



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: SEPTEMBER 20, 2022

FROM: FINANCE DEPARTMENT WARDS: 5 & 6

SUBJECT: A RESOLUTION OF INTENTION TO AMEND THE BOUNDARIES AND ASSESSMENT AMOUNTS OF, AND TO LEVY THE ANNUAL ASSESSMENT IN THE ARLINGTON BUSINESS IMPROVEMENT DISTRICT FOR FISCAL YEAR 2022-2023 AND FIXING THE TIME AND PLACE FOR PUBLIC HEARING ON LEVY OF PROPOSED ASSESSMENT; AND INTRODUCE AN ORDINANCE TO AMEND CHAPTER 3.48 OF THE RIVERSIDE MUNICIPAL CODE

ISSUES:

Adopt a Resolution to declare the City of Riverside's intention to amend the boundaries and assessment amounts of, and to levy the annual assessment in the Arlington Business Improvement District for Fiscal Year 2022-2023, fix the time and place for a Public Hearing on the proposed assessment for October 11, 2022, and introduce an Ordinance to amend Chapter 3.48 of the Riverside Municipal Code.

RECOMMENDATIONS:

That the City Council:

1. Adopt a Resolution to declare the City of Riverside's intention to amend the boundaries and assessment amounts of the Arlington Business Improvement District, and to levy the annual assessment for Fiscal Year 2022-2023;
2. Introduce an Ordinance to amend Chapter 3.48 of the Riverside Municipal Code; and
3. Set a public hearing for October 11, 2022, at 3:00 p.m. on the levy of the proposed assessment.

BACKGROUND:

The City of Riverside established the Arlington Business Improvement District (Arlington BID) to represent and promote Arlington businesses and events, initiate local improvement projects, and create a sense of pride for all who live, work or do business in the Arlington business area. The City Council approved the formation of the Arlington BID on September 24, 2002, with the first BID assessments effective November 1, 2002. The Arlington Business Partnership (ABP) was designated as the advisory board and is empowered to manage the Arlington BID.

At the time of formation, the District area was generally described between Arlington Avenue on the north, along Van Buren to Lincoln on the south, and a portion along Magnolia Avenue from Tyler on the west to Jackson Street on the east. The annual Arlington BID assessment is currently set at an amount equal to ninety percent (90%) of the business tax charge or \$400, whichever is less.

The City's business tax rates, together with any associated charges, are adjusted annually on November 1. The rates increase or decrease based on the most recent change in the annual average of the consumer price index for the Riverside-San Bernardino-Ontario metropolitan area, or five percent, whichever is less.

The Arlington BID was formed under Section 36500 of the Streets & Highways Code of the State of California. The Code requires the advisory board to 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 (Attachment 1). 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 for posting to the Public Hearing.

DISCUSSION:

The Arlington Business Partnership is proposing changes to the boundaries and assessment amounts within the Fiscal Year 2022-2023 Annual Report. The proposed changes include expanding the district boundaries along Hole Ave., Tyler St., Magnolia Ave., Indiana Ave., La Sierra Ave., Polk St., Sherman Dr., and Rudicill St. A map of both the current and modified boundaries are shown in the Annual Report, provided by the ABP. The proposed changes to the assessment amount would increase the levy amount for each business within the District. The current method of assessment is 90% of the business tax fee, with a cap of \$400 per business. The proposed modification would be 100% of the business tax fee, with no cap applied. The BID does not assess any home-based businesses.

If Council approves the proposed changes by the advisory board, the ABP has determined that 72% of the current businesses would see an annual increase of an additional \$45. The 72% consist of businesses that pay less than the \$400 maximum. There is an undetermined impact amount for the other 28% of businesses who have a payment that is capped at the \$400 maximum, as well as any new businesses within the expanded district boundaries. The Annual Report details the method and basis of levying the assessment in sufficient detail to allow each business owner to estimate the amount of assessment to be levied against his or her business.

In 2021, City Council requested that all Business Improvement Districts address the following questions during the annual levy process:

- 1) What are the specific benefits the BID is providing to businesses?
- 2) How do we know the attendant benefits have been achieved?
- 3) How are BID staff and activities responding to emerging needs?
- 4) How are these needs identified?
- 5) What are the strategic goals of the BID, and how is progress tracked over time?

These questions are addressed within the 2022-2023 Annual Report provided by the ABP. Activities and improvements for the upcoming year include the continuation of the Physical Improvement Program and Vandalism Repair grants which help pay for exterior painting and

security cameras, new signage, parking lot resurfacing and lighting, and window replacement. Funds will also be used for marketing and promotions of special events within the Arlington BID, such as the Annual Riverside Chili Cook-Off, Car/Cycle Show, and Winterfest. The proposed modifications in the Annual Report, would help ABP to reintroduce the Clean and Safe Program. Should funding become available, this program would include quarterly trash pickups, sidewalk pressure washing, graffiti removal, and active security monitoring within the Arlington BID.

In consideration of the proposed boundary and assessment modifications, City Council has requested additional information from the ABP. The questions brought by City Council are shown below, along with the responses received from the ABP:

- 1) Is there any current process for the ABP to allow for a reprieve for struggling business owners? What does that process look like?

There is currently no process to waive nor defer the assessment of the Arlington BID for struggling businesses as our maximum cap of \$400.00 currently stands. With most assessments falling under \$250.00 (according to 2020/2021 data) ABP believes that those amounts wouldn't be high enough to make or break a business in terms saving enough capital to cover one month rent, let alone one months operating cost.

- 2) What would the appeal process be if the increase in assessment amounts is approved?

The Board of Directors is certainly open to reviewing this decision in the case that the assessment increases are approved. The process for a waiver or deferral would most likely consist of a City/County or Statewide mandate rendering a business unable to operate to its full capacity. For example, of the past Lockdown/Shutdown mandate, restaurants were unable to operate at full capacity, so in that case ABP would do a case-by-case review and decide on whether to waive or defer the assessment fee. We would also be willing to work with Ward Council Members to further define the appeals process in the future.

- 3) Provide information as to how the ABP has been in contact with businesses regarding the assessments (businesses in the current and proposed district boundaries).

The Arlington Business Partnership has been publishing information about the assessment and boundary proposal via our website: Riversideabp.com, emails to our contacts within the current and proposed boundaries via business license renewals, and we are attempting to pass out information directly to businesses with letters.

- 4) What sort of responses are the businesses giving to ABP?

Most responses are concerns with the growing homeless and trash dumping problem in the area which were responded to with information about the upcoming Clean & Safe Program (should the proposals be approved). Concern about the assessment increase was made along with trash and homeless concerns, as well as confusion on the wording about "should funding allow" a Clean & Safe program will be implemented. That concern was addressed to clarify that as we are unable to fully calculate the difference in all the assessments, we cannot promise that the full vision of the Clean & Safe Program can be funded, but ABP has been working on different tiers of cost for the Clean & Safe Program so that more services will be provided with increased funding.

The Director of the Arlington BID will be on hand at the Public Hearing to further address these questions and any other concerns the public or Council might have at that time.

To modify the boundaries and assessment amounts within the Arlington BID, the City Council must introduce and adopt an Ordinance to amend Chapter 3.48 of the Riverside Municipal Code. The City Council meeting today is to introduce the Ordinance. Discussion and adoption of the Ordinance will be brought back to City Council on October 11, 2022, which will be the date of the public hearing.

To levy the Arlington 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 (7) 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 designated Arlington BID, including those within the proposed amended boundaries, by mail, postage prepaid. The Public Hearing will be held on October 11, 2022, at 3:00 p.m. at which time any protests may be heard against the proposed assessment. At the conclusion of the Public Hearing, Council may confirm the Annual Report as originally filed, or may modify the Annual Report and confirm it as modified.

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 Arlington BID spreads the cost of promoting Arlington area businesses to the owners that receive the benefits.
3. **Fiscal Responsibility** – The Arlington BID supports marketing, promotion, and business and community partnerships within the Arlington Business District with minimal use of public funds.
4. **Innovation** – The Arlington BID is an innovative and collaborative way to support the changing needs of the Arlington 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 Arlington Business District.

FISCAL IMPACT:

The total fiscal impact of the current boundaries and assessment methodology if approved at the public hearing would be \$245,000. There is no fiscal impact to the City for this action. The City collects the assessments and passes them directly for the Arlington BID via the annual business tax process.

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Attachments:

1. Annual Report of the Arlington BID for Fiscal Year 2022-2023
2. Resolution of Intention to amend the boundaries and assessments of, and to levy an annual assessment in the Arlington BID
3. Updated Boundary Map of the Arlington BID
4. Ordinance to amend Chapter 3.48 of the Riverside Municipal Code