



Administrative Report

H.7., File # 24-1806

Meeting Date: 11/12/2024

To: MAYOR AND CITY COUNCIL

From: GREG KAPOVICH, WATERFRONT AND ECONOMIC DEVELOPMENT DIRECTOR

TITLE

ADOPT BY TITLE ONLY ORDINANCE NO. 3284-24, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, AMENDING REDONDO BEACH ORDINANCE NO. 2922-03 TO INCREASE THE ASSESSMENT AMOUNT LEVIED AGAINST BUSINESSES WITHIN THE RIVIERA VILLAGE BUSINESS IMPROVEMENT DISTRICT, FOR SECOND READING AND ADOPTION

EXECUTIVE SUMMARY

The Riviera Village Business Improvement District (RVBID) was established by the City Council in 2003. In accordance with State law pertaining to business improvement districts, each year City Council must set an assessment rate levied against businesses within the RVBID and appoint an advisory board to manage RVBID funds and implement improvements and programs. Historically, the City Council has appointed the Riviera Village Association (RVA) to manage the RVBID. The advisory board is required to deliver an annual report that identifies improvements and activities proposed by the RVBID for the upcoming calendar year (2025) and highlights the accomplishments for the current Calendar Year (2024).

The RVA recommends an increase to the fee assessment for Calendar Year 2025. The proposed increase represents the first increase to the fee assessment levied on participating businesses since 2005 and is intended to address increased operating expenses associated with inflationary pressures. The increased assessment is expected to raise annual revenue from \$79,000 in 2024 to an estimated \$106,000 in 2025.

On November 5, 2024, the City Council adopted resolutions to re-appoint the RVA as the BID Advisory Board for 2025 and direct the RVA to prepare a report for 2025. In addition, the proposed Ordinance to increase the assessment levy was approved for first reading and is now ready for formal adoption.

BACKGROUND

The RVBID was established by the City Council in 2003, pursuant to the California Parking and Business Improvement Area Law of 1989 to promote the economic revitalization and physical maintenance of the Riviera Village Business District. The City Council formed an Advisory Board for the BID to advise the City Council on the method and basis for the levy of assessments within the BID and the expenditure of revenues derived from those assessments.

In accordance with State law pertaining to business improvement districts, the RVBID Advisory Board prepared its annual report and presented the report to City Council on November 5, 2024. The Report identifies improvements, activities, and associated costs proposed within the RVBID for Calendar Year 2025 (January 1, 2025 - December 31, 2025) and includes highlights and accomplishments to date for Calendar Year 2024. The Advisory Board recommends the method and basis for levying assessments be increased for Calendar Year 2025. The proposed assessments within the BID have remained unchanged since 2005, despite significant increases in inflation and increased costs associated with managing the parklet program in response to the COVID-19 pandemic.

The proposed assessment would be implemented as follows: Each business license holder would pay a base fee of \$125, plus a fee of \$34 per employee, per year for a maximum assessment of \$1,400. This is an increase from the existing rate which includes a base fee of \$100, plus a fee of \$29 per employee, for a maximum assessment of \$1,000 per year. Those licensees who are property owners, and are assessed on a per unit basis, would pay BID fees of \$125, plus \$34 per rental unit, per year for a maximum assessment of \$1,400. This is an increase from the existing rate which includes a base fee of \$100, plus a fee of \$29 per rental unit, for a maximum assessment of \$1,000 per year. As examples, a licensee with 10 employees would pay a total annual assessment of \$465, and a licensee with no employees would pay a total annual assessment of \$125. A licensed property owner with four rental units would pay an annual assessment of \$261. The assessment increase is expected to raise annual revenue from \$79,000 to an estimated \$106,000 in 2025.

On November 5, 2024, the proposed Ordinance to increase the assessment levy was approved for first reading and is now ready for second reading and adoption.

COORDINATION

The Riviera Village BID renewal is coordinated by the Waterfront and Economic Development Department, with assistance from the City Manager's Office, City Attorney's Office, and the Financial Services Department. The Financial Services Department provides assistance with the BID assessment, processing applicable assessments, and the receipt of payments.

FISCAL IMPACT

The proposed assessment increase is expected to raise annual BID revenue from \$79,000 to an estimated \$106,000 in 2025. The BID uses these funds to enhance spaces in the public right-of-way and provides supplemental services in common areas that would otherwise fall to the City to maintain. BID assessments are restricted for use exclusively by the BID and must be reported to the City Council annually. It is anticipated that the BID's annual activities encourage activity and retail growth in the area and result in additional sales tax revenue for the City.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Ord - No 3284-24 to Increase the Assessment Amount Levied Against Businesses within the Riviera Village Business Improvement District