



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: AUGUST 9, 2022

DEPARTMENT: COMMUNITY DEVELOPMENT

FROM: MEGAN HUNTER, DIRECTOR

BY: CRYSTAL CASILLAS, COMMUNITY DEVELOPMENT ANALYST

THROUGH: LISA BRINTON, ASSISTANT DIRECTOR

TITLE: RESOLUTION OF INTENTION TO LEVY SALINAS UNITED BUSINESS ASSOCIATION (SUBA) 2022-2023 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 2022-2023 and set a public hearing date to consider the levy.

RECOMMENDATION:

It is recommended that the City Council receive and accept SUBA's 2021-2022 Annual Report and approve a resolution declaring the intention to levy the 2022-2023 SUBA BIA assessment and setting September 20, 2022, as the public hearing date to consider the levy.

EXECUTIVE SUMMARY:

The attached SUBA 2021-2022 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 20, 2022. 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©(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 2021-2022 Annual Report and proposed FY 2022-2023 Goals and Budget follows:

2021-2022 Accomplishments

The 2021-2022 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.
 - Assisted businesses to obtain 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.

- SUBA held three safety meetings with business members and with the Salinas Police Department and have continued to work in collaboration in addressing the ongoing concerns of members regarding crime and safety.
- **Business Advocacy and Navigation Support**
 - Continued collaboration with various agencies and non-profit groups such as Building Healthy Communities, Center for Community Advocacy, Central Coast Center for Independent Living, Blue Zones, California Rural Legal Assistance, Salinas Valley Memorial Hospital, 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**
 - 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 to promote holiday sales. SUBA also promoted shopping locally for Valentine's Day, Ciclovía Salinas and with Small Business Saturday.
- **Board Elections and Training**
 - The last SUBA Board of Director Election was held in June 2020.
 - One board member was lost in the last FY 2021-2022.

Expenditures

In 2021-2022 518 businesses were billed a total of \$110,442 and SUBA collected \$55,614 in assessments. To date, \$54,828 (49%) of the 2021-2022 assessment remains uncollected. This year, delinquent payments were not sent to collection. The Board will set a date in 2022 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 2021-2022 totaled \$88,245 including \$55,614 in collected assessment revenue, \$4,500 in grants, \$12,878.00 in donations, and a 2020-2021 Fund Balance carry forward of \$15,253.00. Expenditures listed on page 11 of the Annual Report totaled \$80,667, with a 2021-2022 Fund Balance of \$7,578.

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.

- Due to COVID-19 one board members was unable to continue to serve on the Board. SUBA is in the process of recruiting new Board Members.
- Low collection rate of assessments remains a challenge. Approximately forty-nine percent (49%) of assessment amount remains uncollected.

- Work with the City of Salinas to understand and provide education on new and existing ordinance

To address some of these challenges City staff meets regularly (bi-weekly) with the Executive Director and attends monthly Board meetings.

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. Going forward the Finance Department will be utilizing HdL Companies to administer and manage business licenses. SUBA, City and HdL staff continue 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 are working together with SUBA to explore issuing assessments concurrently with business licensing renewal twice a year, June and December. For this change in the timing to occur, the City Council would need to consider amending Ordinance 2622 of the Salinas Municipal Code. SUBA requests changes be made to the timing of the calculation of assessments for FY 2022-2023.

2021-2022 Goals and Budget

The Annual Report also outlines SUBA's proposed 2021-2022 goals and budget. A summary of proposed activities is provided below.

Marketing and Promotions

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| Goal 1A- | Provide Social Media Marketing for 300 SUBA businesses throughout the 22/23 Fiscal Year |
| Goal 2A- | Provide 36 Social Media Posts Marketing the SUBA area throughout the 22/23 Fiscal Year |
| Goal 3A- | Provide 6 Interviews on Television/Radio regarding promoting the SUBA area and/or services SUBA provides its members. for 22/23 Fiscal Year |
| Goal 4A- | Provide 6 Ribbon Cutting Ceremonies for SUBA businesses for 22/23 Fiscal Year. |

Business Resources

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| Goal 1B- | Provide 24 classes/webinars for SUBA members on Business Development for 22/23 Fiscal Year. |
| Goal 2B- | Provide 8 workshops/webinars regarding business related topics such as: |

Exit Strategy for Business Owners, Retirement Plans for Business Owners, How to Complete Your PPP Forgiveness Application, Social Media Marketing, How to Start an Online Store, Holiday Shopping in SUBA, Taxes for Businesses etc., etc for 22/23 Fiscal Year.

Goal 3B- Provide 150 one-on-one meetings with SUBA members in 22/23 Fiscal Year.

Safety

Goal 1C- Provide 4 Public Safety Meetings throughout the SUBA BIA for 22/23 Fiscal Year.

Goal 2C- Coordinate and Develop a Safety Plan for our BIA in coordination with our businesses and the Salinas Police Department for 22/23 Fiscal Year.

Goal 3C- Monitor and Contact City, County and State agencies regarding Health, Safety and Sanitary Issues in the SUBA BIA for 22/23 Fiscal Year.

Beautification & Cleaning

Goal 1D- Create a SUBA Beautification and Art Project Plan for the SUBA BIA for 22/23 Fiscal Year. (This plan will be coordinated the City of Salinas to complement the Clean California Grant that is focusing on art and clean ups in our area.)

Goal 2D- Schedule and Implement 6 Cleanups throughout the SUBA BIA for 22/23 Fiscal Year.

SUBA proposes no changes to the method of the calculation of assessment for FY 2022-2023 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 estimated 2022-2023 assessment income is \$110,442 based on a 100% collection rate.

SUBA's proposed 2022-2023 Budget is balanced with projected revenues and matching expenses of \$126,520 including \$110,442 of assessment revenue, the FY 2021-2022 carry forward of \$7,578, grant funding (\$2,500) and donations (\$6,000). 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, promote local businesses 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 a member of the City's Small Business Economic and Recovery Taskforce, General Plan Update Steering Committee, and AVP Implementation Committee representing the Alisal business district and advising City staff and other stakeholders of Alisal business community needs. As SUBA is also part of the working group collaborating with city staff to implement best practices found in A Road to Recovery for Local Businesses Blueprint (Adopted by City Council September 17, 2021), to advise the City Council on best practices to support equitable small business recovery efforts for Salinas' businesses and to reduce future economic disasters.

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 20, 2022, for a public hearing for Council to consider the levy of assessment for FY 2022-2023. 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. 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 acts as SUBA's city liaison. The Finance Department assisted Community Development with verifying the assessment projections for 2022-2023. 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 2022-2023 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 2022-2023 City budget.

ATTACHMENTS:

1. Resolution of Intention
2. SUBA 2021-2022 Annual Report
3. SUBA 2021-2022 Annual Report Presentation
4. 2021-2022 Profit & Loss Statement
5. 2022-2023 SUBA BIA Assessment Calculations
6. SUBA Boundary Map