

H-2

October 1, 2019

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive supporting documentation into the record, conclude the public hearing, and adopt a Resolution continuing the East Anaheim Street Parking and Business Improvement Area assessment levy for the period of October 1, 2019 through September 30, 2020; and, authorize the City Manager, or designee, to extend the agreement with the Zaferia Business Association for a one-year term. (Districts 3, 4)

DISCUSSION

The East Anaheim Street Parking and Business Improvement Area (EASPBIA) was established by the City Council in 2010, allowing for the levy of an annual business license assessment to be paid by businesses located in the EASPBIA. The City of Long Beach (City) contracts with the Zaferia Business Association (ZBA) to manage the EASPBIA and the ZBA Board of Directors serve as the Advisory Board to the City Council on matters related to the EASPBIA. The ZBA promotes and markets the commercial area along East Anaheim Street using funds generated through the EASPBIA business license assessment.

State law governing Parking and Business Improvement Areas requires that an Annual Report be submitted to the City Council by the Advisory Board for the EASPBIA. On June 11, 2019, the EASPBIA Advisory Board voted to recommend to the City Council approval of the 2019-2020 EASPBIA Annual Report (Annual Report) (Exhibit A to the Resolution).

The Annual Report describes boundaries, proposed activities, and budgetary information, as well as the method and basis for continuation of the assessment. The Annual Report proposes no change to the EASPBIA boundaries or the method of levying the assessment and no significant change to proposed activities.

To continue the assessment levy, state law requires that a public hearing be held on the proposed program and assessment. At its September 10, 2019 meeting, the City Council approved Resolution No. RES-19-0136 granting approval of the Annual Report, declaring the intention of the City Council to levy the assessment, and set October 1, 2019 as the date of the public hearing. A hearing notice, including a copy of the Resolution, was published in the local media.

State law provides that the City Council shall hear and consider all protests against the assessment, program, boundaries of the area, and/or any benefit zone as proposed in the

Annual Report. State law further provides that protests may be made orally or in writing. If written protests are received from area business owners representing 50 percent or more of the proposed assessments, the City Council shall not levy the assessment. If protests in such quantity are directed against a specific portion of the program, the City Council shall eliminate that portion.

The Annual Report, transmitting the recommendations of the Advisory Board, proposes the following assessment rates:

Method of Assessment

The estimated 2019-2020 fiscal year revenue from business assessments is \$142,255. Assessments are calculated by category of business and incorporate a base rate plus a per employee rate. Business categories and rates are as follows:

- Type 1 Businesses: Retail, recreation and entertainment, unique businesses, and banking institutions, pay annual assessment fees of:
 - Base fee: \$300 per year except that secondary licensees in these classes are exempt;
 - Employee Fee: \$15 per employee up to \$300 maximum.
- Type 2 Businesses: Service, vending, professional, wholesale, contractor, manufacturing and miscellaneous mobile, pay annual assessment fees of:
 - Base Fee: \$200 per year except that secondary licensees in these classes shall pay a base fee of \$120;
 - Employee Fee: \$15 per employee up to \$300 maximum.
- Type 3 Businesses: Non-residential space rental businesses pay an annual assessment fee of:
 - Base Fee: \$120 per year;
 - Employee Fee: not applicable.
- Type 4 Businesses: Non-profit businesses pay an annual assessment fee of:
 - Base Fee: \$100 per year;
 - Employee Fee: not applicable.
- Type 5 Businesses: Home-based businesses that voluntarily choose to be a member of the organization pay an annual assessment fee of:
 - Base Fee: \$100 per year;
 - Employee Fee: not applicable.

Residential property rental is exempt from the assessment.

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Each year the City calculates the Consumer Price Index (CPI), an adjustment for consumer goods and services, and applies the CPI to various City fees on July 1st of each year. Parking and Business Improvement Area Advisory Boards may request a CPI adjustment for business license assessments. The EASPBA Advisory Board has decided not to request a July 2020 CPI adjustment.

This matter was reviewed by Deputy City Attorney Amy R. Webber on September 3, 2019 and by Budget Management Officer Rhutu Amin Gharib on September 12, 2019.

TIMING CONSIDERATIONS

City Council action is requested on October 1, 2019, so that Fiscal Year 2020 (FY 20) assessment transfers may be made as required by the Agreement for Funding with the ZBA.

FISCAL IMPACT

It is estimated that in FY 20 the EASPBA will generate \$142,255 through the proposed continuation of the assessment. Assessments are collected by the City on behalf of the ZBA through additional fees attached to EASPBA business licenses and passed directly through to the ZBA for implementation of annual programs. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION

Approve recommendation.

Respectfully submitted,



JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT

ATTACHMENT: RESOLUTION

APPROVED:



THOMAS B. MODICA
ACTING CITY MANAGER



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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH CONFIRMING, FOLLOWING HEARING, THE ANNUAL REPORT OF THE ZAFERIA BUSINESS ASSOCIATION, CONTINUING THE LEVY OF ANNUAL ASSESSMENT AS SET FORTH IN SAID REPORT AND SETTING FORTH OTHER RELATED MATTERS

WHEREAS, pursuant to Section 36533 of the California Streets and Highways Code, the Zaferia Business Association has caused a Report to be prepared for October 1, 2019 through September 30, 2020 relating to the East Anaheim Street Parking and Business Improvement Area ("EASPBA"); and

WHEREAS, said Report contains, among other things, all matters required to be included by the above cited Section 36533; and

WHEREAS, on October 1, 2019 at 5:00 p.m., the City Council conducted a public hearing relating to that Report in accordance with its Resolution of Intention No. RES-19-0136, adopted September 10, 2019, at which public hearing all interested persons were afforded a full opportunity to appear and be heard on all matters relating to the Report; and

WHEREAS, a majority protest not having been received, it is the City Council's desire to confirm the Report as originally filed and impose and continue the levy of the Annual Assessment without change to the basis and method of levying the assessment;

NOW, THEREFORE, the City Council of the City of Long Beach resolves as follows:

Section 1. A public hearing having been conducted on October 1, 2019, at 5:00 p.m., and all persons having been afforded an opportunity to appear and be

1 heard, the City Council hereby confirms the Report of the Zaferia Business Association,
2 previously filed and approved by Resolution No. RES-19-0136, adopted September 10,
3 2019, and declares that this resolution shall constitute the levy of the Assessment,
4 without change to the assessment methodology, for the period October 1, 2019 through
5 September 30, 2020 as more specifically set forth in Exhibit "A".

6 Section 2. This resolution shall take effect immediately upon its adoption
7 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

8 I hereby certify that the foregoing resolution was adopted by the City
9 Council of the City of Long Beach at its meeting of _____, 2019,
10 by the following vote:

11			
12	Ayes:	Councilmembers:	_____
13			_____
14			_____
15			_____
16	Noes:	Councilmembers:	_____
17			_____
18	Absent:	Councilmembers:	_____
19			_____
20			_____
21			_____
22			_____
23			_____
24			_____
25			_____
26			_____
27			_____
28			_____

City Clerk

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
411 West Ocean Boulevard, 9th Floor
Long Beach, CA 90802

EXHIBIT "A"



**2019-2020 Annual Report
East Anaheim Street Parking and
Business Improvement Area**

SUBMITTED BY ZAFERIA BUSINESS ASSOCIATION

JULY 11, 2019

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DISTRICT OVERVIEW

District Background

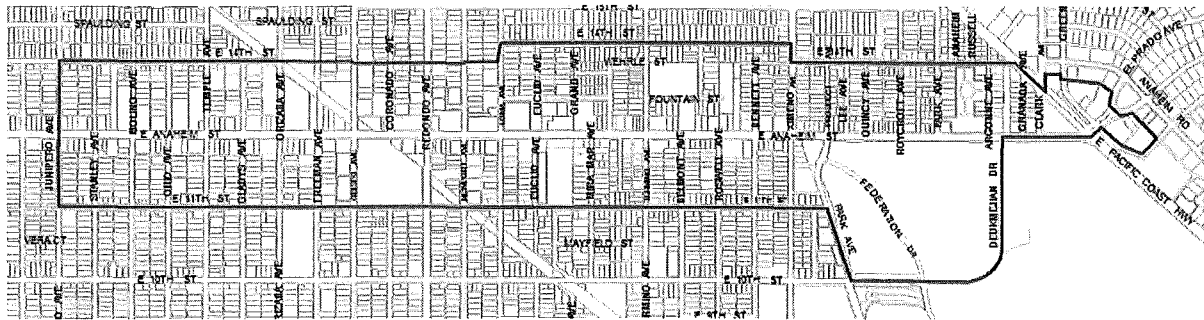
Conceived by a coalition of business owners located along Anaheim Street, the East Anaheim Street Parking and Business Improvement Area (the "District") is a benefit assessment district whose goal is to provide a more attractive and vibrant business environment in the East Anaheim Street / Zaferia business area, including a sidewalk cleanliness program, marketing and promotions of our members and the Zaferia area, and support of local programs.

The organization overseeing the management of the District is the Zaferia Business Association (ZBA), an IRS 501 C-6, tax-exempt organization.

The mission of the Zaferia Business Association is to promote, enhance, and represent the business members of the Zaferia district.

East Anaheim Street Parking and Business Improvement Area Boundary

The District is bounded by Junipero Avenue to the west, Pacific Coast Highway to the east, 11th Street to the south, and 14th Street to the north. Historically, this area is known as Zaferia.



Proposed Changes

The Zaferia Business Association Board of Directors proposes no changes to the district boundary for 2019-2020.

District Advisory Board

OFFICERS		TERMS
President Tracy Ames	Proprietor – The Red Leprechaun	2018 - 2020
Vice President Madison Mooney	Executive Director – Long Beach Playhouse Theatres	2019 - 2021
Secretary Kourosh Davatolhagh	Vice President, Relationship Manager – Farmers & Merchants Bank	2018 - 2020
Treasurer Scott Bristol	Controller – Brascia Builders	2018 - 2020
DIRECTORS		
Cameron Crockett	Principal Architect - Ultra-Unit Architectural Studio	2018 - 2020

Alan Gomez	Owner - Commodity	2019 - 2021
Zain Ramjan	Owner – Sani-Tec Janitorial Supplies and Coastline Car Wash	2019 - 2021

District Personnel

Executive Director
 Kristine Hammond
Part-Time, Independent Contractor

director@zaferia.org
 (562) 305-7102

METHOD OF ASSESSMENT

Assessments are calculated as follows:

- **Type 1 Businesses:** Retail, recreation and entertainment, unique businesses, and banking institutions, shall pay annual assessment fees of:
 - Base fee: \$300 per year except that secondary licensees in these classes are exempt;
 - Employee Fee: \$15 per employee up to \$300 maximum.
- **Type 2 Businesses:** Service, vending, professional, wholesale, contractor, manufacturing and miscellaneous mobile, shall pay annual assessment fees of:
 - Base Fee: \$200 per year except that secondary licensees in these classes shall pay a base fee of \$120;
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- **Type 3 Businesses:** Non-residential space rental businesses shall pay an annual assessment fee of:
 - Base Fee: \$120 per year;
 - Employee Fee: not applicable.
- **Type 4 Businesses:** Non-profit businesses shall pay an annual assessment fee of:
 - Base Fee: \$100 per year;
 - Employee Fee: not applicable.
- **Type 5 Businesses:** Home-based businesses that voluntarily choose to be a member of the organization shall pay an annual assessment fee of:
 - Base Fee: \$100 per year;
 - Employee Fee: not applicable.

Residential property rental is exempt from the assessment.

Proposed Changes

The Zaferia Business Association Board of Directors proposes no changes to the method and basis of levying the assessment.

Consumer Price Index Adjustment

The Zaferia Business Association Board of Directors is not requesting a Consumer Price Index adjustment for the 2019-2020 contract year.

BUDGET

Projected Budget

ZBA
Budget Overview: ZBA FY 2019-2020 DRAFT
October 2019 - September 2020

	<u>Total</u>
Income	
Member Assessments	142,255.00
Voluntary Member Assessments	100.00
Total Income	<u>\$ 142,355.00</u>
Gross Profit	<u>\$ 142,355.00</u>
Expenses	
Administrative Expense	
Accounting	3,060.00
Cell Phone	780.00
Dues & Memberships	520.00
Franchise Tax Board	10.00
Hardware Purchases	500.00
Insurance	2,100.00
Management Fee	37,100.00
Office Supplies	500.00
Postage	1,000.00
Professional Services	850.00
Rent & Parking	
Rent	1,258.00
Total Rent & Parking	\$ 1,258.00
Software Fees	2,200.00
Training	150.00
Total Administrative Expense	<u>\$ 50,028.00</u>
Program Expense	
Events	20,000.00
Food & Drinks	

BOD Meetings	1,100.00
Member Meetings	2,000.00
Member Socials	3,000.00
Total Food & Drinks	\$ 6,100.00
Marketing	
Advertising Merchandise	2,500.00
Social Media Marketing	9,500.00
Total Marketing	\$ 12,000.00
Pole Banners & Maintenance	8,000.00
Sponsorship	1,500.00
Streetscape and Cleanliness	42,827.00
Water	600.00
Total Streetscape and Cleanliness	\$ 43,427.00
Website	1,300.00
Total Program Expense	\$ 92,327.00
Total Expenses	\$ 142,355.00
Net Operating Income	\$ 0.00
Net Income	\$ 0.00

Surplus or Deficit Carryover

The Zaferia Business Association has set aside \$45,000 of surplus funds from prior years for area improvements relating to the Pedestrian Safety Grant Work by the City of Long Beach that is currently pending.

Contributions from Other Sources

The Zaferia Business Association is not anticipating any monetary contributions from any other sources for the coming fiscal year.

ZAFERIA BUSINESS ASSOCIATION PROGRAM

2019 – 2020 Program

Cleanliness

The ZBA will continue to manage our cleanliness program. Weeds, trash, gum, and stickers continue to be an ongoing issue in the district. Compounded with an increase in the homeless population in our area, the ZBA is making attempts to keep ahead of this issue by working closely with our cleaning contractor, our members, and the City.

Support of Area Events

The ZBA intends to again support with funding and promotion of the Happy Sundays event on the last Sunday of August. This event includes multiple venues (eight business locations in 2018 and 2019) with multiple musical and comedy acts that is free and open to the public. In 2018 we saw

close to 3,000 in attendance throughout the day. As of the writing of this report, 2019 is expected to exceed this number.

The ZBA will again support with funding and promotion of the Open Art Studio Tour in October. This event includes several artists' studios on the city-wide tour. It is free and open to the public.

The ZBA will again support with funding and promotion the annual Orizaba Park Halloween Party for area children, providing games and candy in a safe environment. It is free and open to the public.

The ZBA Board of Directors will continue to review all requests for support on an individual basis.

Member & Area Marketing & Promotion

The ZBA will continue with our robust social media program with our monthly contract with Creative Marketing Services (CMS). CMS creates posts for the ZBA Facebook, Instagram, Twitter, and Pinterest pages that highlight ZBA members, our events, the events that we support, and the general Zaferia area. The ZBA budget incorporates boosting of some of the posts.

The ZBA will continue to provide a district website, www.zaferia.org, which includes a directory of members and provides the opportunity for members to share promotions, events, and be highlighted.

It is anticipated that the ZBA will again participate in the annual Belmont Shore Christmas Parade, which provides an opportunity for members to promote their businesses and their location within the Zaferia district.

Member Representation & Communication

The ZBA will continue to support and participate in the Council of Business Associations (COBA) and relay information about City programs and topics of interest to ZBA members by way of email communications and the Member Resources page on our website.