



# Administrative Report

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H.6., File # 23-6540

Meeting Date: 9/19/2023

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**To:** MAYOR AND CITY COUNCIL

**From:** GREG KAPOVICH, WATERFRONT & ECONOMIC DEVELOPMENT DIRECTOR

## **TITLE**

APPROVE AN AGREEMENT WITH CIVITAS FOR BUSINESS IMPROVEMENT DISTRICT (BID) CONSULTING SERVICES TO RENEW THE EXISTING RIVIERA VILLAGE BID AND TO INVESTIGATE THE FEASIBILITY OF FORMING A NEW BID FOR INTERNATIONAL BOARDWALK TENANTS FOR AN AMOUNT NOT TO EXCEED \$19,000 AND THE TERM AUGUST 15, 2023 TO FEBRUARY 29, 2024

## **EXECUTIVE SUMMARY**

As part of the Strategic Plan, the City Council directed staff to explore the possibility of creating two separate Business Improvement Districts (BIDs) along International Boardwalk and Artesia Boulevard. After extensive outreach, businesses along Artesia Boulevard have shown no interest in the formation of a BID, while tenants along International Boardwalk have expressed considerable interest. Staff is proposing a contract agreement with Civitas, an experienced BID consultant, to explore the feasibility of creating a BID for business on International Boardwalk. In addition, the proposed Agreement with Civitas includes consulting services to assist with the annual renewal of the existing Riviera Village BID. The information gathered during the exploration of an International Boardwalk BID will also assist in determining the feasibility of forming a broader pier and harbor businesses BID.

## **BACKGROUND**

Business Improvement Districts (BIDs) can play a crucial role in enhancing the economic vitality and overall quality of life within a City. BIDs provide supplemental services to predetermined geographic areas and are funded through assessments paid by businesses within the BID boundary. Managed by a non-profit group made-up of the business stakeholders, BID's pool funds for agreed-upon improvements that are typically beyond the services provided by cities. The services, which can vary from BID to BID, usually fall within the categories of improved maintenance, beautification, marketing, or capital improvements. The Riviera Village BID is an example of a BID that has been instrumental in improving the local business environment, providing various maintenance and beautification services, and organizing events that benefit both businesses and the community. Given the success of the existing Riviera Village BID, the City Council expressed interest in exploring the possibility of establishing a new BID for International Boardwalk tenants as well as for businesses along Artesia Boulevard.

Staff conducted outreach along Artesia Boulevard in the form of phone calls with representatives of the North Redondo Beach Business Association (NRBBA) and by walking along targeted sections of

Artesia Boulevard, knocking on doors, having discussions with business owners, and leaving flyers/business cards to engage in further direct discussions. Inquiries conducted with the NRBBA in March and June of 2023 indicated a general lack of interest among members of the association to form a BID along Artesia. Staff made direct contact with approximately 80 businesses in July 2023 through street outreach efforts and received only 2 positive responses. Just one business expressed enough interest to request additional information about the formation of a BID.

As such, staff shifted focus to International Boardwalk, which consists of 17 businesses and stretches from the empty Fun Factory Space to Paddle House. Currently, all businesses within the Waterfront are required to become members of either the Redondo Beach Pier Association or the King Harbor Association. The Associations collect monthly dues and utilize the pooled money for general maintenance, beautification, marketing, or events, which generally mirror benefits provided by a BID.

After conducting outreach, staff found that the majority of the International Boardwalk businesses are interested in the formation of a BID because the pooled money could be spent on International Boardwalk-specific improvements, rather than on improvements spread throughout the Waterfront.

Due to the level of interest received from the International Boardwalk businesses, staff recommends procuring consulting services with a third-party firm (Civitas) to perform the feasibility analysis needed to advance the possible formation of a BID. The proposed Agreement would include:

- authorization for Civitas to investigate the feasibility of forming a new BID for International Boardwalk tenants
- a comprehensive analysis of the needs and desires of International Boardwalk businesses
- a financial feasibility assessment to determine the potential budget and assessments required to fund the needs and desires
- development of a Service Plan involving governance, activities that could be funded by the BID, budget, etc.
- an assessment of the effects to the existing Pier and King Harbor Associations if International Boardwalk tenants opted out in favor of a new and separate BID
- stakeholder education/engagement to gauge support for the new BID
- a presentation to the International Boardwalk businesses regarding overview, timeline, etc.

After Civitas performs the above work, staff would return to City Council with the results of the feasibility study, including whether or not International Boardwalk tenants remain interested in the formation of a BID, before proceeding with implementation.

In addition to performing the feasibility analysis along International Boardwalk, staff is proposing that Civitas assist with the Riviera Village BID annual renewal process, which per recent BID member comments, could include the first fee assessment increase for participating businesses since the formation of the Riviera Village BID. In addition, the consulting services would assist with the recent request from representatives of the Riviera Village BID to investigate the feasibility of converting from a BID based on the Business Improvement Area Law of 1989 to a BID based on the Business Improvement District Law of 1994. Under the 1989 law, BIDs must be renewed every single year at a public hearing. In contrast, the 1994 law allows for renewals at a reduced frequency and could reduce the administrative duties required of the City. Before converting to this model however, representatives of the Riviera Village BID want to better understand the pros and cons of the two options. Consulting services for the existing Riviera Village BID would include:

- the feasibility of converting the basis of the BID from the Business Improvement Area Law of 1989 to the Business Improvement District Law of 1994
- estimates on the timeline and costs involved in converting
- an additional scope of work and cost proposal if the Businesses/City decide to move forward with the BID model conversation
- consultant guidance through the necessary steps to modify the RVBID assessment structure for Fiscal Year 2024

If approved, the proposed Agreement with Civitas would cover the term August 15, 2023 through February 29, 2024 for an amount not to exceed \$19,000. This Agreement would encompass consulting services for both Riviera Village and International Boardwalk.

### **COORDINATION**

The Waterfront & Economic Development Department coordinated the preparation of the consulting services Agreement with the City Attorney's Office.

### **FISCAL IMPACT**

The cost of the proposed Agreement with Civitas will not exceed \$19,000. Funding for the contract is available in the Waterfront & Economic Development Department's annual operating budget for professional contracts and services.

### **APPROVED BY:**

*Mike Witzansky, City Manager*

### **ATTACHMENTS**

- Agmt - Civitas
- Insurance - Civitas