



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

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**DATE:** SEPTEMBER 14, 2021

**DEPARTMENT:** COMMUNITY DEVELOPMENT

**FROM:** MEGAN HUNTER, DIRECTOR

**BY:** CRYSTAL CASILLAS, COMMUNITY DEVELOPMENT ANALYST (LIMITED-TERM)

**THROUGH:** LISA BRINTON, PLANNING MANAGER

**TITLE:** RESOLUTION OF INTENTION TO LEVY SALINAS UNITED BUSINESS ASSOCIATION (SUBA) 2021-2022 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 2021-2022 and set a public hearing date to consider the levy.

### RECOMMENDATION:

It is recommended that the City Council receive and accept SUBA's 2020-2021 Annual Report and approve a resolution declaring the intention to levy the 2021-2022 SUBA BIA assessment, and setting October 26, 2021 as the public hearing date to consider the levy.

### EXECUTIVE SUMMARY:

The attached SUBA 2020-2021 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 October 26, 2021. This item was scheduled to be considered at the August 24, 2021 City Council Meeting, which was continued to September 14<sup>th</sup>. The Salinas Municipal Code Section 21B-40. Collection of assessments; delinquencies states that assessments will be due and payable in advance on November 1<sup>st</sup>. Given the delay in setting the public hearing date, and the requirement to allow for a protest period, SUBA members will be provided a grace period until January 31, 2022 to make payment without penalty.

## 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 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. 2020-2021 was the first fiscal year SUBA 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 - licensing and permitting – processes, these services have been vital in helping businesses in the Alisal through the COVID closures.

A summary of SUBA’s 2020-2021 Annual Report and proposed FY 2021-2022 Goals and Budget follows.

### **2020-2021 Accomplishments**

The 2020-2021 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 shopping local initiatives.

- Assisted businesses in the application process to obtain Temporary Use of Land Permits (~value of \$5,000) to continue or expand operations during COVID closures.
- **District Appearance and Safety**
  - SUBA assisted members in reporting code enforcement issues of non-permitted vendors on private properties and connected its members to the responsible entity for code enforcement and county health department issues.
  - Although clean-ups were limited due to COVID-19, SUBA members participated in a clean-up and backpack distribution for Dia Del Niño event with Visión Salinas to support beautification efforts in the Alisal area.
- **Business Advocacy and Navigation Support**
  - Continued collaboration with various agencies and non-profit groups such as Building Healthy Communities, Center for Community Advocacy, CHISPA, CCCIL, Blue Zones, CRLA, SVMH, and other partners to address the barriers in the community that impact the quality of life and issues surrounding the pandemic for East Salinas residents including SUBA businesses.
- **Business Education and Resources**
  - Assisted in outreach efforts to businesses in the SUBA district on their services and updates on state and county mandated guidelines throughout the pandemic.
  - Continued to maintain a Business Resource Center and provided basic marketing 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.).
- **COVID-19 Response Small Business Support**
  - Participated in the City of Salinas' Small Business and Economic Recovery Task Force efforts to support small businesses during the pandemic and advised on efforts to meet community business needs.
  - SUBA helped complete 488 applications (includes 146 from last Fiscal) for various local, state and federal funding opportunities securing an estimated total amount of over \$4 Million in loans and grants for businesses located in the SUBA area during the COVID-19 Pandemic.
- **Board Elections and Training**
  - SUBA Board of Director Election was held in June 2020. Eight new board members were sworn in in July.
  - Board members participated in a virtual board training and strategic planning session on August 20, 2020.

## **Expenditures**

In 2020-2021 730 businesses were billed a total of \$128,195. SUBA collected \$68,293. To date, \$59,902 (47%) of the 2020-2021 assessment remains uncollected. This year, due to COVID-19 delinquent payments were not sent to collection. Approximately over \$540,000 has gone uncollected over the past 16 years according to figures shared with SUBA by the City of Salinas' Finance Department.

Actual income for 2020-2021 totaled \$89,071 including \$68,293 in collected assessment revenue, \$6,000 in grants, \$6,521.00 in donations, and a 2019-2020 Fund Balance carry forward of \$8,527.00. Expenditures listed on page 11 of the Annual Report totaled \$73,818, with a 2020-2021 Fund Balance of \$15,253.

## **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.

- COVID-19 took away the ability to have face to face workshops for businesses and efforts had to be made to support businesses to remain open.
- Due to COVID-19 and due to work schedule, some of our board members were unable to continue as board members. SUBA, therefore, lost three board members and is in the process of recruiting two new members before September.
- Low collection rate of assessments remains a challenge. Approximately fifty-three percent (53%) of assessment amount remains uncollected.
- Work with the City of Salinas to understand and provide education on new and existing ordinances.

## **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 21/22 Fiscal Year   |
| Goal 2A- | Provide 30 Social Media Posts Marketing the SUBA area throughout the 21/22 Fiscal Year  |
| Goal 3A- | Provide 4 Interviews on Television/Radio regarding promoting the SUBA area and/or services SUBA provides its members. for 21/22 Fiscal Year |
| Goal 4A- | Provide 4 Ribbon Cutting Ceremonies for SUBA businesses for 21/22 Fiscal Year.  |

### **Business Resources**

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| Goal 1B- | Provide 24 classes/webinars for SUBA members on Business Development for 21/22 Fiscal Year. |
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- Goal 2B- Provide 12 workshops/webinars regarding business related topics such as:  
Re-Opening Your Business after a Pandemic, 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, etc for 21/22 Fiscal Year.
- Goal 3B- Provide 150 one-on-one meetings with SUBA members in 21/22 Fiscal Year.

#### Safety

- Goal 1C- Provide 4 Public Safety Meetings throughout the SUBA BIA for 21/22 Fiscal Year.
- Goal 2C- Coordinate and Develop a Safety Plan for our BIA in coordination with our businesses and the Salinas Police Department for 21/22 Fiscal Year.
- Goal 3C- Monitor and Contact City, County and State agencies regarding Health, Safety and Sanitary Issues in the SUBA BIA for 21/22 Fiscal Year.

#### Beautification & Cleaning

- Goal 1D- Create a SUBA Beautification and Art Project Plan for the SUBA BIA for 21/22 Fiscal Year.
- Goal 2D- Schedule and Implement 8 Cleanups throughout the SUBA BIA for 21/22 Fiscal Year.

SUBA proposes no changes to the method of assessment for FY 2021-2022. 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 2021-2022 assessment income to be \$110,442 based on a 100% collection rate.

SUBA's proposed 2021-2022 Budget is balanced with projected revenues and matching expenses of \$130,695 including \$110,442 assessment revenue, the FY 2020-2021 carry forward of \$8,010, grant funding (\$0) and donations (\$5,000). 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 business 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 and General Plan Update Steering 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 develop a blueprint 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 October 26, 2021 for a public hearing for Council to consider the levy of assessment for FY 2021-2022. 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 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). 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 (2021-2023) of Investment Strategies/Risk Management and New Revenue by providing small businesses access to the educational, technical assistance and financial resources they need to prosper and expand.

### **DEPARTMENTAL COORDINATION:**

Community Development staff acts as SUBA's city liaison. The Finance Department assisted Community Development with verifying the assessment projections for 2021-2022. 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 2021-2022 will have no fiscal impact on the General Fund. Under the amended Ordinance, 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 2021-2022 City budget.

The Salinas Municipal Code Section 21B-40. Collection of assessments; delinquencies. states that assessments will be due and payable in advance on November 1<sup>st</sup>. Given the delay in setting the public hearing date, and the requirement to allow for a protest period, SUBA members will be provided a grace period until January 31, 2022 to make payment without penalty.

ATTACHMENTS:

1. Resolution of Intention
2. SUBA 2020-2021 Annual Report
3. SUBA 2020-2021 Annual Report Presentation
4. 2020-2021 Profit & Loss Statement
5. 2021-2022 SUBA BIA Assessment Calculations
6. SUBA Boundary Map