

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

Agenda Item Number  
**PH-1**

Department Director Approval

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Finance Review

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Attorney Review

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City Manager Approval

**DATE:** August 17, 2004  
**FROM:** Alan Stumpf, Redevelopment Director

**SUBJECT:** FORMATION OF THE SUBA BUSINESS IMPROVEMENT AREA WITHIN THE COMMERCIAL SECTIONS OF THE SUNSET AVENUE REDEVELOPMENT PROJECT AREA; ORDINANCE TO AMEND TO SALINAS MUNICIPAL CODE CHAPTER 21b

**BACKGROUND**

On June 22, 2004, Council adopted a Resolution of Intention (ROI No. 486, attached) providing public notification to businesses within the commercial areas of the Sunset Avenue Redevelopment Project Area, of the intention to form a business improvement area (BIA). As proposed by the Salinas United Business Association, the BIA would function similar to the Oldtown Salinas Association, and its proposed assessments would be identical to the OSA assessments provided in City Code Chapter 21b, Article IV. The ROI notification provided a map showing the proposed area, a work plan prepared by the Salinas United Business Association indicating activities that would be supported by BIA assessments, and a proposed assessment schedule, based on the City's Business License Fees. As required in Sections 36500, et.seq. of State Streets and Highways Code, the ROI was mailed to businesses within the proposed BIA, and was also published in the Californian newspaper.

The ROI also notified businesses of a public meeting to inform businesses about SUBA, the proposed BIA, and assessments, in advance of the Council public hearing on the BIA. The meeting was held on July 9, 2004 at Dr. Martin Luther King Jr. Academy and comments received at the meeting, from the approximately 10 business owners who attended, indicated opposition to the BIA and a general lack of understanding of SUBA, the BIA and its intended benefits. Consequently, SUBA requested that the July 20, 2004 public hearing for Council to consider the BIA be continued to August 17, 2004, and two more community informational meetings were scheduled and noticed by mail and publication.

The additional meetings were held on July 29 at the PG&E offices, and on August 5 at the Firehouse Recreation Center. At these meetings, greater attendance and participation by SUBA Board Members provided a better opportunity for businesses owners in attendance to hear directly from SUBA business owners on the advantages and opportunities presented by a BIA and a strengthened business association. No more than ten business owners attended each of the meetings and some attended more than one meeting. Again, most of the business owners

attending expressed opposition to the BIA, with criticisms of poor timing in relation to other proposed tax increases; that the assessment was being forced upon them; that the “50% protest” process was undemocratic; “the City should be doing more”; that the budget and work plan lacked detail; and that SUBA should continue to be a voluntary organization for awhile longer. All business owners – SUBA and others alike, expressed common concerns about crime and safety, clean streets and other issues in East Salinas commercial areas that are hindering their business.

As was explained in the ROI, the requirements of State Law provide the opportunity for businesses to protest the establishment of the BIA. By the time of this public hearing, if written protests are received from businesses representing 50% or more of the total assessment, the Council may not consider adoption of the ordinance, and all proceedings to establish the BIA would cease. Staff will provide final tabulations of written protests at the hearing.

### **THE ISSUE**

Shall the Council introduce the attached Ordinance to establish the SUBA Business Improvement Area, for adoption on August 24, 2004?

### **FISCAL IMPACT**

The proposal will have no fiscal impact on the City's General Fund. Adoption of the Ordinance will allow commencement of the first annual levy of assessment for the BIA, which is estimated to generate approximately \$100,000 annually. As with the Oldtown budget, the SUBA BIA revenues will be supplemented by Redevelopment Agency grant funding of \$50,000, already budgeted for FY 04-05 and 05-06.

### **TIME CONSIDERATION**

Adoption of the ordinance by August 24, 2004 will allow commencement of the annual Levy of Assessment process that would permit assessments to begin in October 2004.

### **CITY COUNCIL GOALS**

Through the annual assessment and supplemental funding from Redevelopment, SUBA will be able implement programs that “Generate Economic Development Throughout the City.”

### **ALTERNATIVES AVAILABLE TO COUNCIL; IMPLICATIONS OF ALTERNATIVES**

1. Following a tally of protests received and demonstrating that those protests represent less than 50% of total assessments, the Council can introduce the attached Ordinance for adoption on August 24, 2004, thereby permitting the commencement of an annual levy of assessment and ensuring adequate funding for SUBA activities to improve the area.
2. The Council can decline to introduce the attached Ordinance, which would severely hamper SUBA’s efforts to revitalize and improve businesses and commercial activity in East Salinas.
3. The Council can make modifications to the method of assessment and the area of the assessment, as appropriate.

**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 and other necessary services. 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 introduce the attached Ordinance for adoption on August 24, 2004.

**Distribution**

City Manager  
City Attorney  
City Clerk  
Finance Director  
SUBA Board of Directors

**Back Up Pages**

ROI No. 486  
Draft Ordinance