



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JULY 16, 2024**

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 ON SEPTEMBER 1, 2024 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, 2024, and fix the time and place for a public hearing on the levy of the proposed assessment for August 6, 2024, 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, 2024 and ending August 31, 2025; and
3. Set a public hearing for August 6, 2024, at 3:00 p.m. on the levy of the proposed assessment.

BACKGROUND:

Business Tax Assessment

In early 2011, the City of Riverside (City) worked with the Riverside New Car Dealers Association (RNCDA) to develop a Business Improvement District (BID) in the Riverside Auto Center. An assessment is levied on each business located in the BID and is collected as an additional amount assessed through the City's annual Business Tax collection process. The funds collected from

the BID assessment are to be used by the BID for purposes including business promotion activities, advertising, the operation and maintenance of the electronic LED display sign located along the 91 Freeway, and maintenance and repair of the entryway monuments, pods, and landscaping located in the Auto Center. The City Council approved the formation of the Auto Center BID on July 26, 2011, with the assessments effective on September 1, 2011, and was codified in Riverside Municipal Code Chapter 3.49. 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. The Riverside New Car Dealers Association was appointed as the advisory board and is empowered to manage the Auto Center BID.

In 2021, RNCDA proposed a modification to the district boundaries to include four additional businesses and to adjust 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 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.

Business Improvement District Funding Agreement

On August 15, 2011, the City, the Redevelopment Agency of the City of Riverside (Agency), and the Riverside New Car Dealers Association entered into a Business Improvement District Funding Agreement whereby the Agency would pay RNCDA \$1,000,000 at the rate of \$100,000 per year for services set out in the BID.

On August 26, 2015, the City Council approved a new agreement with the RNCDA to continue the matching funds to help fund the maintenance and operating costs of the electronic sign in exchange for 15% of the daily advertising time on the electronic LED display sign for City advertising. On September 5, 2023, the City Council approved a subsequent agreement with the RNCDA for an additional five years. This Agreement is for an annual amount of \$100,000, is funded from the General Fund, and expires on September 1, 2028.

DISCUSSION:

The Streets & Highways Code mandates reporting requirements that the Advisory Board must follow. These reports are presented to the City Council each year and include items such as: any proposed changes to the boundaries or assessment amounts in the district, the method and basis of assessments, and improvements and activities for the coming year. Based on the 2024-2025 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.

During the annual levy process for FY 2023-2024, the City Council determined that in order to enhance transparency within all Business Improvement Districts, additional detailed information

would need to be provided from the advisory boards. Resolution 24096 was approved by City Council on March 19, 2024, and details the scope of the new reporting requirements for the Auto Center BID. Below is a complete listing of the updated reporting requirements, which have been incorporated into the Annual Report prepared by the RNCDA. A representative of the Auto Center BID will be present at the public hearing to address these items and any questions Council may have.

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. Any proposed changes in the boundaries or assessment amounts within the district
6. 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
7. 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
8. An estimate of the cost of providing the improvements and activities for that fiscal year
9. The improvements and activities to be provided for that fiscal year
10. The amount of any surplus or deficit revenues to be carried over from a previous fiscal year
11. The amount of any contributions to be made from sources other than the levied assessments
12. List of sponsors in prior fiscal year and expected sponsors in upcoming fiscal year
13. Detailed line-item budget for the prior fiscal year and upcoming fiscal year

To levy the Auto Center BID assessments for Fiscal Year 2024-2025, 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 Auto Center BID by mail, postage prepaid as required. The Public Hearing will be held on August 6, 2024, 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 No. 3 Economic Opportunity Goal No. 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 Business Improvement District.

FISCAL IMPACT:

The annual assessment of \$6,100 per business is expected to produce \$103,700 in revenue in FY 2024-2025 for the Auto Center BID. The City collects assessments through the annual business tax process and transfers all collected assessments directly to the RNCDA.

In addition to the assessment revenue, the City has a funding agreement with the Auto Center BID, providing a \$100,000 annual subsidy in exchange for 15% daily advertising time on its LED display sign. The FY 2024-2025 amount is budgeted in the General Fund, Non-Departmental/Finance, Development Agreement Account number 7223000-446000.

The BID's total budget for FY 2024-2025 is \$203,700, comprising \$107,300 from business assessments and the \$100,000 City subsidy.

Prepared by:	Meline Carranza, Debt and Treasury Manager
Approved by:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Edward Enriquez, Assistant City Manager/Chief Financial Officer/City Treasurer
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