



Staff Reports

File #: 168-2020, **Version:** 1

To: Honorable Mayor and Members of City Council

From: Vin Smith, Community Development Director

Prepared By: Neal Harrison, Development Project Coordinator

TITLE:

Downtown Business Promotions Tax Area - 2021 Annual Report and Budget

RECOMMENDED ACTION:

Adopt a resolution approving the 2021 Annual Report and Budget for the Downtown Business Promotions Tax Area; authorizing the City Clerk to schedule a public hearing on June 16, 2020 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, 2020, 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, paid when business licenses are renewed. Therefore, tax rates that are approved in 2020 are used to fund improvements and activities for the 2021 calendar year. The NDA estimates that \$71,118 in DBPTA tax revenue will be received from this area in 2020 (see Exhibit "C" to Attachment 1). Revenues received will be spent on promotional activities that benefit the businesses paying the taxes.

The outbreak of COVID-19 and shelter in place have caused tremendous financial strain on local businesses. The assessment revenues collected from the Oxbow BPAA are therefore lower than prior years.

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 2020 calendar year to date, and no boundary changes are anticipated for 2021.
2. The NDA plans to produce the following events in 2021:
 - “Hometown Halloween”;
 - “Napa Tree Lighting Ceremony”
 - Due to COVID 19, a number of special events have been cancelled for 2020, including Napa Live: Inside and Out, Show and Shine, Main Street Reunion, Blues Brews & BBQ, and the Napa Christmas Parade

Improvements to be made include the continuation of the Napa Beer 2020 card, the Shop Napa Guide, and on-going social media promotion for businesses within the DBPTA.

3. The NDA estimates the cost to provide the above activities and improvements totals \$243,700 (see details on “Exhibit B” to Attachment).
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 \$18,264.
6. The NDA estimates that the amount of all contributions to be made from sources other than the taxes levied total \$149,481 (see Exhibit “C” 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 its 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 to the NDA on a monthly basis.

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 - 2021 Annual Report and Budget for the DBPTA

EX A - 2019 Budget to Actuals for the Oxbow BPAA and DBPTA

EX B - 2020 Budget for the Oxbow BPAA and DBPTA

EX C - 2021 Budget Estimate of Revenue Contributions to the Oxbow BPAA and DBPTA

EX D - 2021 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