



City of Huntington Beach

File #: 20-1834

MEETING DATE: 9/8/2020

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Oliver Chi, City Manager

PREPARED BY: Ursula Luna-Reynosa, Director of Community Development

Subject:

Public Hearing to consider adoption of Resolution No. 2020-50 approving an Annual Assessment within the Huntington Beach Downtown Business Improvement District (DTBID) for Fiscal Year 2020-2021, and authorize appropriation of funds

Statement of Issue:

On August 3, 2020, the City Council adopted Resolution No. 2020-49, declaring its intention to levy an annual assessment for the Huntington Beach Downtown Business Improvement District (DTBID), and authorized the City Clerk to schedule a public hearing for September 8, 2020. The City Council is now requested to conduct that public hearing and consider adopting Resolution No. 2020-50 to approve the assessment for 2020-2021.

Financial Impact:

The 2020-2021 Huntington Beach Downtown Business Improvement District budget outlines total projected revenues of \$538,930, including member assessment fees anticipated to be \$124,000, which the City will collect and pass-through Fund 710 on behalf of the DTBID.

Recommended Action:

A) Conduct the Public Hearing; and,

B) If protests of at least 50% are not received, adopt Resolution No. 2020-50, "A Resolution of the City Council of the City of Huntington Beach Approving an Annual Assessment Within the Huntington Beach Downtown Business Improvement District for Fiscal Year 2020-2021."

Alternative Action(s):

- 1) Modify elements of the Annual Report, such as the proposed assessments, activities and/or improvements to be funded, district boundaries, categories of assessments, or benefit zones and amend the Resolution; or
- 2) Do not approve the resolution if protests of at least 50% are received.

Analysis:

In September 2004, the City Council approved Ordinance No. 3661, establishing the Huntington Beach Downtown Business Improvement District (DTBID) to fund activities benefiting all businesses within the district area. In addition, pursuant to State Law, the City Council appointed an advisory board for the DTBID. The purpose of the Advisory Board is to make recommendations to the City Council regarding the classification of member businesses, the method of levying assessments to support the DTBID, and the activities to be funded by the DTBID. The Advisory Board recommendations must be considered by the City Council each year at a public hearing, and can be approved or modified by the City Council.

In February 2008, the City Council adopted Ordinance No. 3797, amending Ordinance No. 3661, to change how the District's advisory board was selected. Following the adoption of Ordinance No. 3797, the City Council approved Resolution No. 2008-04, appointing a non-profit corporation known as the Huntington Beach Downtown Business Improvement District (the "Non-Profit Corporation") to act as the advisory board for the District.

In April 2017, the City Council recommended that the DTBID retain the services of an industry-specific consultant to review and evaluate the DTBID's operations and structure, and provide recommendations to improve the organization and its benefits to its members. The DTBID subsequently contracted with the International Downtown Association (IDA), which produced a report with a number of recommendations, including changes to the DTBID budget, organizational structure, and employee compensation.

During Fiscal Year 2018-2019, the DTBID implemented many of the IDA recommendations. For example, the position of BID Manager was changed to Executive Director, stronger financial oversight was implemented, a daytime patrolling program was launched, and marketing efforts were enhanced with updates to the hbdowntown.com website.

During Fiscal Year 2019-2020, the DTBID continued to implement IDA recommendations, such as partnering with WAYMAKERS OC and the Safe HB Collective on multiple projects focused on bringing safety awareness to member businesses serving alcoholic beverages, including Responsible Beverage Service (RBS) training, security guard training, and a Citywide rideshare campaign. Notable highlights also include the successful management of various high profile events that drew thousands of visitors to downtown, including Surf City Nights, Halloweenfest, and Miracle on Main Street - Tree Lighting Ceremony.

Currently, COVID-19 is having a significant impact on businesses within the DTBID. Many businesses were required to close temporarily, and many that have been allowed to reopen are experiencing significantly-reduced revenues. The DTBID is uniquely positioned to support member businesses in this unprecedented period by helping identify ways to stimulate commercial activity downtown, working in partnership with the City, Visit Huntington Beach, and the Huntington Beach Chamber of Commerce.

In addition to the economic impacts to member businesses from COVID-19, many downtown events that would normally attract large crowds have been cancelled. These events are usually a major

source of revenue for the DTBID. As a result, the DTBID is proposing temporary changes to its operations for Fiscal Year 2020-2021 to reduce expenditures. One notable change is a suspension of the daytime patrolling program, resulting in a savings of \$128,000. The DTBID is not proposing any changes to the boundary map or assessment formula (Exhibit B), and the DTBID will continue to manage Downtown Maintenance operations with funds administered through the City of Huntington Beach Public Works Department.

To safely attract visitors and cultivate more business activity downtown, the DTBID plans to build upon recent social media efforts and expand its in-house digital marketing program by creating an HB Downtown style guide, distributing monthly newsletters, and generating bi-monthly online blogs. They will also work closely with the City on the Main Street Outdoor Dining Program, which has already been launched. Other projects for the new fiscal year include the Families First Program for students and a reintroduction of Surf City Nights and Farmers Market.

The DTBID budget for 2020-2021 is provided in its Annual Report (Exhibit A) and is summarized below:

INCOME:	2019-2020	2020-2021 (PROPOSED)	VARIANCE
City of HB Maintenance	\$162,000	\$188,430	\$26,430
BID Assessments	\$120,000	\$124,000	\$4,000
Surf City Nights	\$315,000	\$152,500	(\$162,500)
Surf City Days	\$15,000	\$0	(\$15,000)
Chili at the Beach	\$30,000	\$25,000	(\$5,000)
Families First Program	\$0	\$11,000	\$11,000
Main St. Outdoor Program	\$0	\$3,000	\$3,000
Destination Downtown	\$0	\$0	\$0
Halloween	\$0	\$0	\$0
Miracle on Main	\$0	\$5,000	\$5,000
Transfer from Reserves	\$66,000	\$30,000	(\$36,000)
TOTAL INCOME:	\$708,000	\$538,930	(\$169,070)

EXPENSES:			
MALCO Maintenance	\$150,000	\$176,430	\$26,430
Marketing/Advertising	\$17,000	\$16,500	(\$500)
Sponsorships/Donations	\$0	\$0	\$0
Ambassador	\$48,000	\$36,000	(\$12,000)
Office Expenses	\$3,000	\$3,000	\$0
Bank Charges	\$600	\$1,200	\$600
Dues & Subscriptions	\$3,000	\$3,000	\$0
Insurance	\$7,400	\$1,900	(\$5,500)
Accounting	\$7,000	\$6,950	(\$50)
License & Fees	\$2,000	\$2,000	\$0

Repairs & Maintenance	\$500	\$500	\$0
Rent & Storage	\$14,000	\$14,900	\$900
Telephone/Internet	\$2,000	\$2,200	\$200
Meeting/Training	\$2,000	\$1,650	(\$350)
PAYROLL:			
BID Director	\$102,000	\$100,000	(\$2,000)
Events Coordinator/Mngr.	\$62,000	\$48,000	(\$14,000)
Admin. Asst.	\$20,000	\$15,600	(\$4,400)
Payroll Taxes	\$7,000	\$2,000	(\$5,000)
Workers Comp.	\$1,000	\$1,250	\$250
Payroll Expenses	\$1,500	\$1,700	\$200
Security	\$128,000	\$0	(\$128,000)
BID EVENTS:			
SCN Rental & Set-up	\$30,000	\$22,500	(\$7,500)
SCN Street Cleaning	\$3,000	\$2,400	(\$600)
SCN Closure	\$5,000	\$3,700	(\$1,300)
SCN Parking	\$9,000	\$6,900	(\$2,100)
SCN Miscellaneous	\$18,000	\$4,500	(\$13,500)
SCN Quickbooks	\$0	\$9,000	\$9,000
Chili at the Beach	\$15,000	\$15,000	\$0
Surf City Days	\$7,500	\$0	(\$7,500)
Air Show	\$0	\$0	\$0
Halloween	\$7,500	\$5,150	(\$2,350)
Miracle on Main	\$10,000	\$10,000	\$0
Holiday Beautification	\$25,000	\$25,000	\$0
TOTAL EXPENSES:	\$708,000	\$538,930	(\$169,070)

As of August 31, 2020, the DTBID has reserved funds in the amount of \$130,712.12. The proposed budget includes the use of \$30,000 from this balance to offset projected revenue reductions due to COVID-19.

Per State law, business owners within the DTBID may submit a written protest of the proposed assessment being considered by the City Council. Any protests received will be weighted by the assessment to be paid by those businesses. If businesses representing a majority of the assessments do not want the DTBID to continue (weighted by the total value of the assessments, not by the number of protests received), the City Council cannot levy the assessment for one year. If there is not a weighted majority against the assessment, the DTBID will continue.

Environmental Status:

Pursuant to CEQA Guidelines Section 15378(b)(4), government fiscal activities that do not result in a physical change in the environment and do not commit the lead agency to any specific project, do not constitute a project. Therefore, these activities are exempt in accordance with CEQA Guidelines Section 15060(c)(3).

Strategic Plan Goal:

Strengthen long-term financial and economic sustainability

Attachment(s):

1. Resolution No. 2020-50, "A Resolution of the City Council of Huntington Beach Approving an Annual Assessment within the Huntington Beach Downtown Business Improvement District for Fiscal Year 2020-2021"
2. Exhibit A - Huntington Beach Downtown Business Improvement District 2019-2020 Annual Report
3. Exhibit B - Boundary Map, List of Businesses to be assessed for FY 2020-2021, and Assessment Schedule for 2020-2021
4. Exhibit C - Types of improvements and activities proposed to be funded