

**REPORT TO THE
SALINAS CITY COUNCIL**
City of Salinas, California

Agenda Item Number
CC-2

Department Director Approval

Finance Review

Attorney Review

City Manager Approval

DATE: June 22, 2004

FROM: Larry D. Bussard, Redevelopment Director

BY: Alan Stumpf, Redevelopment Project Manager

SUBJECT: REQUEST BY THE SALINAS UNITED BUSINESS ASSOCIATION TO ESTABLISH A BUSINESS IMPROVEMENT AREA WITHIN THE COMMERCIAL SECTIONS OF THE SUNSET AVENUE REDEVELOPMENT PROJECT AREA

BACKGROUND

Over the past year and a half, the Salinas United Business Association (SUBA) has been steadily and very successfully establishing itself as an important force for local businesses to instigate positive change in East Salinas. With financial and staff assistance from the Redevelopment Agency, SUBA has been actively sponsoring community festivals and cultural events, and it is starting to address the many issues facing businesses and the community in East Salinas. To provide a solid financial foundation for its activities, the SUBA Board of Directors requests Council's establishment of a Business Improvement Area (BIA), also known as a business improvement district, whereby businesses within an identified area of benefit are assessed annually by the City to provide collective financial support for activities of a business association. The attached letter from SUBA, dated May 19, 2004 specifically requests a BIA encompassing businesses located in the commercially zoned properties of the Sunset Avenue Redevelopment Project Area, as indicated on the attached map and generally including portions of East Market and East Alisal Streets, Kern Street, and Sanborn Road.

SUBA also requests that the assessments be the same as those for the Oldtown Parking and Business Improvement Area, which supports activities of the Oldtown Salinas Association (OSA). OSA businesses are assessed a percentage of their business license fee, according to the schedule provided in the attached table. An estimated 650 business establishments would be levied a SUBA BIA assessment, with income from the BIA estimated at approximately \$100,000 per year. As with OSA, SUBA's income would be supplemented with Redevelopment Agency matching funds of \$50,000. A proposed Work Plan and Budget for FY 2004-2005, as adopted by the SUBA Board, are also attached to the letter.

State of California Streets and Highways Code Section 36500 et.seq. specifies the process required to establish a BIA (see attached Schedule). The Council appointed the SUBA Board as

the advisory board for a potential BIA in January 2004, and it has since worked diligently to secure its non-profit status and to prepare its work program and budget. Business owners within the proposed BIA have already received by mail a joint notice (Spanish and English) of a public meeting and a public hearing for establishment of a SUBA BIA. The public informational meeting will take place at 7 p.m. on Friday, July 9, 2004, at Dr. Martin Luther King, Jr. Academy, while a public hearing before the City Council is scheduled for Tuesday, July 20, 2004.

If adopted by Council, the attached Resolution of Intention (ROI) would also be sent to all businesses within the proposed BIA area to inform them of the public meeting and the public hearing, and Council's intent to establish the SUBA BIA. The ROI also explains the opportunity to protest the BIA. If written protest are received from businesses representing 50 % or more of the total assessments to be levied, Council may not establish the BIA for at least one year.

THE ISSUE

Shall the Council approve the attached Resolution of Intention to establish a SUBA Business Improvement Area?

FISCAL IMPACT

The proposal will have no fiscal impact on the City's budget. Current efforts to establish the BIA are funded from budgeted Sunset Avenue Redevelopment funds. Should a BIA be established following a public hearing on July 20, 2004, followed by a process to levy an annual assessment, the BIA could yield approximately \$100,000 in assessments annually, matched with \$50,000 approved for SUBA in the Sunset Avenue FY 04-05 budget.

ALTERNATIVES AVAILABLE TO COUNCIL; IMPLICATIONS OF ALTERNATIVES

1. The Council can approve the attached Resolution of Intention, thereby confirming Council's intention to establish a SUBA BIA and setting a public hearing for July 20, 2004 to consider introducing an ordinance to establish the BIA.
2. The Council can modify the SUBA proposal and continue with the above approval process.
3. The Council can decline the proposal and halt the above process, thereby severely limiting future funding for SUBA, and also its ability to carry out its Work Program.

CONCLUSIONS AND RECOMMENDATIONS

The commercial areas and businesses in East Salinas are starting to benefit from the efforts of the Salinas United Business Association, and the viability and effectiveness of that organization can only be assured if it has the financial resources to carry out its work program with a full time

staff. SUBA has already planted the seeds for its success with responsible leadership, active participation of its Board and local business owners, and sound fiscal stewardship. Staff therefore recommends that Council adopt the attached Resolution to begin the process of securing the funding needed for its future success through establishment of a Business Improvement Area.

Distribution

City Manager
City Attorney
City Clerk
Finance Director
SUBA Board

Back Up Pages

SUBA letter
Work Plan
Budget
Resolution of Intention
SUBA BIA Map
Work Plan
Assessment Schedule