



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: AUGUST 12, 2025

DEPARTMENT: COMMUNITY DEVELOPMENT

FROM: LISA BRINTON, DIRECTOR

BY: CRYSTAL CASILLAS, BUSINESS NAVIGATOR

TITLE: RESOLUTION OF INTENTION TO LEVY SALINAS UNITED BUSINESS ASSOCIATION (SUBA) 2025-2026 ANNUAL ASSESSMENT

RECOMMENDED MOTION:

A motion to receive and accept SUBA's 2024-2025 Annual Report and approve a Resolution of Intention (ROI) declaring the intention to levy the annual assessment in the Salinas United Business Association Business Improvement Area (BIA) for FY 2025-2026 and setting September 23, 2025, as the public hearing date to consider the levy.

EXECUTIVE SUMMARY:

The attached SUBA 2024-2025 Annual Report is a requirement of California Streets and Highways Code Section 36533, so that the City Council may be advised of the prior year's activities and uses of annual assessments levied on businesses within the SUBA BIA. With Council approval, the SUBA Annual Report also provides direction for SUBA activities and use of assessment funds in the coming fiscal year. The City Council is required to adopt a resolution of intent to levy assessment that sets the public hearing date of September 23, 2025. The Salinas Municipal Code Section 21B-40. Collection of assessments; delinquencies states that assessments will be due and payable in advance on November 1st.

BACKGROUND:

The Salinas United Business Association (SUBA) is a 501(c)(6) nonprofit corporation appointed by the City Council to serve as the Advisory Board of the Business Improvement Area formed in 2004 under the Parking and Business Improvement Area Law of 1989. Through the levying of assessments, SUBA provides district members with benefit services - support and resources they need to be successful business owners including business training, marketing, and streetscape beautification and maintenance. The SUBA BIA is in East Salinas, its boundaries include the major commercial corridors of E. Market and E. Alisal Streets and N. Sanborn Road. A boundary map is provided as an attachment to this report. No boundary changes are proposed.

On November 5, 2019, the City Council adopted Ordinance 2622 amending the Salinas Municipal Code by transferring the responsibility of remitting and collecting the BIA assessment from the

City to SUBA. Since fiscal year 2020 SUBA has remitted and collected the BIA assessment.

In the BIA, the City is responsible for providing base services including, but not limited to, trash collection, street sweeping, street and sidewalk maintenance and repair, streetlight installation, maintenance, and repair, and public safety (police and fire). Through the levying of assessments, SUBA provides members with benefit services, support, and resources they need to be successful. These services are an extra benefit that members receive on top of base services.

Examples of benefit services include but are not limited to streetscape beautification and extra maintenance, amenities such as additional festoon lighting, street banners, wayfinding signage, and outdoor seating. Other support includes, but is not limited to, marketing and promotion of the businesses and events in the BIA (website, social media, business directory, community events), connecting members with business education, technical assistance and capital resources, and assisting businesses to navigate regulatory processes such as licensing and permitting.

A summary of SUBA's 2024-2025 Annual Report and proposed FY 2025-2026 Goals and Budget follows.

2024-2025 Accomplishments & Proposed Goals for 2025-2026

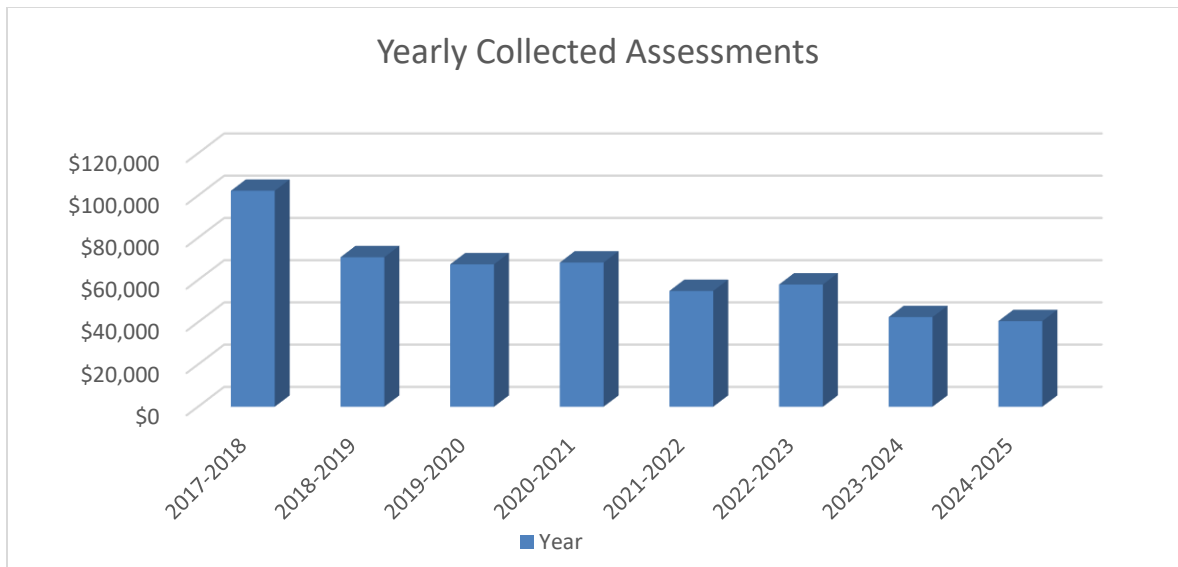
The 2024-2025 Annual Report, attached to this staff report, provides the details of SUBA's activities over the past year. Highlighted 2024-2025 accomplishments and goals for the 2025-2026 include the following:

Focus Areas	Goal	Accomplished 2024-2025	Proposed 2025-2026
Marketing and Promotion			
Social Media Posts for Businesses	40	117	40
Social Media Posts for the Area	20	38	18
Radio/TV Promotion	15	10	12
Ribbon Cutting	4	3	3
Business Resources			
Workshops/Webinars	24	19	8
One-on-One Meetings	300	383	100
Safety			
Public Safety Meetings	4	3	1
Beautification & Cleanliness			
Clean-Ups	4	2	1

Expenditures

In 2024-2025 businesses were billed a total of \$100,400 but SUBA collected \$40,550 in assessments. To date, \$59,890 (60%) of the 2024-2025 assessment remains uncollected. In 2024-2025, SUBA Board Members discussed delinquent accounts and decided not to pursue collection.

Actual income for 2024-2025 totaled \$144,504 including \$40,550 in collected assessment revenue, \$0 in grants, \$90,000 in contracts, \$8,620.00 in donations, \$3,500 in Sponsorships, and a 2023-2024 Fund Balance carry forward of \$1,834. Expenditures listed on page 9 of the Annual Report totaled \$130,412.50, with a 2024-2025 Fund Balance of \$14,092.



The chart above highlights a consistent decline of approximately forty three percent (43%) in the assessments collected since 2017. This decline can be associated to several challenges including lack of awareness among business owners that they are located within a BIA and that these fees are mandatory. Additionally, there is a lack of support mechanisms to ensure accountability and consistent payment.

Challenges

SUBA's primary challenge continues to be accomplishing a demanding work plan with limited staff and scarce and declining financial resources. Big challenges of the past year include the following.

- A significant portion of the assessment revenue remains uncollected. Currently, about sixty percent (60%) of the total assessment amount for 2024-2025 has not been collected. This issue has been ongoing, contributing to a substantial amount of uncollected revenue over the years.

- BIA assessments are not membership fees, and businesses may mistakenly perceive these payments as optional rather than mandatory. This misunderstanding contributes to the low collection rate, as businesses might not fully recognize the obligation to pay.

In response to the ongoing financial and operational challenges, the SUBA Board has explored disbanding the Business Improvement Area (BIA). As part of these discussions, the Board considered transitioning to a Property-Based Improvement District (PBID), like the Downtown Community Benefit District managed by the Salinas City Center Improvement Association. A PBID approach offers a sustainable funding structure and aligns with long-term priorities for the SUBA district as outlined in the Alisal District Identity Master Plan, which emphasizes the importance of maintaining and expanding efforts to strengthen the area's identity and support its businesses. After evaluating their options, the Board decided to continue operating as a BIA for the coming year, 2025-2026, with reduced staff hours and goal metrics to address immediate business support needs. The Board will continue to evaluate the feasibility of transitioning to a PBID model.

Budget

SUBA proposes no changes to the method of the calculation of assessment for FY 2025-2026. Levy of assessment is based on the Salinas Municipal Code Sec. 21B-35, established by Ordinance No. 2455, adopted by Council on September 15, 2005. SUBA's estimated 2025-2026 assessment income is pending information regarding new business licenses and renewals as it is based on a 100% collection rate. Due to the deadline for renewing business licenses without a penalty, the final assessment amount for the upcoming year has not yet been determined and will be presented at the Council meeting on September 23, 2025.

SUBA's proposed 2025-2026 Budget excluding the calculated assessment revenue, includes the FY 2024-2025 carry forward of \$14,092, contracts (\$0), grant funding (\$5,000) and donations (\$7,500) and for event sponsorships of \$5,000. At mid-year, the SUBA Board will revisit actual assessment revenues collected and will make budget adjustments accordingly.

Resolution of Intention

The Resolution of Intention, provided as Attachment 1, outlines the community need, authorizing law, area boundaries, area name, use of levy assessment funds, levy calculation, and public hearing and noticing requirements. The Resolution sets a date of September 23, 2025, for a public hearing for Council to consider the levy of assessment for FY 2025-2026. The Resolution of Intention will be noticed in a local newspaper not less than seven (7) days prior to the public hearing, as required by the Streets and Highways Code.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

Yes.

STRATEGIC PLAN INITIATIVE:

This staff report and recommendations aligns closely with the City Council’s 2025 Strategic Plan goals of Economic Development and Public Safety. SUBA utilized the BIA assessment to engage both new and established businesses to drive economic growth and engage businesses to address public safety concerns.

DEPARTMENTAL COORDINATION:

Community Development staff acts as SUBA’s city liaison. The Finance Department has assisted Community Development with verifying the assessment projections for 2025-2026. Community Development, Public Works and Police Department staff have collaborated with SUBA to support its goals of improving the safety, cleanliness and appearance of the BIA.

FISCAL AND SUSTAINABILITY IMPACT:

The levy of assessment for FY 2025-2026 will have no fiscal impact on the General Fund. Under the amended Ordinance (2019), SUBA is to remit and collect the assessment. Designated city liaison’s time for coordination with SUBA, participation in Board Meetings, and review of the annual report and processing of the annual levy of assessment is already allocated through staff time in the adopted 2025-2026 City budget.

Fund	Appropriation	Appropriation Name	Total Appropriation	Amount for recommendation	FY 25-26 Operating Budget Page	Last Budget Action
N/A	N/A	N/A -	N/A -	N/A -	N/A -	N/A -

ATTACHMENTS:

1. Resolution of Intention
2. SUBA 2024-2025 Annual Report
3. SUBA 2024-2025 Annual Report Presentation
4. 2024-2025 Profit & Loss Statement
5. 2024-2025 SUBA BIA Assessment Calculations
6. SUBA Boundary Map