



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: AUGUST 2, 2022**

FROM: FINANCE DEPARTMENT **WARDS: 4 & 5**

SUBJECT: ANNUAL REPORT OF RIVERSIDE NEW CAR DEALERS ASSOCIATION AND RESOLUTION DECLARING INTENTION TO LEVY ANNUAL ASSESSMENT IN AUTO CENTER BUSINESS IMPROVEMENT DISTRICT FOR ONE YEAR BEGINNING SEPTEMBER 1, 2022, AND FIXING TIME AND PLACE FOR A PUBLIC HEARING ON LEVY OF PROPOSED ASSESSMENT

ISSUES:

Approve the annual report of the Riverside New Car Dealers Association acting in its capacity as the advisory board to the Auto Center Business Improvement District, adopt a Resolution declaring the City of Riverside's intent to levy an annual assessment within the Auto Center Business Improvement District beginning September 1, 2022, and fix the time and place for a public hearing on the levy of the proposed assessment for August 16, 2022, at 3:00 p.m.

RECOMMENDATIONS:

That the City Council:

1. Receive and approve the annual report of the Riverside New Car Dealers Association acting in its capacity as the advisory board to the Auto Center Business Improvement District;
2. Adopt a Resolution declaring the City of Riverside's intent to levy an annual assessment within the Auto Center Business Improvement District beginning September 1, 2022, and ending August 31, 2023; and
3. Set a public hearing for August 16, 2022, at 3:00 p.m. on the levy of the proposed assessment.

BACKGROUND:

The City of Riverside established the Auto Center Business Improvement District (Auto Center BID) in the Auto Center area to engage in general business and event promotions and business activities, advertise District businesses, provide electronic display sign operation and maintenance, and to provide maintenance and repair of entryway monuments, pods, and landscaping. The City Council approved the formation of the Auto Center BID on July 26, 2011,

with the assessments effective on September 1, 2011. The Riverside New Car Dealers Association (RNCDA) was designated as the advisory board and is empowered to manage the Auto Center BID.

On August 15, 2011, the City Council and Redevelopment Agency of the City of Riverside approved an agreement with RNCDA to provide the Auto Center BID with \$100,000 in matching funds annually for a period of ten (10) years to fund the cost of an electronic sign for the Auto Center. The City Council approved a subsequent agreement with RNCDA on August 26, 2015, to continue matching funds for electronic sign usage with the Auto Center BID through September 1, 2023. This is the final year for the City to provide matching funds to the Auto Center BID.

At the time of formation, it was determined that 13 businesses were part of the Auto Center BID, and each business was assessed \$8,000 as an additional assessment on its business tax renewal. In 2021, RNCDA proposed a modification to the district boundaries to include four additional businesses and to modify the assessment amount to \$6,100 per business. On July 20, 2021, a Public Hearing was held to hear and rule on any protests against the proposed action. Following the Public Hearing, City Council approved the recommended modifications and adopted Ordinance No. 7558 to modify Section 3.49 of the City Charter.

The Auto Center BID was formed under Section 36500 of the Streets & Highway Code of the State of California. Section 36533 of the Streets & Highways Code requires that the advisory board (RNCDA) prepare a report for each fiscal year for which assessments are to be levied and collected to pay the costs of the improvements and activities described in the report. The City Council may approve the report as filed by the advisory board or may modify any portion of the report and approve it as modified.

DISCUSSION:

Based on the 2022-2023 Auto Center BID Annual Report, there are no proposed changes to the boundaries of the Auto Center BID. The current activities and improvements for the upcoming year include advertising, maintenance of the Auto Center electronic sign, and property maintenance. The report details 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. Each business within the Auto Center BID will be assessed \$6,100 per year as an additional assessment on its business tax renewal.

In 2021, City Council requested that all Business Improvement Districts address the following questions during the annual levy process. Below are the responses from the Auto Center BID, which are provided in the 2022-2023 Annual Report as well. A representative of the Auto Center BID will be on hand at the Public Hearing to address these questions and any others Council might have at that time.

- 1) What are the specific benefits the BID is providing to businesses?

The BID supports Riverside Auto Center District businesses by bringing awareness of businesses within the district to auto buyers and those needing their vehicle serviced in the Riverside area.

- 2) How do we know the attendant benefits have been achieved?

The freeway sign has proven to achieve its intended benefits by continued patronage of the dealers in the Auto Center Square and feedback from customers regarding offers and promotions that the sign displays.

- 3) How are BID staff and activities responding to emerging needs and how are these needs identified?

Any topics related to the function of the sign including regular maintenance, replacement of failed/faulty LED panels and annual washing are regularly discussed with the Auto Center association and sign company. There are also regular reports covering the content each dealer and the City of Riverside displays in their given allotment.

- 4) What are the strategic goals of the BID and how is progress tracked over time?

One of the primary goals of the BID was to fund the creation and maintenance of an updated freeway sign to help drive business to the Riverside Auto Center by advertising district businesses, event promotions, and business activities. The electronic sign also provides the City of Riverside with an additional outlet to provide information to the populace who travel along the 91 freeway. The new sign construction was completed in August 2013. Additional maintenance of entryways, monuments, pods, and landscaping are managed separately by the RNCDA using monthly dues billed to each dealership for the purpose of landscaping, TV/radio/print/digital advertising, and other managerial tasks.

To levy the Auto Center BID assessments for Fiscal Year 2022-2023, the City Council must adopt the Resolution of Intention and set a date for a public hearing. The Resolution of Intention will be published in a newspaper of general distribution seven days prior to the public hearing. In addition, a notice of the public hearing will be mailed to each holder of a business license tax certificate within the amended Auto Center BID by mail, postage prepaid as required. The Public Hearing will be held on August 16, 2022, at 3:00 p.m. at which time any protests may be heard against the proposed action.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 3 – Economic Opportunity** and **Goal 3.1 – Facilitate partnerships and programs to develop, attract and retain innovative business sectors.**

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – Administrative support of the Auto Center BID assessment process supports Riverside's diverse business community.
2. **Equity** – The Auto Center BID spreads the cost of promoting the Auto Center area businesses to the owners that receive the benefits.
3. **Fiscal Responsibility** – The Auto Center BID supports marketing, promotion, and business and community partnerships within the Auto Center District with minimal use of public funds.
4. **Innovation** – The Auto Center BID is an innovative and collaborative way to support the changing needs of the Auto Center Business District, enabling business owners to guide

their destiny.

5. **Sustainability & Resiliency** – The Business Improvement District model is a sustainable way to ensure the resiliency of Auto Center Businesses.

FISCAL IMPACT:

The total fiscal impact to the City is \$100,000 in matching funds to fund the operation of an electronic sign for the Auto Center BID. Sufficient funds for Fiscal Year 2022/23 are budgeted and available in the General Fund, Non-Departments/Finance-Development Agreements, Development Agreement Requirements account no. 7223000-446000.

The City collects the assessments for the Auto Center BID via the annual business tax process. The revenue generated from the assessment is projected to be approximately \$103,700 for Fiscal Year 2022/23. All assessments collected are transferred directly to the RNCDA.

Prepared by: Heidi Schrader, Debt and Treasury Manager
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availability of funds: Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer
Approved by: Kris Martinez, Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Annual Report of the Auto Center BID
2. Resolution of Intention to Levy Assessments in the Auto Center BID
3. Map of Auto Center BID