

STAFF REPORT

City Council Business Item

DATE: April 21, 2025

TO: Honorable Mayor and Council Members

FROM: Ryan Plotz, City Attorney

THROUGH: Amy Nilsen, City Manager

SUBJECT: Conduct Second Reading and Adopt *Ordinance 2025-774*, amending the Fortuna Business Improvement District regulations

STAFF RECOMMENDATION:

Staff recommends that the Council conduct a second reading, by title only, of and adopt *Ordinance 2025-774*, which amends the Fortuna Business Improvement District (“FBID”) regulations.

DISCUSSION

The proposed Ordinance is intended to modify the existing FBID regulations contained in the Fortuna Municipal Code (“FMC”) to be consistent with the structural changes to FBID proposed by *Resolution 2025-07*.

In particular, the proposed Ordinance would make the following amendments to Chapter 5.40 of the FMC:

1. Dissolves the three existing benefit core areas (i.e., the Downtown Care Area, the Redwood Village Shopping Center Core Area, and the Strongs Creek Plaza Core Area) and specifies that those areas shall, instead, become part of the district generally and pay the same assessment as those businesses located outside of the core areas.
2. Revises the section imposing the benefit assessment to allow the Council to set the method and basis for calculating the annual assessment through the annual re-authorization process required by the Street and Highways Code.
3. Deletes certain definitional provisions that are no longer applicable to an annual assessment based upon a flat rate (as opposed to the prior rate which was based upon a percentage of gross receipts).
4. Revises the composition of the Advisory Committee to remove requirements for representation from the three core areas.
5. Further revises the composition of the Advisory Committee to reduce the number of Advisory Committee members from seven (7) to five (5) and specifies that (i) four (4) members shall be from among the following industries: retail, professional and service, hospitality, manufacturing, and/or wholesale; and (ii) one City Council liaison.

6. Removes the requirement that certain funds be allocated to the three core areas and, instead, provides that all funds raised within the District shall be used to promote the entire community.
7. Maintains the principal purpose for which the District was formed.

Staff recommends these changes to ensure consistency between the proposed changes to FBID as recommended by the Advisory Committee in its Annual Report, which was approved by Council on March 3, and *Resolution 2025-07* which the Council approved on April 7.

FINANCIAL IMPACT:

The proposed assessment is a flat rate of \$25 per business. There are approximately 660 businesses in the City of Fortuna and a \$24 flat rate would generate an estimated \$16,500 annually.

The total expenditures for Fiscal Year 2024-2025 year-to-date are \$16,523.65. The FBID fund has a current balance of \$39,750 with \$6,350 reserved for funding in the Redwood Village Core Area and \$3,150 reserved for funding in the Strongs Creek Core Area. This leaves \$30,250 that can be spent with no Core Area restrictions.

RECOMMENDED COUNCIL ACTION:

1. Receive staff presentation and review Council questions with staff
2. Open Public Comment
3. Close Public Comment
4. Motion to conduct second reading and adopt, read by title only, *Ordinance 2025-774*. Roll Call Vote.

ATTACHMENTS:

- *Ordinance 2025-774, An Ordinance Of The City Council Of The City Of Fortuna, California Amending Chapter 5.40 – Fortuna Business Improvement District – Of The Fortuna Municipal Code And Determining The Ordinance To Be Exempt From CEQA*