

**Agenda Date:** 2/21/2017

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**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

Mark Danaj, City Manager

**FROM:**

Bruce Moe, Finance Director

Andy Sywak, Economic Vitality Manager

**SUBJECT:**

Renewal of the North Manhattan Beach Business Improvement District and Approval of Assessments for Fiscal Year 2017-2018 (Economic Vitality Manager Sywak).

**CONDUCT PUBLIC HEARING, ADOPT RESOLUTION AND RATIFY 2017 BUSINESS IMPROVEMENT DISTRICT ADVISORY BOARD MEMBERS**

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**RECOMMENDATION:**

Staff Recommends that the City Council:

- a) Conduct a Public Hearing;
- b) Adopt Resolution No. 17-0004 renewing the district and providing for the collection of assessments for the North Manhattan Beach Business Improvement District (NMB-BID); and
- c) Ratify the Business Improvement District Advisory Board Members for 2017.

**FISCAL IMPLICATIONS:**

The North Manhattan Beach Business Improvement District (BID) is funded through an 80% surcharge on the business license tax to a maximum of \$500 per year. Collections for the fiscal year are estimated to be \$29,000. The North MB BID ending reserves for fiscal year ending June 30, 2016 are \$541,863.42, including \$75,732.00 remaining for a capital improvement project for beautification originally budgeted in 2007. Those funds have been carried forward into fiscal year 2016-2017.

**BACKGROUND:**

In January 2004, the City Council dissolved the existing North End Business Improvement District formed in 1969 under the State's Parking and Business Improvement District Law of 1965. The BID was fairly limited in scope and was mainly designed to address parking acquisition and construction. Because opportunity for the acquisition of parking in the North End is limited, the businesses being assessed wanted to use the funds for other types and

activities, such as physical improvements, signage, marketing, and promotion to name a few. To accommodate this change, the City Council dissolved the previous Business Improvement District and created the new Business Improvement District under the broader 1989 Business Improvement District law.

**DISCUSSION:**

The North Manhattan Beach BID and the associated assessments must be renewed annually. As required by law, the City Council adopted a resolution at the meeting of January 17, 2017, that set tonight's meeting to hear testimony in support of, and against, the proposed assessments. This public hearing has been properly noticed in accordance with State law.

The Resolution of Intention was circulated to all North Manhattan Beach businesses paying into the BID, and was published in the Beach Reporter. If adopted by the City Council tonight, Resolution No. 17-0004 (Attachment 1) will become effective immediately and will set the assessment at 80% surcharge on the business license tax to a maximum of \$500 for North Manhattan Beach businesses. This assessment remains unchanged from last year and will be in effect for the next assessment cycle which coincides with the FY 2017-2018 business license period.

A necessary requirement of the BID is the establishment of an Advisory Board. Advisory Board duties include recommendations to the City Council on expenditure of revenues derived from the assessments, as well as the method and basis of levying the assessments. The following is a list of nominees for the 2017 Advisory Board and their affiliation with the district. As required by State law, the City Council is required to ratify nominees:

- James McCleary, Sea View Inn (Chairperson)
- Harry Ashikian, Salvatore's Shoe Repair (Vice Chairperson)
- Valerie DeLa Rosa-Anderson, Lola V Nail and Dry Bar (Recording Secretary)
- Steve Delk, OB's Pub & Grill
- Peter Kim, Sloopy's
- Steve Oliveira, Steve Oliveira, D.D.S.
- Anthony Sulaiman, Sharkeez

This board was selected by the membership at the December 2016 BID Advisory Board meeting through an adopted nomination and balloting process.

Another role of the Advisory Board is to review and approve the operating plan for the District. The 2017 Projects and Activity Plan (Attachment 2) contains all information relative to projected revenues and expenses, and outlines the services and programs to be funded by the Business Improvement District. This year, the operating plan identifies the following potential programs for 2017, subject to City Council approval:

A-priority Items:

- Look to expand parking opportunities to accommodate visitors including valet.
- Explore the hiring of an Executive Director and incorporating the BID as an Association to more quickly enact BID priorities.

- Events: Continue to hold Holiday Winter Stroll in December (and review holiday lighting decoration) and explore Art event in Spring/Summer.
- Look to boost participation of businesses within the BID boundaries in BID activities (i.e. Board meeting attendance, participation in events).

B Items:

- Crosswalks: (a) Explore new graphic replacements on Rosecrans/Highland cross walks; (b) Provide input and receive new lighted crosswalks in specification with the City's Mobility Plan (on Highland btwn. 34th and 36th St.).
- Continue using the website for NMB BID visitor outreach and marketing. Maintain and enhance the current website and social media through Facebook, Twitter etc
- Develop a NMB BID web site survey and collect updated emails from each business within the NMB BID. Evaluate e-notification opportunities on NMB BID website ([www.northmb.info](http://www.northmb.info)).

C Items:

- Landscaping, lighting and tree enchantments with grates.

In past years, the City Council approved several improvements, including new graphical maps for the directories, social media, curb extensions, landscaping, trees, an entry monument, branding signage and business directories. The Business Improvement District will approach the City Council with future requests as they are identified.

In compliance with State law, copies of the Resolution of Intention adopted on January 17, 2017, were mailed to all North MB BID members on January 19, 2017. A Public Notice was placed in the February 2, 2017 Beach Reporter publication.

**CONCLUSION:**

Staff recommends that the City Council conduct a Public Hearing. If there is not a majority protest of the assessment payers, City Council may then choose to adopt Resolution No. 17-0004, which will maintain the BID for 2017 and the associated assessments scheduled to be collected in FY 2017-2018. Staff also recommends that the City Council ratify the BID board for 2017.

Attachments:

1. Resolution No. 17-0004
2. North Manhattan Beach Business Improvement Plan 2017

RESOLUTION NO. 17-0004

A RESOLUTION OF THE MANHATTAN BEACH CITY COUNCIL OVERRULING PROTESTS AND PROVIDING FOR THE ANNUAL LEVY AND COLLECTION OF ASSESSMENTS FOR THE EXISTING NORTH MANHATTAN BEACH BUSINESS IMPROVEMENT DISTRICT, PURSUANT TO CALIFORNIA STREETS AND HIGHWAYS CODE SECTION 36500 ET. SEQ. (SB 1424 - PARKING & BUSINESS IMPROVEMENT LAW OF 1989, CHAPTER 2)

THE MANHATTAN BEACH CITY COUNCIL HEREBY RESOLVES, FINDS AND DETERMINES:

SECTION 1. The City Council hereby finds:

A. The City Council has formed a Property & Business Improvement District pursuant to the provisions of the Parking & Business Improvement Law of 1989 (the "Act," codified at California Streets and Highways Code Section 36500) for providing services to the businesses within the area designated as the North Manhattan Beach Business Improvement District (the "District").

B. On January 17, 2017, the City Council adopted Resolution No. 17-0003 declaring its intention to authorize the collection of assessments to provide services in accordance with the 2017 Enhancement Project and Activity Plan for the period beginning January 1, 2017, and ending December 31, 2017 (the "Report"), with such services to be performed within the District.

C. Resolution No. 17-0003 fixed the time and place for a public hearing of any and all protests in relation to the proposed assessment for February 21, 2017.

D. Evidence has been received as to the publication and mailing of notice of such hearing in the time, form and manner required by law.

E. This Resolution is Categorically Exempt from review under the California Environmental Quality Act (CEQA) pursuant to CEQA guidelines Section 15061(b)(3), because it can be seen with certainty that there is no possibility that the approval may have a significant effect on the environment.

SECTION 2. On February 21, 2017, the City Council held a duly noticed full and fair public hearing regarding the levy and collection of an assessment against businesses within the District for fiscal year 2017-2018. At the public hearing, the Council considered testimony of all interested persons regarding the levy of any assessment against businesses within the District for fiscal year 2017-2018. The City Council hereby determines that there was no majority protest within the meaning of the Act.

SECTION 3. Based upon its review of the Report, a copy of which has been presented to the City Council and which has been filed with the City Clerk, and other reports and information presented to the City, the City Council hereby finds and determines that (i) the businesses in the District will be benefitted by the expenditure of funds raised by the assessment for fiscal year 2017-2018, (ii) the District includes all of the businesses so benefitted, and (iii) the net amount of the assessment levied within the District for fiscal year 2017-2018 in accordance with Resolution No. 17-0004 and the Report, is apportioned by a formula and method which fairly distributes the net amount in proportion to the estimated benefits to be received by each such business.

SECTION 4. The City Council hereby confirms the Report as originally filed.

SECTION 5. The adoption of this resolution constitutes the levy of an assessment for fiscal year 2017-18.

SECTION 6. This resolution shall take effect immediately upon adoption.

SECTION 7. The City Clerk shall certify to the passage and adoption of this resolution.

PASSED, APPROVED and ADOPTED this 21<sup>st</sup> day of February, 2017.

Ayes:  
Noes:  
Abstain:  
Absent:

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David Lesser, Mayor  
City of Manhattan Beach

ATTEST:

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Liza Tamura, City Clerk

**NORTH MANHATTAN BEACH  
BUSINESS IMPROVEMENT DISTRICT  
(NORTH MB BID)**

Enhancement Projects and Activity Plan  
2017

Location: The area generally surrounding the Rosecrans Avenue and Highland Avenue intersection. Specific boundaries are:

- (north to south) the extent of the Highland Avenue right-of-way from the northernmost City line at 45<sup>th</sup> Street to 32<sup>nd</sup> Place on the south:
- (east to west) the extent of Rosecrans Avenue right-of-way from Bell Avenue to the west side of Highland Avenue

Stakeholders: North Manhattan Beach Businesses – All business license holders in the North Manhattan Beach area, with the exception of home-based businesses, residential rental units and commercial property owners.

Improvements and Activities:

- A. Parking & Transportation
- B. Marketing & Promotions
- C. Special Events
- D. Capital Improvements
- E. Management Services

These five areas were listed as the focus of the BID in the ordinance passed by City Council that created it.

Method of Financing: Benefit-based assessments on City Business License Tax

Assessment: An 80% surcharge on the City Business License Tax not to exceed \$500.00.

Collection: The fees are collected in March/April of each year with the Business License Tax. The funds shall be retained in a designated fund and disbursed through the City.

Governance: The North Manhattan Beach Business Improvement District (BID) was formed by the Manhattan Beach City Council (Ordinance No. 2071) on Jan. 4, 2005. This ordinance dissolved the existing BID formed pursuant to the Parking and Business Improvement Area Law of 1965 and established the new BID pursuant to the Parking And Business Improvement Area Law of 1989 (Streets and Highways Code Section 36500). This code is the founding document which guides the governance of the BID.

An Advisory Board makes recommendations to the City Council for the BID on expenditures from the assessments and on the

method and basis for levying the assessments. This Board consists of a group not-to-exceed seven (7) members composed of area business owners, residents, or members at large. The City Council ratifies the board members annually. It is anticipated that the Advisory Board will meet at least once per month on the 1<sup>st</sup> Wednesday at 6:00 PM (with some exceptions).

In delivering BID improvements and activities, the Advisory Board will strive to meet the following objectives:

- Maximize coordination with the City and other civic organizations to leverage resources;
- Identify streetscape, landscape and other improvements, and maintain the unique identity for North Manhattan Beach;
- Provide accountability to business owners who pay assessments.

Maintaining the District:

The City Council maintains the district by adopting a Resolution of Intention. A public hearing shall be held after the adoption of the Resolution of Intention. If there is insufficient protest from owners representing over 50% of the assessments to be paid, the BID assessment will continue.

Benefits of the District:

The BID allows for streetscape, signage and landscape improvements, and creation of a North Manhattan Beach identity through integrated marketing efforts such as promotions, branding and advertising.

The BID shall provide key promotional and organizational support through a variety of functions that directly benefit its ratepayers as well as the City; such as:

- Enhancing the appearance of North Manhattan Beach through signage, landscaping, etc.,
- Establishing and implementing a North Manhattan Beach vision, and a beautification image that is in line with the rest of Manhattan Beach and one that reflects the good health and economic vitality of the entire City; making the City an attractive venue for business.
- Providing an inclusive link to the north end of the City.



## ENHANCEMENT PROJECT AND ACTIVITY PLAN

The BID work plan for 2017 includes the following items, which have been prioritized this year:

### A Items:

- Look to expand parking opportunities to accommodate visitors including valet. **(Parking & Transportation)**
- Explore the hiring of an Executive Director and incorporating the BID as an Association to more quickly enact BID priorities. **(Management Services)**
- Events: Continue to hold Holiday Winter Stroll in December (and review holiday lighting decoration) and explore Art event in Spring/Summer. **(Marketing & Promotions)**
- Look to boost participation of businesses within the BID boundaries in BID activities (i.e. Board meeting attendance, participation in events). **(Marketing & Promotions)**

### B Items:

- Crosswalks: (a) Explore new graphic replacements on Rosecrans/Highland cross walks; (b) Provide input and receive new lighted crosswalks in specification with the City's Mobility Plan (on Highland btwn. 34<sup>th</sup> and 36<sup>th</sup> St.). **(Parking & Transportation)**
- Continue using the website for NMB BID visitor outreach and marketing. Maintain and enhance the current website and social media through Facebook, Twitter etc.
  - Develop a NMB BID web site survey and collect updated emails from each business within the NMB BID. Evaluate e-notification opportunities on NMB BID website ([www.northmb.info](http://www.northmb.info)). **(Marketing & Promotions)**

### C Items:

- Landscaping, lighting and tree enchantments with grates. **(Marketing & Promotions)**

## Budget

<b>North Manhattan Beach Business Improvement District Reserves</b>			
<b>FYE 2015 - FYE 2016</b>			
<b>FY 2015-2016 Actuals</b>			
Beginning Reserve Balance July 1, 2015		\$	549,701.58
Revenues			27,319.87
Interest			5,433.49
Expenditures (4)			(40,591.52)
Ending Reserve Balance as of June 30, 2016		\$	<u>541,863.42</u>
<b>FY 2016-2017 Budget</b>			
Beginning Reserve Balance July 1, 2016		\$	541,863.42
Budgeted Revenues (1)			29,000.00
Estimated Interest			4,000.00
Approved appropriations - CIP Carry Forward from Prior Years (2)			(75,732.00)
Projected Ending Reserve Balance as of June 30, 2017 (3)		\$	<u>499,131.42</u>
<i>(1) Budgeted Revenues are projected based on business license tax assessments not to exceed \$500 annually per business.</i>			
<i>(2) Approved appropriations consist of the balance from the original \$370,000 CIP amount budgeted in FY 2006-2007 to beautify and maintain North Manhattan Beach including: directories, monuments, tree trimming, power washing, sidewalk improvements, etc.</i>			
<i>(3) The Projected Ending Reserve Balance is based on actual reserves at the beginning of the fiscal year adjusted for projected revenues and funds remaining in the CIP carried over from previous years.</i>			
<i>(4) Expenditures were under reported in FY 14/15 by \$3,384.88. Adjusted FY 15/16 expenditures by \$3,384.88 to reflect total expenditures paid in the last two fiscal years.</i>			