

REPORT TO THE CITY COUNCIL

City of Salinas, California

DATE: August 30, 2016

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**SUBJECT: SALINAS UNITED BUSINESS ASSOCIATION (SUBA) ASSESSMENT
DISTRICT REPORT FOR FY 2015/16 AND RESOLUTION OF
INTENTION TO LEVY AND COLLECT AN ANNUAL ASSESSMENT
FOR THE DISTRICT IN FY 2016/17**

RECOMMENDATIONS:

Staff recommends that the City Council take the following actions:

1. Approve a Resolution approving the FY 2015/16 Salinas United Business Association's Annual Report, as required for the Salinas United Business Association Business Improvement Area.
2. Approve a Resolution of Intention to levy and collect an annual assessment in the Salinas United Business Association Business Improvement Area for FY 2016/17; and set a public meeting for September 20, 2016 to consider the levy.

DISCUSSION:

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 (BIA) 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.

FY 2015-2016 Annual Report Summary

The attached SUBA Annual Report for FY 2015/16 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 Business Improvement Area. With Council approval, the SUBA Annual Report will also provide direction for SUBA activities and use of assessment district funds in the coming fiscal year.

The approved 2015/16 Budget projected balanced income and expenditures of \$136,260. However, only \$77,041.41, in assessments including Associate Memberships was collected. There was also a reduction in expenditures with the departure of SUBA's Executive Director in September 2015. Including past years' carryover, SUBA's current available balance as of July 31,

2016 is \$82,748. This carryover amount includes the savings in personnel cost resulting from the still vacant Executive Director position. The Annual Report provides the details of activities funded over the past year.

In the absence of an Executive Director, SUBA proposes to restructure its existing committees (Business Resources, Finance, Marketing, Promotions & Special Events, Policy & Government Relations, Safety) to the following:

- Executive Board
- Beautification & Landscaping
- Marketing/Promotions
- Business Resource
- Safety

The Executive Board will take on the responsibilities of the Executive Director and will oversee the Finances and the Administration of the association. In addition, they will also be responsible for the Policy & Government Relations Committee.

City staff as the city liaison to SUBA has been focused on helping build organizational capacity with the absence of the Executive Director and recent departure of the Office Manager who is out on disability. Staff provided support to the Executive Board which has organized two half day retreats to review the mission and goals of the organization and restructured its committees. Staff has also been working with the Executive Board and newly hired temporary office staff to ensure the 2015/16 work plan is carried out.

Proposed FY 2016-2017 Budget

SUBA, as the district's advisory board, proposes a FY 2016/17 balanced budget of \$162,745 that is based on anticipated collected revenues from the annual assessment and associate memberships. The City 2016-2017 budget estimates SUBA's assessment income at \$140,000, and assumes the City successfully collects all of the billed assessments. Since the actual collected amount over the past several years has averaged \$80,000, SUBA is conservatively projecting the 2016/2017 assessment revenue to be \$80,000. With the addition of the FY 2015/16 current balance, the proposed 2016/17 Budget is balanced with projected revenues and matching expenses of \$162,748. At mid-year, the Board will revisit actual assessment revenues collected and will make budget adjustments accordingly.

It should be noted that along with the restructuring of its committees, the SUBA Board proposed to shift to a percentage based budget that reflects the priorities of the Board and provides the resources for each committee to implement its work plan to bring the core special benefit services to its members.

The Resolution of Intention, attached, outlines the community need, authorizing law, area boundaries, area name, use of levy assessment funds, levy calculation and collection procedures, and public hearing and noticing requirements. The Resolution sets a date of September 20, 2016 for a public hearing for Council to consider the levy of assessment for FY 2016/17. The Resolution of Intention will be noticed in the newspaper prior to the public hearing, as required by the Streets and Highways Code.

THE ISSUE:

Shall the Council approve a Resolution approving the Salinas United Business Association's FY 2015/16 Annual Report, and approve the Resolution of Intention to levy and collect an assessment in the Salinas United Business Improvement Area for FY 2016/17?

FISCAL IMPACT:

The assessment of levies for FY 2016/17 will have no fiscal impact on the City's Budget, except for modest administrative costs still to be determined. The estimated \$140,000 to be collected by the assessments in the coming year assumes the City successfully collects all of the billed assessments. Since the actual collected amount over the past several years has averaged \$80,000, SUBA is conservatively projecting the 2016/17 assessment revenue to be \$80,000 in its FY 2016/17 Budget.

TIME CONSIDERATIONS:

The annual assessment process must be completed prior to the November 1, 2016 assessment billings.

COUNCIL GOALS:

SUBA remains a partner in carrying out Council goals for “Economic Diversity and Prosperity”, as well as a “Safe, Livable Community.”

ALTERNATIVES:

1. The Council may modify and approve the 2015/16 Annual Report and adopt the Resolution of Intention. Implications would depend on modifications.
2. The Council can decline to approve the 2015/16 Annual Report and FY 2016/17 Budget and not adopt the Resolution of Intention. This would stop the process of levying assessments for FY 2016/17, thereby eliminating the primary funding source for SUBA.

CONCLUSIONS:

SUBA's Budget for Fiscal Year 2016/17 is conservative, and reflects a focus on core activities such as marketing, clean streets and sidewalks, and business support, while also addressing specific issues facing businesses in the SUBA area. Reduced funding from assessments, and particularly the high rate of delinquencies, continue to be an issue that threatens the future viability of the organization. Even in the absence of an Executive Director, the Board has made substantial accomplishments over the past year.

Back Up Pages:
Resolution Confirming the Annual Report
Resolution of Intention
Annual Report
Assessment District Boundaries