



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JULY 14, 2026**

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, 2026 AND FIXING TIME AND PLACE FOR A PUBLIC HEARING ON LEVY OF PROPOSED ASSESSMENT

ISSUE:

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, 2026, and fix the time and place for a public hearing on the levy of the proposed assessment for August 25, 2026, 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, 2026 and ending August 31, 2027; and
3. Set a public hearing for August 25, 2026, 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 2026/2027 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.

To levy the Auto Center BID assessments for Fiscal Year 2026/2027, 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 25, 2026, at 3:00 p.m. at which time any protests may be heard against the proposed action.

Amendment to Electronic Freeway Sign Advertising Allocation

City staff have been working with the Auto Center on the electronic freeway sign advertising allocation and have agreed to modify the City's advertising allocation from the fixed allocation of 15% of total sign advertising time to an allocation equal to that provided to each participating Riverside Auto Center dealership. This change is intended to ensure equal time allocation and treatment with individual dealer participants and continue the City's partnership with the Auto Center, which generates a significant portion of the City's General Fund sales tax. The following language is added as an addendum to the existing agreement with the Riverside New Car Dealers Association:

"City Advertising Allocation

The parties acknowledge that the City of Riverside has contributed matching funds toward the maintenance and operation of the Riverside Auto Center Electronic Freeway Sign and shall continue to receive advertising display opportunities on the sign.

Effective September 1, 2026, the City of Riverside's advertising allocation shall be modified from the previous fixed allocation of fifteen percent (15%) of total sign advertising time to an allocation equal to that provided to each participating Riverside Auto Center dealership.

The City's messages shall be incorporated into the standard sign rotation schedule and shall receive the same frequency of display, duration, and operational treatment as any individual dealer participant. The City shall not receive preferential placement or additional rotations beyond those allocated to a single participating dealer unless otherwise mutually agreed upon in writing. This revised allocation method is intended to provide an equitable and transparent distribution of advertising opportunities among all participants while continuing to recognize the City's partnership in supporting the maintenance and operation of the Electronic Freeway Sign.

All other terms and conditions of the agreement shall remain unchanged and in full force and effect."

FISCAL IMPACT:

The annual assessment of \$6,100 per business is expected to produce \$103,700 in revenue in FY 2026/2027 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 advertising time on its LED display

sign. The FY 2026/2027 amount is budgeted in the General Fund, NonDepartmental/Finance, Development Agreement Account number 7223000-446000.

The BID's total budget for FY 2026/2027 is \$203,700, comprising \$103,700 from business assessments and the \$100,000 City subsidy.

Prepared by: Meline Carranza, Debt and Treasury Manager
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availability of funds: Julie Nemes, Interim Finance Director
Approved by: Edward Enriquez, Acting City Manager/Chief Financial Officer/City
Treasurer
Approved as to form: Rebecca McKee-Reibold, Interim 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