

a specific area, who desire to have certain services and activities for that business area. These services and activities include but are not limited to: maintenance, landscaping, improvements, business promotions and advertising. The additional costs for these services are assessed to the business owners within that District.

Each Business Improvement District is formed under Section 36530 of the Streets & Highways Code, which requires the City to hold a public hearing. If, at this meeting a majority of the Businesses (businesses who will pay 50% or more of the assessments proposed to be levied) protest against the formation, then the District may not be formed. If a majority protest is not received, City Council may then adopt an Ordinance to establish the District and the District is added to the Riverside Municipal Code. Under the provisions of the Streets & Highways Code, the City holds a public hearing each year before approving the assessments and services/activities proposed by the advisory board. Amendments to the District boundaries or assessment amounts can be initiated after a public hearing is held and only if a majority protest has not been received. This action must also be approved by City Council and adopted through an ordinance to modify the Riverside Municipal Code.

At the time of formation, the following services and activities are established: a District boundary, assessment amount calculation methodology, assessment method and timing. At formation, an advisory board is approved by City Council and is empowered to manage the District. The advisory board is required to provide an annual report to City Council detailing the revenues, expenditures, services, and activities provided to businesses within that year.

During the annual levy process for Fiscal Year 2023-2024, City Council determined that in order to enhance transparency within these Business Improvement Districts additional detailed information was required to be provided from the advisory boards. City Council directed Finance staff to prepare a guide of proposed detailed reporting requirements for all business improvement districts moving forward. As a result, City Council requested the Finance staff present this proposal to the Economic Development, Placemaking and Branding/Marketing Committee for review and approval.

Auto Center Business Improvement District

The Auto Center Business Improvement District (Auto Center BID) was established in July of 2011, and the Riverside New Car Dealers Association (RNCDA) was appointed as the advisory board. The first assessments for the Auto Center BID were effective September 1, 2011. Assessments are presented to City Council annually for approval and have been filed from the effective date and each year thereafter. The Auto Center currently has 17 businesses in the District. Each business owner is assessed an additional amount of \$6,100 on their business tax renewal each year. The total assessment amount collected for FY2023-24 is expected to be \$103,700. The City's Business Tax Department collects the assessments each year and transfers the funds directly to the RNCDA.

Arlington Business Improvement District

The Arlington Business Improvement District (Arlington BID) was established in September of 2002 and the Arlington Business Partnership (ABP) was appointed as the advisory board. The first assessments for the Arlington BID were effective November 1, 2002. Assessments are presented to City Council annually for approval and have been filed from the effective date and each year thereafter. The Arlington BID currently has 1,011 businesses in the District. The annual assessment is currently set at an amount equal to ninety percent (90%) of the City business tax fee, capped at a maximum of \$400. The total assessment amount collected for FY2023-24 in the Arlington BID is expected to be approximately \$255,000. The City's Business Tax Department collects the assessments each year and transfers the funds directly to the ABP.

Downtown Business Improvement District

The Downtown Business Improvement District (Downtown BID) was established in June of 1985, and the Riverside Downtown Partnership (RDP) was appointed as the advisory board. The first assessments for the Downtown BID were effective on January 1, 1986. Assessments are presented to City Council annually for approval and have been filed from the effective date and each year thereafter. The Downtown BID currently has 1,201 businesses in the District. The annual assessment is currently set at an amount equal to 100% of the City's business tax charge, with no maximum cap in place. The total assessment amount collected for FY2023-24 in the Downtown BID is expected to be approximately \$470,000. The City's Business Tax Department collects the assessments each year and transfers the funds directly to the RDP.

DISCUSSION:

Existing Reporting Requirements

The Streets & Highways Code mandates reporting requirements that the Advisory Boards must follow. These reports are presented to City Council each year. Existing reporting requirements under Section 36533 of the Code are detailed below. The report shall refer to the business improvement area by name (i.e.: Auto Center BID), specify the fiscal year to which the report applies, and with respect to that fiscal year, shall contain all the following information.

- 1) Any proposed changes in the boundaries or assessment amounts within the district.
- 2) The improvements and activities to be provided for that fiscal year.
- 3) An estimate of the cost of providing the improvements and activities for that fiscal year.
- 4) The method and basis of levying the assessments in sufficient detail to allow each business owner to estimate the amount of assessment to be levied against his or her business.
- 5) The amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
- 6) The amount of any contributions to be made from sources other than the levied assessments.

Additional Reporting Requirement Suggestions

At the direction of City Council, Finance has compiled the list below and recommends that these additional criteria be included as part of the new standardized reporting requirements for all Business Improvement Districts going forward. The suggestions below are a compilation of topics which were discussed with City Council during the FY 2023-2024 annual levy process. Staff believes that these criteria are an effective means to increase transparency within the BIDs. If the below guidance is approved by the Committee, this guidance will be communicated to the advisory boards with an effective date for all reporting from FY2024-2025 and all subsequent years thereafter.

- 1) Existing board policies and board members.
- 2) Mission statement
- 3) Strategic goals of the BID
- 4) Community Engagement Plan
 - a. Specific and tangible benefits the BID is providing to businesses.
 - b. Description of how the advisory board determined the benefits are needed and related outcomes have been achieved.
 - c. Clarify how BID staff and activities respond to emerging needs and how those needs are identified.
 - d. Clarify how progress is tracked over time.

- 5) Detailed line-item budget for the prior fiscal year and upcoming fiscal year.
- 6) List of sponsors in prior fiscal year and expected sponsors in upcoming fiscal year.
- 7) If a website is in place for the BID, provide a link to the website and a description of the resources, financials, and other information that is available to the public through the site.

Staff recommends that the advisory boards include the information above, either embedded in the annual report, or as separate attachments, to be submitted with the annual report. If any of the listed information is not available for the Fiscal Year 2024-2025 annual report, staff recommends that the advisory board address the gap and provide a timeline as to when said information might be available in the future.

STRATEGIC PLAN ALIGNMENT:

This action 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 Business Improvement Districts spread the cost of services to the business owners that receive the benefits.
3. **Fiscal Responsibility** – Each Business Improvement District supports marketing, promotion, and business and community partnerships within the district areas, with minimal use of public funds.
4. **Innovation** – Each Business Improvement District is an innovative and collaborative way to support the changing needs of businesses within each 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 each district area.

FISCAL IMPACT:

There is no fiscal impact for this action. The standardized reporting requirements confirmed by the Committee will be provided to the advisory board for each Business Improvement District and asked to be incorporated in the Fiscal Year 2024-2025 annual levy process, and in each fiscal year thereafter.

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Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
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Approved as to form: Phaedra A. Norton, City Attorney

Attachment:

1. Presentation