



Staff Reports

File #: 2209-2019, **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:

- (1) Adopt a resolution authorizing the City Manager to sign any documents necessary 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; and
- (2) Adopt a Resolution of Intention to initiate proceedings to renew the Downtown Napa Property and Business Improvement District, and schedule a public hearing for Tuesday, July 21, 2020, at 6:30 P.M. in City Hall Council Chambers, 955 School Street, Napa, CA.

DISCUSSION:

Overview

The Downtown Napa PBID, 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 Downtown Napa PBID and are funded by means of a special assessment on parcels within the Downtown Napa PBID boundary, currently totaling 277 individual assessed parcels (Attachment 2).

The Downtown Napa PBID has historically been renewed for five-year terms. As was done in 2010 and 2015, the Downtown Napa PBID 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 Downtown Napa PBID 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, and on May 5, 2020, the City Council adopted Resolution 2020-056 authorizing the City Manager, or his designee, to sign any documents necessary to grant property

owner approval for the City-owned parcels identified in the recitals of that resolution to renew the Downtown Napa PBID for another five years from January 1, 2021 to December 31, 2025 with no assessment in Year 1 (2021).

However, on May 18, 2020, the DNPID's Owner's Association, a committee of Downtown Napa PBID members (property owners), unanimously voted to have the Year 1 (January 1, 2021 - December 31, 2021) DNPID assessments reinstated and to move forward with the Management Plan and Engineer's report draft dated February 4, 2020 (Attachment 4). The total proposed assessment for Year 1 is \$476,915, which is reflected in the attached Management Plan. The Napa Downtown Association (NDA) has submitted a letter to City Council to relay how the Downtown Napa PBID arrived at this decision citing concerns over suspending important functions funded by DNPID funds (Attachment 3).

The attached resolution (Attachment 1), would therefore supersede Resolution 2020-056 and authorize the City Manager to sign a new petition (Attachment 6) for City-owned properties that reflects the Y1 Assessment of \$476,915. City-owned properties represent 11.884 percent of the total amount of assessments proposed to be levied in Year 1.

Background

Petition Drive

Pursuant to the process set forth in California Streets and Highways Code Sections 36600, et seq., the initial step of the DNPID renewal process is a petition drive. The petition drive 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 Downtown Napa PBID.

The Downtown Napa PBID has completed an outreach and information campaign and petition drive to support renewal of the PBID for an additional five years from 2021 to 2025, and asks the City Council to adopt a Resolution of Intention (Attachment 2) to formally initiate the renewal process. As of the writing of this report, the City Clerk is in receipt of petitions from property owners representing approximately 44 percent of the total annual assessment. These petitions are on file and available for review in the office of the City Clerk. Upon the Council's adoption of a resolution authorizing the City Manager to sign the petition for City-owned properties, the City Clerk would then be in receipt of 56 percent of the total amount of assessments proposed to be levied in Year 1.

Renewal Ballots

Following adoption of the Resolution of Intention, Downtown Napa PBID renewal ballots (template included as Attachment 5) will be mailed to each property owner in the district, along with ballot instructions, a map of the district, and an Executive Summary of the Management District Plan, which describes in general the amount of the assessment in year 1 and the activities the Downtown Napa PBID would support (see the full Plan, Attachment 4 to this report). After a minimum 45-day period, a public hearing will be held and all returned ballots will be opened and counted at the hearing. The "Right to Vote on Taxes Act" (Proposition 218) requires a ballot vote in which the ballots submitted in opposition to the assessment cannot exceed the ballots submitted in favor of the assessment (weighted by assessment). The returned ballots will be opened by the Napa City Clerk at the close of

the public hearing scheduled for the evening of July 21, 2020. If the majority of the ballots (weighted by assessment) are in favor of the assessment, the Council can adopt a resolution of formation on July 21, 2020, which will renew the Downtown Napa PBID for an additional five years.

FINANCIAL IMPACTS:

Renewal of the Downtown Napa PBID would assess properties owned by the City, Housing Authority and Parking Authority at approximately \$58,796.86 in calendar year 2021. 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 Downtown Napa PBID in order to maintain continual levels of service from year to year. The annual Downtown Napa PBID 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 Downtown Napa PBID 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 Downtown Napa PBID 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 Downtown Napa PBID 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 City Council
ATCH 2 - Resolution of Intention to Renew the Downtown Napa Property and Business Improvement District with EX A
EX A - Downtown Napa PBID Map
ATCH 3 - NDA Letter to City Council
ATCH 4 - Downtown Napa Management District Plan
ATCH 5 - DNPID Sample Ballot
ATCH 6 - DNPID Petition for City-owned properties

NOTIFICATION:

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