



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: OCTOBER 11, 2022**

FROM: FINANCE DEPARTMENT **WARDS: 5 & 6**

SUBJECT: PUBLIC HEARING – RESOLUTION CONFIRMING ANNUAL REPORT OF ARLINGTON BUSINESS PARTNERSHIP ACTING AS ADVISORY BOARD TO ARLINGTON BUSINESS IMPROVEMENT DISTRICT, LEVYING ASSESSMENTS FOR FISCAL YEAR 2022-2023, AND ADOPTING AN ORDINANCE AMENDING CHAPTER 3.48 OF THE RIVERSIDE MUNICIPAL CODE.

ISSUES:

Conduct a Public Hearing to hear and rule on any protests to the annual assessment proposed for the Arlington Business Improvement District for Fiscal Year 2022-2023, including the changes proposed by the Arlington Business Partnership; adopt a Resolution confirming the annual report of the Arlington Business Partnership, acting as the advisory board to the Arlington Business Improvement District, and levying assessments for Fiscal Year 2022-2023; and if approving boundary and assessment modifications, adopt an Ordinance to amend Chapter 3.48 of the Riverside Municipal Code.

RECOMMENDATIONS:

That the City Council:

1. Conduct a Public Hearing to hear and rule on any protests to the annual assessment proposed for the Arlington Business Improvement District for Fiscal Year 2022-2023;
2. Accept the recommendation of the Advisory Board to amend the boundaries of the Arlington Business Improvement District (Arlington BID) and adopt an Ordinance to amend Chapter 3.48 of the Riverside Municipal Code to amend the boundaries;
3. Accept the recommendation of the Advisory Board to amend (increase) the assessment amount of the Arlington Business Improvement District (Arlington BID) and adopt a Resolution confirming the annual report of the Arlington Business Partnership, acting as the advisory board to the Arlington Business Improvement District, and levying assessments for Fiscal Year 2022-2023 in an amount equal to one hundred percent (100%) of the non-discounted City of Riverside business tax charge, with no cap; and
4. Alternatively, reject the recommendation of the Advisory Board to amend the boundaries of the Arlington BID and to amend (increase) the assessment amount and only adopt a Resolution confirming the annual report of the Arlington Business Partnership, acting as the advisory board to the Arlington Business Improvement District, and levying

assessments for Fiscal Year 2022-2023 in the same method and within the same boundaries as Fiscal Year 2021-2022, with no adoption of the Ordinance.

BACKGROUND:

The City Council approved the formation of the Arlington Business Improvement District (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. The Arlington BID was formed under Section 36500 of the Streets & Highways Code of the State of California. The Code requires the advisory board 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.

The District area is currently described as the area generally 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 City business tax, capped at a maximum of \$400. The City's business tax rates 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.

DISCUSSION:

The City Council adopted a resolution on September 20, 2022, setting a public hearing to discuss amending the boundaries and assessment amounts of the Arlington BID, and to declare the City's intention to impose an assessment for Fiscal Year 2022-2023. Notification of the proposed changes have been mailed to all affected business owners in both English and Spanish, indicating the time of the Public Hearing. The purpose of the Public Hearing today is to allow any affected business owners the opportunity to comment on the proposed assessment. A representative from the Arlington Business Partnership (ABP) is available to address any questions or concerns that Council may have as well. At the conclusion of the Public Hearing, City Council may either approve or reject the changes that are proposed by the ABP and impose assessments for the Arlington BID with or without the modifications.

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. This would not apply to any home-based businesses within the current or proposed boundaries.

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 currently pay less than the \$400 maximum. There is an undetermined

impact amount for the other 28% of businesses who have a payment that is currently 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. Answers to those questions are summarized below and are also addressed within the Annual Report provided by the ABP.

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

The Arlington Business Partnership is committed to making the Arlington BID an attractive place to visit, work, and do business. Current program strategies include beautification, marketing, and business promotions.

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

Beautification is achieved through physical improvement program grants and vandalism repair grants. These grants can be used for improvements such as exterior painting, new signage, exterior security cameras, and window replacement. Marketing and promotions include the Annual Chili Cook-Off, Car/Cycle Show, Winterfest, and new business grand openings.

3. How are Arlington BID staff and activities responding to emerging needs?

The ABP believes that a Clean and Safe Program would provide benefit to most, if not all, businesses within the BID. This program would include things such as quarterly trash pickups, sidewalk pressure washing, graffiti removal, and active security monitoring. The ABP is proposing a change to the tax assessment to help fund this program.

4. How are these needs identified?

The ABP receives feedback from its Board of Directors, businesses within the BID, and community partners. The Clean and Safe Program has been identified to address a universal need within the District.

5. What are the strategic goals of the BID, and how is progress tracked over time?

Primary goals of the BID include efforts to promote the commercial welfare of all businesses within the District, fulfill a vision of prosperity for the area, and create a sense of partnership among businesses. The tangible improvements and promotional activities are examples of how ABP is working toward achieving these goals.

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 would not be high enough to make or break a business in terms saving enough capital to cover one month rent, let alone even one month of 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 event 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 Business Partnership will be on hand at the public hearing to further address these questions and any others the public or Council might have.

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. This Ordinance was introduced at the City Council meeting held on September 20, 2022, and it has been brought back today for adoption, should Council agree with the modifications. Upon the conclusion of this public hearing, the City Council may confirm the Annual Report as originally filed or Council can order changes to any portion of the annual report and confirm the report as modified via resolution. To levy assessments for Fiscal Year 2022-2023, Council must approve the Resolution confirming the Annual Report and levying assessments in the District.

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 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 fund improvements and promotions for businesses within the Arlington Business District.

FISCAL IMPACT:

The total fiscal impact of the current boundaries and assessment methodology 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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Approved by: Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Annual Report of the Arlington BID
2. Resolution A – accepting changes
3. Resolution B – no changes
4. Ordinance – accepting changes
5. Updated Boundary Map of the Arlington BID
6. Comparison Map
7. Presentation – RBP
8. Presentation – City
9. Notice of Public Hearing

