



NEWPORT BEACH

City Council Staff Report

June 9, 2020
Agenda Item No. 14

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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TITLE: Resolution No. 2020-58: Resolution of Intention to Renew the Corona del Mar Business Improvement District, Levy Assessments in FY 2020-21 and Fix Time and Place of Public Hearing

ABSTRACT:

The Corona del Mar Business Improvement District (CdM BID) Advisory Board of Directors (Board) has submitted the BID's annual report and budget for the City Council's review and approval. The Board also submitted a letter requesting the renewal of the CdM BID for fiscal year 2020-21 and thanking the City Council for considering \$40,000 in funding support to the BID due to the economic impact of the COVID-19 pandemic on local businesses.

RECOMMENDATIONS:

- a) Determine this 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 this action will not result in a physical change to the environment, directly or indirectly;
- b) Approve and/or modify the Corona del Mar Business Improvement District's Fiscal Year 2019-20 Annual Report and its Proposed Fiscal Year 2020-21 Budget;
- c) Direct staff to return to the City Council with the CdM BID's detailed plan and budget for how \$40,000 in COVID-19 economic relief funds will be utilized before the City of Newport Beach releases the funds; and
- d) Adopt Resolution No. 2020-58, *A Resolution of the City Council of the City of Newport Beach, California, Declaring its Intention to Renew the Corona del Mar Business Improvement District and Levy Assessments for the Fiscal Year of July 1, 2020 to June 30, 2021, and Fix the Time and Place of a Public Hearing for June 23, 2020.*

FUNDING REQUIREMENTS:

The City of Newport Beach (City) contracts with a vendor (the CdM BID pays for these services) to collect the stakeholder assessments and remits the money directly to the CdM BID's bank account. The monies are used for funding the BID's activities as described in the annual report (Attachment A).

At the May 26, 2020 City Council meeting, the Ad Hoc Committee on Local Business Advancement recommended providing the CdM BID with \$40,000 for COVID-19 economic relief support. Once the City Council determines the CdM BID's COVID-19 relief spending plan is satisfactory, the allocation will be distributed to the CdM BID.

DISCUSSION:

The Corona del Mar Business Improvement District (CdM BID) was formed in 1997 (Ordinance 97-24) pursuant to the Parking and Business Improvement Area Law of 1989 (1989 Law), codified in the Streets and Highways Code Sections 36500 et seq. The CdM BID was established for the purpose of financing activities and programs that benefit the member 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. A boundary map is attached to the Resolution of Intention (Attachment C).

The CdM BID is nearing the end of its FY 2019-20 operating period and the Board, which serves in an advisory capacity to the City Council, has requested renewal of the BID for FY 2020-21. Pursuant to the 1989 Law, an annual report must be prepared and filed with the City Council and a public hearing must be held prior to the BID's renewal. If the City Council adopts the Resolution of Intention, the public hearing will be held on June 23.

The CdM BID Board has prepared and submitted the attached annual report for the City Council's review and approval. The report includes a summary of the CdM BID's FY 2019-20 accomplishments and revenues, as well as its proposed activities and budget for the upcoming fiscal year. In addition, the CdM BID Board met on May 28 and recommended that its chair submit a letter to the City Council requesting the BID's renewal and thanking the City Council for considering \$40,000 in COVID-19 Economic Relief Funding for the BID (Attachment B).

To meet the requirements for the City Council's offer for COVID-19 economic relief funding, the BID will be focusing its efforts on the Shop & Dine Local media campaign and developing new strategic components to promote economic growth during the "reopening" of the business district. New marketing ideas include forums regarding safe business re-opening and surveying the needs of the business members to see if the BID should provide protective equipment, guidance compliance posters or social distancing floor decals to the stakeholders, and district-wide promotional campaigns to further drive business to the district.

The Board will continue to enhance its digital and media relations to maintain and develop new marketing collateral to attract customers to the business district. Due to the financial challenges small businesses currently face, at its May 28 meeting, the BID Board voted to reduce certain member assessments for FY 2020-21. The current assessment rate for most members is 150 percent of the business license fee and the proposed assessment for FY 2020-21 is 70 percent of the business license fee. The assessment rates are summarized on page 5 of this report.

Staff believes these proposed activities support the Council's desire to have COVID-19 relief funds provided by the City utilized to facilitate the reopening and recovery of BID member businesses and/or used to offset revenue losses resulting from a temporary decrease in assessments. However, it is staff's understanding that the Council wants to see a plan and budget that details the specific activities the CdM BID will accomplish with \$40,000 in COVID-19 relief funds. Therefore, staff is recommending that the City Council direct staff to return with the CdM BID's detailed plan for Council review and approval before the monies are distributed to the CdM BID.

Fiscal Year 2019-20 Accomplishments

The CdM BID Board continued making progress on the priorities identified in its Vision 2020 plan. Specific focus areas include its ongoing marketing, outreach and communication efforts, and regular community support programs and improvement projects. Board members have been working on several projects, which are consistent with the BID's efforts to revitalize the business district and support the economic growth of its member businesses. Highlights of projects from FY 2019-20 are listed below.

1. **Parking and Transportation Improvements.** A parking study to address potential solutions to improve parking within the Corona del Mar Business District and adjacent residential areas was completed. The Board worked with the City for the successful implementation of increased parking time limits on East Coast Highway. The Board continues to work toward the implementation of the study's remaining two recommendations:
 - a. Incorporate the underutilized private parking supply for public use; and
 - b. Lower the City's parking requirements in the business district.
2. **East Coast Highway Improvements.** The CdM BID Board continued to work on the appearance of the business district through various physical improvement projects including ordering new light pole banners promoting the district, coordinating the replacement of the aging dolphin topiaries, maintaining the tree-wells landscaping, and brainstorming enhancements for the business district entryways.
3. **"Shop Local" Marketing Campaign.** The BID's "Shop Local" marketing campaign is an on-going, coordinated effort with the Corona del Mar Chamber of Commerce. The campaign's branded design theme has been used strategically throughout the year to promote the business district. It will continue to be used in the immediate future to encourage more local business during these tough economic times.

The remainder of the FY 2019-20 activities listed in the annual report include the ongoing and regular efforts of the CdM BID for general maintenance of the East Coast Highway, coordinating and maintaining the annual holiday décor, recognizing businesses through the Business Beautification Award Program, and the marketing outreach efforts for events and activities that occurred within the CdM BID boundaries.

FY 2019-20 Operating Results

The estimated year-end operating budget for the CdM BID's FY 2019-20 is summarized in the table below.

Estimated FY 2019-20 Year-End Operating Budget (Updated Figures)	
Income (City Funding, Assessments and Late Fees)	\$91,937
Fund Balance (Retained Earnings from FY 2018-19)	\$99,629
Total Income and Fund Balance	\$191,566
Total Expenditures	\$132,343
Fund Balance (Retained Earnings)	\$59,223

Proposed Budget for FY 2020-21

The proposed operating budget for FY 2020-21 is attached to the CdM BID's annual report for the City Council's approval. The Board has identified several project goals for the year and allocated its funding accordingly, as summarized in the table below.

FY 2020-21 Operating Budget	
Income	
<i>Proposed COVID-19 Relief Funding (City's Contribution) *</i>	\$40,000
Late Fees	\$2,000
Member Assessment	\$55,000
Retained Earnings from FY 2019-20	\$59,223
Total Income	\$156,223
Expenses	
Highway Décor and Banner Program	\$30,792
Marketing and Administration Services	\$102,550
Accounting and Bookkeeping Service	\$21,408
Improvements & Parking	\$1,473
Total Expenses	\$156,223

*This income is proposed as it has not yet been approved for distribution by the City Council. Should the City Council not approve the relief funding, the budget would be adjusted accordingly.

BID Member Benefits

The CdM BID has a unique and long-standing partnership with the Corona del Mar Chamber of Commerce (Chamber), a voluntary membership organization located within the business district. Through a City agreement, the Chamber has provided the CdM BID with administration and marketing services, coordination of programs and member communications, and assists with agenda preparation and reporting. BID funds are used to pay for these services.

The marketing campaigns for the business district and the production of the CdM Business Directory are a joint effort between the BID and the CdM Chamber. The BID also financially supports various Chamber programs and events, and finances the decorative banners that promote Chamber events in the business district.

The coordinated marketing efforts support the CdM BID members by attracting local and regional visitors to the area to shop in the retail establishments, dine from a large selection of restaurants and cafes, and obtain a variety of professional services.

Resolution of Intention

The Resolution of Intention (Attachment C) for the CdM BID provides for the following:

- Renews the CdM BID for fiscal year 2020-21 with assessment levies as follows:
 - \$500 per year for banks and financial institutions that are exempt from City business license regulations;
 - \$250 per year for insurance agencies that are exempt from City business license regulations;
 - \$0 per year for independent contractors (hair stylists, nail technicians and real estate agents) operating in an establishment owned by another person; and
 - 70 percent of the annual business license tax for all other businesses.
- Explains the improvements and activities to be funded are:
 - Marketing, advertising, and public relations;
 - Public area improvements and maintenance programs;
 - Promotion of public events in the area;
 - Promotion of retail trade activities; and
 - Administration.
- Sets the public hearing for June 23, 2020 at 7 p.m.

Per the 1989 Law, the City Council may revise, change, reduce or modify the assessment or the type or types of improvements and activities proposed to be funded.

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).

ATTACHMENTS:

~~Attachment A – CdM BID Annual Report and Budget~~

~~Attachment B – Letter from the CdM BID Board Chair~~

~~Attachment C – Resolution No. 2020-58~~