

**AGREEMENT BETWEEN THE DOWNTOWN MANHATTAN BEACH
BUSINESS IMPROVEMENT DISTRICT, THE CITY OF MANHATTAN
BEACH, AND THE DOWNTOWN MANHATTAN BEACH BUSINESS &
PROFESSIONAL ASSOCIATION FOR PROFESSIONAL SERVICES**

This agreement is entered into on this ____ day of _____, 2016, by and between the Downtown Manhattan Beach Business Improvement District ("DISTRICT"), the City of Manhattan Beach ("CITY"), and the Downtown Manhattan Beach Business & Professional Association ("ASSOCIATION") (collectively, the "Parties").

RECITALS

- A. The City Council of the City of Manhattan Beach established a Business Improvement Area known as the Downtown Manhattan Beach Business Improvement District pursuant to Section 36500 et seq. of the California Streets and Highway Code ("Act"), by and through the adoption of Ordinance 1989 on October 6, 1998. That Ordinance authorized the levy of a special assessment to support improvements within the DISTRICT.
- B. On July 5, 2016, the City Council adopted Resolution No. 16-0044 overriding protests and providing for the collection of assessments within the DISTRICT for improvements and activities to be conducted during Fiscal Year 2016-2017.
- C. Pursuant to the Ordinance, assessments have been levied by the CITY upon the various businesses located within the DISTRICT.
- D. Said assessments are collected by the CITY and shall be used only for the benefit of the DISTRICT.
- E. The funds collected pursuant to the assessment shall be used to provide the services identified in the Downtown Manhattan Beach Business & Professional Association's "Business Improvement & Activity Plan May 2016," attached hereto as Attachment "1" and incorporated herein.

NOW, THEREFORE, in consideration of the recitals, mutual promises, covenants, representations and agreement set forth below, the Parties hereby promise, covenant, agree and represent as follows:

Section 1. TERM OF AGREEMENT

- 1.1 The term of this agreement shall be from July 1, 2016 through June 30, 2017.

Section 2. ASSOCIATION RESPONSIBILITIES.

- 2.1 The ASSOCIATION or an agent of the ASSOCIATION shall render professional services and shall cooperate with the DISTRICT to provide work program coordination consisting of program development and implementation, program administration, and financial reports.
- 2.2 The ASSOCIATION shall submit to the DISTRICT program plans and reports, including the following:

Proposed Program Report

A program plan detailing services to be provided and operational/program budgets for each fiscal year. The report shall be submitted 30 days prior to the end of each fiscal year outlining the plans, goals and budgets for the ensuing fiscal year. The report shall include all documentation as required by Section 36533 of the Act, as well as all other pertinent provisions of the Act.

Quarterly Reports

The ASSOCIATION shall provide the CITY with updated quarterly reports outlining revenue and expenditures for the quarter. These reports shall be submitted to, and reviewed by, the Chairperson of the Downtown Manhattan Beach Advisory Committee & the CITY.

End of Year Report

By July 31, 2016, the ASSOCIATION shall submit to the CITY a complete end-of-year report which includes the following:

- A) A full disclosure financial statement including supporting documentation of all expenditures covering the period from July 1, 2015 to June 30, 2016.
 - B) A statement by the President of the Downtown Manhattan Beach Business & Professional Association certifying that staff time expended and payment requested was for services performed in accordance with the provisions of this Agreement.
- 2.3 The ASSOCIATION shall administer the entire program in a prudent manner, within the parameters of the work program and budget approved by the City Council through the adoption of Resolution No. 16-0023, a Resolution of Intention, on June 7, 2016. The ASSOCIATION assumes full responsibility for contracting support services as required, and paying for all such direct out-of-pocket expenses as may be necessary for the timely completion of work. Obligations or expenditures for items not budgeted shall not be paid through assessments collected by the DISTRICT.
- 2.4 The Chairperson of the Downtown Manhattan Beach Business Improvement District Advisory Committee or his or her designee shall have the authority to make reasonable budget and program adjustments, not to exceed 15 percent of the total budget, between the program elements as necessary, and as limited by the total annual budget for the

DISTRICT. Any budgetary changes in excess of 15 percent must be reviewed and approved by the entirety of the Downtown Manhattan Beach Business Improvement District Advisory Committee.

For fiscal year 2016-2017 the program elements shall include:

- A. Parking, Transportation & Community Programs
 - B. Marketing & Advertising
 - C. Promotions & Special Events
 - D. Professional Management & Communications
- 2.5 The disbursement of funds to the ASSOCIATION does not constitute approval by the CITY for any individual project or program that requires City Council and/or Planning Commission approval, requires use of CITY property or requires appropriate permits/approval from the CITY or any other governmental agency.
- 2.6 The Advisory Board of the DISTRICT shall be responsible for preparation of a Resolution of Intent to continue the establishment of the Business Improvement District and the levying of assessments for the next fiscal year. The Advisory Board shall participate in the public hearing process and make any recommendations to modify boundaries, benefit zones, methodology and activities.

Section 3. CITY RESPONSIBILITIES.

- 3.1 The CITY shall be responsible for collection of assessments, for effecting the collection of delinquent assessments, and for authorizing the disbursement of funds collected by the CITY, on behalf of the DISTRICT, to the ASSOCIATION.
- 3.2 The CITY shall review the ASSOCIATION'S quarterly progress reports and end-of-year financial report.

Section 4. DISBURSEMENTS.

- 4.1 Upon the execution of this agreement, the DISTRICT shall disburse FY 2015-2016 Downtown Business Improvement District assessments to the ASSOCIATION, as approved by the City Council on July 5, 2016.

Section 5. NOTICES.

- 5.1 Notice to the parties shall, unless otherwise requested in writing, be sent to:

DISTRICT: Chair, Downtown Manhattan Beach Business Improvement
District Advisory Committee
Attn: Mr. Mike Zislis
321 12th Street, Suite 112
Manhattan Beach, CA 90266

CITY: City of Manhattan Beach
Attn: Bruce Moe, Finance Director
1400 Highland Avenue
Manhattan Beach, CA 90266

With one copy to: City of Manhattan Beach
Attn: City Manager
1400 Highland Avenue
Manhattan Beach, CA 90266

ASSOCIATION: Downtown Manhattan Beach Business & Professional Assoc.
Attn: Kelly Stroman
PO Box 3298
Manhattan Beach, CA 90266

Section 6. CONFLICT OF INTEREST

- 6.1 For the duration of this agreement, the DISTRICT or its employees will not act as consultant or perform services of any kind for any person or entity in regard to the CITY without the prior written consent of the CITY.

Section 7. COST RECORDS.

- 7.1 In accordance with Generally Accepted Accounting Principles, the ASSOCIATION shall maintain full and complete records of services performed under this agreement. Such records shall be open to inspection by the DISTRICT at any time.
- 7.2 The records maintained by the ASSOCIATION shall include all receipts for expenditures incurred. The DISTRICT reserves the right to perform a contract compliance audit at least once annually. The DISTRICT shall pay the cost of such an audit. The ASSOCIATION agrees to keep all receipts and other supporting documents available for inspection for a period of two years.

Section 8. FINANCIAL POLICIES

- 8.1 To maintain fiduciary responsibility, the ASSOCIATION shall, at all times, comply with the established financial policies.

Section 9. EQUAL OPPORTUNITY PROGRAM

- 9.1 Nondiscrimination and Affirmative Action. The ASSOCIATION shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City of Manhattan Beach. In

performing this Agreement, the ASSOCIATION shall not discriminate in its employment practices against any employee or applicant for employment because of such person's race, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, marital status or medical conditions. The ASSOCIATION shall also comply with all rules, regulations, and policies of the United States of America, the State of California and the City of Manhattan Beach, relating to nondiscrimination and affirmative action, including the filing of all forms required by said agencies. Any subcontract entered into by the ASSOCIATION relating to the agreement, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

Section 10. AMENDMENTS

- 10.1 The ASSOCIATION may periodically request a change in the scope of services of the contract to be performed hereunder. Such changes, which are mutually agreed upon by and between the DISTRICT and the ASSOCIATION, shall be incorporated in written amendments to this agreement. This agreement may not be amended except in writing by mutual agreement of both parties. A failure to object to a breach of this agreement shall not constitute an amendment thereof, and it shall not waive any future breach of the agreement.

Section 11. ASSIGNMENT

- 11.1 Neither this agreement, nor any portion thereof, shall be assigned by ASSOCIATION without prior written consent of DISTRICT.

Section 12. PRESERVATION OF AGREEMENT

- 12.1 Should any provisions of this Agreement be found invalid or unenforceable, the decision shall affect only the provision interpreted, and all remaining provisions shall remain enforceable.

Section 13. ENTIRE AGREEMENT

- 13.1 This agreement supersedes any and all other agreements, either oral or in writing, between the parties with respect to the subject matter herein. Each party to this agreement acknowledges that representations by any party not embodied herein, and any other agreements, statements or promises concerning the subject matter of this Agreement, not contained in this Agreement, shall not be valid and binding. Any modification of this Agreement will be effective only if it is in writing signed by all parties. Any issues with respect to the interpretation or construction of this Agreement are to be resolved without resorting to the presumption that ambiguities should be construed against the drafter.

Section 14. AUTHORIZATION TO EXECUTE AGREEMENT

14.1 The Chair of the Downtown Manhattan Beach Business Improvement District & the President of the Downtown Manhattan Beach Business & Professional Association declare that they are authorized to execute this agreement on behalf of the parties.

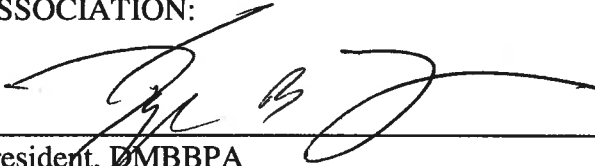
IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first written above.

DISTRICT:



Chair, Downtown MB Business Improvement District

ASSOCIATION:



President, DMBBPA

CITY:

City Manager

ATTEST:

City Clerk

APPROVED AS TO FORM:



City Attorney

ATTACHMENT 1

BUSINESS IMPROVEMENT & ACTIVITY PLAN MAY 2016

DOWNTOWN MANHATTAN BEACH BUSINESS IMPROVEMENT DISTRICT

Business Improvement & Activity Plan May 2016

*Prepared pursuant to the State of California
And The Parking and Business Improvement Area Law of 1989
To maintain the Business Improvement District for
Downtown Manhattan Beach, California.*

Prepared by

Downtown Manhattan Beach Business & Professional Association

**DOWNTOWN MANHATTAN BEACH
BUSINESS IMPROVEMENT DISTRICT
INFORMATION AT-A-GLANCE**

This Business Improvement District has been in existence since April of 1969 under the authority of the "Parking and Business Improvement Area Law of 1965". This law was restrictive with respect to the use of funds. In 1989 the State Legislature adopted Senate Bill 1424, "Parking and Business Improvement Area Law of 1989". In 1998 a group of concerned merchants and a growing coalition of downtown stakeholders, developed the proposal to establish a new Downtown Manhattan Beach Business Improvement District (BID) under the new legislation. In October 1998, that legislation was approved and adopted as City Ordinance No. 1989. In January 1999, the BID contracted with the Downtown Manhattan Beach Business & Professional Association (DBPA), a 501 (c) 6 not-for-profit corporation established in 1985, to provide specific benefits to the members of the BID.

<i>Location:</i>	The Existing Business District of Downtown Manhattan Beach.
<i>Stakeholders:</i>	Downtown Businesses - All business license holders in the Downtown area except commercial property owners.
<i>Improvements And Activities:</i>	A. Parking, Transportation & Community Programs B. Marketing & Advertising C. Promotions & Special Events D. Professional Management & Communications
<i>Method of Financing:</i>	Benefit-based assessments on City Business License Tax.
<i>Assessment:</i>	Based on the existing assessment. An 80% surcharge on the City Business License Tax not to exceed \$600.
<i>Collection of Assessment:</i>	The fees are collected in March/April of each year and disbursed through contract, to the Downtown Manhattan Beach Business & Professional Association (DBPA).
<i>Governance:</i>	Advisory Board: Annual recommendations on Downtown Manhattan Beach Business Improvement District (BID) budgets and assessments will be submitted to the Manhattan Beach City Council by a seven-nine (7-9) member Advisory Board composed of business owners located within the boundaries of the BID. The Advisory Board will also monitor the delivery of improvements and activities, which will be the day-to-day responsibility of the Downtown Manhattan Beach Business and Professional Association (DBPA).

Members of the Advisory Board can be nominated by business owners that are assessed within the BID, and, per State law, appointed by the Manhattan Beach City Council.

Representation should consist of business on Manhattan Beach Boulevard, Manhattan Avenue and Highland Avenue. It should also contain a mix of retail, service and restaurants.

It is anticipated that the Advisory Board will meet at least once annually.

Downtown Association: The BID will contract with the DBPA to carry out improvements and activities described in the Plan, as well as the day-to-day operations.

In delivering BID improvements and activities, the DBPA will aim to meet the following objectives:

- Maximize coordination with the City and other civic organizations to leverage resources;
- Deliver programs through a cost-effective and non-bureaucratic organization that features one executive director that works for all Downtown Manhattan Beach stakeholders;
- Provide for accountability to business owners who pay assessments.

Maintaining the District:

The City Council can maintain the district by adopting a Resolution of Intention. A public hearing shall be held not less than 20 or more than 30 days after the adoption of the Resolution of Intention. If there is not written protest from owners representing over 50% of the assessments to be paid, the BID assessment will continue.

Benefits Of the District:

The BID costs no more than the prior assessment and allows the district's funds to be self-governed and to go beyond parking issues.

The BID allows for integrated marketing efforts such as valet parking, cooperative promotions, banners throughout the area, advertising and publishing downtown directories and calendars of events.

The DBPA provides key promotional and organizational support through a variety of functions that directly benefit its ratepayers as well as the City. Such as:

- Creating a public/private partnership to manage the Downtown environment to ensure high standards for signage, security, maintenance, parking and marketing;
- Increasing sales and revenues throughout the district as well as tax and parking revenue to the City;
- Advocating Downtown interests and for the City at large;
- Establishing and implementing a Downtown vision, an image of a thriving city center that reflects the good health and economic vitality of the entire city, making the city an attractive venue for businesses;
- Assisting the City in policy making, administration and implementation of City programs;
- Streamlining communications and saving time and energy, by providing the City with a single, unified Downtown entity.

**BUSINESS IMPROVEMENT. GOALS ACHIEVED,
ACTIVITY PLAN 2016-2017**

As a result of the concerns identified through surveying business owners and the accomplishments of the DBPA since 1999, the DBPA Board of Directors proposes the following plan.

A. Parking, Transportation & Community Programs

- Continue working with the City & PPIC to promote Downtown parking alternatives for both merchants customers, and residents.
 - The Downtowner Concept- electric carts sponsored by businesses offer FREE rides via an app (Uber style) within a pre-determined boundary. This will benefit residents, employees, and customers and increase accessibility to Downtown Manhattan Beach
- Work with the City and MBPD to identify desired “drop off” zones for such transportation as Uber and taxis
- Maintain the valet parking service.
 - NOTE: Valet hours were expanded on weekends to a 12 hour time period, starting at 11am-11pm
 - NOTE: Current expansion plans include the addition of a valet zone on Manhattan Avenue in front of {pages} a bookstore and to raise the fee to a flat fee of \$10/vehicle
- Continue to work in supporting the **Ocean Express Shuttle Service**.
 - NOTE: Current DBPA contribution is \$10K/year. Over \$750,000 passengers have visited Downtown in the past 12 years of partnership
 - Work with Ocean Express to produce a new audio for riders to listen to while in transit to the first stop, Downtown Manhattan Beach
- Continue promoting and supporting the weekly **Farmers’ Market** in Downtown Manhattan Beach
 - NOTE: The Farmers Market is working in conjunction with City MB on their employee wellness program and is projected for a 5% increase in 2016-2017
 - NOTE: Several factors have contributed to a slight year for the market, including the drought affects on crops, a competitive market opening in Hermosa on Wednesday (the day after the MBFM), multiple weather related closures and a change in market management
- Support non-profit organizations that benefit the community through proceeds from the Farmers’ Market and other events, not to exceed 10% of Gross combined revenue of BID funds and MB Farmers Market funds
 - NOTE: The Farmers Market continues to support the community, youth and wellness by contributing a percentage of quarterly market proceeds to MBEF, Growing Great, and Grades of Green. In addition the Farmers Market income also contributes to the Roundhouse Aquarium, MBLL, MBX, MCHS Drug and Alcohol Prevention, Coordinating Council, Catalina Classic and more
- Continue to work with the Public Works Department to support the CART Trash & Recycling Programs for Downtown businesses and Waste

Management on programs they offer that benefit our businesses and environmental goals

- NOTE: The DBPA continues to support and encourage all Sustainable MB practices including, but limited to Recycling, Trash and Food Waste, Breathe Free MB, Wellness and Earth Day initiatives
- NOTE: Assist in the formation and execution of a trash task force to address the aging trash infrastructure which is not sufficient to meet demand
- Continue to support the Fireworks Festival, Jimmy Miller Foundation, and in-kind donations when appropriate

Parking, Transportation & Community Programs cont'd

- NOTE: The DBPA continues its support of the above as well as the Pumpkin Races, MOvember, Breast Cancer Awareness, Tour de Pier, CHOICE Program, Special Olympics and is working with the MB Badminton Club to create synergism with hosted events
- Work with the City & Public Works Department to improve the Downtown curb appeal through signage, landscaping, lighting, etc.
 - NOTE: The Downtown Specific Plan will most likely call for many structural improvements that will need to be carefully coordinated

B. Marketing & Advertising

Continue to promote our downtown as a special place with quaint shops, dining & services. Downtown is the heart & soul of our City and our community needs to be reminded that our charm comes through independent business owners offering unique merchandise and personal service

- Continue & expand the Downtown marketing/advertising campaign to promote the Downtown as a whole especially within our community and to visitors. Explore marketing and advertising channels outside of the South Bay.
 - NOTE: The DBPA maintains a strong presence in within local advertising channels, such as South Bay Magazine, The Beach Reporter, The Easy Ready and more
- Keep visitor guides fresh to reflect the changes that have occurred in downtown. Continue to reach out and invite concierge in surrounding hotels & key hotels throughout Los Angeles to spend a day in downtown and experience firsthand why our town is a destination
 - NOTE: FAM tours and travel writers have been hosted and continue to increase our presence outside of Manhattan Beach and have extended internationally into Australia, New Zealand, Germany, and Canada.
 - Continue the Summer Ambassador Program to welcome guests
- Work with the City to update the permanent Way-Finding program
- Continue to support the Chamber of Commerce and their various advertising and marketing mechanisms
- Utilize social media to promote downtown (i.e. facebook, Instagram, Twitter)
- Continue to negotiate and make available cooperative advertising opportunities.
 - NOTE: Shared advertising with City MB has proven cost effective. In order to increase our media presence without increasing our budget

greatly, co-op opportunities with the DBPA and its constituents need to be explored and implemented.

- Continue working with the Chamber of Commerce to promote commerce in Manhattan Beach & seek their continued support of how important small business is to our City and local economy

C. Promotions & Special Events.

- Sponsor the (3) annual “Sidewalk Sales” to promote Downtown merchants
- Family Movie Nights with Parks & Rec and Nikau Kai Waterman Shop
- Optimize event guest activation with major events held in Downtown
- Farmers Market 10th Anniversary will have on-site events in July as well as a Farm to Pier diner featuring local chefs, paired with market vendors
- Continue to sponsor the pumpkin races. Farmer’s Market activity booth
- Host the “Holiday Open House together with the Pier Lighting to kick-off the holiday shopping season
- Continue to work with the ‘Beach Events’ such as 6-Man/International Surf Festival, Catalina Paddleboard & Manhattan Open to ensure the downtown benefits from the event vs. experiencing discouraging sales.
 - NOTE: The DBPA has worked closely with 6-Man to bring it back to Thursday/Friday and to incorporate a Youth Tournament as well as have a Civic engagement through team sponsorships
 - NOTE: The DBPA has worked closely with the AVP/MB Open to create the proposed VIP area and is working on participating in the vendor village as well as organizing a family movie night in such

D. Professional Management & Communications

- Maintain professional management to ensure this cohesive Business Improvement and Activity Plan is implemented and continued.
- Reach out to new businesses to make them feel welcome and invite their participation in our efforts as an Association to keep downtown thriving
- Stay active on Chamber committees
- Work closely with the MB Property Owners Association
- Work closely with the MB Residents Association
- Hold quarterly focus groups for downtown members to help address opportunities and challenges for small business
- Work with the City to execute the Downtown Specific Plan once adopted
- Work closely with the Economic Vitality Manager to realize opportunities
- Meet regularly with City Manager and Department heads
- Continue informing members of important issues affecting their business
- Communicate needs and concerns and work closely with MBPD
- Continue to inform businesses through the Crime Alert bulletins (EZ Text)
- Increase public relations opportunities for promoting the Downtown
- Communicate with BID Board as often as needed regarding larger BID concerns and opportunities, such as parking and revenue streams

BUSINESS IMPROVEMENT & ACTIVITY PLAN BUDGET

I. INCOME

A. 2016-2017 Operating Budget

The 2016-2017 operating budget breakdown of income for the Downtown Manhattan Beach BID is provided in the following. The improvement and activity plan budget is projected at approximately \$271,000 with the following components:

- **Assessments**
\$108,000 has been budgeted. The assessment methodology will remain the same, a surcharge on the City of Manhattan Beach Business License Tax. Calculation of individual assessments for one year is determined by one factor; an 80% surcharge on the business license tax, not to exceed \$600.00.
- **DBPA Contribution**
 - *\$10,000 Holiday income for the Open House/Pier Lighting
- *HOH income is a suggested \$100 contribution from each business and is allocated towards entertainment and activities that evening as well as Small Business Saturday and December Advertising.
- **Farmers Market**
 - \$153,000 will represent a 7% increase
 - \$6,000 from the Trackless Train operated at the Market

II. FISCAL YEAR

- Net income was -\$21,859 (by design) and the net retained earnings are \$102,630 of which approximately the following is allocated:
 - \$15,846 in BID reserves
 - \$2,200 in BID Savings to be used for Interpretive Services for the hearing impaired member of the DBPA
 - Approximately \$35,000 is allocated for operating and payroll expense thru July of 2016 and until the BID funds are received
 - \$56,000 is appropriated for marketing and advertising in the fiscal year 2016-17
 - An extra \$10-15,000 should be considered for marketing use. Since the launch of the Think Local First campaign, and install of pole banners in Q4- 2012 is aging, it is time to refresh this campaign by the end 2016

BUSINESS IMPROVEMENT & ACTIVITY PLAN BUDGET CONT...

III. EXPENSES

A. 2016-2017 Operating Budget

The 2016-2017 operating budget breakdowns of expenses for the Downtown Manhattan Beach BID are provided below. The improvement and activity plan budget is projected at *\$294,202.00, a (\$15,202.00) reflected in the following components:

NOTE: The BID Board voted unanimously to move \$5,000 from the Reserve DBPA Savings (reflected in the Balance Sheet) to a BID RESERVE FUND. Also, \$15,000 of the, projected \$108,000, yearly BID contribution will be moved to the BID RESERVE FUND for a total balance of \$20,000. The BID RESERVE FUND will be utilized by the BID to explore parking/transportation solutions for the DBPA. The BID Board has sole discretion of the funds.

Any amount utilized must be replenished the following year, after the contribution of BID funds is received from the City of Manhattan Beach. The DBPA may request a use of such funds from the BID RESERVE FUND. All requests must be submitted in writing to the BID Board, at which time the BID Board will consider, convene, and vote on the request.

- **Community Relations/Programs:**

- \$83,165 is provided which accounts for approximately 28% of the budget, including the Farmers Market

\$24,992 is community donations and sponsorships, representing 8.4% of the budget and 9.3% of GROSS income, not to exceed 10% of gross combined funds

(This number is comprised of expenses under the Community Relations on the DBPA 2016-2017 Proposed Budget)

- **Marketing & Promotion:**

\$55,412 is provided which accounts for 19% of the budget.

(This number is comprised of the expenses under the Marketing & Promotion heading on the DBPA 2016-2017 Proposed Budget)

- **Special Events:**

\$2,750 is provided which accounts for 1% of the budget.

*Does not include advertising for each event as relevant

(This number is solely comprised of the Special Events heading on the DBPA 2016-2017 Proposed Budget)

- **Professional Mgt., Rent, Supplies, Insurance & Communications:**
\$117,883 is provided which accounts for 40% of the budget.

(This number is solely comprised of the General Administration heading on the DBPA 2016-2017 Proposed Budget)