



## **CITY OF SALINAS COUNCIL STAFF REPORT**

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**DATE:** MARCH 5, 2019

**DEPARTMENT:** FINANCE DEPARTMENT  
COMMUNITY DEVELOPMENT DEPARTMENT

**FROM:** MATT N. PRESSEY, CPA, FINANCE DIRECTOR  
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**BY:** LISA BRINTON, PLANNING MANAGER

**TITLE:** ORDINANCE REGARDING THE COLLECTION OF  
ASSESSMENTS FOR THE SALINAS UNIFIED BUSINESS  
IMPROVEMENT AREA (SUBA)

### **RECOMMENDED MOTION:**

A motion to adopt an ordinance amending Salinas Municipal Code (SMC) Sec. 21B-40. - Collection of assessments; delinquencies and deleting Sec. 21B-37 - Exemptions.

### **RECOMMENDATION:**

Staff recommends adopting an ordinance to change annual assessment and collection dates of business improvement areas (BIAs) (SMC Sec. 21B-37 and 21B-40) to align with the business license billing and collection cycle (SMC Section 19-20).

### **EXECUTIVE SUMMARY:**

This Ordinance changes the dates on which assessments are collected from businesses within SUBA's boundaries and brings the assessment dates into conformity with the dates for business license renewals. This change will improve the collection rate of SUBA's assessments and will make it more efficient for Finance Department staff to process SUBA assessments.

### **BACKGROUND:**

Currently, there is only one Business Improvement Area (BIA) in the City, the Salinas Unified Business Improvement Area. The SUBA BIA is located in East Salinas, its boundaries include the major commercial corridors of E. Market, E. Alisal Streets and N. Sanborn Road. A boundary map is attached. There are currently 693 business members in the BIA.

The Salinas Unified 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 needed to be successful business owners. Benefit services include business training, marketing, and streetscape beautification and maintenance.

SUBA's 2017-2018 Annual Report (August 2018) identified low assessment collection rates as a primary challenge. To address the low collection rate, City staff had planned on having the annual BIA assessment be billed as a line item on the business license fee renewal invoice but were waiting until the business license software was upgraded. SUBA supported this change and advocated that if this collection procedure were to be implemented by the City, it would have an immediate positive effect on assessment collection rates and SUBA's ability to fulfill its duties and goals. In November 2018, city staff met with SUBA and updated them on this change and the logistics. The proposed ordinance will accomplish this change.

#### DISCUSSION:

Currently, annual business license renewal occurs twice a year. Annual business license taxes measured by gross receipts are due and payable in advance of the first day of February. All other annual license taxes are due and payable in advance of the first day of August. A delinquency charge of up to fifty percent (50%) of the business license tax is assessed on payments remitted after the due date as provided in Section 19-21 of the Municipal Code. The SUBA annual assessment is issued October 1st with payment due by November 1<sup>st</sup>. Currently, SUBA does not have a delinquency fee.

Aligning the billing cycles of the business license tax renewal and BIA assessment, issuing a single bill, and applying the delinquency policy as outlined in Section 19-21 of the Municipal Code to the BIA assessment would result in a higher collection rate. It is assumed that businesses would pay the total amount of the bill to avoid partial payment and delinquency charges. Another benefit is that SUBA would be able to better manage its revenue as the business license cycle is more in line with SUBA's fiscal year (July 1<sup>st</sup> to June 30<sup>th</sup>) and SUBA would receive two assessment installments instead of just one lump sum mid fiscal year (November/December). A higher collection rate would provide SUBA with more resources to provide benefit services of business training, marketing, enhanced security, and streetscape beautification and maintenance to its membership.

Adoption of this Ordinance is the first step in the process to allow the Finance Department to proceed to develop the systems to combine the BIA and business license billing cycle and to build the administrative capability through the TRAKiT software program upgrade in Fall 2019.

#### CEQA CONSIDERATION:

The proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines section 15378).

#### STRATEGIC PLAN INITIATIVE:

This ordinance amendment most directly aligns with the City Council goal of “Effective, Sustainable Government.” The collection of BIA assessments fund SUBA activities (business training, marketing, and streetscape beautification and maintenance) which support the City Council’s goals of “Economic Diversity and Prosperity”, as well as a “Safe, Livable Community.”

#### DEPARTMENTAL COORDINATION:

Community Development staff acts as SUBA’s city liaison. Finance staff have met with the SUBA Executive Director and Board members on multiple occasions to discuss syncing the BIA’s annual assessment with business licensing. The City Attorney prepared this Ordinance in coordination with Finance and Community Development. Community Development and Finance jointly prepared this report.

#### FISCAL AND SUSTAINABILITY IMPACT:

Investment of staff time and resources.

#### ATTACHMENTS:

1. Ordinance Regarding the Collection of Assessment for the Salinas Unified Business Improvement Area
2. Salinas Unified Business Improvement Area Boundary Map