



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: AUGUST 13, 2019

DEPARTMENT: COMMUNITY DEVELOPMENT

FROM: MEGAN HUNTER, DIRECTOR

BY: LISA BRINTON, PLANNING MANAGER

TITLE: RESOLUTION OF INTENTION TO LEVY AND COLLECT
SALINAS UNITED BUSINESS ASSOCIATION (SUBA) 2019-2020
ANNUAL ASSESSMENT

RECOMMENDED MOTION:

A motion to approve a Resolution of Intention to levy and collect the annual assessment in the Salinas United Business Association Business Improvement Area (BIA) for FY 2019-2020 and set a public hearing date to consider the levy.

RECOMMENDATION:

It is recommended that the City Council receive and accept SUBA's 2018-2019 Annual Report and approve a resolution declaring the intention to levy and collect the 2019-2020 SUBA BIA assessment, and setting September 10, 2019 as the public hearing date to consider the levy.

EXECUTIVE SUMMARY:

The attached SUBA 2018-2019 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.

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 Attachment 3 to this report. No boundary changes are proposed.

There are currently 747 business licenses in the BIA held by 660 SUBA members as 87 SUBA members have more than one business license.

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 planned for the annual BIA assessment be billed as a line item on the business license fee renewal invoice but were waiting to until the business license software was upgraded in November 2019. 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.

At the March 5, 2019 City Council meeting staff recommended that the City Council adopt an ordinance to change annual assessment and collection dates of business improvement areas (BIAs) (SMC Sec. 21B-40) to align with the business license renewals cycle (SMC Section 19-20). During Public Comment, members of the SUBA BIA raised concerns that included not receiving benefit services, lack of communication and business support from SUBA, and ruined credit scores for those business who did not pay the assessment. It was also stated that they were collecting signatures to protest and "shut down" SUBA.

Based on public comments received, Councilmember De La Rosa motioned that SUBA and the protesting members be given thirty (30) days to discuss and resolve issues raised. The Ordinance amendment was to be brought back for consideration at the first City Council meeting after the end of the thirty (30) days. The motioned carried.

After the March 5th meeting, SUBA and the Alisal Street & Market Street Coalition (the "Coalition"), the group of SUBA members who raised concerns, had conversations and exchanged written correspondence. On April 8, 2019, the Coalition submitted a written request to the Mayor and City Council to disestablish SUBA supported by 301 signed petitions.

Through verbal and written correspondence, the Mayor, City Attorney and city staff have responded to both parties' request for information. It was further determined that the City Council would consider the Coalition's request for "disestablishment of SUBA" as part of the annual levy of assessment process. On July 12, 2019, the Mayor sent a letter advising both parties to commit to a mediation process in advance of the August 13th meeting to resolve the issues raised. Through this letter to the parties (attached), the City sought to know when the parties intended to proceed with a mediation process. At the time of writing of this report, it is not known whether the parties have jointly agreed to meet and/or mediate with one another.

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, licensing and permitting processes.

A summary of SUBA's 2018 Annual Report and proposed FY 2019-2020 annual budget follows.

2018-2019 Accomplishments and Expenditures

The 2018-2019 Annual Report, Attachment 2 to this report, provides the details of SUBA's activities over the past year. Highlighted accomplishments include the following.

- Organized 51 volunteers to participate in 13 clean-ups on E. Market Street, E. Alisal Street, and N. Sanborn Road, filling 60 42-gallon garbage bags with green waste and garbage and replanting planters along E. Alisal Street.
- Initiated conversations with artists to create public art throughout the district.
- Continued to maintain a Business Resource Center and provide basic marketing support 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.) all at no cost. Referred 15 business members to business and capital resources and 27 business to trainings offered by El Pajaro Community Development Corporation and other partners.
- Promoted Small Shop Saturday and marketing for Holiday Sales in the SUBA area.
- Held four safety meetings with business members and with the Salinas Police Department (SPD) and have continued to work in collaboration with SPD to address the ongoing concerns of members regarding crime and safety of the residents and businesses including homelessness and various code enforcement issues.
- Trained 45 businesses on how to upload and utilize the Salinas Connect App.
- Processed over 50 Temporary Land Use Permits for participating business owners in good standing. This is an approximate value of \$15,000 to SUBA members.

In 2018-2019, the City billed 693 SUBA BIA businesses the total assessment amount of \$119,515.96. Of the 693 businesses billed, 385 did not pay (\$48,696.93). Actual income for 2018-2019 totaled \$154,312.03 including \$70,819.03 in collected assessment revenue, \$5,035.00 in donations, and 2017-2018 carry forward of \$78,458.00. Expenditures listed on page 9 of the Annual Report totaled \$154,312.03.

Challenges

Low collection rate of assessments continues to be one of SUBA's primary challenges. As detailed in the Background section above, in March 2019 City staff proposed an Ordinance amendment to sync the timing of the annual BIA assessment with business license fee renewal. 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. The Council took no action on the proposed Ordinance amendment due to public comment made in opposition to SUBA.

On page 5 of the Annual Report, SUBA states that it will more than likely be unable to continue to provide services as a BIA if the challenge of collecting delinquent assessments from its members is not reversed. The recommendation from SUBA is to pass the previously proposed Ordinance amendment or allow for SUBA to break away from the City and no longer be a BIA. SUBA would only provide services to fee paying members.

2019-2020 Goals and Budget

The Annual Report also outlines SUBA's proposed 2019-2020 goals and budget. Given the reduction in the operating budget SUBA has reduced staff and will continue to restructure services. The Board will need to revisit established priorities to determine where further programming reductions will occur. A summary of proposed activities is provided below:

- Implement projects aimed at the beautification of the business corridor within the SUBA district including public art. Examples of special benefit services shall include, but not be limited to, scheduled sidewalk clean ups, timely graffiti removal using Salinas Connect App, development of public art and gateway signs.
- Begin a pilot program to light trees on E. Market Street to bring vibrancy to the business district along with more safety.
- Expand communication with the membership and other stakeholder groups, by increasing use of electronic communication and social media and resuming its Quarterly newsletter.
- Work alongside Pajaro CDC, Cal Coastal, SBDC, Pacific Valley Bank, the City of Salinas and other partners to offer business workshops for small business growth and development.
- Work directly with lenders, business organizations, non-profit groups and governmental agencies to provide SUBA members information and training on financing opportunities to improve their businesses.
- Continue to collaborate with the City of Salinas Community Development Department, Public Works Department, and Salinas Police Department to augment and support implementation of the proposed Alisal Vibrancy Plan.
- Continue to work with the City's Code Enforcement, County Health Department and Cal Trans to improve monitoring of BIA health and safety.

SUBA proposes no changes to the method of assessment for FY 2019-2020. 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. The calculated assessment amount FY 2019-2020 is provided as Attachment 4. Based on the above calculations, the City estimated SUBA's 2019-2020 assessment income to be \$128,195 based on a 100% collection rate. Due to past years' low collection rates, SUBA is conservatively projecting \$56,000 assessment revenue will be collected in 2019-2020.

SUBA's proposed 2019-2020 Budget is balanced with projected revenues and matching expenses of \$95,527 including \$56,000 assessment revenue, the FY 2018-2019 carry forward of \$14,527,

grant funding (\$15,000) and donations (\$10,000). At mid-year, the SUBA Board will revisit actual assessment revenues collected and will make budget adjustments accordingly.

Alisal Vibrancy Plan Implementation

SUBA members participated in the preparation of the draft Alisal Vibrancy Plan (AVP), especially on the Economic Development Working Group. Draft AVP recommended policies and actions include improving the appearance of East Salinas commercial corridors, establishing and promoting a cultural district identity, connecting small businesses and entrepreneurs to the resources they need to be successful, and improving government/business relations. The AVP identifies a community-based organization such as SUBA as a lead entity to organize and lead volunteer beautification efforts, promote local business and district identity through social media, and to connect members to business resources and assist them with navigating city processes. The absence of a SUBA as a BIA would greatly impair the implementation of the AVP.

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 collection procedures, and public hearing and noticing requirements. The Resolution sets a date of September 10, 2019 for a public hearing for Council to consider the levy of assessment for FY 2019-2020. 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:

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

STRATEGIC PLAN INITIATIVE:

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

DEPARTMENTAL COORDINATION:

Community Development staff acts as SUBA’s city liaison. The Finance Department assisted Community Development with verifying the assessments collected for 2018-2019 and the assessment projections for 2019-2020. 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 2019-2020 will have no fiscal impact on the General Fund, except for a 5% administrative costs and postage. The estimated \$128,195 to be collected by the assessments in the coming year assumes the City successfully collects 100% of the billed assessments.

ATTACHMENTS:

1. Resolution of Intention
2. SUBA 2018-2019 Annual Report
3. SUBA Boundary Map
4. SUBA BIA 2019-2020 Assessment Calculation
5. Mayor's July 12, 2019 letter