. If the City receives the required number of petitions in support of the DNPBID renewal at the public hearing, the City Council may adopt a resolution of formation to renew the DNPBID. Based on this process, the following schedule is proposed for renewing the DNPBID, a process that must be completed by July 31, 2020. The schedule assumes the legally required thresholds for petitions and ballots will be met.

- May 5, 2020: Adoption of a resolution by the City Council, Housing Authority of the City of Napa and Parking Authority of the City of Napa authorizing the City Manager/Executive Director to grant property owner approval and sign DNPBID renewal documents
- January 1, 2020 - May 5, 2020: Petition drive
- May 19, 2020: City Council adopts a Resolution of Intention to renew the DNPBID
- July 21, 2020: City Council holds a public hearing / protest hearing on the DNPBID renewal, and if no majority protest, adopts a Resolution of Formation renewing the DNPBID for five

years.

The benefits to be funded by the new DNPBID, if approved, are described in the Management District Plan (Attachment 3) and fall into four main categories. The Management District Plan (“the Plan”) proposes four budget categories of service for the 2021 - 2025 term and the percentage of total budget for each category:

PBID Term	Beautification Maintenance Infrastructure	Marketing Ambassador Safekeeping	Advocacy & Administration	Contingency	Total
2015-2020	57%	26%	15%	2%	100%
2020-2015	54.10%	30.82%	13.24%	1.84%	100%
% Change	-2.9%	+4.82%	-1.76%	-0.16%	0%

The Plan describes these service categories beginning on page 5.

The Plan proposes benefit zones and assessment rates and describes the anticipated annual revenue the DNPBID would receive from the assessments. In light of the economic impact of the COVID-19 pandemic, the Owners’ Association has decided to eliminate the assessment for Year 1 of the plan. The assessment for Year 2 is projected to be \$476,915. The proposed boundaries and properties to be included in the DNPBID are provided on Attachment 2 and included in the Plan. In addition to the Plan, the Owners’ Association has provided the petition - Attachment 5 - which outlines the various properties owned by City in the DNPBID. A detailed list of city parcels and their uses is provided in Attachment 4.

Properties in the DNPBID boundary are designated in two separate Zones, 1 and 2 (see Attachment 2). In the DNPBID’s first two terms, there were no changes to the zones or to their respective assessment rates. In the DNPBID’s third term, new boundaries of Zones 1 and 2 were re-drawn according to benefit, and new rates were proposed that reflect the expected levels of benefit. The new boundaries were approved in 2015. Parcels in Zone 1 are those located in the Downtown Core and Oxbow District, which are commercially intensive, highly visible and would receive a greater level of benefit. Those parcels in Zone 2 are located on the periphery of the district and would not receive as much benefit as those in Zone 1; accordingly, the rates are higher for commercial uses in Zone 1 to reflect the anticipated level of benefit. The table on page 9 of the Plan outlines the assessment rates prescribed for each zone, by parcel type.

Attachment 4 provides a list of parcels in the DNPBID boundary which are owned by the following entities: City of Napa (25); Parking Authority of the City of Napa (1); and Housing Authority of the City of Napa (1). Today’s recommended action would authorize the City Manager to grant property owner approval of the DNPBID renewal by signing the renewal documents, including the petition and ballot, on behalf of the City and take all other actions necessary to support the renewal of the DNPBID as a property owner.

FINANCIAL IMPACTS:

Renewal of the DNPBID would assess properties owned by the City, Housing Authority and Parking Authority at \$0 for calendar year 2021 and approximately \$58,796.86 in calendar year 2022. The

annual assessment on each parcel is subject to an annual increase not to exceed 3% each year. Rate increases would offset any annual labor and expense increases realized by the DNPBID in order to maintain continual levels of service from year to year. The annual DNPBID payment would be included for approval in the City's two-year budget for fiscal years 2021-2022 and 2022-2023 as a General Fund expenditure. The DNPBID Owners' Association is required to submit an annual report to the City each year outlining the assessment rate per parcel, and the City's proposed assessment amount is provided each year at this time. The City levies the annual DNPBID assessments for collection by the Napa County Tax Collector.

CEQA:

The Community Development Director has determined that the Recommended Action described in this Staff Report is not in-and-of-itself a "project" pursuant to CEQA Guidelines Section 15378 since it does not result in a physical change in the environment. However, the Recommended Action is a part of a larger "project" that will be subject to environmental review in accordance with CEQA at the "earliest feasible time" prior to "approval" consistent with CEQA Guidelines Sections 15004 and 15352. The larger "project" includes the individual improvements funded by DNPBID revenue, some of which may be categorically exempt, but some of which may require further CEQA analysis after design work is completed and prior to approval of construction.

DOCUMENTS ATTACHED:

ATCH 1 - Resolution of the City of Napa City Council
ATCH 2 - Map of Proposed DNPBID Boundary 2021 - 2025
ATCH 3 - Downtown Napa Management District Plan
ATCH 4 - City Entity-Owned Properties and Assessments
ATCH 5 - Petition - City of Napa
ATCH 6 - Letter from PBID to City Council

NOTIFICATION:

The DNPBID Owners' Association was notified of this agenda item prior to the meeting date.