



COUNTY OF HUMBOLDT

For the meeting of: 3/24/2026

File #: 26-214

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Consent

Vote Requirement: Majority

SUBJECT:

Update on the Southern Humboldt Business Improvement District Formation and Cease Financial Support

RECOMMENDATION(S):

That the Board of Supervisors:

1. Receive an update on the Southern Humboldt Business Improvement District Formation (SHBID); and
2. Cease ongoing financial support, including staff time, to the SHBID formation effort.

STRATEGIC PLAN:

The recommended actions support the following areas of the Board of Supervisors' Strategic Plan:

Area of Focus: Core Services/Other

Strategic Plan Category: 9999 - Core Services/Other

DISCUSSION:

On Oct. 4, 2022, Garberville business owners appeared during public comment at the Humboldt County Board of Supervisors' Meeting to express concerns over a sharp decline in foot traffic and business revenues attributed to the decline in Humboldt County's cannabis industry.

On Nov. 15, 2022, a professional services agreement was executed with Civitas Advisors, Inc. (Civitas) to prepare a feasibility report (Attachment 1) on the formation of a business improvement district in Southern Humboldt, in addition to creating a proposed service plan and educating owners and county staff on the components of a business improvement district.

On April 4, 2023, your Board adopted resolution #23-45, declaring the intention to authorize the examination of Sales and Transactions Use Tax Records for the purpose of forming a business improvement district in Humboldt County. Additionally, your Board allocated \$31,500 to Economic Development from the General Fund for this work.

On Nov. 28, 2023, your Board received the feasibility study which indicated that the SHBID could generate between \$260,000 and \$782,000 annually for the community. Your Board approved moving forward with a contract amendment with Civitas to prepare the required Management District Plan (MDP) (Attachment 2) and associated petition drive of business owners that may be impacted. This contract amendment was approved with an additional allocation of \$25,000 from the General Fund for a total allocation of

\$56,500 for this work.

On Oct. 1, 2024, upon receipt of the final agreed upon MDP and petition, the county authorized the SHBID formation steering committee to begin a petition drive. On Oct. 2, 2024, the steering committee then requested a boundary change and the petition drive was halted to incorporate the boundary change. On Oct. 9, 2024, the boundary change was completed and the revised MDP and petition were authorized by the county and the petition drive was re-started.

On Feb. 4, 2025, a merchant identified an issue in the MDP that prevented that merchant from being willing to sign. This issue was that the MDP did not clearly identify that the SHBID assessment would only apply to sales that are subject to sales tax. After consulting with Civitas and County Counsel, ultimately, the steering committee determined the issue to be significant enough that it constituted revising the MDP and restarting the petition drive as they did not believe the petition drive would be successful without the clarification in the MDP. Despite the contract being complete with Civitas, they were willing to assist staff with revising the MDP and petition. Under this petition drive, 29 petitions were submitted by the steering committee totaling 25.36% of the sales tax for the period identified in the MDP.

On April 3, 2025, the county approved the revised MDP and petition and authorized the steering committee to restart the petition drive. Previously received petitions do count towards the restarted petition drive as the MDP was changed. The steering committee was advised of this.

Under the new petition drive, the steering committee has submitted 9 petitions totaling 9.62% of the sales tax for the period identified in the MDP. In order to move the formation of the SHBID forward, they must receive petitions totaling more than 50% of the sales tax for the identified period. Staff have continued to follow-up and check-in on the status during this time, ultimately, requesting the steering committee submit all petitions they have received by March 2, 2026, for staff to bring this update to your Board and make a recommendation.

Given the status of the petition drive, nearly a year after restarting under the new MDP, staff recommend the Board cease ongoing financial support in the form of staff time for the SHBID effort.

SOURCE OF FUNDING:

General Fund

FINANCIAL IMPACT:

Expenditures (1120-275)	FY22-23	FY23-24
Budgeted Expenses	\$31,500.00	\$25,000.00
Total Expenditures	\$31,500.00	\$25,000.00
Funding Sources (1120-275)	FY22-23	FY23-24
General Fund	\$31,500.00	\$25,000.00
Total Funding Sources	\$31,500.00	\$25,000.00

The Board allocated \$56,500 from the General Fund to contract with Civitas for a feasibility study, to prepare documentation and advise the steering committee and staff on the formation of a SHBID. In Fiscal Year (FY) 2022-23, the contract only utilized \$28,080 of the allocated from the General Fund for the feasibility study.

Though \$25,000 was allocated in FY 2023-24, funds were expended in FY 2024-25. In FY 2024-25, the contract was \$1,000 more than allocated of which was paid from the Economic Development budget, 1100275. In total, the county has paid \$54,080 of the originally allocated \$56,500 to Civitas for work to form the SHBID. In addition, significant staff time in the Economic Development budget, 1100275) and the County Administrative Office - Management and Budget Team budget, 1100103), has been expended on this effort over the last three years.

In your Board's approval of the \$25,000 to prepare the MDP, it was directed that the newly formed SHBID would pay back the Civitas formation fees and formation expenses to the county in the second year of operation. Should your Board cease financial support,

these funds will not be reimbursed.

STAFFING IMPACT:

There is not a direct staffing impact to ceasing financial support for the SHBID. However, this will allow staff to direct their time to other projects.

OTHER AGENCY INVOLVEMENT:

SHBVB; Garberville Chamber of Commerce

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board could choose not to cease financial support to the SHBID formation effort. However, it will continue to cost the county until the petition drive is successful. Given that it has been nearly a year since the restart of the petition drive, it is not recommended that your Board continue to financially support this effort.

ATTACHMENTS:

1. SHBID Feasibility Study
2. SHBID Management District Plan

PREVIOUS ACTION/REFERRAL:

Meeting of: 10/4/22, 4/4/23, 11/28/23

File No.: 23-254, 23-1552