CITY OF SALINAS
COUNCIL STAFF REPORT

DATE: NOVEMBER 18, 2025

DEPARTMENT: COMMUNITY DEVELOPMENT DEPARTMENT

FROM: LISA BRINTON, DIRECTOR

BY: CRYSTAL CASILLAS, BUSINESS NAVIGATOR

TITLE: RESOLUTION OF INTENTION TO DISESTABLISH THE SALINAS UNITED BUSINESS ASSOCIATION BUSINESS IMPROVEMENT AREA

RECOMMENDED MOTION:

A motion to approve a Resolution of Intention to disestablish the Salinas United Business Association Business Improvement Area, and to schedule a public hearing to be held on December 9, 2025, at 5:00PM to consider the adoption of an ordinance disestablishing the SUBA Business Improvement Area and repealing the Salinas City Municipal Code Chapter 21B Article V.

EXECUTIVE SUMMARY:

At the September 29, 2025, Salinas United Business Association (SUBA) Board of Director's meeting the Board voted to recommend that the City Council dissolve the SUBA Business Improvement Area (BIA) due to low collection rates rendering BIA operation financially infeasible. Under California Streets and Highway Code, (SHC) **§** 36550 et seq. the City Council may disestablish the BIA by adopting an ordinance after holding a public hearing on the disestablishment. The Council must adopt a Resolution of Intention (ROI) stating the reason for disestablishment, specifying the time and place of the public hearing, and including a proposal to dispose of any assets acquired with the revenues of the assessments levied within the BIA. The ROI is provided as Attachment 1 to this staff report.

BACKGROUND:

The Salinas United Business Association Business Improvement Area (BIA) was established in 2004 under the Parking and Business Improvement Area Law of 1989 to provide special benefits to businesses located in the BIA. The Salinas United Business Association (SUBA) is a 501(c)(6) nonprofit corporation originally appointed by the City Council to serve as the Advisory Board of the BIA under Municipal Code Chapter 21B Article V. Through the levying of assessments, SUBA has provided special benefits to BIA members including business training, marketing, and beautification efforts. The BIA boundaries include the major commercial corridors of E. Market and E. Alisal Streets and N. Sanborn Road. A boundary map is provided as Attachment 6 to this report.

In September 2025 the SUBA Board determined that operation of the BIA was financially infeasible due a pattern of declining collection rates. For Fiscal Year 2024-25 the assessment collection rate was approximately 40%. On October 9, 2025, SUBA's former Executive Director submitted an email, followed by a formal letter dated November 7, 2025, to the City requesting the disestablishment of the SUBA BIA. Both the email and letter are provided as Attachment 2 to this staff report. SUBA's former Executive Director also sent a letter dated October 7, 2025, to the California Secretary of State's Business Programs Division to initiate the dissolution of SUBA's status as a 501(c)(6) nonprofit corporation.

Resolution of Intention

The Resolution of Intention (ROI), provided as Attachment 1, sets a public hearing date of December 9, 2025, at 5:00PM, for Council to consider the disestablishment. The ROI also states the reason for the disestablishment and a proposal to dispose of any assets acquired with the revenues of the assessments levied within the BIA. SUBA's Board of Directors has submitted documentation of its physical assets and its intention to donate identified assets to non-profit or charitable organizations (Attachment 3: Asset Inventory).

Notice of the Public Hearing on the Resolution of Intention will be provided as required by the Streets and Highways Code**§** 36523. This includes publication of the Resolution of Intention in the newspaper at least seven (7) days before the public hearing and direct mailing of the Resolution of Intention to each business owner within the BIA within seven (7) days after the City Council's adoption of the Resolution of Intention.

Assessment Reimbursement

As outlined in SHC **§** 36551(a), upon disestablishment of the BIA any remaining revenues derived from the assessments, or assets acquired with the revenues, shall be refunded to the owners of the businesses then located and operating within the area who paid the levied assessments by applying the same method and basis that was used to calculate the assessments levied in the fiscal year in which the area is disestablished. SUBA has provided Profit and Loss Statements for the past five years to demonstrate the amount of any remaining assessment revenue (Attachment 4). Documentation was also provided regarding the Loan identified on the 2025-26 Profit and Loss Statement (Attachment 5).

SUBA is responsible for settling all outstanding debts and obligations, and any remaining assets will be distributed to other nonprofit organizations, donated to charity or properly discarded if they cannot be donated. SUBA will coordinate these final steps of dissolving SUBA's status as a 501(c)(6) nonprofit corporation with the California Secretary of State's Business Programs Division.

<u>CEQA CONSIDERATION</u>:

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).

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

This action does not directly align with the City Council's 2025-2028 Strategic Plan goals and objectives. The SUBA BIA aligned closely with the City Council's goals (2025-2028) 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. SUBA also served as a liaison between SUBA businesses and city departments and divisions including Police and Code Enforcement to address health and public safety concerns in the BIA.

While this option does not align, it does not take away from the good work that SUBA did the past 20+ years and the continuing need for a business facing and centric organization for the Alisal area. Moving forward what this means is that structure needed for 2025 and beyond has evolved and shifted and it presents an opportunity for the City and Alisal Business Community to work together on a new framework and/or organization, as alluded to below.

DEPARTMENTAL COORDINATION:

Community Development Department staff prepared this item in coordination with the City Attorney. In response to SUBA's disestablishment City staff will continue to coordinate across departments to ensure ongoing support for businesses in the East Salinas area. The Business Navigator position, which served as SUBA's City liaison, will continue to lead coordination efforts with Finance, Public Works, and the Police Department to maintain services that support safety, cleanliness, and streetscape improvements. Existing City contracts and business assistance programs will be leveraged to concentrate resources in the district.

Staff will also explore strategies to fill the services SUBA provided. This includes leveraging existing City small business support contracts and partnerships to ensure small business services and resources continue to be provided to businesses located along Alisal commercial corridors. In addition, staff will evaluate a long-term strategy of forming a Property Based Improvement District (PBID) or similar framework to establish a longer-term funding source for small business supportive services, marketing, and support of corridor revitalization efforts.

FISCAL AND SUSTAINABILITY IMPACT:

The disestablishment of SUBA will have no fiscal impact on the General Fund. 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 that time, SUBA has directly managed the collection and administration of assessment revenues to support district activities and programs. Designated City Liaison's time, and review of the disestablishment is already allocated through staff time in the adopted 2025-

2026 City budget. Existing City contracts and business assistance programs will be leveraged to concentrate resources in the district.

ATTACHMENTS:

1. Resolution of Intention
2. SUBA Formal Notice
3. List of Asset Inventory
4. 5-Year Profit & Loss Statements
5. Loan Information
6. SUBA Boundary Map