

*(Revised) Special Workshop Agenda
Fortuna City Council
Friday, October 29, 2021 – 1:00 P.M.*

*We May Disagree, but We Will Be Respectful of One Another
All Comments Will Be Directed to the Issue at Hand, and Addressed to the City Council
Personal Attacks are Unacceptable
The City Council May Take Action on any Item on this Agenda.*

***This meeting is being held in accordance with the Brown Act as currently in effect under the State Emergency Services Act, the Governor’s Emergency Declaration related to COVID-19, and the Governor’s Executive Order N-29-20 issued on March 17, 2020 that allows attendance by member of the City Council, City staff, and the public to participate by teleconference, videoconference, or both.**

***To submit public comments for this meeting prior to the meeting, please email comments to cityclerk@ci.fortuna.ca.us by 11:30 a.m. on Friday, October 29, 2021. All public comments received by 11:30 a.m. will be read into the record (limit to 3 minutes) during the meeting. If your public comments are received after 11:30 a.m. on Friday, they may not be read into the record, but will be included in the official minutes.**

To provide public comment during the meeting, you can call 1-669-900-9128 and enter Meeting ID: 831 0814 4011 and Password: 322809 press star (*) 9 on your phone - this will raise your hand. You will continue to hear the meeting on the call. When it is time for public comment on the item you wish to speak on, the Clerk will unmute your phone. You will hear a prompt that will indicate your phone is unmuted. Please state your name and begin your comment. You will have 3 minutes to comment.

I. CALL TO ORDER / FLAG SALUTE / ROLL CALL

Council	Staff
Council Member Mike Losey	City Manager Merritt Perry
Council Member Mike Johnson	City Clerk Siana L. Emmons
Council Member Jeremy Stanfield	
Mayor Pro Tem Tami Trent	
Mayor Sue Long	

II. ORAL COMMENTS FROM THE PUBLIC

Members of the Public may be heard on any item on the Special Meeting Agenda. Speakers addressing the Council will be limited to 3 minutes per speaker. Be advised, by law the City Council cannot deliberate or take action on issues presented during Oral Comments that are not shown on the Agenda.

To provide public comment during the meeting, you can call 1-669-900-9128 and enter Meeting ID: 831 0814 4011 and Password: 322809 press star (*) 9 on your phone - this will raise your hand. You will continue to hear the meeting on the call. When it is time for public comment on the item you wish to speak on, the Clerk will unmute your phone. You will hear a prompt that will indicate your phone is unmuted. Please state your name and begin your comment. You will have 3 minutes to comment.

III. DISCUSSION

A. Fortuna Business Improvement District (FBID) Planning

- FBID Update by FBID Board President Emily Hobelmann (Encl.)
- FBID Discussion with City Manager Merritt Perry and City Staff

IV. ADJOURN

Pursuant to Government Code Section 54957.5, any non-confidential documents or writings that the City distributes, less than 72 hours before a regular meeting, to all or a majority of the legislative body's members must be made available to members of the public at the same time as the distribution. Documents and information related to the agenda topics are available for review at City Hall, 621 11th Street, between the hours of 8:00 AM to 5:00 PM. Members of the public are invited to come to the meeting and comment. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk at 725-7600. Notification prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

Siana L. Emmons
City Clerk



FORTUNA
BUSINESS IMPROVEMENT
DISTRICT

October 28, 2021

Fortuna City Council
Mayor Sue Long
Mayor Pro Tem Tami Trent
Council Member Jeremy Stanfield
Council Member Mike Johnson
Council Member Mike Losey
621 11th Street
Fortuna, CA 95540

Dear Mayor Long and Members of the Fortuna City Council,

Thank you for reviewing the enclosed Fortuna Business Improvement District President's Report for the Friday, October 29th, 2021, special workshop on the options for the future of FBID.

The report is an overview of the FBID Board's biggest priorities and challenges at this time. Our Board welcomes constructive feedback and questions on the content of the report and on the condition of FBID.

While the FBID Board has not agreed on a particular position regarding the options to be discussed at the workshop, the FBID Board is committed to serving the businesses of Fortuna. Our Board is also committed to clear and strong relationships with the City Council and with City Staff.

I personally ask for your pardon on some of the details included in this report. I am doing my best as the point person for FBID, but it is hard to have complete information at the ready for all the questions I am receiving and in regards to the history of the organization.

I also want to personally acknowledge and express gratitude for the support and guidance of City Manager Merritt Perry, City Finance Director Aaron Felmler, and Fortuna Chamber CEO Renee Lindsay. They have all helped me a great deal with administering FBID in the past month.

Sincerely,

Emily Hobelmann
Board President
Fortuna Business Improvement District

Fortuna Business Improvement District

President's Report

October 28, 2021

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Overview

Issue	Summary
Staff	FBID is operating with no staff. The Board is advertising to fill the position, with an application deadline of today, 10-29-2021.
FBID Assets	Board President is managing FBID assets, both electronic and real property.
FBID Cash on Hand	FBID has ~\$15K in the bank.
Audit	Board President is managing audit process in conjunction with City Finance Director.
Bookkeeping	FBID has contracted Katherine Almy from Solutions for Small Businesses for bookkeeping services; recent transition to Quickbooks online still in process.
Taxes	Terry Pontes is anticipated to complete FY 2020/2021 taxes by Nov. 15th.
Humboldt Lodging Alliance Grants	\$25K received in Spring 2021 returned to HLA. (Waiting for address to send check.)
FBID Services	FBID is not providing business support services at this time via staff. Board members are coordinating various holiday promotions and events. Commercial real estate inquiries forwarded to City Staff.
Holiday Promotions and Events	Al Gray Lighted Parade and Shop Small campaign for Shop Local Saturday
Annual Meeting	Scheduled for Dec. 16, 2021
Website	The FBID website is out of date in several respects, including staff info, commercial real estate, agendas and minutes.

FBID Board

President Emily Hobelmann (City Council Appointment), Term: 7/1/2021 – 6/30/2023

Vice President Laura Morris (Fortuna Chamber), Term: 7/1/2021 – 6/30/2023

Ashley Mitchell (Hospitality), Term: 7/1/20 -6/30/22

Treasurer Erica Thompson (City-wide/At Large), Term: 7/1/2021– 6/30/2022

Secretary Jasmijn Kozlowski (City-wide/At Large), Term 7/1/2020– 6/30/2022

Monica Marinez (Hospitality/Downtown Merchants), Term: 7/1/2021 – 6/30/2023

FBID Services

FBID is not providing business support services at this time via staff. Board members are coordinating various holiday promotions and events. Commercial real estate inquiries are being forwarded to City Staff. The Board President is fielding phone calls and emails, and has received two commercial real estate inquiries since Oct. 1.

Interim Executive Director Kelley spoke to the President about fielding four commercial real estate inquiries and counseling one business on marketing during his three-month tenure. (Commercial real estate inquiries meaning inquiries about finding commercial space and what to charge for rent.)

Associations

The Downtown Merchants are active and meet on a monthly basis. Director Marinez leads the Downtown Merchants association, and their most recent meeting was well attended.

The Strongs Creek association is led by Bob Judevine. President is unclear on whether this association meets on a regular basis, although they receive and manage their disbursement.

Redwood Village has no representation on the FBID Board at this time. The businesses in RV were noticed over the summer about the open board seat. In October, the FBID Board voted to change the RV seat to a City Wide seat in the hopes of recruiting a new board member.

Holiday Events and Promotions

Treasurer Thompson and Secretary Kozlowski are spearheading the Al Gray Lighted Parade. The Downtown Merchants Association is holding its annual Christmas Open House in conjunction with the parade. The parade is scheduled for December 10th.

FBID was accepted to the Shop Small campaign for Shop Local Saturday program by American Express and is expecting to receive swag for the campaign. Director Morris will deliver the swag to the local business and hopes to promote all their great deals (via social media and swag).

Directors Mitchell and Hobelmann prepared an application for the Humboldt Area Foundation holiday grant program. If received, the grant award of \$2,000 will be used for the purchase of dried fruits from Clendenen's to be distributed via the St. Joseph's Food Pantry regular food distribution.

Bank Accounts

Regardless of the Board voting to update signers on the various FBID bank accounts over the summer, the names on the bank accounts are out-of-date.

Umpqua Bank: FBID has two accounts

The main FBID account has three signers on it; Treasurer Thompson along with the former ED and a former Board member. The Board voted to remove Dianna Rios and to add Secretary Kozlowski, but the account signers have yet to be updated and the Board needs to vote to remove the former Board member. The account balance (after the core area and return check to the HLA clear) will be ~\$15K.

The gift certificate account (Fortuna Bucks) has two signers on it; former ED and a former Board member. The Board needs to vote to remove Dianna Rios and Nico Kilmer and to add Board members. Is this some sort of holding account in case people redeem Fortuna Bucks? There is about ~5K in the account .

US Bank: Downtown Merchants has one account

The signers include two active Downtown Merchants, the FBID President, one inactive Downtown Merchant and the former ED.

Redwood Village Merchant Association

RV has no bank account, and the President's understanding is that there has been no bank account for RV since 2012. The outstanding question: Was the RV disbursement commingled with FBID citywide funds? Apparently the association's money is "held" by FBID and was used by FBID to fund the Al Gray Lighted Parade last year with no explicit consent from anyone at RV.

It is unclear whether anyone at RV wants this money for other purposes, as RV has no representation on the FBID Board.

As for this year, it is an open question as to whether FBID will fund the Lighted Parade or if the money should come out of the RV funds. The matter will be on the agenda for the next FBID Board meeting. In the meantime, where should the RV disbursement go?

Redwood Capital Bank: Strongs Creek Merchant Association has one account

SCMA has one general operating account. Bob Judevine has the details.

Annual Meeting

Our Board will host its annual meeting over Zoom on Thursday, Dec. 16th, 2021, at 6 p.m.

Featured content:

President (10 min)

- Where we've been, where we're going
- ...

Treasurer (10 min)

- Budget, financials report - outlook for 2022

Chamber Rep (5 min)

- How we've strengthened our relationship with Chamber

Hospitality Rep (3-5 min)

Downtown Rep (3-5 min)

Citywide (3-5 min)

Citywide (3-5 min)

City Council Rep (3-5 min)

Questions/Comments (up to 15 min)

President Closes (5 min)

Hiring Update

Our deadline for applications is today, Oct. 29th. We advertised the Executive Director job as a part time, 24-32 hour per week job, with the possibility of remote work, and a salary of \$22-\$26 per hour.

According to our job posting, requirements for the job are:

- customer service experience
- admin, bookkeeping or accounting experience
- experience working in a professional office environment.

We also added what would make the "Ideal candidate":

- Have experience with contracts, grants management, and grant writing.
- Be knowledgeable with regards to managing budgets and developing budgets.
- Have experience facilitating small and large group meetings, both remotely and in person.
- Have experience in economic development and/or marketing.
- Have a Bachelor's Degree in a relevant field, such as Business, Marketing, or Public Relations.

A1 = Applicant 1.

	Required Experience			Ideal Experience				
	Accounting, bookeeping or admin	Customer service	Office	Contracts or grants	Developing and managing budgets	Facilitating meetings	Economic development or marketing	Bachelors degree
A1	x	x	x	x	x	x	x	x
A2	x	x	x	x	x	x	x	x
A3	x	x	?		x	x	x	x

A4	x	x	x		x	x	x	WIP
A5	x	x	x			x	x	x
A6	x	x	x					x
A7	x	x	x					
A8				x	x		x	x
A9	x	x						x

Humboldt Lodging Alliance Grant

FBID received \$25K in grant money from the HLA in the Spring of 2021. The money was deposited in the FBID bank account on 4-22-2021. FBID had received a \$60K (?) grant from the HLA in 2020, and when FBID applied for another grant in 2021, the application was denied. However, the HLA was pleased with the results of the tourism and marketing campaign funded by the 2020 \$60K grant, so the HLA dispersed a \$25K grant to FBID, with the grant money intended to fund tourism and marketing activities by FBID.

As our Board understands, the \$25K was used for FBID overhead, not tourism and marketing activities. At its regular Board meeting on Tuesday, October 19th, 2021, the FBID Board of Directors voted to return the \$25,000 grant received from the HLA in April of 2021. The HLA will hold this grant money for a period of six months, through April 19th, 2022.

If FBID is able to present a realistic marketing plan and budget that is agreeable to the HLA before April 19th, 2022, then the HLA will return the \$25,000 in grant money to FBID. If FBID dissolves or cannot produce an agreeable marketing plan before this set deadline, then FBID will forfeit the grant money.

In terms of the grant from 2020, the Board President has received questions about whether the money was used as it was intended in terms of the giveaways. (In other words, was the money designated for the giveaways actually used on giveaways?)

Audit

FBID is working with Barbara Guest from ALSB on the audit. Board President is managing the audit process at this time, and is coordinating with City Finance Director Felmlee and Guest on assembling the required materials for the audit.

Guest requested FBID minutes from 2015-2021. The City Finance Director provided admin support with organizing minutes files in Google Drive. Pintermedia was able to provide some of the missing minutes from the old FBID Website. Will need to reach out to Terry Krieg (sp?) for minutes from first part of 2015.

Guest has pointed out errors in minutes files:

- Minutes file from June 16, 2018, has August minutes stuck to it. (Posted under Aug. 2020 on website.)
- Oct. 2016 - minutes from another meeting linked on website. Apparently there was no Oct. 2016 meeting.

President also needs to provide document showing 501(c)4 status of FBID. City Staff requested a Letter of Determination from the IRS on behalf of FBID. Also still needing to provide 2020/2021 FY taxes (pending completion by Terry Pontes).

Guest has requested that we deliver whatever hard copy files we can find that contain financial documents. Her staff will sort through the files in order to find documents needed for the audit. President understands that several years of financial docs are in storage, and will deliver the docs to ALSB next week.

Guest's list:

For each year under audit.

- Annual approved Budget
- Annual Work Plan adopted
- City contract with FBID
- Any grants received (check copies) with grant documents specifying purpose for funds, and/or restrictions.
- Any contracts for services, including Dianna Rios employment contract with benefits provided to her.
- What was Nico Kilmer's role as City appointed Treasurer?
- Any excel recaps of events run by FBID.
- In some of the minutes, there is mention of Core business association meetings, separate budgets, bank statements, and financials. Please provide what was submitted to FBID for these associations. Did FBID have any controls over these associations and what was the understanding of financial support to these core areas.
- Reconciliation for the Fortuna Bucks program. How were the unused bucks accounted for or tracked?
- In 2/14/18 minutes reference to the 3-year comparison of the Humboldt Ice Rink. (pls provide copy)
- Original adopted by-laws.
- Board manual
- Core Area manual
- Volunteer manual
- Any Policy and Procedures manual or other rules and regulations that FBID was required to follow. (City requirements)
- There were mentions of Newsletters emailed to the businesses. Are these available?

More (with some redundancy)

1. **Copies** of bank statements for **June** and **July** for **each of the years under audit**.
Copies of the bank reconciliations for all accounts as well.
2. **Copies** of Payroll Tax Forms 941 and DE-9 for **all of the six fiscal years under audit**.
(For all four quarters.) Include any tax notices during this period of time.
3. **Copies** of any workers compensation reports for **2016-2021 fiscal** years.
4. Detailed accounts payable listing for each year. (Or the Payables accrued). Please provide all paid invoices (by the fiscal year) We will return all originals to you.
5. **Copies** of any new ordinances with financial impact.
6. Minutes of the meetings of the Board of Directors from **July, 2016**, through the **most current meeting**. (**) **DONE!**
7. **Copies** of any new debt or loan agreements or Grants received over the six year period.
8. **Previous Audits provided by T Grieg. (Done)**
9. **Copies** of any amendments to existing grant agreements or new awards for the year.
10. Allocation of Administrative Costs by hours by activity of coordinator for each fiscal year under audit. (I can provide work paper for you)
11. Invoices for health insurance and State Farm for all years under audit. Including subsequent to June 30, 2021.
12. **Backup for revenue accounts. City and Events.**
13. Executive Director's contract for each year. Please include Policy regarding employee advances and insurance stipends?
14. Support for accrued vacation (if any) for each year. Vacation and Sick policy regarding payouts to employee.
15. **Copy** of Operating Budget for **each fiscal year**.
16. City Ordinance Policy regarding the 62-38% split of assessment fees. How does FBID make this calculation?
17. Copy of invoices for any new fixed assets/ disposed assets/ date of disposal, if sold Amount.
18. Please provide any information regarding any pending legal action, or worker's comp cases for any of the six fiscal years.
19. Please provide list of restricted funds at the end of each year under audit.

20. For the events and fund raisers held during each year, please provide a breakdown of revenue and expenses for each.
21. Please reconcile the gift certificates and describe how FBID tracks this.
22. Please look into the fund transfer on Oct 16, 2018 from Employee Advance account for \$6100. To Umpqua bank? Please include any back up for this transaction.
23. What are Fortuna bucks and how are they accounted for in the financial statements.
24. Copy of note payable from Nico Kilmer for \$30,000 with copies of payments made.

Taxes

Terry Pontes is willing to do FBID taxes one last time for 2020/2021 FY taxes. We need to provide all info to Pontes by Oct. 31. Pontes has QB access, and she will let us know what else is needed.

Bookkeeping

Katherine Almy from Solutions for Small Businesses is FBID's new Bookkeeper, and she is helping transition FBID to Quickbooks online. [The P&L presented at the last FBID Board meeting was inaccurate](#), partly because the core area disbursements were incorrect. But also because the transition to QB online is incomplete (?).

Website

The FBID website is out of date in several respects, including staff info, commercial real estate listings, agendas and minutes. The Board voted to hire an outside firm to update the website, but we have no budget or real prospects for managing this overhaul.

Cutting Expenses

Expense	Why	Cost	Cut?
Eureka Oxygen	Helium Tank	~\$52	Yes
Hootsuite	Social Media engagement metrics	~\$350/year	Not sure, may be tied to HLA grant
Times Standard	?	~\$12/month	?

Random Charges	Paypal	?	~\$120/?	?
Canva		Design app	~12/month	Yes
What else?				

Grievances

1. The Board was under the impression that this workshop was going to be the second week of November.
2. We believe it is unfair and a violation of FBID's contract with the City for the City to withhold its matching funds.
3. We believe business owners need to be surveyed or informed in advance of potentially changing the ordinance and before such an action as withholding the City match.

General Feedback

The President received two emails in response to a "Message from the President" email sent on Oct. 25. The Message from the President was sent to 831 email addresses, with approximately 400 recipients opening the email. Here are the two replies.

Bob Judevine

Good morning Jeremy!

I had a nice chat with Emily Hobelmann yesterday and I wanted to reach out to my favorite council member and share a couple of thoughts about FBID. I have a fairly long relationship with the organization starting when David Reed came over from the TV station to take the ED position.

I am pro-FBID though the marketing elements benefit the bank less than my retail colleagues here at Strong's Creek Plaza. I saw FBID as two valuable elements:

1. I think the most powerful factor is bodies. FBID had valuable staff for business attraction, retention, and enhancement I have always been impressed that Fortuna had two separate active advocates for small business (FBID and the chamber). Frequently FBID could take on projects the chamber couldn't and vice versa. Each also has a fairly active board widening their influence and impact. There has been talk about combining these organizations in the past. To save staff. That misses the point. Projects of any kind take staff. Business owners can help and participate- but not organize and carry a significant event or project. I have heard debate about past FBID projects. I don't really have a comment about that except they regularly asked what businesses want/need. . Personally I thought the projects Dianna and David undertook were

useful and valuable to the business community. I get the lack of audits are problematic but do not think that the FBID mission is to blame.

2. The tax funds. I definitely am a smaller government guy. But if you are going to be taxed I see value in these shared pools of money. I understand the rationale in ceasing this but I think the people who benefit disproportionately are smaller businesses who might not market at all.

Thanks for listening Jeremy. I will tune in to the workshop Friday.

Kim Van Nordstrand, Nest

Hello FBID and Welcome Emily,

I am the owner of one of the businesses in Fortuna that help fund the FBID every year when I pay for my license. I was always curious what the FBID did and was never able to get a good answer. I tried to do a bit of research when I first opened my business (Nest btw), but what I found was a list of things the FBID used to do. For example, I believe I read that they used to advertise on the local radio stations about Fortuna, but they no longer do.

So one thing I would love to see is a list of what the FBID has currently been doing as well as a list of what FBID used to do. This would help me get an idea of what suggestions or creative ideas you might be looking for. It would also help me understand how the FBID and the Chamber differ.

Since I no longer run Antique Depot, I am no longer part of the Downtown Business District (although I still am on the email list and do watch the meetings after the fact). Nest is located a few blocks away from Downtown, right across from Rohner Park. I believe my funds go to the 'citywide' fund. I did belong to the Chamber the first year I opened but I did not continue because I just couldn't see how the Chamber helped my business.

What I do have to offer is that I come from Southern and Central California, both of which have some amazingly creative cities which have created events that bring people to their towns. So I look forward to hearing back from you to see how I might help.

Message from the FBID Vice President

Laura Morris

As I have stated before I am not opposed to any of the three options listed below. I think they are all positive movement forward. The city of Fortuna businesses deserve a dedicated person or even a team working on economic development. They have paid their assessment and it's time to work for them and have them be supported. I don't believe dissolving this board and this entity isn't the only or may not even be the best option. Emily has worked and continues to work tirelessly to move forward the bylaw, the audited financials and everything else. I feel the city council needs to disburse the funds, make forward movement on the bylaws and a decision

needs to be made. Regardless of the decision made, I would like to see our board contribute and represent our business community as we all do. I would like to see someone hired and proactively working with our business members and economic development.

1. FBID continues as-is, with a reasonable plan for the future and the support of the Council. (This will require revisions of the FBID Bylaws, the FBID contract with the City, and the City's Ordinance 5.40.)

2. The City takes the duties of FBID "in house," and creates a staff position. (I am not sure if this means a Board will still exist.)

3. The City puts out an Request For Proposals with the goal of having another organization take on FBID's role.

Finally, we have different opinions, thought and feelings—that is what makes us a vibrant board and Fortuna community. I don't doubt for one moment that each one of us are working the best we can for our business community.

Press Coverage

FBID was featured in a Ferndale Enterprise story. The President continues to field numerous requests for information from Iridian Cesarez at the North Coast Journal (Enterprise). See Appendix A for the Oct. 14 story. (Story included, scroll down.)

Quote of the Week

"They just kinda grinded their teeth and got scrappy."
— Ferndale Volleyball Coach Jess Grant

QUOTE OF THE WEEK SPONSORED BY
FERNDALE LIQUORS
Come in at a friend. Make an enemy.



Rainfall in Ferndale

Week ending 9 am	10/13	1.07
Week ending 9 am	10/12	1.42
Last week July 1 to 7	10/11	7.76
Any given 24-hour period	10/10	3.20
Avg for January since 1971	10/09	2.36
Avg per year since 2011	10/08	6.04
Percent of Average as of 7/3		87
Temperature in Ferndale	10/13	Degrees
High for week ending 9 am	10/12	70
Low for week ending 9 am	10/11	43

Recorded at Ferndale Museum by R. Roberts, L. Lane and R. Harrell
Historical data from George Newman blog

Teaser

The pinch point has home prices spiking in Fortuna.
Read more on page 2.



FERNDALE, CALIFORNIA

Covering the Eel River Valley... And Beyond

PRICE \$1

OUR 143RD YEAR, NUMBER 41

OCTOBER 14, 2021



Photo by Mark McKenna
Dave Victorine takes Portuguese sweet bread out to the tables during the Feast of Our Lady of Fatima on Oct. 10.

Feasting at the Portuguese Hall

By Jennifer Fumato Cahill

On Sunday, Oct. 10 at noon, the Portuguese Hall on Ocean Street was filled with locals, Portuguese and not, feasting on *sopas do Espirito Santo* (Holy Ghost soup) and slow cooked beef *alcatra* during the Feast of Our Lady of Fatima celebration. The event, which was free but brought much-needed donations and funds from the auction, is the first of its kind after a two-year hiatus.

Stephanie Koch, chair of the Portuguese Hall Association of the Eel River Valley, said, "We haven't had a celebration and that's how we make our money for these things." COVID-19 derailed the usual gatherings and the subsequent donations that go to maintaining the hall, which the association purchased in the 1910s, and paying for food for events, such as the beans and linguica meal during Ferndale's Christmas tree lighting.

The Catholic mass and feast are an annual Portuguese tradition, honoring the Virgin Mary, who was said to have appeared before three children in Fatima, Portugal in 1917. While the Delta variant is still circulating in the community, organizers felt the hall's high ceiling and vaccinated volunteers would

make for a safer event. "Someone wanted more cabbage," calls a woman in a red apron scurrying into the kitchen. Kelly Victorine and Sharon Thomsen, long-time coordinators who've been managing feasts at the hall for some 20 years, send the servers into the hall with plates of sliced Portuguese sweet bread, brought by a couple who trekked to Santa Rosa for it, and heaps of macaroni salad.

Head cooks Tom Lorenzo and Kevin Oliveira carefully pull huge aluminum pots of meat for Matt Lorenzo and Nicholas Fisk to dole out into serving bowls for the tables. They cooked the whole day before and were back early that morning to prepare food for the guests and volunteers, a little more than 100 people in all.

At one of the long tables running down the center of the hall, Jerry Lema estimates he's been to about 70 of these annual events. "I remember being this high," he says, hand out to just above the table top. His wife and son sometimes cook the *sopas* and *alcatra* at home, but the community feed is special, he says.

Beside him, Philip Oster confesses, "I'm not Portuguese — I'm just a tag-along. My brother used to tell me, 'Go up there and they'll feed you.'" This, he

says, is probably his 20th feast.

Lema laughs and gestures at the large bowls of soup and meat, the loaves of bread and butter laid out on the table. "He just hangs around with us Portuguese."

Back in the kitchen, Trish Lorenzo, Tom's wife, says the auction, like the meal, is always a success. Once, she says, she hung her apron up to the side of the display table and it was auctioned off by mistake. "They got something like \$100," she says with a chuckle.

Finally done putting the finishing touches on the last serving bowl of soup — cutting the cooked cabbage, removing the mint — Trish has a bowl herself. "I want the cabbage," she says to Oliveira, who ladies it out across the pass-through. She hums over the dark broth, cooked for hours with bacon, onions and spices, and ladled over a slice of dried French bread. "That's it."

A few minutes before the auction starts, Melissa Lema comes into the kitchen to fetch another hot serving bowl for the table, where her family is eating. "Our ancestors came here and just kinda took the odds and ends," she says, "and it turns out being the best thing we eat all year."

Amid Missing Audits, FBID Looks for a Fresh Start

By Iridian Casarez

When Emily Hobelmann received her annual company to Fortuna in 2017, she felt in the dark about setting up business in the Friendly City until she reached out to the Fortuna Business Improvement District (FBID).

"The former FBID executive director was so responsive and helpful," Hobelmann said. "She helped me when the COVID-19 pandemic started and helped me get a handle with the disability insurance program that's run through the California [Employment Development Department] and helped me successfully acquire the California Relief Grant."

But now, four years later, the nonprofit that Hobelmann relied on is at a crossroads. That "responsive" executive director — Diana Rios — left in July and the interim director brought in to replace her — Danny Kelley — has also stepped down. The organization, meanwhile, has taken out a loan from the city to make good on six years of missing external audits of its finances, as it looks to hire a new part-time executive director while reimagining its role in the city.

Created by a city ordinance in 1990, FBID is a nonprofit with a volunteer board of directors consisting of one representative from each district in the city, all of whom are approved by the Fortuna City Council. The executive director is the nonprofit's only paid position.

Under its bylaws, FBID was created to oversee the promotion of public events and business activities, to decorate and beautify the city, to provide music in public places and market and fill vacant commercial

space as well as to recruit and expand commercial businesses in the city.

Every business in Fortuna is automatically an FBID member and pays an "assessment fee," like a tax, to the city annually. Under the city's ordinance, 62 percent of those assessment fees are to go directly back to the specific business district's they were drawn from, like Strongs Creek Plaza or the Downtown Merchants' Association, for example, to promote those areas, while 38 percent of the funds raised would be used to promote the city as a whole.

In addition, the city matches the assessment fees collected from businesses, which are approved by the city council in its annual budget, to be used as the FBID's discretion to pay its operating costs, including the salary of its executive director.

Kelley, FBID's now former interim executive director, said FBID's services range from creating events and decorating the city to acting as a liaison to help businesses with everything from getting personal protective equipment for COVID to applying for grants or loans. Sometimes, it's as simple as redirecting them to other services, like the North Coast Small Business Development Center.

"We're a networker, a connector," Kelley said. "A lot of the time, the way that the services are defined is based on the needs of the business owners in front of us. I had a business owner who was trying to drive up more clients and we spent an hour and a half talking about their business, their clients, how to get the word out and different special events they could possibly do."

FBID also helps set up events like the Apple Har-

vest Festival, the Downtown Merchant's Association's upcoming Trunk or Treat event and the annual ice skating rink, all of which are economic drivers for the city.

In Hobelmann's case, FBID helped her look for insurance and grant money. Impressed by the support she received from — and seeing the passion she had for helping businesses in the community — Hobelmann decided to join the district's board of directors and has served as board president since July.

Around the same time, Rios — who'd held the role for 12 years and Hobelmann describes as a "powerhouse with a wealth of information" — stepped down, leaving the district in a state of reassessment that began with missing audits.

The district had agreed to provide the city with fiscal accounts, documenting its revenue and expenses, back in 2000. However, the last audit the district sent the city was in fiscal year 2014-2015, leaving a six-year gap of missing records.

Last month, the city council voted unanimously to loan the district up to \$25,000 to perform the outstanding audits as the nonprofit did not have the funds on hand to do so.

Fortuna City Manager Merritt Perry said in an email to the *Journal* that the city was aware FBID had not completed an audit since the 2014-2015 fiscal year and had been asking the nonprofit to provide them. But despite the outstanding financial records, the city had continued to give the district its annual matching funds of around \$60,000 from the city's general fund.

"I think there was some confusion on whose responsibility [the audit] was and who was going to pay for it," Kelley said. "The BID operates on pretty much a shoestring budget and for the amount of special events they put on, there's quite a bit of cost in some of these things, to run these special events... I think that the BID board members are all volunteers, you have some volunteers with variety of skills, and you have some that are financially, fiscally, auditorily more savvy than others, and so your board makeup can sometimes lead to confusion about when to do and what to do."

Tax filings from 2017, 2018 and 2019 show the nonprofit reported about \$150,000 in annual revenue. Its largest expense in those years was generally Rios's salary, which ranged between \$46,000 and \$50,000, but other expenses seemed to fluctuate greatly. For example, in 2017, the nonprofit reported that it operated the ice skating rink at a significant loss, bringing in \$124,504 in gross receipts, which didn't cover the facility rental cost

See FBID, page 3

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GRAVE MATTERS

Charley Bushnell, 1878-1936

Editor's Note: It's October, when restless souls of all kinds are known to rise from their beds with the living during Fortuna's annual Grave Matters and Untimely Departures cemetery tour. Directed and researched by Fortuna Depot Museum Curator Alex Service and costumed by Kate Lanna Minsky, Grave Matters traditionally includes some of the area's finest actors. Alex, we are living in pandemic times that necessitate the cancellation of this year's in-person festivities for fear they could push the intermingling of the living and dead a bit too far. But in the Grave Matters spirit, throughout October, The Enterprise will bring you weekly dispatches from the Great Beyond. This week's Grave Matters offering uses written and performed by Don Brown in 2014.



Charley Bushnell, as played by Don Brown in 2014. Photo by Mike Murray, courtesy of the Fortuna Depot Museum

You know, fire is an odd thing. On a cold, wet, winter's Humboldt evening, there is nothing more civilized or satisfactory than sitting next to a warm blaze in the fireplace. But fire can also be a killer.

They asked me to tell you about the great California fires of 1936. That was one of the worst summers in our history, for forest fires. Over 150 folks died that year due to forest fires — and I was one of them. But I'm getting ahead of myself.

My name is Charles L. Bushnell, born to the Bushnells of Sonoma County in 1878. My pa was a rancher and I spent the better part of my life running sheep and cattle. One thing about being a rancher here is that it's not just feeding and watering these animals...

Our family moved to Humboldt around the turn of the last century and settled around the Forest Home area, what you now call Bear River Ridge. I was foreman for the Russ Ranch. Lived on the ranch with my wife Sareda and son Charley. I'd had the job for a couple of years and I was glad to have it. In 1936, the whole country was in the middle of a depression and a drought. No one had any money or any water. Those were hard times and that was a hard summer.

The drought of '36 began two winters prior. Snowfall was about half of

what it had been and as of September we'd had only about 8 inches all year. Folks, it was dry!

One of the practices back then was to start a fire, burn the undergrowth and create pasture, grow some grass. That was about the only way to clear forest and get rid of the slash left over from logging. It was effective but you had to be very careful. Unfortunately, some folks just didn't use good sense.

September of 1936, they reported over 40 forest fires along the coastal area of Northern California and Southern Oregon. These wildfires affected thousands of acres in the Mattole and Honeydew watersheds.

This particular morning, a blaze was reported to be burning to the south of us near the Rainbow ranch.

Now, anyone who's lived in Humboldt knows that the wind always comes from the west and north this time of year. So we were not too worried about this particular fire. My son Charley, aged 23, was out there working by my side. He was helping us create a fire break around the perimeter of the ranch so that if a fire reached the ranch, there would be nothing to burn. We had put in 12 hard hours and it was getting late, and the crew was going back to camp. I told them I'd be right behind them. I wanted to check out a lingering hotspot.

I made my way along the top of the ridge above an area called the Devil's Hole. The interesting thing about forest fires — is that a fire can actually create its own weather system. What I saw was unbelievable! This fire was roaring out of the south up from Rainbow Ridge, and it was coming fast. It had jumped over the fire break and when it hit the fresh fuel... it was like the fiery gates of hell had just busted open and the devil was coming my way. Flames 200 feet tall, burning, roaring, the tops of trees falling and landing on the parched ground, starting even more fires. I couldn't breathe, but my life, my family and my ranch were on the line.

I didn't quit, but I was trapped, fire roaring right at me from three sides and I'm standing on a ridge 70 to 80 feet above the ground.

I've never been so... scared. I knew I couldn't stay there, I'd burn up! It was a long drop, but I figured it was either fly or fry! As I was figuring the best route, that decision was made for me. A huge fir tree started crashing through the canopy and was falling right on top of me. A couple of Hall Marys and I jumped. It didn't hurt. I must have blacked out or was just so damned tired I passed out, but the next thing I remembered was Gus Curless, the county trapper, poking at me and calling my name. It was early in the morning.

FBI

Continued from page 1

(\$151,449), much less the cost of food and beverages (\$7,295) or other expenses (\$17,651). Ultimately, the nonprofit reported losing \$51,891 on the effort. In 2018 and 2019, the nonprofit reported "advertising and promotion" efforts as its greatest expenses, spending \$22,231 and \$29,625, respectively.

The organization's overall financial health seems to have improved markedly in recent years. In 2017 tax documents, the nonprofit reported ending the year in the red, with \$41,390 in liabilities — including an unpaid \$30,000 loan — against \$19,593 in assets. The following year, the organization whittled that down to a negative balance of \$1,726. In 2019, however, the nonprofit reported a revenue spike that allowed it to end the year with a positive balance of \$58,127. Financial disclosure forms for 2020 were not available on an online database of nonprofit tax disclosures.

Asked why FBID needed the short-term \$25,000 loan (which will be paid back over four years via money withheld annually from city contributions to the ongoing audits, Hobelmann said FBID is a small organization with a small budget that simply didn't have the cash on hand.

Going forward, Kelly said he hopes the city and FBID have laid out clear expectations for the audits to happen yearly and the nonprofit has taken steps like hiring a bookkeeper and bought software to keep their books online and up to date.

As board president, Hobelmann added that moving forward FBID would like to more actively partner with organizations like the Fortuna Chamber of Commerce to work on things like tourism and local events, and getting business into the city's open commercial spaces.

Before stepping down as interim executive director last week, Kelley said he set up a client database tool to try to track data that FBID could aggregate and anonymize to get a better picture of what's going on in the Friendly City.

"You know, the city has some of this data... but they don't collect as much data as you can imagine is needed to recruit a business that would fill a niche here, to connect one business to another," Kelley said. "For example, we've got C. Crane Tech, then we've got Fortuna Audio Concepts... Is there a [potential] partnership between those two? Well, nobody really knows. Nobody tracked the data enough to be able to set that up and help facilitate that. So that's really where we see the BID heading in the future, is more of a Fortuna specific economic development organization."

Next month, FBID will meet with the city of Fortuna to brainstorm a new vision for the district, what it will now look like and how it will they tailor its services for businesses to foster economic development.

"Ultimately, at the end of the day, everyone (the city of Fortuna and FBID) wants what's best for the city of Fortuna and the business community. That's really where everyone's coming from. It's 'How do we make this organization work for the city of Fortuna?' going ahead," Hobelmann said. Meanwhile, the district is looking to fill its only executive director — offering between \$22 and \$26 an hour for 24 to 32 hours of work a week. Those interested in applying can email fbid@fortunabusiness.com by Oct. 29.

Iridian Casares is a staff writer at the Enterprise and the North Coast Journal. Reach her at 442-1400, extension 323, or iridian@northcoastjournal.com. Follow her on Twitter @IridianCasares

FROM THE FERNDALE CHAMBER

Get Your Fall Fix in Historic Ferndale

Ferndale is an enchanting place to visit all year round — but with its hauntingly beautiful historic buildings and moody coastal mist, the Victorian Village really shines in fall.

Hike the Ferndale Historic Cemetery

Often Ferndale's top attraction in fall, Ferndale Historic Cemetery is one of the most photographed burial places in the United States thanks to its extraordinary location on a steep rhododendron-covered hillside.

Wander up meandering pathways past century-old mausoleums and monuments to the towering trees at the top — the gateway to Ferndale's lushly forested Russ Park — where you can enjoy sweeping views of the Eel River and Pacific Ocean.

Take the Sale's Lot Tour

Ferndale's vintage Victorians and small-town atmosphere made it a hotspot in backdrop for the 1979 cult-classic *Salem's Lot*, a horror mini-series based on Stephen King's book of the same name.

Many filming locations can easily be visited on a self-guided *Salem's Lot* walking tour, including the Victorian cottage at

Ferndale Airbnb, The Old Rectory, Victorian Inn, Ferndale High School, Our Savior's Lutheran Church and Ferndale Cemetery.

Shop Historic Main Street

Fall is the perfect time to leave behind the big box stores for quaint independent shops, and Ferndale's historic Main Street is chock full of unique finds.

Lose yourself in old-fashioned Americana at the Golden Gait Mercantile, one of the best authentic general stores in the United States, brimming with heirloom goods, from hats and housewares to food and antiques.

Admire the hand-forged wares of The Blacksmith Shop, a collection of the best master blacksmithing in the country and a must-see for fans of popular History Channel show, *Forged in Fire*.

Treat yourself to fall boots and bags from Abraxas Shoes or try on seasonal clothing and accessories at Ferndale Clothing Co., Girlie Girls, Farmer's Daughter, Elyon Art and Gifts, Ferndale Emporium and Main Street Gift Co.

Admire Dia de los Muertos Inspired Skeleton Art

Get in the spirit of Halloween and Dia de los

Muertos at Redeye Laboratories, featuring imaginative fused paintings and illustrations by local artist Shawn Griggs depicting scenes of skeletons living and loving life — from surfing and skateboarding to parrying with family and friends.

Get Cozy in One-Of-A-Kind Coffeeshops

After an afternoon of shopping, swing into Mind's Eye Coffee Lounge for a pick-me-up of pour-over coffee or spiced housemade cha in an invitingly homey atmosphere, where you can grab a book from the shelf, sink into a comfy chair by the fireplace, and admire the ever-rotating gallery of local art on the walls.

Just down the street, Main Street Coffee Co. is famous for its Italian soda and blended Red Bull drinks, as well as seasonal espresso drinks and milkshakes.

This is an excerpt from a blog post on the Ferndale website www.visitferndale.com, supplied by the Ferndale Chamber of Commerce.

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MAINTENANCE MECHANIC	Full-time Mechanic responsible for upkeep, repair and preventative maintenance of the rolling stock equipment. Requires either 1-year certificate from a college or technical school or 3-year minimum of related experience, current or ability to obtain forklift operator's license, valid GDL and ability to read and interpret safety rules, operating, procedural and maintenance documentation.
MILLWRIGHT	Full-time position is responsible for assembling and disassembling, maintaining, fabricating, and repairing machinery and other equipment. Requires experience with fabrication and welding. Knowledge of pneumatics and hydraulics and electrical components, the ability to read and understand schematics, blue prints, instructions.
PRODUCTION LABORERS	Full-time positions with day or night shifts available in both Soil and Fertilizer departments. Responsibilities include packing products, sealing bottles, palletizing finished goods, restocking supplies in our warehouse facility in Samoa, these fast-paced positions require continuous standing, walking with repetitive lifting of 40 to 50 pounds.
COMMERCIAL TRUCK DRIVER	Full-time position requiring Commercial Class A Driver's License, 1-year experience and ability to operate 18-speed manual transmission, clean motor vehicle report and current DOT medical exam. May require occasional overnight, out of town work.

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STAFF REPORT

City Council Discussion Agenda Item

DATE: October 29, 2021

TO: Honorable Mayor and Council Members

FROM: Merritt Perry, City Manager

SUBJECT: Discussion regarding the Future of the Fortuna Business Improvement District (FBID)

STAFF RECOMMENDATION:

Review the background of the FBID and discuss options for FBID's future with staff and the public and provide direction to staff.

EXECUTIVE SUMMARY

FBID was established by the City of Fortuna for the purpose of imposing benefit assessments and charges on businesses for certain purposes in accordance with the Streets and Highways Code Section 36500 and Parking and Business Improvement Area Law of 1989. The founding Resolution (90-10) and subsequent Ordinance (90-550) included a boundary and the proposed uses for which the revenue was to be put to use and included the following:

- Promotion of public events which are to take place on or in public places in the District
- Decoration of any public place in the District
- Furnishing of music in any public place within the District; and
- The general promotion of business activities within the District
- Marketing to fill available space, recruiting and expansion of commercial enterprise

The founding ordinance and resolution also included an assessment schedule for how much each business within the District would be assessed on an annual basis, and how those funds would be distributed between the core areas and the citywide district. The distribution of the funds between the core areas and the citywide district was divided as follows:

- 62% raised within each core area to be used to promote that core area
- 38% raised within each core area to be used to promote the entire community

FBID was established as an advisory committee to the City Council of the City of Fortuna with the following designated representatives:

- One from the Downton Area
- One Redwood Village Shopping Center
- One Citywide
- One designated by the City Council

- One nominated by the Chamber of Commerce
- Two people nominated by the other representatives

In 1992 FBID formed a non-profit Corporation to reduce the audit responsibilities of the City and to carry out the responsibilities of the advisory committee. The City entered into the first contract with the FBID non-profit corporation acting as an advisory committee. A new contract was executed in 1994 with the FBID non-profit corporation to continue the work of the District.

In 1997, Ordinance 97-610 clarified the relationship between the FBID non-profit corporation and its responsibility as an advisory committee to the Fortuna City Council.

Changes were made over time that affected the district boundary, designated representatives and the assessment amount, however the purpose of the funds and the distribution between the Citywide benefit and core areas have remained the same. The most significant change to membership was the addition of the Stongs Creek Plaza in 2010 (Ordinance 2010-685).

The City executed subsequent contracts with the FBID non-profit for 5 year subsequent terms with the most recent being on August 1, 2000, which included a provision that the parties may extend the term in writing, but it does not appear that in practice, written extensions were signed. So, the contract has renewed for annual terms by continued performance, despite the lack of a signed extension. The current term will expire July 31, 2022.

FBID has dealt with criticism and challenges over the past couple of years ranging from questions regarding fiscal controls to different opinions of how the BID should best serve the business community. Additionally FBID has been unable to comply with its requirement to complete required annual audits. The last audit of FBID was completed in 2015 for FY 2014/-2015 and included a number of findings that have not been resolved. Additionally, FBID has failed to allocate the necessary funds to complete the audits and the City had to loan FBID the money to complete the FY 2014-2015 audit and arranged another loan to FBID to complete audits for all of the following years. FBID also undertook an effort to modify its bylaws to redefine its function, however many of the bylaws developed were inconsistent with the Fortuna Municipal Code and cannot be implemented without corresponding updates of the Municipal Code including Council concurrence of the changes. Another ongoing problem has been the lack of a quorum at FBID Board meetings and more importantly, a general lack of direct participation by businesses that are assessed the Business Improvement District Fee.

FBID has also had many successes recently including continuing to support businesses with a variety of events, and assisting businesses in obtaining COVID relief funding from a variety of sources including state, federal and local governments. The previous FBID Executive Director assisted the City with the development and implementation of a COVID Relief Loan Program. FBID has also undertaken more tourism and marketing efforts recently with grant funding received from the Humboldt Lodging Alliance. Some of the core areas are more active than others, and in particular, the Downtown Merchants seem to continue to put the FBID funding to good use and hold regular events to attract people to the downtown area.

On June 30, 2021 the Fortuna City Council held a special workshop to discuss FBID. The meeting was in response to some public criticism of FBID, and the announcement that the long-serving Executive Director was stepping down to take a new position. At that meeting, the Council

expressed its desire to consider the options for the BID and asked the City Manager to identify options for how the business of FBID could be conducted in the future.

In response to the council's request, staff has evaluated the following options:

- Option 1. FBID continuing as-is, as a non-profit advisory committee to the City Council
- Option 2. City Staff performing the duties of FBID
- Option 3. Contracting with a third party to conduct the duties of FBID
- Option 4. Dissolving FBID and discontinuing the District.

Option 1 – FBID Continuing As-Is

The option would include FBID continuing as a non-profit corporation acting as an advisory committee to the City Council. This is how FBID has functioned for the past several years with no changes to the assessment amount or the City contribution.

If FBID continues to function as it does currently, City oversight should be increased to ensure that the FBID follows through with its responsibilities to the City Council including:

- **Complete the Annual Report**
 - Any proposed changes in the boundaries of the Parking and Business Improvement Area or in any benefit zones within the area.
 - The improvements and activities to be provided for that fiscal year.
 - An estimate of the cost of providing the improvements and the activities for that fiscal year.
 - The method and basis of levying the assessment in sufficient detail to allow each business owner to estimate the amount of the assessment to be levied against his or her business for that fiscal year.
 - The amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
 - The amount of any contributions to be made from sources other than assessments levied pursuant to this part.
 - Council review and acceptance of the annual report (with or without modification)
- **Complete Annual Resolution of Intention to Levy Assessment**
 - Declare the intention of the City Council to change the boundaries, if a change is proposed.
 - Declare the intention of the City Council to levy and collect assessments within the Parking and Business Improvement Area for the fiscal year stated in the resolution.
 - Generally describe the proposed improvements and activities authorized by the ordinance and any substantial changes proposed to be made to the improvements and activities.
 - Fix a time and place for a public hearing to be held by the City Council on the levy of the proposed assessment for that fiscal year.
 - State that at the public hearing written and oral protests may be made.
 - If written protests are received from owners of businesses within the District that account for 50% or more of the assessments proposed, the Council may not levy

assessments for that year and must wait at least one year before attempting to levy the assessment again.

- Update the City’s Contract with FBID to Specify Objectives and Responsibilities
 - The existing contract describes the “objectives” and the general purpose of the FBID. These objectives are taken verbatim from the FBID Ordinance and are open-ended and lacking specificity. **It is important to focus on better defining the objectives and include benchmarks to objectively measure FBIDs success.**
 - The contract should specify a date for the Annual Report to be submitted that allows enough time before the start of the new fiscal year to allow the Council to conduct the protest proceedings
 - The contract should be amended to require that public meetings be conducted in accordance with the Brown Act
 - The contract should be amended to prohibit the comingling of funds derived from assessments and funds derived from other sources and provide more financial controls for reporting revenue and expenditures.
 - The contract should address the makeup of the Corporation’s Board of Directors and specify that the Board *shall* be appointed by the Council and, shall act both as the Board of Directors and the “advisory board,” as defined in the BID Law.
 - The contract should require that any revisions to the Corporation’s bylaws be first submitted to the Council for a finding of consistency with the BID Law, the City’s ordinance, and the contract.
 - The termination provisions should be updated to better define the City’s termination rights either with, or without cause.

Option 2 – FBID Continuing as a Function of City of Fortuna Staff

Option 2 would include the orderly termination of the contract with the FBID non-profit corporation and the City hiring a staff member to conduct the activities of FBID. This option would require coordination with FBID to ensure a smooth transition from FBID to the City, and would also require a public outreach effort to ensure that the businesses that are assessed are in agreement with the decision.

- The minimum notice that should be given is 60 days and would have to be by mutual consent, or for cause. Alternatively, the Council could wait until the current contract expires on July 31, 2022.
- If the contract is terminated, The City would need to recover all funds and assets belonging to FBID.
- Any contractual obligations of the FBID non-profit corporation would need to be assigned to the City.
- An advisory board would need to be appointed to serve in place of the FBID non-profit corporation board.
- The estimated cost for a staff person to complete the work is estimated at \$100,000 and does not include any purchases, equipment, supplies, advertising, etc.
- City finance staff would have to take over the fiscal responsibilities of FBID which would add some workload above the current requirements of city employees.

Option 3 – FBID Continuing with another Third Party Completing FBID Functions

Option 3 would include all of the steps outlined in option 2 above, however a request for proposals (RFP) would be issued to solicit interest from third party organizations to perform the functions of FBID.

- All of the steps included under Option 2 would also have to be completed for this option.
- An RFP would be issued that identifies the responsibilities that would be included in the contract along with the scoring methodology to be used for evaluating the proposals
- A contract between the City of Fortuna and the third party would be developed for the work to be undertaken.
- City finance staff may have to take over the fiscal responsibilities of FBID which would add some workload above the current requirements of city employees if not assigned to the third party.

Option 4 – Dissolution of the FBID

Option 4 includes the dissolution of the FBID. The steps necessary to dissolve FBID would be as follows:

- The Council must adopt a resolution of intention to disestablish the BID. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing to be held in the future on the ultimate action, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the BID.
- The public hearing must occur not less than 20 days and not more than 30 days after the resolution is adopted. At the public hearing, the Council may dissolve the BID by ordinance. The ordinance must provide that any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be refunded to the owners of the businesses then located and operating within the area in which assessments were levied by applying the same method and basis that was used to calculate the assessments levied in the fiscal year in which the area is disestablished. The City should control this process, as opposed to the FBID non-profit corporation.
- Notice of the disestablishment of an area shall be published once in a newspaper of general circulation in the City.
- The refund process then needs to occur and would need to be depending on the time of the year and the status of assessment collection. The refund process would be more easily conducted if the disestablishment was made effective at the conclusion of the fiscal year.
- Once the refund process is completed, The City would send notice of termination of the FBID Contract to the FBID non-profit corporation.

FISCAL IMPACT:

FBID collects approximately \$62,000 in assessments annually and the city contributes an equal amount for an approximate total \$124,000 annually. Of that amount the core areas receive approximately the following amounts:

Core Area	Assessment	Distribution to Core Area (62%)	Citywide Share (38%)
Citywide	\$34,500	0	\$34,500
Downtown	\$13,000	\$8,060	\$4,940
Redwood Village	\$9,000	\$5,580	\$3,420
Strongs Creek	\$5,000	\$3,100	\$1,900
Total	\$61,500	\$16,740	\$44,760

There would be no fiscal impact if FBID continues to function as-is with additional city oversight. The amount of the assessment and City match would be expected to remain the same. It is estimated that the city share would be used for personnel costs (\$62,000) and the remaining assessments after distribution to the core areas (\$44,760) could be used for other expenses.

Hiring a staff position to complete the responsibilities of FBID (Option 2) would have an anticipated personnel cost of approximately \$100,000 after the distribution to the core areas of \$16,740 only \$7,260 would remain for supplies, advertising and other expenses. It is likely that additional approximately \$20,000-\$30,000 would be needed for other expenses above what is currently budgeted.

Contracting the duties of FBID would likely result in little to no change to the existing FBID budget. A contract scope of work and fee could be negotiated to be consistent with the current available.

Dissolving FBID would result in a reduced assessment to city businesses and the elimination of the discretionary match by the City. It is possible that with the dissolution of the BID that businesses would generate less sales tax as a result of the loss of the business promotion activities performed by FBID.

RECOMMENDED COUNCIL ACTION:

1. Receive staff presentation and review Council questions with staff
2. Open Public Comment
3. Close Public Comment
4. Provide direction to staff regarding proposed options for FBID.

ATTACHMENTS:

- Resolution 90-10
- Ordinance 90-550
- Ordinance 97-610
- Ordinance 2010-685
- 2000 Contract between City of Fortuna and FBID

RESOLUTION NO. 90-10

A RESOLUTION OF THE
CITY OF FORTUNA, CALIFORNIA,
DECLARING ITS INTENTION TO
ESTABLISH A PARKING AND BUSINESS
IMPROVEMENT DISTRICT TO BE KNOWN AS THE
FORTUNA BUSINESS IMPROVEMENT DISTRICT.

WHEREAS, the Streets and Highways Code Section 36500 et. seq. (the "Act") authorizes cities to establish parking and business improvement districts for the purpose of imposing benefit assessments and charges on businesses therein for certain purposes; and

WHEREAS, the Fortuna Downtown Committee and other business owners have requested this City Council to establish such an improvement district.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FORTUNA DOES HEREBY RESOLVE, DETERMINE, AND FIND AS FOLLOWS:

Section 1. That the recitals hereof are true and correct.

Section 2. That the City Council of the City of Fortuna, on its own motion in response to the request of the Downtown Committee and business community, does hereby declare its intention to establish the Fortuna Business Improvement District (the "District") pursuant to the Act.

Section 3. That the proposed boundaries of this improvement district, including the designation of separate benefit zones, are as incorporated herein by reference.

Section 4. That the proposed uses to which the revenue from this business improvement area will be put are the following:

- a. Promotion of public events which are to take place on or in public places in the District;
- b. Decoration of any public place in the District;
- c. Furnishing of music in any public place in the District; and
- d. The general promotion of business activities within the District.

Section 5. That the City Council intends to levy a benefit assessment on all businesses, trades and professions located within the boundaries and benefit zones, as applicable, within the District, as shown in Exhibit A hereof, incorporated by reference herein, in the amounts set forth on Exhibit B hereof,

which is incorporated by reference herein.

Section 6. New business will not be exempt from the levy of the assessment, pursuant to Section 36531 of the Streets and Highways Code.

Section 7. A public hearing shall be held before the City Council on May 14, 1990, at 7:00 p.m., or as soon thereafter as this matter may be heard, in the Council Chambers of the City Hall, 621 11th Street, Fortuna, California, at which time the Council will hear all protests against and support for the proposed business improvement district.

Section 8. Further information regarding the proposed business improvement district may be obtained at the Fortuna City Hall, 621 11th Street, Fortuna, California, 95540; telephone (707) 725-6125.


Section 9. The City Clerk is instructed to publish this notice one time in the Humboldt Beacon and to mail a copy of this resolution to each business in the proposed business improvement district. The publication and notice shall be completed at least 10 days prior to the time of the hearing.

Section 10. This Resolution shall take effect immediately upon adoption.

PASSED, APPROVED and ADOPTED this 23rd day of April, 1990, by the following vote:

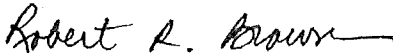
AYES: Councilmembers Nyberg, Prevost, Berti, Rodrigue, and Mayor Lewis

NOES:
ABSTAIN:
ABSENT:



MAYOR, City of Fortuna

ATTEST:



CITY CLERK

Exhibit A

Fortuna Business Improvement District Boundary

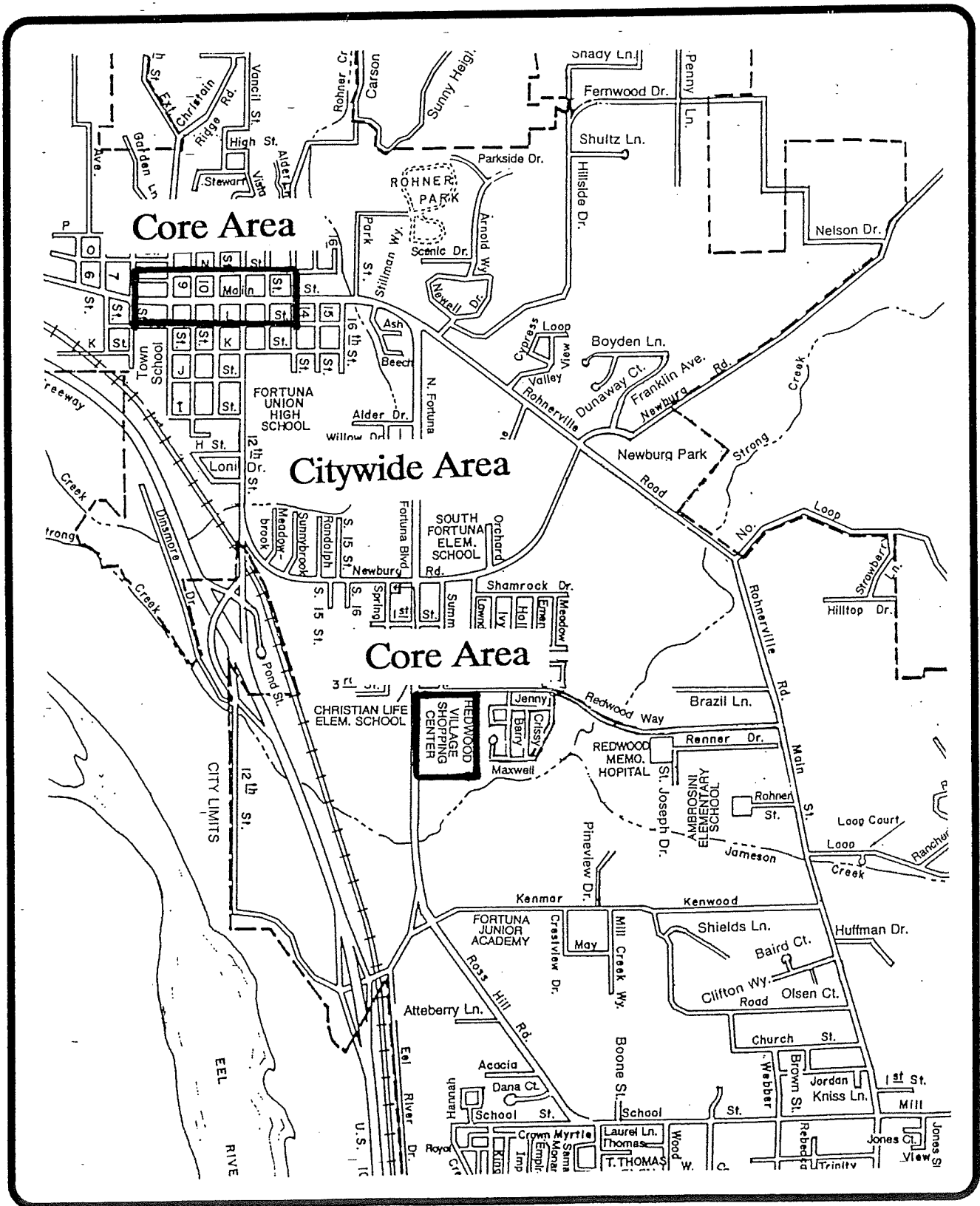


EXHIBIT B

ASSESSMENT SCHEDULE

DOWNTOWN/REDWOOD VILLAGE

GROSS RECEIPTS		BUSINESS IMPROVEMENT DISTRICT ASSESSMENT TYPE OF BUSINESS				
		RETAIL	BAR/ RESTAURANT	PROFESSIONAL/ SERVICE	MANUFACTURE/ WHOLESALE	AUTO DEALERS
O to	10,000	45.00	37.50	15.00	15.00	30.00
10,000 to	30,000	75.00	62.50	25.00	25.00	50.00
30,000 to	70,000	105.00	87.50	35.00	35.00	70.00
70,000 to	130,000	120.00	100.00	40.00	40.00	80.00
130,000 to	200,000	150.00	125.00	50.00	50.00	100.00
200,000 to	500,000	210.00	175.00	70.00	70.00	140.00
500,000 to	1,000,000	270.00	225.00	90.00	90.00	180.00
1,000,000 to	1,500,000	360.00	300.00	120.00	120.00	240.00
1,500,000 to	2,000,000	450.00	375.00	150.00	150.00	300.00
in excess of	2,000,000	600.00	500.00	200.00	200.00	400.00

CITYWIDE

GROSS RECEIPTS		BUSINESS IMPROVEMENT DISTRICT ASSESSMENT TYPE OF BUSINESS				
		RETAIL	BAR/ RESTAURANT	PROFESSIONAL/ SERVICE	MANUFACTURE/ WHOLESALE	AUTO DEALERS
O to	10,000	15.00	22.50	15.00	15.00	30.00
10,000 to	30,000	25.00	37.50	25.00	25.00	50.00
30,000 to	70,000	35.00	52.50	35.00	35.00	70.00
70,000 to	130,000	40.00	60.00	40.00	40.00	80.00
130,000 to	200,000	50.00	75.00	50.00	50.00	100.00
200,000 to	500,000	70.00	105.00	70.00	70.00	140.00
500,000 to	1,000,000	90.00	135.00	90.00	90.00	180.00
1,000,000 to	1,500,000	120.00	180.00	120.00	120.00	240.00
1,500,000 to	2,000,000	150.00	225.00	150.00	150.00	300.00
in excess of	2,000,000	200.00	300.00	200.00	200.00	400.00

ORDINANCE NO. 90-550

AN ORDINANCE OF THE
CITY OF FORTUNA, CALIFORNIA,
ESTABLISHING THE
FORTUNA BUSINESS IMPROVEMENT DISTRICT

WHEREAS, on April 23, 1990, the City of Fortuna (the "City") adopted Resolution No. 90-10 (the "Resolution"), declaring its intention to establish a parking and business improvement district (herein referred to as the "District") and levy a benefit assessment on all businesses, trades and professions within said district, the proceeds of which shall be used for the public purposes therein described, pursuant to the Parking and Business Improvement Area Law of 1989 Part 6 (commencing with Section 36500) of Division 18 of the California Highways Code (the "Act"); and

WHEREAS, Pursuant to the Act and the Resolution, the City called and held a public hearing, after giving notice thereof, on May 14, 1990 at 7:00 p.m.; and

WHEREAS, said public hearing has been held and the City Council has heard and considered all oral and written protests or other comments regarding such proposed action, and protests in writing from businesses in the proposed area paying a majority of the proposed assessment have not been received; and

WHEREAS, this City Council has now determined to establish the proposed district as a parking and business improvement district, to provide for the imposition of a benefit assessment and to adopt an ordinance to such effect; and

WHEREAS, in the opinion of this City Council, the businesses within the District will be benefited by the expenditure of the funds raised by the assessments proposed to be levied; and

WHEREAS, this City Council may, for each of the purposes set forth in Section 36521 of the Act, establish and modify one or more separate benefit zones based upon the degree of benefit derived from the purpose and may impose a different assessment or charge within each of the benefit zones; and

WHEREAS, all provisions of the Act applicable to the establishment or disestablishment of a district shall apply to the establishment, modification, or disestablishment of benefit zones pursuant to the Act, and the establishment or the modification of any benefit zone shall follow the same procedure as provided for the establishment of a parking and business improvement district and the disestablishment of a benefit zone shall follow the same procedure as provided for the disestablishment of a district; and

WHEREAS, this City Council may modify the boundaries, assessments, or charges established pursuant to this Ordinance; the modifications shall be made pursuant to the requirements of the Act, but no assessment or charge shall be modified which would impair the ability of the District to meet the obligation of a contract or operate physical improvements; and

WHEREAS, changes may be made in the assessments or charges, or in the uses to which the revenue shall be put, as specified in this Ordinance and such changes shall be made by later ordinance adopted after a hearing before the City Council; and

WHEREAS, for purposes of the assessments or charges to be imposed pursuant to this Ordinance, this City Council may make a reasonable classification of businesses, giving consideration to various factors, including general benefit to businesses and the degree of benefit received from programs of the District; and

WHEREAS, the assessments or charges levied on businesses pursuant to this Ordinance shall, to the maximum extent feasible, be levied on the basis of the estimated benefit to the businesses within the District; and

WHEREAS, this City Council may modify the number or representation of the advisory committee (Board of Directors of the District), as specified in this Ordinance and such changes shall be made by later ordinance adopted after a public hearing.

WHEREAS, A Resolution of Intention, public hearing and findings, which set forth facts regarding the adoption of the Resolution, the conduct of a public hearing and certain findings of this City Council, are true and correct and incorporated herein by reference.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FORTUNA DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. Title 5 of the Fortuna Municipal Code is hereby amended by adding the following section:

Section 5.40 Fortuna Business Improvement District.

A. Establishment of District.

A parking and business improvement district to be known as the "Fortuna Business Improvement District" (the "District") is hereby established pursuant to the Parking and Business Improvement Area Law of 1989, Streets and Highway Code Section 36500 et. seq. The boundaries of the District and the benefit zones within the District shall be set forth on Exhibit A Hereof.

B. Benefit Assessment.

All businesses, trades and professions located within the boundaries shown on Exhibit A, shall, commencing July 1, 1990, pay a benefit assessment in addition to the City Business License fee, in the amounts identified in Exhibit B.

The benefit assessment shall be payable annually during each Fiscal Year, as provided in Section 2 hereof.

C. Residential Exclusion.

No one shall be required to pay an assessment based on a residential use within the District.

D. Advisory Committee.

The authorized number of directors of the district shall be seven (7) unless modified by an amendment to this Ordinance. The Advisory Committee shall be represented by the following:

Downtown, one representative;
Redwood Village Shopping Center; one representative;
Citywide area as identified on Exhibit A, one representative;
Person appointed by the Fortuna City Council, one representative;
One person nominated by the Fortuna Chamber of Commerce; one representative; and
Two people nominated by the five representatives identified above.

In addition, the following types of businesses shall be represented on the Board of Directors:

Retail, three representatives;
Professional and service; two representatives;
Manufacturing/wholesale, one representative; and
Restaurants/bars, one representative.

If a person to represent the above business categories cannot be found, the Board of Directors shall nominate a representative from one of the other categories.

The City Council shall approve all nominations.

E. Allocation of Funds:

A total of sixty-two percent (62%) of the funds raised within each Core Area identified in Exhibit A shall remain in such area. These funds shall be used to promote such area. A subcommittee from each individual Core Area shall determine how the funds are spent within the Core Area.

The funds raised within the Citywide Area and the remaining thirty-eight percent (38%) of the funds raised within each Core

Area shall be used to promote the entire community. The Advisory Committee shall determine how these funds are spent.

F. Definitions.

For the purpose of calculating the amount of assessment owed, the following definitions shall apply:

1. Retail Business.

Retail businesses include all businesses not covered by other definitions set forth in this Section at least fifty percent (50%) of whose gross income is derived from "retail sales" as that is defined in the California Sales and Use Tax Law. The fact that a substantial part of its business consists of other than retail sales does not exclude the business from classification so long as such other business component does not account for more than fifty (50%) of such business gross income.

2. Bar and Restaurant.

A "bar" is a business which serves food and especially alcoholic beverages.

A "restaurant" business is a public eating place.

3. Profession and Service.

"Professions" and "service" businesses include general office, attorney, architects, physicians and others in a medical/health service field, news and advertising media, printers, photographers, real estate brokers, builders, service stations, repairing and servicing businesses, renting and leasing businesses, laboratories (including dental and optical), hearing aid services, utilities, artists and designers, vending machine businesses, and other businesses not included in the "retail" category, as defined in (a) above.

4. Wholesale and Manufacturing.

"Wholesale" businesses are those that sell (something) in quantity usually, for resale.

"Manufacturing" businesses are those that produce something from raw materials by hand or machinery.

5. Fiscal Year.

Fiscal Year means July 1 to June 30 of each year.

6. Purposes of Assessments.

The purposes for which the funds raised by said benefit assessment shall be devoted to the statutory purposes set forth

in Section 36500 of the Act, or one or more of said purposes, which are as follows:

1. Promotion of public events which are to take place on or in public places in the District.
2. Decoration of any public place in the District.
3. Furnishing of music in any public place in the District.
4. The general promotion of business activities in the District.
5. Marketing to fill available space, recruiting and expansion of commercial enterprise.

SECTION 2. Collection of Benefit Assessment.

The benefit assessment authorized by this Ordinance shall be billed by the City as of July 1 of each Fiscal Year and shall be paid within 30 days thereafter. Each billing shall represent one-hundred (100%) percent of the annual assessment.

SECTION 3. Severability and Repeal of Conflicting Ordinances.

If any section or provisions, or parts thereof in this ordinance shall be adjudged invalid or unconstitutional, such invalidity, or unconstitutionality shall not affect the validity of the ordinance as a whole or of any other section or provision or part thereof.

SECTION 4. Term of Ordinance.

This ordinance shall become effective thirty (30) days after it is adopted and shall remain in effect unless repealed.

This Ordinance's adoption and enforcement shall be reviewed after a three year trial, and if the Advisory Committee and/or the City Council are not satisfied with the results of the District, it will be terminated.

Upon the disestablishment of an area, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be refunded to the owners of the businesses then located and operating with the area in which assessments were levied by applying the same method and basis that was used to calculate the assessments levied in the fiscal year in which the area is disestablished.

This Section does not preempt the right of the City Council to terminate or continue the District at any time following a required public hearing.

SECTION 5. Within fifteen days after passage, the City Clerk shall cause this Ordinance to be published one time in a newspaper of general circulation published and circulated in the City.

PASSED AND ADOPTED on this 21st day of May, 1990 by the following vote:

AYES: Councilmembers Mel Berti, Phil Nyberg, John Prevost, Dick Rodrigue and Mayor Dean Lewis

NOES: None

ABSENT: None



Mayor, City of Fortuna

ATTEST:



City Clerk, City of Fortuna

EXHIBIT B

ASSESSMENT SCHEDULE

DOWNTOWN/REDWOOD VILLAGE

GROSS RECEIPTS	BUSINESS IMPROVEMENT DISTRICT ASSESSMENT TYPE OF BUSINESS				
	RETAIL	BAR/ RESTAURANT	PROFESSIONAL/ SERVICE	MANUFACTURE/ WHOLESALE	AUTO DEALERS
0 to 10,000	45.00	37.50	15.00	15.00	30.00
10,000 to 30,000	75.00	62.50	25.00	25.00	50.00
30,000 to 70,000	105.00	87.50	35.00	35.00	70.00
70,000 to 130,000	120.00	100.00	40.00	40.00	80.00
130,000 to 200,000	150.00	125.00	50.00	50.00	100.00
200,000 to 500,000	210.00	175.00	70.00	70.00	140.00
500,000 to 1,000,000	270.00	225.00	90.00	90.00	180.00
1,000,000 to 1,500,000	360.00	300.00	120.00	120.00	240.00
1,500,000 to 2,000,000	450.00	375.00	150.00	150.00	300.00
in excess of 2,000,000	600.00	500.00	200.00	200.00	400.00

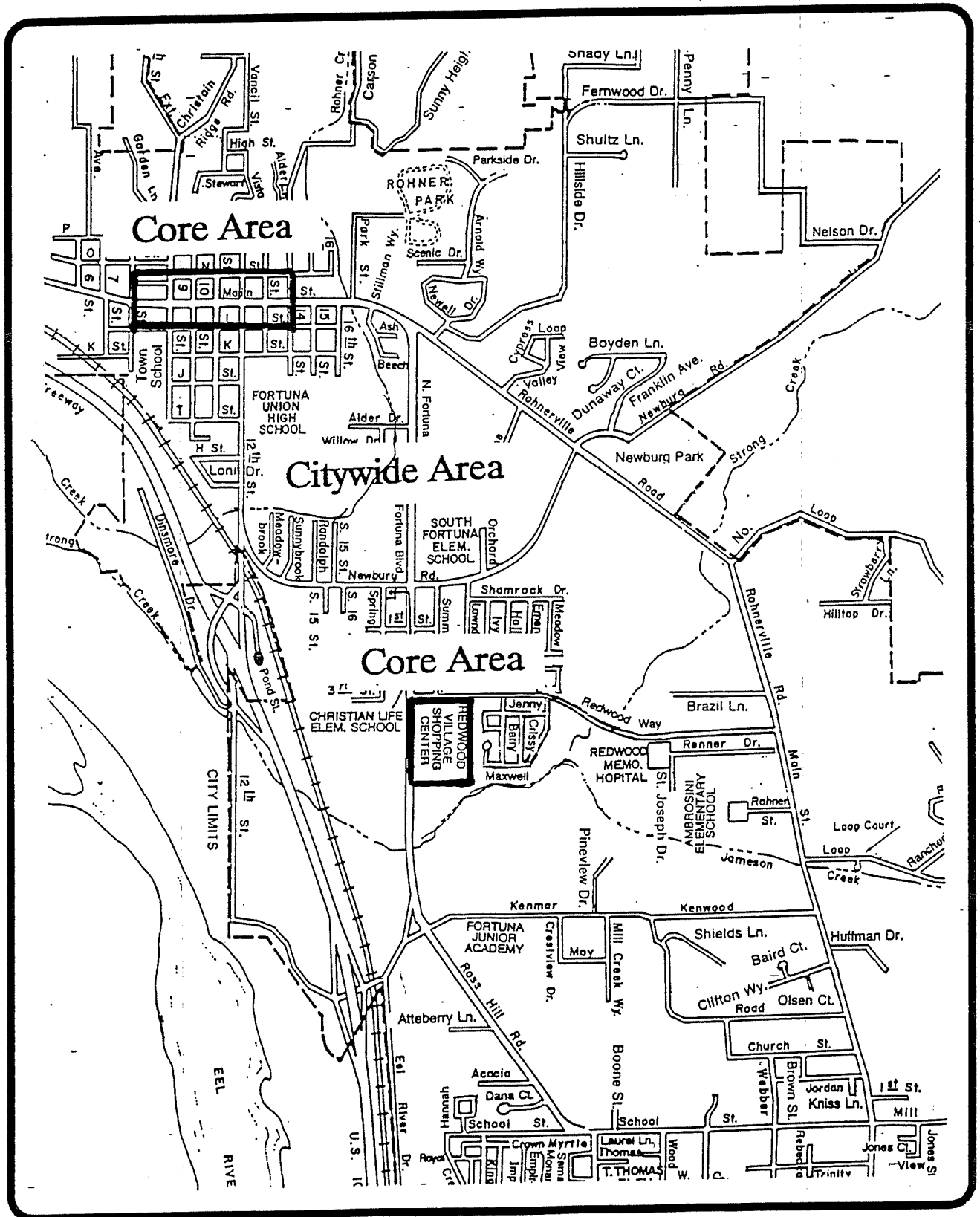
CITYWIDE

GROSS RECEIPTS	BUSINESS IMPROVEMENT DISTRICT ASSESSMENT TYPE OF BUSINESS				
	RETAIL	BAR/ RESTAURANT	PROFESSIONAL/ SERVICE	MANUFACTURE/ WHOLESALE	AUTO DEALERS
0 to 10,000	15.00	22.50	15.00	15.00	30.00
10,000 to 30,000	25.00	37.50	25.00	25.00	50.00
30,000 to 70,000	35.00	52.50	35.00	35.00	70.00
70,000 to 130,000	40.00	60.00	40.00	40.00	80.00
130,000 to 200,000	50.00	75.00	50.00	50.00	100.00
200,000 to 500,000	70.00	105.00	70.00	70.00	140.00
500,000 to 1,000,000	90.00	135.00	90.00	90.00	180.00
1,000,000 to 1,500,000	120.00	180.00	120.00	120.00	240.00
1,500,000 to 2,000,000	150.00	225.00	150.00	150.00	300.00
in excess of 2,000,000	200.00	300.00	200.00	200.00	400.00

These tables are the amount of the increased assessment to be allocated to the Business Improvement District.

Exhibit A

Fortuna Business Improvement District Boundary



ORDINANCE NO. 97-610

**AN ORDINANCE AMENDING SECTION 5.40.050 OF TITLE 5,
BUSINESS TAXES, LICENSES, AND REGULATIONS,
OF THE MUNICIPAL CODE OF THE CITY OF FORTUNA**

The City Council of the City of Fortuna, State of California does hereby ordain as follows:

SECTION 1. DECLARATION OF INTENT

The purpose of this Ordinance is to clarify Section 5.40.050, Advisory Committee, of the Fortuna Business Improvement District.

SECTION 2. Chapter 5.40, Fortuna Business Improvement District, of the Fortuna Municipal Code is hereby amended as follows:

Section 5.40.050, Advisory Committee.

- A. The authorized number of members of the Advisory Committee of the district shall be seven unless modified by an amendment of this chapter. The advisory committee shall be represented by the following:
1. Downtown, one representative;
 2. Redwood Village Shopping center, one representative;
 3. City of Fortuna, one representative;
 4. Citywide area as identified on Exhibit A attached to the ordinance codified in this chapter and found on file in the office of the city clerk, one representative;
 5. Fortuna Chamber of Commerce, one representative;
 6. Two people nominated by the five representatives identified above.
- B. The following types of businesses shall be represented on the Advisory Committee:
1. Retail, three representatives;
 2. Professional and service, two representatives;
 3. Manufacturing/wholesale, one representative; and
 4. Restaurant/bars, one representative.

If a person to represent the above business categories cannot be found, the Advisory Committee shall nominate a representative from one of the other categories.

D. The Advisory Committee Members shall serve as the members of the Fortuna Business Improvement Corporation.

E. The city council shall approve all nominations.

SECTION 3: **CONFLICTS:**

All ordinances or parts of ordinances or resolutions in conflict herewith are hereby repealed to the extent of such conflicts and no further.

SECTION 4: **EFFECTIVE DATE:**

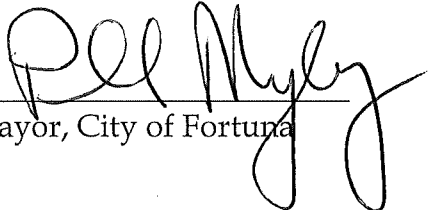
The effective date of this Ordinance is thirty (30) days after its adoption by the City Council.

PASSED AND ADOPTED this 4th day of August, 1997 by the following vote:

AYES: Councilmen Berti, Chapman, Lewis, Shelton and Mayor Nyberg

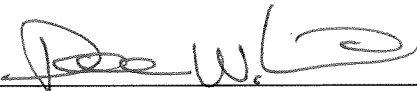
NOES: None

ABSENT: None



Mayor, City of Fortuna

ATTEST:



City Clerk, City of Fortuna

Ordinance No. 2010-685

**AN ORDINANCE OF THE CITY OF FORTUNA, CALIFORNIA,
AMENDING TITLE 5.40 SECTIONS 5.40.010, 050 & 060, ESTABLISHING THE
STRONGS CREEK PLAZA BENEFIT CORE AREA WITHIN THE FORTUNA
BUSINESS IMPROVEMENT DISTRICT**

WHEREAS, on September 20, 2010, the City of Fortuna adopted Resolution No. 2010-40, declaring its intention to establish a new Strongs Creek Plaza benefit Core Area within the existing Fortuna Business Improvement District, and to levy an increased benefit assessment on all businesses, trades and professions within said Core Area; and

WHEREAS, pursuant to the Parking and Business Improvement Area Law of 1989 and said Resolution, the City called and held a public hearing, after giving notice thereof, on October 4, 2010 at 6:00 p.m.; and

WHEREAS, said public hearing has been held and the City Council has heard and considered all oral and written protests or other comments regarding such proposed action, and protests in writing from businesses in the proposed area paying a majority of the proposed assessment have not been received; and

WHEREAS, the City Council has now determined to establish the proposed Strongs Creek Plaza benefit Core Area, to provide for the imposition of a benefit assessment, and to adopt an ordinance to such effect; and

WHEREAS, in the opinion of the City Council, the businesses within the Core Area will be benefited by the expenditure of the funds raised by the assessment proposed to be levied; and

WHEREAS, a Resolution of Intention, public hearing and findings, which set forth facts regarding the adoption of the Resolution, the conduct of a public hearing and certain findings of the City Council, are true and correct and are incorporated herein by reference.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FORTUNA DOES HEREBY ORDAIN AS FOLLOWS:

Section 1

Section 5.40.010 of the Fortuna Municipal Code is amended to read as follows:

5.40.010 Establishment of District

A parking and business improvement district to be known as the "Fortuna Business Improvement District" (the "district") is hereby established pursuant to the Parking and Business Improvement Area Law of 1989, Streets & Highway Code Section 36500 et seq. The boundaries of the district and of the three benefit Core Areas within the district shall be as set forth on Exhibit A attached to the ordinance codified in this chapter and on file in the city clerk's office.

Section 2

Section 5.40.050 A of the Fortuna Municipal Code is amended to read as follows:

5.40.050 Advisory committee.

A. The authorized number of members of the advisory committee of the district shall be seven unless modified by an amendment of this chapter. The advisory committee shall be represented by the following:

1. Downtown, one representative;
2. Redwood Village Shopping Center, one representative
3. Strongs Creek Plaza, one representative;
4. City of Fortuna, one representative;
5. Citywide, one representative;
6. Fortuna Chamber of Commerce, one representative;
7. One person nominated by the six representatives identified above.

Section 3

Section 5.40.060 of the Fortuna Municipal Code is amended to read as follows:

5.40.60 Allocation of funds.

A total of 62 percent of the funds raised within each of the three Core Area's identified in Exhibit A attached to the ordinance codified in this chapter and found on file in the office of the city clerk shall remain in such area. These funds shall be used to promote such area. A subcommittee from each individual Core Area shall determine how the funds are spent with the Core Area.

The funds raised within the citywide area and the remaining 38 percent of the funds raised within each of the three Core Area's shall be used to promote the entire community. The advisory committee shall determine how these funds are spent.

Section 4

The effective date of this ordinance is thirty (30) days after its adoption by the City Council.

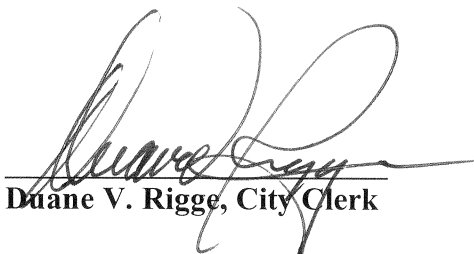
INTRODUCED AND FIRST READING PERFORMED on the 4th day of October, 2010 by the following vote:

AYES: Councilman Berti, Glaser, Zanzi, Mayor Pro Tem Strehl, Mayor Whitchurch

NAYS: None

ABSENT: None

ATTEST:



Duane V. Rigge, City Clerk



Patrick E. Whitchurch, Mayor

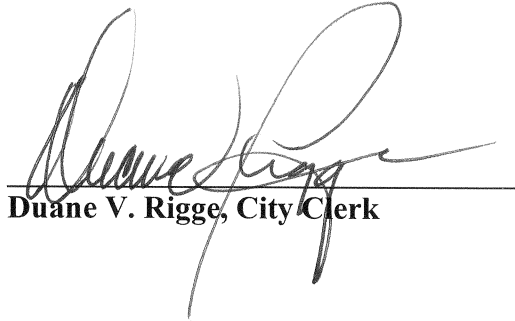
SECOND READING PERFORMED AND ADOPTED on the 18th day of October 2010 by the following vote:

AYES: Councilman Berti, Glaser, Zanzi, Mayor Pro Tem Strehl, Mayor Whitchurch

NAYS: None

ABSENT: None

ATTEST:



Duane V. Rigge, City Clerk



Patrick E. Whitchurch, Mayor

CONTRACT BY AND BETWEEN
CITY OF FORTUNA
AND THE
FORTUNA BUSINESS IMPROVEMENT CORPORATION

THIS CONTRACT is entered into this 1st day of August , 2000, by and between the CITY OF FORTUNA, California, a Municipal Corporation (hereinafter referred to as the "City"), and the FORTUNA BUSINESS IMPROVEMENT CORPORATION, a California Nonprofit Corporation (hereinafter referred to as "Corporation").

PREAMBLE:

Pursuant to the provisions of the Parking and Business Improvement Area Law of 1989 Part 6 (commencing with Section 36500) of the California Streets and Highways Code, the City has passed and approved Ordinance No. 90-550 (Title 5 Chapter 5.40 Fortuna Business Improvement District of the Fortuna Municipal Code) (hereinafter referred to as the "FBID Ordinance") establishing the Fortuna Business Improvement District (FBID) (hereinafter referred to as the "District"). By this reference the FBID Ordinance, and any subsequent ordinances, modifications and amendments pertaining to Corporation adopted by the City, are hereby made a part of this contract. It is the desire of the City Council to enter into a contract with the Corporation for the administration and implementation of the District as provided for in the FBID Ordinance.

THE PARTIES AGREE AS FOLLOWS:

- A. OBJECTIVES: The general purpose of the Corporation and its objectives shall be devoted to promoting retail, wholesale, service and manufacturing businesses located within the City of Fortuna, to promote tourism and to stimulate economic development conducive to the progress and general welfare of the community.

The strategy for obtaining the above-stated objectives shall be consistent with the FBID Ordinance and shall include:

1. Promotion of public events which are to take place on or in public places in the District.
 2. Decoration of any public place in the District.
 3. Furnishing of music in any public place in the District.
 4. Promotion of general business activities in the District.
- B. RESPONSIBILITIES OF THE CORPORATION: Consistent with the purpose of the District and with City Council approval of the annual budget, the Corporation shall:
1. Implement activities and events which carry out the purpose and strategies as stated above.

2. Prepare an annual budget, including a proposal outlining goals and objectives to be accomplished during the coming year, for submission to, review and approval by the City as specified in Section D of this Contract.
3. Shall work with the Downtown and Redwood Village Assessment Areas to determine how funds required by the Ordinance to be allocated to those areas shall be spent and such funds shall be included in the Corporation's annual budget. (The Ordinance that created the Fortuna Business Improvement District requires that sixty-two percent (62%) of the funds raised within the Downtown and Redwood Village Assessment Areas be allocated to those areas. A subcommittee of business owners from the Downtown and Redwood Village Assessment Areas is also required to determine how those funds will be spent).
4. Open an account in a financial establishment to deposit and transact all Corporation financial business consistent with the implementation of the District. All interest generated on the deposit of such funds shall be expended by the Corporation for the purposes herein specified.
5. Submit annual activity and progress reports to the City on or before the 1st of June of each year, and provide the City with other information as requested.
6. Submit monthly finance reports to the City.
7. Advise the City Council concerning changes in assessments and boundaries related to the FBID Ordinance.
8. Retain the records relative to this Contract for three (3) years. Upon termination of this Contract, said records shall be turned over to the City.

C. RESPONSIBILITIES OF CITY: The City shall:

1. Collect all charges or assessments due under the FBID Ordinance at the same time and in the same manner as the business license tax.
2. Distribute to the Corporation all funds collected by the FBID Ordinance, excluding any delinquent assessment penalties or interest collected, and a matching amount derived from revenues collected for cable television franchise fees set aside specifically for the purpose of enhancing FBID Ordinance revenues.
3. Review and approve all nominations to serve on the Board of Directors of the Fortuna Business Improvement Corporation.
4. Review and approve the Corporation's annual budget, submitted to the City pursuant to Section II as provided herein. The City's review may include recommended modifications to said budget. It is the intent of this Contract to recognize that:

- a. the Corporation and the FBID are the result of an initiative generated by business people located within the Fortuna Business Improvement District, for their benefit;
 - b. that the businesses and individuals within the District are more closely concerned with and knowledgeable of the needs and the operations of the District; and
 - c. to the extent consistent with the Streets and Highway Code Section 36503, the City shall not unreasonably withhold approval of the Corporation's proposed budget.
5. Pay to the Corporation on a quarterly basis, all funds to be collected pursuant to the FBID Ordinance plus the matching amount derived from cablevision franchise fees for such purpose. Such payments shall be due as assessment fees are collected and shall be forwarded to the Corporation in four installments; the first installment on or before the Friday following the third Monday of August of each fiscal year, in an amount equal to the accumulated amount due as of July 31. Subsequent quarterly installments shall be forwarded to the Corporation on or before the Friday following the third Monday in November, February and May, and shall be for the amount due the Corporation based on assessment fees collected as of the last day of the prior month.
 6. Not initiate any changes in the District boundaries, assessments or charges as prescribed in the FBID Ordinance or limit or increase the amount of revenue to be collected pursuant to said Ordinance, without first consulting with the Corporation.
 7. Grant to the Corporation the discretion to expend funds to carry out this Contract so long as the expenditures remain consistent with this Contract, the FBID Ordinance and the approved budget.
 8. Not contract with any other group or organization to represent or implement the District pursuant to the FBID Ordinance.
 9. By April 15th of each year, provide the Corporation with an estimate of revenues to be received pursuant to the FBID Ordinance for use by the Corporation in preparing the ensuing year's budget.
 10. On a quarterly basis, provide the Corporation a listing of new businesses within the District.

D. BUDGET:

1. On or before June 1 of each year, the Corporation shall submit for City review and approval, an annual fiscal year budget for the implementation of the Contract. Said budget shall include:
 - a. An estimate of revenue to be received pursuant to the FBID Ordinance to be provided by City staff as provided herein.

- b. Identification of proposed expenditures including but not limited to expenses for:
 - 1) Administration/Operations
 - 2) Beautification/Special Projects
 - 3) General Promotions
 - 4) Special Events Promotions/Advertising
 - 5) Reserves/Miscellaneous
 - c. A narrative description of the Corporation's proposed activities within the fiscal year in carrying out the approved budget, including a listing of specific goals and objectives to be achieved in the upcoming fiscal year.
 - d. A narrative summary of the Corporation's previous year's activities, including a description of accomplishments in implementation of goals and objectives.
 - e. A listing of all assets of the Corporation and estimated value of these assets.
2. The budget may allocate five percent (5%) of FBID revenues for discretionary use of the Corporation's Board of Directors.
 3. Up to ten percent (10%) of funds identified in the approved budget may be shifted at the discretion of the Corporation's Board of Directors. Any changes in the budget above the ten percent (10%) amount must first be considered and approved by the City.
 4. Nothing in this Contract shall preclude the City from assisting the Corporation financially or in any other means available to the City in the implementation of the District.
 5. Said budget may include the proposed expenditure of revenues of the Corporation from sources other than the revenue received pursuant to the FBID Ordinance. The expenditure of such other revenue shall not require the review or approval by the City and may be included in the budget document as a convenience to the Corporation.
 6. In the event the budget is not approved by the City by June 30th, the Corporation's activities may continue into the new fiscal year carrying forward the previous year's budget.
 7. The budget shall be consistent with this Contract and the FBID Ordinance.

Other Insurance Provisions

The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The City, its officers, officials, employees and volunteers are to **be covered as insureds** with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the Contractor; and with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts or equipment furnished in connection with such work or operations. Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured or in any case where an agreement to indemnify the additional insured would be invalid under subsection b of Section 2782 of the Civil Code. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance, or as a separate owner's policy.
2. For any claims related to this project, the Contractor's insurance coverage shall be **primary** insurance as respects the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.
3. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty **(30) days' prior written notice** by certified mail, return receipt requested, has been given to the City.

Acceptability of Insurers

Insurance is to be placed with California-admitted insurers with a current A.M. Best's rating of no less than A:VII.

Verification of Coverage

Contractor shall furnish the City with **original** certificates and amendatory endorsements effecting coverage required by this clause. The endorsements shall be signed by an authorized representative of the issuing insurer. The endorsements shall be on forms provided by the City, or if provided on other than the City's forms, those endorsements or policies shall conform to the City's requirements. All certificates and endorsements are to be received and approved by the City before work commences. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.

Subcontractors

Contractor shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverage's for subcontractors shall be subject to all of the requirements stated herein.

- E. AUDITS: Corporation will annually submit its accounting records to the City's Finance Director who will organize and prepare the records for the fiscal year audit. The audit will be conducted as a part of the City's annual audit, at the Corporation's expense. Where any findings indicate that Contract requirements are not being met and upon such written notification, Corporation agrees to take appropriate corrective action immediately.
- F. INSURANCE: Corporation shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the execution of the terms of this contract by the Corporation, his agents, representatives, employees or subcontractors.

Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).
2. Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, code 1 (any auto).
3. Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

Minimum Limits of Insurance

Contractor shall maintain limits no less than:

1. General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.
3. Employer's Liability: \$1,000,000 per accident for bodily injury or disease.

Deductibles and Self-Insured Retention

Any deductibles or self-insured retention must be declared to and approved by the City. At the option of the City, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the City, its officers, officials, employees and volunteers; or the Contractor shall provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Special Events

In addition, for any special events sponsored by the Corporation using City facilities or public rights of way, said policy shall name City as an additional insured and shall constitute primary insurance as to City, its officers, agents and employees, in accordance with City requirements.

- G. INDEMNIFICATION: Corporation shall indemnify, defend, and hold harmless the City, its officers, officials, employees and volunteers from and against any and all liability, loss, damage, expense, costs (including without limitation costs and fees of litigation) of every nature arising out of or in connection with Corporation's performance pursuant to the terms of this contract, or its failure to comply with any of its obligations contained in the agreement, except such loss or damage which was caused by the sole negligence or willful misconduct of the City.
- H. TERM OF CONTRACT:
The effective date of the Contract shall be the date first entered on page one herein. Performance under the terms of this Contract shall continue for a period of five (5) years from effective date hereof unless and until terminated as provided for hereinafter. The parties may extend this Contract, in writing, for a period beyond five (5) years.
- I. TERMINATION OF CONTRACT: The City may terminate this Contract in whole or in part immediately for cause, which shall include:
1. Failure, for any reason, of the Corporation to fulfill in a timely and proper manner its obligations under this Contract; and
 2. Improper use or reporting of funds provided under this Contract.
 3. Termination of the District.
- J. NOTICES: Notices sent pursuant to this Contract shall be by mail, postage prepaid, to the parties at the addresses as follows:

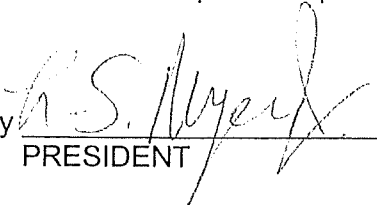
City of Fortuna
P. O. Box 545
Fortuna, CA 95540

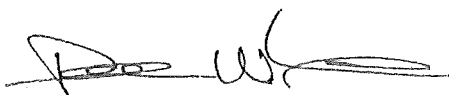
Fortuna Business Improvement Corporation
P. O. Box 1000
Fortuna, CA 95540

IN WITNESS WHEREOF, the City and the Corporation have executed this Contract as of the date first above written.

FORTUNA BUSINESS IMPROVEMENT
CORPORATION
A California Nonprofit Corporation

CITY OF FORTUNA
A Municipal Corporation

By 
PRESIDENT

By 
CITY MANAGER

