

REQUEST FOR COUNCIL ACTION



CITY COUNCIL MEETING DATE:

NOVEMBER 17, 2020

TITLE:

**ADOPT RESOLUTION OF INTENT TO LEVY
2021 ASSESSMENT FOR DOWNTOWN
SANTA ANA BUSINESS
IMPROVEMENT DISTRICT**

/s/ Kristine Ridge

CITY MANAGER

CLERK OF COUNCIL USE ONLY:

APPROVED

- ☐ As Recommended
- ☐ As Amended
- ☐ Ordinance on 1st Reading
- ☐ Ordinance on 2nd Reading
- ☐ Implementing Resolution
- ☐ Set Public Hearing For _____

CONTINUED TO _____

FILE NUMBER _____

RECOMMENDED ACTION

1. Approve the 2021 Assessment Report for the Downtown Santa Ana Business Improvement District (BID), which is administered by two organizations, the Santa Ana Business Council and Downtown Incorporated.
2. Adopt a resolution of intent to levy an annual business license tax assessment for the 2021 calendar year and establish a time and place for a public hearing to be held by the City Council on December 15, 2020 to hear and consider all protests.

BACKGROUND

On February 6, 1984, the City Council adopted Ordinance No. NS-1715 pursuant to state law, creating a Business Improvement District (BID) in Downtown Santa Ana. The BID was established as a means of providing the downtown business community with the funding to promote events and create promotional materials, increase the security presence, enhance maintenance of the downtown shopping corridors, and implement streetscape improvements to the area. The BID is funded through an additional charge on the business license tax for those businesses within the BID boundary.

On October 6, 2003, the City Council appointed the Community Redevelopment and Housing Commission (CRHC) as the Downtown Santa Ana Business Improvement District Advisory Board. As the BID Advisory Board, the CRHC is responsible for making recommendations to the City Council on the expenditure of revenues derived from the levy of assessments, on the classification of businesses, as applicable, and on the method and basis of levying the assessments, including the annual budget. Unfortunately, due to the COVID-19 pandemic, the CRHC meetings have been temporarily canceled and will not resume until further notice. The BID information as presented in this staff report is consistent and in compliance with previous years. Staff will process the BID information for 2021 in the same manner as previous years with the exception of the CRHC meeting, which was cancelled due to COVID-19.

DISCUSSION

The 2021 Assessment Report contains the basis and method of levying the assessment, estimated activities and budgets from the two business associations, the Santa Ana Business Council and Downtown Inc., and a map of the BID boundaries (Exhibit 1). The Assessment Report presented for consideration and recommended for approval has been reviewed and was determined to meet state law requirements. After approval of the report, the next course of action is to conduct a public hearing where downtown merchants can vote in favor or against the BID renewal. The public hearing is scheduled for December 15, 2020.

Terms

The City Council activated the current BID on July 1, 2013. To administer the activities of the BID, the City executed operating agreements with Downtown Inc. and the Santa Ana Business Council in an effort to address the needs of the two business associations. These agreements contain provisions to ensure proper administration and distribution of funds such as the annual budget, financial record keeping, fund distribution, board composition, and meeting requirements. The Agreements are renewed automatically in one-year renewal terms, unless either party gives at least two months' notice of termination, or if the BID is not approved in any given year.

If the BID is successfully renewed, each organization will receive approximately \$100,000 (collected from the business license tax fee) per calendar year (January through December) and may carry over unspent funds into the next year. In FY 2019-20, the BID, through the efforts of Downtown Inc. and the Santa Ana Business Council, accomplished several successful events and promotions that drew thousands of visitors to Downtown Santa Ana. These events and promotions included the following: First Saturday Artwalk, re-instated free Trolley rides, Savor Santa Ana, Boca De Oro Literary Festival, activation of the Promenades, Estrella TV promotion, monthly Santa Ana Sidewalk Sales, and the weekly Downtown Santa Ana newsletter. Both organizations also maintain social media accounts with over 35,000 active followers.

FISCAL IMPACT

There is no direct fiscal impact associated with this action. The City collects the BID revenue from businesses within the BID boundary and distributes funding to each organization, in accordance with approved operating agreements. Revenues will be deposited equally in the BID Trust and Agency Fund and distributions to each organization will be made from the same accounts as follows:

Fiscal Year	Accounting Unit- Account	Fund Description	Accounting Unit, Account Description	Estimated Amount
FY 20-21 (Jan. – June)	09301001-24036	Business Improvement District	Trust & Agency, Downtown Inc.	\$50,000
FY 20-21 (Jan. – June)	09301001-24043	Business Improvement District	Trust & Agency, Santa Ana Business Council	\$50,000
FY 21-22 (July – Dec.)	09301001-24036	Business Improvement District	Trust & Agency, Downtown Inc.	\$50,000
FY 21-22 (July – Dec.)	09301001-24043	Business Improvement District	Trust & Agency, Santa Ana Business Council	\$50,000
Total Amount				\$200,000

Fiscal Impact Verified By: Kathryn Downs, CPA, Executive Director – Finance and Management Services Agency

Submitted By: Steven A. Mendoza, Executive Director – Community Development Agency

- Exhibits:
1. 2020 Assessment Report
 - a) Attachment A - Business Improvement District Boundary
 - b) Attachment B - 2020 Annual Assessment Formula
 - c) Attachment C - Proposed Budget Summary
 2. Resolution

DOWNTOWN SANTA ANA BUSINESS IMPROVEMENT DISTRICT 2021 ASSESSMENT REPORT

Background

On February 6, 1984, the City Council adopted Ordinance No. NS-1715 pursuant to Section 36500, et seq., of the 1979 State of California Streets and Highways Code, creating a Business Improvement District (BID) in Downtown Santa Ana. On October 6, 2003, the City Council appointed the Community Redevelopment and Housing Commission (CRHC) as the Downtown Santa Ana Business Improvement District Advisory Board. As the BID Advisory Board, the CRHC is responsible for making recommendations to the City Council on the expenditure of revenues derived from the levy of assessments, on the classification of businesses, as applicable, and on the method and basis of levying the assessments (including the annual budget).

The BID was established as a means of providing the Downtown business community with the funding to promote the Downtown through events and advertising pieces; funding to increase security and enhance the overall aesthetics of the area; and also to maintain the downtown shopping corridors.

Improvement Area Boundaries

The geographic boundaries of the district remain unchanged from the original 1984 area, and they include over 500 retail, service, and professional members (see Exhibit 2).

Assessment Formula

The formula for the BID tax levy also remains unchanged from the original 1984 ordinance and is based on the category and/or sales volumes of the business (see Attachment A).

2021 Budget Plan

Based on the feedback from the two Associations, Downtown Inc. and the Santa Ana Business Council, the 2021 BID Budget focuses on the continuation of promotions and marketing of the BID. Some of the promotion and marketing will be focused on Downtown events and advertising pieces, which are all designed to enhance the overall aesthetics of the area and also to maintain the downtown shopping corridors. Detailed breakdowns of the two groups' budgets are attached (Attachment B). The assessments from the 2021 BID are estimated at \$200,000 to be split evenly by Downtown Inc. and the Santa Ana Business Council—the two business groups that have spearheaded this BID process. Any remaining funds from the previous year will be incorporated into a reserve fund for the groups' 2021 budgets. This reserve funding may be used for additional events and promotions throughout the year.

In 2021, the two representative business associations are proposing to host several virtual events, some special events (pending COVID-19 regulations for special events), promotion of outdoor dining and retail sales, and general promotion and marketing of the Downtown, as well as some traditional annual events that will be safe for community members to attend, including:

ANNUAL EVENTS

- Boca de Oro (COVID Modified Mixed Event/Digital & Outdoor Screening Event)
- Fashion Show (COVID Modified Digital Event)
- Katrina Contest (COVID Modified Outdoor Event)
- Soundwave Festival (COVID Modified Digital Event)
- Plaza Navidenas (COVID Modified /Santa Ana P&R)
- Tree Lighting Ceremony (COVID Modified / Santa Ana P&R)
- Halloween Characters/ Trolley Engagement (COVID Modified)
- Black Friday & Small Business Saturday (DTI & SABC Digital Modified Event)
- Business Luncheon (DTI & SABC Digital Event In Progress)

- Easter Festival (SABC)
- Savor (DTI & SABC)
- Blade Cup (East End)
- Block Party (East End)
- Viva La Vida
- Elder Adults Festival (Senior Center)
- Dia del Nino (El Centro Cultural de Mexico/ Sponsored SABC)

BI QUARTERLY EVENTS

- Patches & Pins Retail Sales Outdoors (COVID Modified 4th Street Market/ Blue Lot)
- Patchwork Festival (COVID Suspended)
- The Coop (Clayton @ Slushcult, Second Street Promenade)

MONTHLY EVENTS

- Artwalk (Callejon de Beso - Weekend Paint Parties in the Alley) (COVID Modified)
- Artwalk (1st Saturdays, Arts Forward – Highlighting SAUSD Arts) (COVID Modified)
- Artwalk (2nd Saturdays, The Hot Hour – Maria the Hot Tortilla Presents (COVID Modified)
- Artwalk (3rd Saturday, Open Stage – Briana Harley Presents Santa Ana Artists (COVID Modified)
- Gente Market (2x Per Month at the Blue Lot) Social Distance Friendly Event
- Witch walk (3rd Saturdays, Digital Event) (COVID Modified)
- Amigas Social Club (Business Mixer/Workshops, Alta Baja Market) (COVID Modified)
- Kid Friendly Cities (Mommies Unidos/ Amigas Social Club Workgroup – Kid Mayor)
- Drive-In Movies (Frida Cinema House) (COVID Modified Events)
- Alternative Bazaar (COVID Modified Events)

BI-MONTHLY

- Restaurant Association Meetings (Planning for Bridal Event- Possibly COVID Modified)
- Bridal Association Meetings (Suspended due to COVID)
- Side Walk Sales (SABC) (1st and 3rd Weekend of the Month, SABC Permit Suspended COVID)

WEEKLY EVENTS

- Loteria Mexicana/ Spurgeon Paseo (Every Sunday,SABC) (Creating Modified Digital Contest)
- Clowns & Face Painting (SABC) (Suspended due to COVID)
- Santa Ana Sundays Series (SABC) (Suspended due to COVID)
- Discount Wednesday (Every Wednesday, SABC) (Radio Campaign Ended)
- Music at the Market (Every Tuesday, DTI/SABC)
- Elite Fitness Free Yoga (2nd Street Promenade, DTI) Social Distance Friendly Event

ONE TIME EVENTS

- Turkey Give Away with La Ranchera 99 (Still In Progress)

Other programming for the associations will include ongoing social media marketing, funding for the Downtown Restaurant Association, Bridal Association, Art Association, Professional Internship Programs, downtown stakeholder meetings, holiday promotions, website development and maintenance, and ongoing support for small businesses.

EXHIBIT 1 – ATTACHMENT A

BUSINESS IMPROVEMENT DISTRICT BOUNDARY

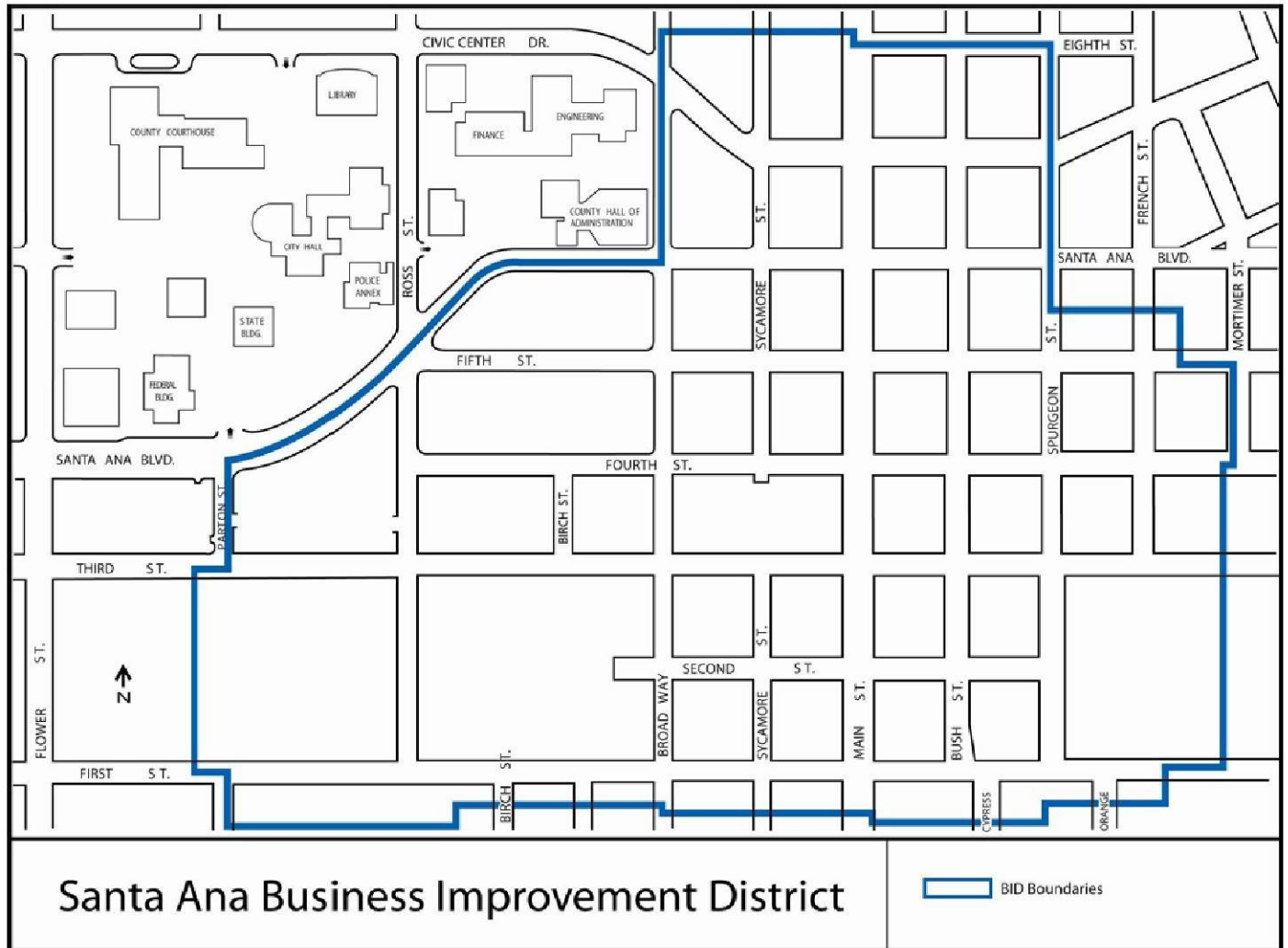


EXHIBIT 1 – ATTACHMENT B

2021 ANNUAL ASSESSMENT FORMULA

The following businesses located within the boundaries of the Business Improvement District (BID), classified under City Ordinance NS 1690 as Amusement Services, Pawnbrokers, Service Station and Classification A, including, but not limited to Retail Sale of Goods, Hotel and Motels, Theaters and Food Establishments, shall pay an amount equal to one and one-half times their annual business license fee.

Businesses classified as Commercial Rental Property, Rental Property, Residential and Rooming House shall pay an amount equal to one-quarter times their annual business license fee.

All other businesses, including Professions, Trades and Services within the boundaries of the proposed Business District, shall pay an amount equal to their annual business license fee.

Once the assessment formula is established, it cannot be changed without written notice to all businesses within the boundaries of the proposed Business Improvement District and a public hearing held by the City of Santa Ana.

EXHIBIT 1 - ATTACHMENT C

DOWNTOWN BUSINESS IMPROVEMENT DISTRICT (BID)
1 of 2 Budgets

Downtown Inc. BID Funds 2021
January 1, 2021-December 31, 2021

Categories	Projected Expenses	BUDGET
Contractors		
	Business Consultant - Smolar Corp	\$37,500
	Administrative Staff	\$5,000
Insurance		\$2,500
Technology		\$3,060
	Google Apps, Gmail, Adobe, Canlr, Nounproject	
	Animoto, Mailchimp, Dropbox, Artist Registry	
	Membership Works, Join by Text, PBID Manager Soft	
Office Supplies		\$1,550
	Film/Media Equipment, Duplication, Mail, Shipping	
	Web Hosting/Weebly/Godaddy/Active Domain	
Communication		
	Stock Photography/Designs	\$150
	Weekly Newsletter	\$2,600
	Graphic Design	\$1,500
	Photoshoots	\$1,250
	Videography	\$5,000
Meetings/Stakeholder Groups		\$8,105
	Team/Coordination Meetings, Board Mtgs,	
	Restaurant Assoc, Artist Mixers, Resident Mixers	
	Annual Lunch and Annual Mtg. Outreach, Commun	
	Input Gathering/Report Outs	
Marketing/Promotions/Events		
	COVID Safe Equipment	\$1,750
	Artwalk/Art	\$2,500
	Holiday Events	\$2,500
	Savor Santa Ana	\$2,500
	Santa Ana Media Summit	\$1,250
	Music at the Market	\$2,500
	Branded Materials	\$500
	Free Yoga/Promenade Activities	\$1,500
	District Banners & Signage	\$1,250
	Boca de Oro	\$1,250
	Downtown Threads	\$750
Training		\$1,500
	CDA/IDA, Placemaking, Other Online	
Professional Services		
	Marketer/Promoter	\$750
	Social Media Coordinator	\$3,600
	Music Coordinator	\$750
Dues & Subscriptions		\$1,310
	Santa Ana Chamber of Commerce, IDA, Associations	
Audits/Financial Reports		\$4,250
	Accountant, Tax Returns, Other	
Misc. Expenses		\$1,375
	Supplies, Field Expenses, Stamps, Contingencies, Maintenance	
Total		\$100,000

EXHIBIT 1 - ATTACHMENT C

DOWNTOWN BUSINESS IMPROVEMENT DISTRICT (BID)
2 of 2 Budgets

Santa Ana Business Council BID Fund 2021
January 1, 2021 - December 31, 2021

Categories	Projected Expenses		BUDGET
Contractors			\$ 59,000.00
	Diamond Heart Enterprises	\$ 48,000.00	
	Themisland Entertainment	\$ 11,000.00	
Insurance			\$ 4,500.00
	Insurance	\$ 4,000.00	
	Fees & Taxes	\$ 500.00	
Office Administration			\$ 1,000.00
	Web Domain & Hosting	\$ 400.00	
	Office Supplies	\$ 600.00	
Events & Marketing			\$ 11,200.00
	Boca de Oro	\$ 6,500.00	
	Meetings	\$ 1,000.00	
	Downtown Threads	\$ 1,000.00	
	Savor Santa Ana	\$ 2,700.00	
General Sponsorship			\$ 10,000.00
	Dia de Los Muertos (El Centro)	\$ 6,000.00	
	Tamalada Festival	\$ 2,000.00	
	Older Folks Fair (Birch Park)	\$ 2,000.00	
Training & Educational Development			\$ 2,000.00
	Fundraising Essentials	\$ 1,500.00	
	Fundraising Consulting	\$ 500.00	
Dues & Subscriptions			\$ 1,200.00
	International Downtown Assn	\$ 700.00	
	One OC	\$ 300.00	
	Arts OC	\$ 200.00	
Audits & Financial Reports			\$ 9,600.00
	Audit	\$ 5,000.00	
	Income Tax Return	\$ 2,200.00	
	Bookkeeping	\$ 2,400.00	
Miscellaneous Expenditures			\$ 1,500.00
Total Reimbursements			\$ 100,000.00

RESOLUTION NO. 2020-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA ANA DECLARING ITS INTENTION TO LEVY AN ASSESSMENT FOR THE DOWNTOWN SANTA ANA BUSINESS IMPROVEMENT DISTRICT FOR THE YEAR 2021

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SANTA ANA AS FOLLOWS:

Section 1. The City Council of the City of Santa Ana hereby, finds, determines and declares as follows:

A. By Ordinance No. NS-1715, adopted February 6, 1984, the City Council of the City of Santa Ana established the Downtown Santa Ana Business Improvement Area pursuant to sections 36500 et seq. of the California Streets and Highways Code; and

B. As provided in Ordinance No. NS-1715, the City Council is authorized to levy an assessment in the following amounts for the improvements and activities of the Downtown Santa Ana Business Improvement Area:

- (a) For amusement services, pawnbrokers, service stations, retail sales of goods, hotels, motels, theaters, food establishments: an assessment in an amount equal to one and one-half (1.5) the annual business license fee.
- (b) For commercial and residential rental property: an assessment in an amount equal to one-fourth (0.25) the annual business license fee.
- (c) For all other businesses: an assessment in an amount equal to the annual business fee.

Section 2. The improvements and activities for which the assessment revenues may be used in the Downtown Santa Ana Business Improvement District pursuant to Ordinance No. NS-1715 are as follows:

- (a) Decoration of any public place.
- (b) Promotion of public events.
- (c) Furnishing of music in any public place.

(d) The general promotion of business activities.

Section 3. The Downtown Santa Ana Business Improvement District is located as shown on Attachment A to the Assessment Report, attached hereto as Exhibit 1 and incorporated herein by reference.

Section 4. The Assessment Report is also on file with the Clerk of the Council to which reference may be made for a full and detailed description of the improvements and activities to be provided for the year 2021, the boundaries of the area, and the proposed assessments to be levied upon the businesses within the area for the year 2021.

Section 5. A public hearing shall be held by the City Council at the City Council Chambers, 22 Civic Center Plaza, Santa Ana, California at its regular meeting of December 15, 2020, at 5:45 p.m., or as soon thereafter as the matter may be heard, for the purpose of determining whether to impose the above said assessment for the year 2021 for the improvements and activities described in the report.


Section 6. At the public hearing, written and oral protests may be made in accordance with sections 36524 and 36525 of the California Streets and Highways Code. A protest may be made orally or in writing by any interested person. Any protest pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularity or defect to which the objection is made. Every written protest shall be filed with the Clerk of the Council at or before the time fixed for the public hearing. Each written protest shall contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the city as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business. A written protest which does not comply with this section shall not be counted in determining a majority protest.

Section 7. This Resolution shall take effect immediately upon its adoption by the City Council, and the Clerk of the Council shall attest to and certify the vote adopting this Resolution.

ADOPTED this _____ day of _____, 2020.

Miguel A. Pulido
Mayor

APPROVED AS TO FORM:
Sonia R. Carvalho, City Attorney

By: 

Ryan O. Hodge
Assistant City Attorney

AYES: Councilmembers _____

NOES: Councilmembers _____

ABSTAIN: Councilmembers _____

NOT PRESENT: Councilmembers _____

CERTIFICATE OF ATTESTATION AND ORIGINALITY

I, DAISY GOMEZ, Clerk of the Council, do hereby attest to and certify the attached Resolution No. 2020-XXX to be the original resolution adopted by the City Council of the City of Santa Ana on _____.

Date: _____

Clerk of the Council
City of Santa Ana