



BUSINESS IMPROVEMENT DISTRICT FORMATION

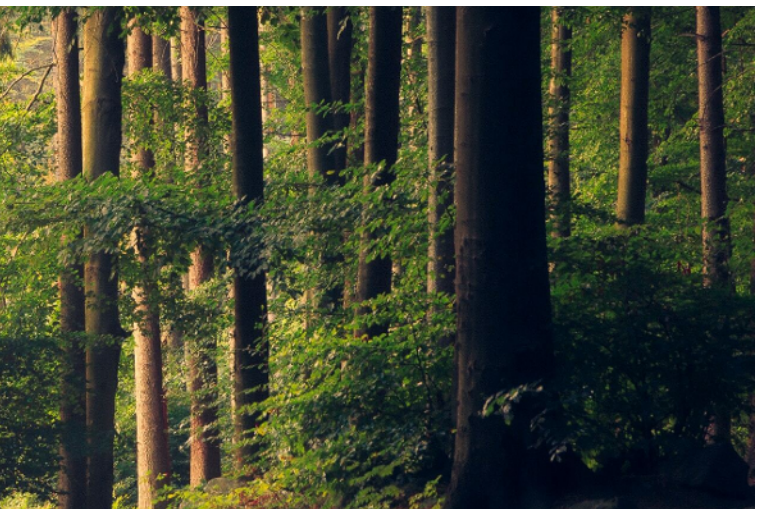
FEASIBILITY STUDY

August 2023



SOUTHERN HUMBOLDT, CA

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EXECUTIVE SUMMARY

The purpose of this study is to determine the need for services and the feasibility of establishing a business improvement district (BID) to provide needed services within a proposed boundary in Humboldt County. With hundreds of BIDs established throughout California, BIDs have become a popular means of generating stable funding for additional, needed services. A BID in Humboldt County would provide the resources to fund destination development, economic enhancement, and marketing services for businesses paying the assessment.

Civitas, in conjunction with the County of Humboldt (County), the Humboldt County Chamber of Commerce (Chamber) and key stakeholders, has worked with business owners to determine their concerns regarding the long-term prosperity of Humboldt County and the services needed to improve the area. Outreach has taken place in the form of meetings with the County, the Chamber and business owners to discuss the feasibility of creating a BID in Humboldt County. This study is intended to provide information to be utilized in upcoming increased outreach efforts. Substantially more outreach and education efforts are necessary to garner optimal support for a successful BID formation.



BACKGROUND

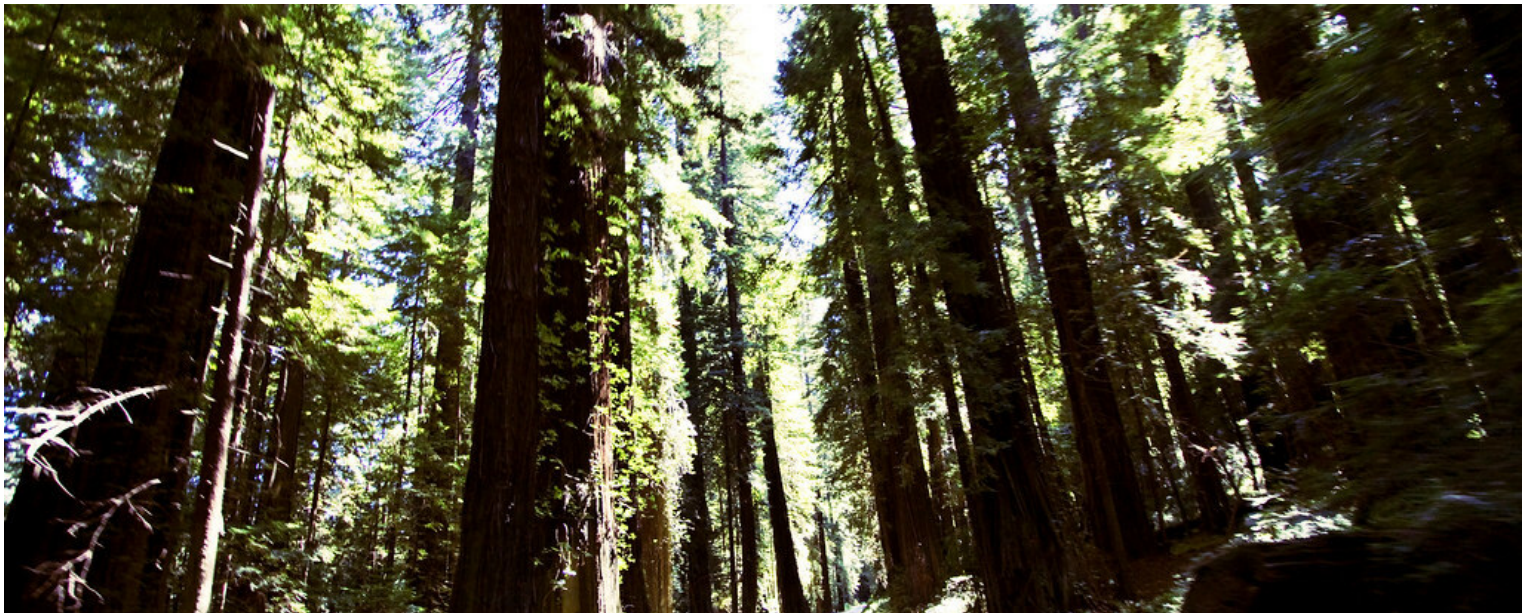
In recent months, Civitas has worked with the County, the Chamber and stakeholders in the area to explore the establishment of either a BID or a Property and Business Improvement District (PBID) in Humboldt County. After carefully weighing the options and gathering input, it became evident that the BID model garnered greater support from business owners as opposed to property owners. Consequently, the decision was made to proceed with a BID.

The County allocated funds to hire Civitas to examine the needs of the area and subsequently draft a Feasibility Study gauging business owner support. Should the County and business owners decide to move forward with a BID formation, Civitas may provide a proposal and assist with the formation process. This report summarizes stakeholder meetings and the first steps in the Southern Humboldt Business Improvement District (SHBID) formation process.



Several methods have been used to gather information:

- The County funded the hiring of Civitas as its consultant to assist in the SHBID feasibility process;
- An initial Steering Committee to evaluate the need for an improvement district in Humboldt County was established, and meetings were conducted with stakeholders to determine the pursuit of a BID vs. a PBID;
- Civitas securely acquired sales tax data from HdL to assess the potential revenue that a BID could generate;
- Analysis of the proposed boundaries has been discussed by Civitas and County staff; and
- Discussions of creating a newly evolved Steering Committee specifically for SHBID formation have begun, with the possibility of its evolution into the board of directors for the SHBID.



PROPOSED DISTRICT PARAMETERS

Term

The proposed SHBID could have up to a five (5) year life, with the term start date contingent on when the formation process begins. The formation process may take six (6) months to one (1) year to complete. After the initial five (5) year term, the SHBID may be renewed again for up to ten (10) years if business owners support continuing the programs.

Assessment Rate

The assessment rate may be a percentage of gross direct to consumer sales revenue. The table below represents three proposed assessment rates and the estimated annual assessment budget generated at each rate.

Assessment Rate	Estimated Annual Budget
0.5%	\$260,000
1%	\$522,000
1.5%	\$782,000

Potential Services

Assessment funds will be spent to provide specific benefits conferred or privileges granted directly to the payors that are not provided to those not charged. As emphasized throughout this report, conducting extensive outreach and establishing a dedicated SHBID Steering Committee are crucial steps in defining the parameters of the SHBID. The following is a list of services and parameters that have been identified as possible services that the SHBID may provide:

Destination Development

Destination Development will focus on positioning the SHBID as a vibrant commercial center of Humboldt County and creating a more desirable and attractive place for customers, tenants, and owners. Programs may include, but are not limited to:

- Funding the purchase and installation of regular rotational displays of pole banners and other streetlight adornments throughout the SHBID, which serve to celebrate various shopping seasons while presenting a cohesive image of community personality and identity;
- Directional, wayfinding, and gateway signage that establishes a sense of place, promotes patronage and activity, and connects the businesses of the district service area with the larger community;
- Landscape, infrastructure, and façade improvement initiatives or incentive programs to enhance the street-facing areas of businesses to support commerce and encourage customer traffic while beautifying the Humboldt community and enhancing the quality of life; and
- Identifying and pursuing grant opportunities or otherwise to fund capital improvements in public spaces around SHBID intersections that feature and celebrate the Humboldt community’s distinctive history and vitality.

Economic Enhancement and Marketing

Economic Enhancement and Marketing will focus on measures and campaigns toward increasing commercial activity, sales and investment appeal. These activities are intended to achieve increased occupancy, and utilization. Economic enhancement and marketing activities will convey a positive image of the assessed businesses within the service area and may include but are not limited to:

- Funding marketing programs intended to create a public view of the SHBID as a single destination with a rich collection of attractions, events, services, and goods. Such efforts may include “shop local” incentive programs, lifestyle-oriented web, social media, press releases, and occasional print advertising campaigns;
- Funding seasonal or theme-oriented publicity events in collaboration with SHBID’s businesses. Such efforts may include newspaper display ads featuring select businesses, campaigns to increase business and foot traffic around private efforts or the events and programs of established community organizations; and
- Creating accessible market and demographic material and making it available to businesses and investors showcasing Humboldt possibilities and opportunities.

Advocacy and Administration

The advocacy and administration portion of the SHBID budget will be utilized for administrative costs associated with providing the services. Those costs may include rent and occupancy charges, telephone and internet charges, legal fees, accounting fees, postage, administrative staff, insurance, other general office expenses, and County administration costs. In addition, the advocacy and administration budget will be utilized to fund staff time dedicated to providing unified attention, communication, and responsiveness throughout the SHBID.

Potential Services (continued)

Contingency/Reserve

The budget includes a contingency/reserve line item to account for annual operating surplus or uncollected assessments, if any. If there are contingency funds collected, they may be held in a reserve fund or utilized for other programs, administration, or renewal costs at the discretion of the Owners' Association board of directors. Policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of the monies from the reserve fund shall be set by the Owners' Association.

Management and Oversight

A new, to-be-formed, non-profit corporation would serve as the SHBID's Owners' Association. The Owners' Association is charged with managing funds and implementing programs in accordance with the Management District Plan and must provide annual reports to the Humboldt County Board of Supervisors. If SHBID formation is pursued, the Board of Directors of the Owners' Association shall be required to include representation from businesses paying the SHBID assessment, who would be responsible for determining the management of SHBID funds and expenditures.

Budget

The budgets below are examples of how funds could be allocated in the initial year of the SHBID, with examples of services and budget allocations. Budget categories may require adjustments to continue the intended level of services. Assessment funds will be spent to provide specific benefits conferred or privileges granted directly to the payors that are not provided to those not charged. The privileges and services provided with the SHBID funds are destination development, economic enhancement, and marketing programs available only to assessed businesses.

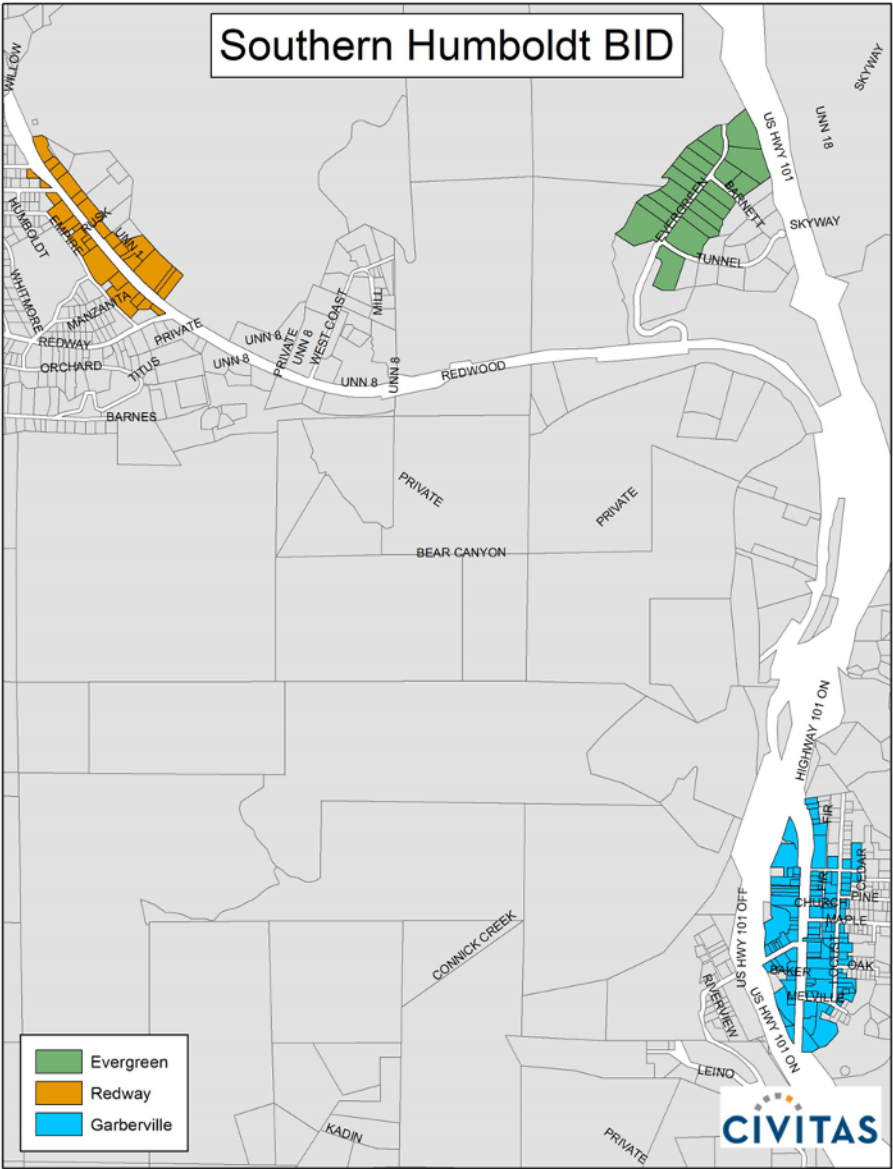
		Proposed Assessment Rate		
Services	%	0.5%	1%	\$1.5%
Destination Development	75%	\$195,000	\$391,500	\$586,500
Economic Enhancement & Marketing	15%	\$39,000	\$78,000	\$117,300
Advocacy & Administration	5%	\$13,000	\$26,100	\$39,100
Contingency/Reserve	5%	\$13,000	\$26,100	\$39,100
TOTAL	100%	\$260,000	\$522,000	\$782,000

The creation of an SHBID Steering Committee and increased input from business owners and stakeholders within the proposed SHBID is necessary to create more accurate and customized projections specific to the needs of Humboldt County businesses.



PROPOSED BOUNDARIES

Civitas has worked with the County, the Chamber and stakeholders to develop a proposed boundary. The SHBID is currently proposed to include all businesses located within the area of Humboldt County, specifically the boundaries of Garberville, Redway, and Evergreen as shown in the map below:





CONCLUSION & NEXT STEPS

After assessing the financial benefits of forming a BID in Humboldt County, it is our opinion that forming the SHBID poses an exciting opportunity to generate a stable source of revenue for Humboldt County property owners. To continue this effort, Civitas strongly recommends focusing efforts on creating a Steering Committee comprised of business owners, stakeholders, and County representatives to focus the formation effort, and conduct outreach. A Steering Committee and the creation of a service plan is essential to initiating the SHBID formation process.

Civitas recommends that the County, the Chamber, and stakeholders continue their efforts to form the proposed SHBID to provide additional activities and improvements within the proposed SHBID. Formation of the SHBID will also result in establishing of a strong, private-sector non-profit organization with a dependable financial core. The proposed SHBID will provide the resources, leadership, and long-term vision Humboldt County needs to enhance its atmosphere and increase commercial activity within the SHBID for assessed business owners within the boundaries.

If the SHBID project moves forward as recommended, the proposed BID will be formed pursuant to the Business Improvement District Law of 1994. The following steps must be taken in order to form a BID in Southern Humboldt County:

1. CREATION OF FORMATION RESOURCES

The beginning of any successful formation process is the development of the project's infrastructure. The parameters of the project must be outlined to provide clear objectives and assignments to the appropriate parties. Additionally, a Steering Committee composed of stakeholders and business owners proposed to pay the SHBID assessment must be formed to lead the project's education and outreach program in order to secure the requisite support for the project.

2. BUDGET CONFIRMATION

Civitas will work with the Steering Committee to ensure that the appropriate businesses have been identified and compiled into a database. Civitas will provide assessment scenarios and budget projections, which will need to be confirmed by the County.

3. OWNER OUTREACH & EDUCATION

Owner outreach and education is a critical component of the formation process. Civitas will work with the Steering Committee to develop an effective outreach and education program. The program will include educating County staff and business owners about BIDs and seeking their input on strategies for the formation and SHBID parameters.

4. DISTRICT PLAN DEVELOPMENT

As parameters for the SHBID are being solidified during the outreach process, Civitas will draft the required documents for SHBID formation. The Service Plan drafted by Civitas in collaboration with the Steering Committee will eventually become the basis for the Management District Plan (Plan). Once SHBID parameters have been finalized, the Plan and a sample petition will be drafted. The Plan and sample petition will undergo a review process by the Steering Committee and County staff. Civitas will make final edits to the Plan and petition. Finally, the resolutions and notices needed for the hearing process will be drafted and sent to County staff for review during this step.

5. PETITION DRIVE

Before the hearing process can begin, a successful petition drive must be completed. Business owners representing over fifty percent (50%) of the total assessments to be paid must submit petitions in favor of SHBID formation to complete the petition drive. This step includes identifying key business owners and collecting signed petitions. This process is led by the Steering Committee, whose outreach efforts prior to the petition process have primed the support needed to complete the petition drive.

6. INITIAL HEARING

The initial hearing, referred to as the Resolution of Intention (ROI), is the first hearing held by the Humboldt County Board of Supervisors regarding SHBID formation. Civitas will work with County staff to prepare for the ROI and provide the necessary documents to complete this step.

7. NOTICE & PROTEST PERIOD

Shortly following the adoption of the ROI, a mailed notice must be sent to all business owners proposed to be assessed. Civitas will draft the notice and work with County staff to mail the notice to business owners. Mailing of the notice starts the mandatory forty-five (45) day window, which must occur before the public hearing may be held. During the time between the mailed notice and the close of the public hearing, business owners in opposition to the SHBID may submit protests against the formation of the SHBID. If business owners representing over fifty percent (50%) of the total assessments to be paid protest against the formation of the SHBID, the SHBID shall not be formed.

8. PUBLIC MEETING & FIRST READING OF ORDINANCE

The public meeting is a requirement of the Property and Business Improvement District Law of 1994. The public meeting is held by the Board of Supervisors. The general public may provide comment regarding SHBID formation. No action by the Board of Supervisors related to the SHBID is taken at the public meeting.

The Board of Supervisors may also conduct the first reading and introduce the Ordinance proposing formation of the SHBID and levying the assessments.

9. PUBLIC HEARING & SECOND READING/ADOPTION OF ORDINANCE

The public hearing of Resolution of Formation (ROF) and the adoption of the Ordinance is the final step in the SHBID formation process. The Board of Supervisors must hold the public hearing and allow for public comment. If there is no protest by business owners representing over fifty percent (50%) of the total assessments to be paid, the Board of Supervisors may adopt the ROF levying the SHBID assessments and forming the SHBID. Following the adoption of the ROF, the Board of Supervisors shall conduct the second reading and final adoption of the Ordinance proposing formation of the SHBID and levying the assessments. Following successful passage of the ROF, the SHBID is established. The Ordinance shall formally go into effect thirty (30) days after its successful passage.

APPENDIX: SAMPLE FORMATION PROCESS TIMELINE

The following timeline is a sample timeline of a BID formation based on similar projects. This timeline is ambitious and estimates a six-month formation process. BID formation processes may take six months to a full year to complete.

Action	Timing	Responsible Party
Initiate project	Month 1	Civitas, County
Ongoing outreach and consensus building	Month 1- Month 2	County, Steering Committee
Develop initial draft Management District Plan (MDP)	Month 1	Civitas
Submit draft MDP to Steering Committee, ongoing review	Month 1	Civitas, Steering Committee
Submit draft MDP and Petition to County staff, ongoing review	Month 1	Civitas, County
Final MDP and Petition approved by County staff	Month 3	County
Petition Drive	Month 3	Steering Committee
Submit Petitions totaling over fifty percent (50%) of assessment to County	Month 4	Steering Committee
Board of Supervisors – Resolution of Intention Resolution of Intention to Form District (<i>Can be on Consent Calendar</i>)	Month 4	Board of Supervisors
Mail - Notice of Public Meeting/Hearing Should be mailed 1 day after the ROI is adopted. Must be mailed 45 days before public hearing. Clerk certification of mailing is required.	Month 4	County
Board of Supervisors – Public Meeting Public Meeting – No action required- <i>Must be held at least 10 days after Notice of Public Meeting/Hearing is mailed and at least 7 days before Public Hearing is held.</i> <i>1st Reading of Ordinance</i>	Month 5	Board of Supervisors
Board of Supervisors- Public Hearing Public hearing - Must be held at least 45 days after Notice is mailed Adopt Resolution of Formation <i>2nd Reading of Ordinance</i>	Month 6	Board of Supervisors
SHBID begins collecting new assessment	1st day of Month 7	Businesses



At Civitas, we specialize in igniting local economies, creating jobs and establishing stable funding for destination promotions and downtown improvements throughout the United States. With more than 20 years of experience, we provide expertise in all aspects of forming, modifying, and renewing improvement districts. With offices in Sacramento, Los Angeles, and New York, our team of professionals has guided over 150 districts through the formation, modification or renewal process. With its deep experience and expertise, Civitas has been commissioned by the U.S. Travel Association to conduct nationwide studies.

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