



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: AUGUST 8, 2023

DEPARTMENT: COMMUNITY DEVELOPMENT

FROM: LISA BRINTON, DIRECTOR

BY: CRYSTAL CASILLAS, COMMUNITY DEVELOPMENT ANALYST (LIMITED-TERM)

TITLE: RESOLUTION OF INTENTION TO LEVY SALINAS UNITED BUSINESS ASSOCIATION (SUBA) 2023-2024 ANNUAL ASSESSMENT

RECOMMENDED MOTION:

A motion to approve a Resolution of Intention (ROI) to levy the annual assessment in the Salinas United Business Association Business Improvement Area (BIA) for FY 2023-2024 and setting September 26, 2023, as the public hearing date to consider the levy.

EXECUTIVE SUMMARY:

The attached SUBA 2022-2023 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 intention to levy assessment that sets the public hearing date of September 26, 2023. 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 located 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 2020-2021 SUBA has remitted and collected the BIA assessment.

DISCUSSION:

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. These services have been vital in helping businesses in the Alisal post-COVID.

A summary of SUBA’s 2022-2023 Annual Report and proposed FY 2023-2024 Goals and Budget follows.

2022-2023 Accomplishments

The 2022-2023 Annual Report, attached to this staff report, provides the details of SUBA’s activities over the past year. Highlighted accomplishments include the following.

- **District Marketing and Promotion**
 - Continued to expand SUBA district visibility through promoting district businesses and events on social media platforms and shop local initiatives.
 - SUBA, Monterey County Business Council and City of Salinas staff worked to sign up eligible businesses to receive free publicity on the regional tourism website See Monterey. Staff will continue to sign up interested business owners.
 - Assisted businesses to obtain 31 Temporary Use of Land Permits (~value of \$6,000) during Valentine’s Day and Mother’s Day sales.
- **District Appearance and Safety**
 - SUBA met with City staff throughout the year to address code enforcement issues and policies regarding illegal vendors, trash, homeless issues catering trucks as well as crime issues.
 - Convened public safety meetings to address issues of safety concerns regarding burglary, theft, and homeless issues as well as litter and other related issues.
 - Launched the Alisal Ambassador Program in March and completed 4 clean-ups collecting over 80 bags of trash in the Alisal area. SUBA assisted in the recruitment of 7 business owners to become ambassadors and held 2 ambassador facilitation meetings.

- **Business Advocacy and Navigation Support**
 - Continued collaboration with various agencies and non-profit groups such as Monterey County Business Council, Salinas Valley Chamber of Commerce, Building Healthy Communities, Center for Community Advocacy, Central Coast Center for Independent Living, Blue Zones, California Rural Legal Assistance, Salinas Valley Memorial Hospital, Monterey County Visitors and Convention Bureau and other partners to address the barriers in the community that impact the quality of life for East Salinas residents and businesses.
- **Business Education and Resources**
 - 192 businesses attended workshops and classes offered through SUBA. SUBA also continued to maintain a Business Resource Center and provided basic marketing and technical support at no-cost to business members interested in creating new marketing materials, social media training and connecting members to partners and other businesses that could assist them further (business cards, flyers, logos, etc.).
- **Shopping Local Events**
 - SUBA and its Board along with City staff helped organize a Salinas Loteria for Spring to promote sales. SUBA also promoted shopping locally for Valentine’s Day, Mother’s Day and Small Business Saturday.
- **Board Elections and Training**
 - The last SUBA Board of Director Election was held in June 2023. All 8 board members have been re-elected and are in the process of nominating board positions.

Expenditures

In 2022-2023 518 businesses were billed a total of \$109,449 and SUBA collected \$57,900 (53%) in assessments. To date, \$51,493 (47%) of the 2022-2023 assessment remains uncollected. This year, delinquent payments were not sent to collection. The Board will set a date in 2023 to discuss how to move forward with delinquent accounts. Approximately over \$540,000 has gone uncollected over the past seventeen (17) years according to figures shared with SUBA by the City of Salinas’ Finance Department.

Actual income for 2022-2023 totaled \$135,618 including \$57,900 in collected assessment revenue, \$1,200 in grants, \$1,950 in donations, \$67,000 in contracts and a 2021-2022 Fund Balance carry forward of \$7,568.00. Expenditures listed on page 8 of the Annual Report totaled \$121,365, with a 2022-2023 Fund Balance of \$14,253.

SUBA has successfully increased their revenue and built capacity through contracts with the Monterey County Business Council (MCBC). This contract has allowed SUBA to continue to provide technical services and increase their outreach efforts despite their low collection rates.

SUBA Requests

During the approval of SUBA’s Annual report for FY 2021-2022, City Council requested SUBA work with City staff to strategize ways to optimize the collection process by aligning the timing of the assessment with business license renewal. The Finance Department currently utilizes HdL Companies to administer and manage business licensing. SUBA, City and HdL staff continued to

discuss options for HdL to assist SUBA with the issuance and collection of assessment and the alignment business license and assessment timing. Currently, SUBA’s assessments are issued once in November. To help address the low collection rate, the City’s Finance Department and Community Development staff worked together with SUBA to explore the feasibility of issuing assessments concurrently with business licensing renewal twice a year, in June and December. In FY 2022-2023, per direction of the SUBA Director, Alejandro Chavez, it was decided that there will be little to no impact in the collection amounts if the assessment invoices are sent twice a year. This concludes the City Council request from FY 2021-2022. SUBA will continue to educate business owners on the roles and benefits of a Business Improvement District for FY 2023-2024 with the objective of increasing collection rates.

2023-2024 Goals and Budget

The Annual Report also outlines SUBA’s proposed 2023-2024 goals and budget. A summary of proposed activities is provided below.

Marketing and Promotions

- Goal 1A- Provide Social Media Marketing for 250 SUBA businesses throughout the 23/24 Fiscal Year
- Goal 2A- Provide 24 Social Media Posts Marketing the SUBA area throughout the 23/24 Fiscal Year
- Goal 3A- Provide 6 Interviews on Television/Radio regarding promoting the SUBA area and/or services SUBA provides its members. for 23/24 Fiscal Year
- Goal 4A- Provide 4 Ribbon Cutting Ceremonies for SUBA businesses for 23/24 Fiscal Year.

Business Resources

- Goal 1B- Provide 18 classes/webinars for SUBA members on Business Development for 23/24 Fiscal Year.
- Goal 2B- Provide 8 workshops/webinars regarding business related topics such as:
Exit Strategy for Business Owners, Retirement Plans for Business Owners, Social Media Marketing, How to Start an Online Store for 23/24 Fiscal Year.
- Goal 3B- Provide 180 one-on-one meetings with SUBA members in 23/24 Fiscal Year.

Safety

- Goal 1C- Provide 4 Public Safety Meetings throughout the SUBA BIA for 23/24 Fiscal Year.
- Goal 2C- Coordinate and Develop a Safety Plan for our BIA in coordination with our businesses and the Salinas Police Department for 23/24 Fiscal Year.
- Goal 3C- Monitor and Contact City, County and State agencies regarding Health, Safety and Sanitary Issues in the SUBA BIA for 23/24 Fiscal Year.

Beautification & Cleaning

- Goal 1D- Further develop an Ambassador Cleanup and Beatification Program and expand the number of ambassadors to a total of 10.
- Goal 2D- Schedule and Implement 8 Cleanups throughout the SUBA BIA for 23/24 Fiscal Year.

SUBA proposes no changes to the method of the calculation of assessment for FY 2023-2024 however, 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 proposed 2023-2024 Budget is balanced with projected revenues and matching expenses of \$238,774 including \$105,520 of assessment revenue, the FY 2022-2023 carry forward of \$14,253, contracts (\$97,000), grant funding (\$5,000) and donations (\$7,500) and a deduction for event sponsorships of \$10,000. At mid-year, the SUBA Board will revisit actual assessment revenues collected and will make budget adjustments accordingly.

Alisal Vibrancy Plan Implementation and Small Business Support Efforts

SUBA members participated in the preparation of the Alisal Vibrancy Plan (AVP) and continue to participate in implementation meetings, specifically on topics surrounding policies on economic development. The AVP identifies a community-based organization such as SUBA as a lead entity to organize and lead volunteer beautification efforts such as the Alisal Ambassador Program, promote local business and district identity through social media, and to connect members to business resources and assist them with navigating city processes.

In addition to AVP efforts, SUBA has been meeting with City staff on a bi-weekly basis to discuss any business needs, upcoming workshops and city support needs for events. SUBA has been a member of the City’s Small Business Economic and Recovery Taskforce, General Plan Update Steering Committee, and AVP Implementation Committee and has assisted in the interview and selection process for Mural projects representing the Alisal business district and advising City staff and other stakeholders of Alisal business community needs.

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 26, 2023, for a public hearing for Council to consider the levy of assessment for FY 2023-2024. 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 of accepting SUBA's annual report and approving the Resolution of Intention setting the public hearing date for consideration of SUBA's annual levy of assessment 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.

STRATEGIC PLAN INITIATIVE:

This staff report and recommendations aligns closely with the City Council's goals (2022-2025) of Economic Development and Public Safety and AVP implementation. SUBA utilized the BIA assessment to provide small businesses with access to the educational, technical assistance and financial resources they need to prosper and expand and engaging businesses in existing beautification efforts.

DEPARTMENTAL COORDINATION:

Community Development staff act as SUBA's city liaison. The Finance Department assisted Community Development with verifying the assessment projections for 2023-2024. As highlighted in the Annual Report, 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 2023-2024 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 2023-2024 City budget.

ATTACHMENTS:

1. Resolution of Intention
2. SUBA 2022-2023 Annual Report
3. SUBA 2022-2023 Annual Report Presentation
4. 2022-2023 Profit & Loss Statement
5. 2023-2024 SUBA BIA Assessment Calculations
6. SUBA Boundary Map