



# COUNTY OF HUMBOLDT

For the meeting of: 11/7/2023

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File #: 23-1468

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**To:** Board of Supervisors

**From:** Supervisor Michelle Bushnell

**Agenda Section:** Initiated by Board Member

**Vote Requirement:** Majority

**SUBJECT:**

Approve a General Fund Allocation of \$25,000 for Contract Amendment Related to Formation of a Southern Humboldt Business Improvement District (Supervisor Michelle Bushnell)

**RECOMMENDATION(S):**

That the Board of Supervisors:

1. Approve a General Fund Allocation of \$25,000 for the Economic Development Division Budget Unit (1120-275) to fund a contract amendment with Civitas for services related to formation of a Southern Humboldt Business Improvement District; and
2. Authorize the County Administrative Officer, or a designee thereof, to execute a contract amendment with Civitas for services related to formation of a Southern Humboldt Business Improvement District; and
3. Direct staff to return with a supplemental budget to effectuate the Board's order; and
4. Direct staff and the Economic Development Director to work with Civitas to complete the formation process for the business improvement district.

**SOURCE OF FUNDING:**

General Fund

**DISCUSSION:**

On April 4, 2023, your Board adopted Resolution 23-45 declaring its intention to authorize the examination of Sales and Transactions and Use Tax Records for the purpose of forming a business improvement district in the southern portion of Humboldt County, i.e., Garberville and Redway. Your Board also approved a Sales, Transactions and Use Tax Information Nondisclosure Agreement with Civitas Advisors, Inc., a California corporation, for the purpose of preventing the unauthorized disclosure of confidential information in conjunction with this examination process. Your board also approved an appropriations fund balance transfer from General Fund in the amount of \$31,500 to cover this expense.

The funding approved by your Board was used to pay Civitas Advisors to complete a phase one analysis to explore the feasibility of forming a retail sales tax funded business improvement district, a process which included developing and manipulating data, obtaining feedback from business and property owners, educating both owners and county staff on the components of a BID/PBID, and preparing a feasibility report and proposed service plan. The result of this analysis, i.e. titled the “Southern Humboldt BID Feasibility Study” and attached hereto, demonstrates that a proposed Southern Humboldt Business Improvement District (SHBID) could generate between \$260,000.00 and \$782,000 annually for the community depending on the assessment rate.

Other communities in Humboldt County have formed business improvement districts to drive economic prosperity, and the Property and Business Improvement Law of 1994, California Streets and Highways Code §36600 et seq., authorizes local government agencies to form a business improvement district (BID) to create jobs, attract and retain businesses, and promote economic growth and revitalization. As part of a BID, improvements, maintenance, and/or activities are funded through the levy of assessments upon the businesses or real property that receive benefits from the funded improvements or activities.

The next steps toward formation of the SHBID are to complete a Management District Plan (MDP) outlining the use of funds and the SHBID’s activities, and to complete a petition drive of business owners who may be impacted. Civitas can complete both activities for a sum of \$25,000. Because business relevant stakeholders remain supportive of this initiative, including support from the Southern Humboldt Business and Visitors Bureau and the Garberville Chamber of Commerce, it is recommended that your Board approve this additional appropriation to the project with an understanding that, once and if formed, the newly created SHBID will pay back the Civitas fees and formation expenses to the County. Said payment to be based on a final reconciliation of expenses as prepared by staff and to occur in the second year of the SHBID’s operation, after it has collected its first sales tax distribution.

Should your Board approve this action staff will work with Civitas and southern Humboldt stakeholders to further guide a formation process that includes continued outreach and education for business/property owners, and those in the community who may be impacted by the formation of the SHBID. The Management District Plan (MDP) would come back to your Board for final review and approval, and the required public comment period would be opened prior to actual formation of the district.

**FINANCIAL IMPACT:**

| <b>Expenditures (1120, 275)</b>    | <b>FY22-23 Adopted</b> |
|------------------------------------|------------------------|
| Additional Appropriation Requested | \$25,000               |
| <b>Total Expenditures</b>          | <b>\$25,000</b>        |
| <b>Funding Sources (1120, 275)</b> | <b>FY22-23 Adopted</b> |
| General Fund                       | \$25,000               |
| <b>Total Funding Sources</b>       | <b>\$25,000</b>        |

**Narrative Explanation of Financial Impact:**

The current Civitas Advisors, Inc. agreement as amended and as approved by your Board was for \$31,500, and related transactions are recorded in Fund 1120, Budget Unit 275, Economic Development. The agreement is supported with funding from the General Fund.

Should your Board approve the request for an additional \$25,000, it will increase the General Fund contribution and this agreement will be amended to reflect a new total amount of \$56,500. Staff will return with a supplemental budget to effectuate the Board's order.

This is below the Request for Proposals threshold. Moreover, Civitas Advisors, Inc. is a specialized firm with experience in assisting local governments and groups in forming various types of business improvement districts, including tourism improvement, hospitality improvement, restaurant improvement, and beverage improvement districts and has been working closely with the county's Economic Development Division throughout this process. Thus, it is not advised to contract with a separate entity for the completion of these services. The newly created SHBID will pay back the Civitas fees and formation expenses to the county in the second year of operation.

STRATEGIC FRAMEWORK:

This action supports the following areas of your Board's Strategic Framework.

Core Roles: Support business, workforce development and creation of private-sector jobs

New Initiatives: Provide community-appropriate levels of service

Strategic Plan: 3.1 - Improve the economy of Humboldt County

OTHER AGENCY INVOLVEMENT:

None

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could determine that formation is not a necessity and deny the formation. This is not recommended as the benefits of a Business Improvement District have long and lasting positive and economic benefits to the community it serves.

ATTACHMENTS:

1. Southern Humboldt BID Feasibility Study

PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A

Meeting of: April 4, 2023

File No.: 23-254