



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: AUGUST 16, 2022**

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

SUBJECT: PUBLIC HEARING – RESOLUTION CONFIRMING ANNUAL REPORT OF RIVERSIDE NEW CAR DEALERS ASSOCIATION AND LEVYING AUTO CENTER BUSINESS IMPROVEMENT DISTRICT ANNUAL ASSESSMENT FOR FISCAL YEAR BEGINNING SEPTEMBER 1, 2022

ISSUES:

Conduct a public hearing and rule on any protests to the Auto Center Business Improvement District assessments and projects for Fiscal Year 2022-2023, from September 1, 2022 through August 31, 2023, and; adopt a resolution confirming the annual report of Riverside New Car Dealers Association acting in its capacity as the advisory board to the Auto Center Business Improvement District and levying assessments for the Fiscal Year beginning September 1, 2022.

RECOMMENDATIONS:

That the City Council:

1. Conduct a public hearing and rule on any protests to the Auto Center Business Improvement District assessments and projects for Fiscal Year 2022-2023, from September 1, 2022, through August 31, 2023; and
2. Adopt a Resolution confirming 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 and levying assessments for the Fiscal Year beginning September 1, 2022.

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, 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 first BID 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 the Fiscal Year 2021-2022 Annual Report, RNCDA proposed a modification to the district boundaries to include four additional businesses and to lower 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 to include the approved modifications.

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:

On August 2, 2022, the City Council received and approved the RNCDA annual report. The report included project expenditures of the current year, proposed Fiscal Year 2022-2023 expenditures, and the method/basis of levying assessments for Fiscal Year 2022-2023. The report also confirmed there are no proposed changes to the Auto Center BID boundaries or assessment amounts.

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 the 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.

During the City Council meeting held on August 2, 2022, City Council adopted a resolution stating the City's intention to impose the Auto Center BID assessments for FY 2022-2023, effective September 1, 2022, and to set a public hearing for August 16, 2022. During the public hearing, any interested person may make a protest either orally or in writing and file it with the City Clerk at or before the hearing. At the conclusion of the public hearing, the City Council may adopt a resolution confirming the report as originally filed or revised by City Council. Adopting the resolution confirms the levy of an assessment for fiscal year 2022-2023.

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** – The formation of Business Improvement Districts and subsequent Annual Reports provide a transparent and equitable way to finance, administer, and report maintenance and services within the business district area.
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 annual levy process provides a way to finance improvements and promotions for businesses within the Auto Center District.

FISCAL IMPACT:

The total fiscal impact to the City is \$100,000 in matching funds to help fund the operation of an electronic sign for the Auto Center BID. Sufficient funds for Fiscal Year 2022-2023 are budgeted in account 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 2022-2023. All assessments collected are transferred directly to the RNCDA.

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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 Levying the Auto Center BID Assessments for FY 2022-2023
3. Map of Auto Center BID
4. Presentation
5. Notice of Public Hearing