



CITY OF

NEWPORT BEACH

City Council Staff Report

November 14, 2017
Agenda Item No. 14

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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TITLE: Approval of the Corona del Mar Business Improvement District's
Revised Fiscal Year 2017-2018 Budget

ABSTRACT:

The Corona del Mar Business Improvement District (CdM BID) Board of Directors recommends revising the BID's annual budget to reflect the increased costs of several projects and to include additional retained earnings from last fiscal year (FY). The proposed changes involve incorporating additional retained earnings from Fiscal Year 2016-2017 and adjusting the amount of funding allocated in certain budget expense categories. The proposed revised budget remains balanced. The City Council's review and approval of the proposed revisions is required.

RECOMMENDATIONS:

- a) Determine that the action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because it will not result in a physical change to the environment, directly or indirectly; and
- b) Approve the revised FY 2017-2018 budget for the Corona del Mar Business Improvement District.

FUNDING REQUIREMENTS:

There is no financial impact for approving the proposed changes to the CdM BID's FY 2017-2018 budget. It is maintained separately from the City's budget.

DISCUSSION:

The Corona del Mar Business Improvement District (CdM BID) was formed in 1997 pursuant to the Parking and Business Improvement Area Law of 1989 (1989 Law), codified in Streets and Highways Code Sections 36500 *et seq.*, for the purpose of financing activities and programs to benefit businesses located and operating in the area.

The CdM BID territory encompasses the area generally located along East Coast Highway from Hazel Drive to Avocado Avenue in Corona del Mar.

In accordance with the 1989 Law, the CdM BID's Advisory Board of Directors (Board) submits its FY budget for City Council approval at the time of renewal each year. The CdM BID's budget is comprised of revenue collected from member assessments and \$40,000 in City support funding. The BID's annual expenditures include marketing, public relations, administration, holiday decorations, street light banners, website and social media management, landscape maintenance and improvement and beautification projects.

Why Revise the Budget?

The CdM BID Board prepared and approved its FY 2017-2018 budget in April for submittal to the City Council for approval in May 2017. When the Board developed the budget, it had several projects in the early stages of development and the City was in the process of conducting a request for proposals (RFP) for landscape services.

The Board now has final costs for the projects and the landscape contract has been awarded. To cover the increased expenses, the Board conducted a comprehensive review of the budget to ensure adequate funding for its remaining planned projects and goals.

Changes are proposed to three budget categories: landscape maintenance, improvement projects and streetscapes. Below are details of the proposed revisions to the budget and the reasons why the adjustments are required. A side-by-side comparison of the City Council approved CdM BID FY 2017-2018 budget and the proposed revised budget is Exhibit A.

Tree-Well Landscape Maintenance

As noted above, the City conducted an RFP for the continued tree-well landscape maintenance services in the CdM business district last spring. In mid-June (after Council adoption of the BID's FY 2018 budget), the CdM BID Board and the City agreed to award a contract to Mariposa Landscapes, Inc. (Mariposa) for the services. Though the City negotiated a fair contract, the cost was a significant increase compared to the previous vendor, from \$1,040 per month to \$1,991 per month. Staff believes a major component of the increase is the prevailing wage requirement, which was not included in the previous vendor's contract.

After Mariposa started work in July, it became apparent that the irrigation system needed to be updated for proper watering of the tree wells. The cost to the CdM BID was \$7,000. The budget has been revised to reflect the one-time expense with a new line item.

The landscape maintenance budget difference is shown in the chart on the next page.

Landscaping-Mariposa	Approved Budget	Revised Budget
Landscaping contingency	\$6,000	\$6,000
Landscaping/tree wells	\$15,600	\$23,880
Irrigation repairs (one-time)	\$7,000	\$7,000
<i>TOTAL</i>	<i>\$21,600</i>	<i>\$36,880</i>

Improvement Projects

The proposed revisions to the CdM BID's improvement budget category are as follows:

1. Flower Street Sign Project

The CdM BID's Flower Street Sign project was envisioned as a way to recognize the community flower street names. When final quotes were received from the different vendors for design, fabrication and installation of the signs, the project exceeded the original budget estimate by \$5,000. Not wanting to delay the project, the CdM BID Board recommended approval of the project. The new flower street signs have been installed along East Coast Highway at 14 intersections.

2. Gateway Electrical Improvement Project

With the completion of the Gateway (CdM Entry) project, the Board wanted to add lights in front of the monument sign in the MacArthur Boulevard median and a source of power for holiday decorations.

The Board originally budgeted \$5,000 for the project, believing that electrical wires simply needed to be pulled through an existing conduit from the southbound East Coast Highway sidewalk area to the median. However, it was later discovered that providing power to the monument sign required additional steps. This included removing the median landscaping for trenching, installing new conduit from the median pull box to the monument sign, pulling wires and making the electrical connections, and purchasing and installing the lighting and electrical outlets. The final quotes from the City's on-call vendors increased the project budget to approximately \$10,000. Construction is underway and will be completed in advance of the holiday decoration installation.

3. Improvement Funding Reduced

To accommodate the cost increases for the street sign and electrical improvement projects, funding was reduced for the proposed south entry improvements and eliminated for the news racks.

Several months ago, the City's Code Enforcement Division was tasked with checking the Corona del Mar area and tagging newspaper racks that were not in compliance with the City's Municipal Code Section 5.70. This has proven to be successful in gaining compliance from the various vendors. Therefore, the Board chose to eliminate the budget allocation.

The below chart reflects the proposed revisions to the improvement budget category.

Improvements	Approved Budget	Revised Budget
Flower Street Signs	\$10,000	\$15,000
Gateway Electrical Improvements	\$5,000	\$10,000
News Racks	\$1,000	\$0
South Entry Improvements	\$5,000	\$4,020
<i>TOTAL</i>	<i>\$21,000</i>	<i>\$29,020</i>

Streetscape

The CdM BID originally budgeted funds for the as-needed purchase of new street furniture (benches, bicycle racks, trash receptacles) and for the maintenance of the existing street furniture. The Board does not foresee needing to purchase additional street furniture this fiscal year and decided to reduce the budget line item from \$5,000 to \$1,000.

Streetscape	Approved Budget	Revised Budget
Street furniture (benches)	\$5,000	\$1,000
Street furniture (maintenance)	\$1,000	\$1,000
<i>TOTAL</i>	<i>\$6,000</i>	<i>\$2,000</i>

Retained Earnings

Since the CdM BID's budget was estimated in April and projects were delayed into the new fiscal year, the Board closed the books in June 2017 with an additional \$20,000 in retained earnings. The revised budget includes the additional retained earnings and allocates the funds to several of the budget categories listed above.

Retained Earnings	Approved Budget	Revised Budget
Retained earnings (carry over)	\$95,929	\$115,229
<i>TOTAL</i>	<i>\$95,929</i>	<i>\$115,229</i>

Conclusion

The CdM BID Board members are good stewards of the BID's finances and have taken appropriate measures to align the budget to reflect the cost of the contracted services and projects. Therefore, City staff recommends approval of the revised CdM BID's FY 2017-2018 budget.

ENVIRONMENTAL REVIEW:

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

NOTICING:

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

ATTACHMENT:

Attachment A – Revised CdM BID FY 2017-2018 Budget