



Administrative Report

N.3., File # 22-4132

Meeting Date: 5/10/2022

To: MAYOR AND CITY COUNCIL

From: GREG KAPOVICH, WATERFRONT & ECONOMIC DEVELOPMENT
DIRECTOR

TITLE

DISCUSSION AND POSSIBLE ACTION REGARDING THE FORMATION OF BUSINESS IMPROVEMENT DISTRICTS

EXECUTIVE SUMMARY

As part of the City of Redondo Beach Strategic Plan, City Council directed staff to explore options for the formation of Parking and/or Business Improvement Districts (BIDs). BIDs are formed through a public-private partnership between the City and the businesses in a particular area. They are geographically-defined areas where improvements in the forms of services, activities, and programs (including parking) are funded through special assessments. Pursuant to the State of California, the business owners must voluntarily opt-into the program before local government approval of a proposed BID can occur. Artesia Boulevard has historically been identified as an area that could benefit from the creation of a BID. To help develop a BID unique to the corridor, it is recommended that the City Council direct staff to perform outreach to gauge the interest level of businesses along Artesia, note the specific blocks/segments of the Blvd that receive positive response, and return to City Council at a future date to review the findings.

BACKGROUND

BIDs are geographically-defined areas where improvements in the forms of services, activities, and programs are funded through special assessments. The assessment charges and expenditures are focused on local beneficial uses and are equitably distributed through trusts managed at the municipal level. Through levied assessments, BIDs enable groups of business owners to pool their resources and contribute to the cost of services that they may not be able to afford by themselves.

The benefits of BIDs for the business community include advice, expertise, storefront improvement and beautification grants, shared parking facilities, as well as funding for placemaking elements such as light posts, signs, and benches. During the pandemic, some BIDs have made interest-free loans to their members, especially those not receiving the initial wave of federal assistance. BIDs have also undertaken community initiatives such as youth mentoring programs and establishing age-friendly districts that emphasize accessibility with increased crosswalks, benches, and discounts for senior citizens. This revitalization tool is typically utilized for commercial neighborhoods such as regional business districts, downtowns, and other commercial areas. Municipalities find BIDs attractive because they can help “liven-up” an aging commercial area, ideally leading to increased civic pride, beautification, economic development, and increased tax revenue. BIDs can also support

municipal capital and maintenance costs for amenities like parking structures, landscaping, and other street and right of way amenities. They also carry out economic development services by working to attract, retain, and expand businesses through collective marketing.

In California, there are two separate laws that authorize the formation of a BID and the key difference between the two BID types is centered around who is paying the self-assessment. They are:

- The Business Improvement Area Law of 1989 (Streets & Highways Code 36500), which specifically authorizes self-assessments by businesses through an annual levy (e.g., business license assessment). Utilizing the 1989 law, requires business owners or merchants to pay the assessment.
- Property and Business Improvement District Law of 1994 (Streets & Highways Code 36600), which authorizes the establishment of a BID that assesses the property owners whose parcel is located within the district boundaries. This is the Law that was used to form the BID in Riviera Village.

The City has a history of supporting business improvement districts. Currently, businesses within Riviera Village participate in a BID program. The BID was formed in 2003 and levies approximately 250 participating businesses a base fee of \$100 each year plus \$29 per employee with funds dedicated to beautification and marketing. Specifically, the BID has spent the assessments to maintain and replenish landscaping, and provide holiday banners on street poles, art, and signage in an attempt to create a sense of place. Similarly, 15 hotels within city limits voluntarily formed the Redondo Beach Travel and Tourism group in 2019. This is also a business improvement district where participating hotels voluntarily pay a 1% increase in transient occupancy tax (above and beyond the typical 12% rate). The 1% self-assessment is used by the group for collective marketing initiatives in an effort to draw more visitors to the city.

ARTESIA BLVD

The Artesia corridor has been identified as an area that could benefit from the creation of a BID. Artesia Boulevard has an active group of businesses (the North Redondo Beach Business Association) that work hard to market and attract activity along the corridor but the Blvd lacks the comprehensive participation and resources that a formal BID would provide. The area has historically served as both a regional serving commercial corridor as well as a place for neighborhood commerce for nearby residents who utilize the smaller-scale, local serving retail, medical and personal service businesses. Once a bustling area of successful businesses, the corridor has suffered from a lack of revitalization, intermittent empty storefronts, and in some areas indifferent and distant property ownership.

In response, the City Council approved the Artesia and Aviation Corridors Area Plan (AACAP) in 2020, which includes strategies that the City can use to activate, energize, and revitalize the corridor. Some of the identified strategies include increasing the mix of allowed uses, reducing the number of parking spaces required, and increasing the amount of square-footage allowed on-site to help spur redevelopment and encourage new businesses to activate empty storefronts/properties. Currently, the Planning Department is working to update the municipal code to reflect those changes in development standards. In addition to changes to the municipal code, the AACAP identifies the formation of a BID as a viable funding source to improve and maintain the streetscape and pedestrian experience along Artesia.

To establish a BID, local business owners must first organize and voluntarily submit a management plan to City staff. The management plan must include an identified geographic boundary, types of businesses or properties to be assessed, an outline of intended benefits and overall purpose of the assessment, a list of businesses or properties within the proposed district (which it should be noted does not have to include the entire length of the Blvd. and could be formed in smaller segments, along specific blocks), and a petition signed by at least 50% of the (total fee paying) property owners supporting creation of the BID. City Council can only formally establish a BID after the owners of the businesses have indicated their support via a petition.

While the businesses ultimately need to organize to make a BID happen, it is the role of the City to determine the feasibility of such an assessment district, which is done by engaging a consultant to perform a BID Feasibility Study. The study explores the various district options and develops the rationale for a benefit assessment based on the projected benefits to the properties in the district. The study answers key questions, including;

- What options are there for calculating the assessment and how much might it be per business (e.g., \$X per square foot of property)? The results can range depending on the number of businesses within the geographic area and types of improvements sought.
- What will the property owners and business owners get in return - how can (and can't) the funds be spent?
- What options are there for determining the size of the district?
- What options are there for how the district is governed to ensure key stakeholders, including property owners and business owners, are appropriately represented in deciding who administers the funds?

The conclusion of the study results in a comprehensive report answering the questions above and more, at which point staff would share the results with the organized group of businesses so they can decide to pursue the BID or not pursue the BID. If the businesses decide to pursue the BID and produce a majority signed petition, then 1) a public hearing is scheduled with the City Council to consider the adoption of a resolution of intent, which is then followed by 2) a Prop 218 majority protest balloting process and 3) a second public hearing to consider the results of the process and, in the absence of a majority protest, adoption of a resolution forming the BID.

With its north central location, Artesia Boulevard serves as the hub of North Redondo, providing a variety of amenities to meet the daily needs for nearby residents. With an estimated 12,089 people living within a quarter-mile walking distance of the Corridor, and 21,982 people within a half-mile bike ride, Artesia Boulevard has the potential to become a thriving, pedestrian-oriented destination where residents and visitors come to fulfill their daily needs, relax in public, encounter familiar faces, and meet new people. The previously approved AACAP identifies the creation of a BID as another mechanism to spur revitalization in the area.

NEXT STEPS

With an understanding that a business improvement district is created on a voluntary basis, the formation of a BID first requires general interest from the affected property owners. As such, the first step in moving towards the formation of a BID along Artesia is to direct staff to perform outreach on the topic to gauge the interest level of owners along Artesia.

If an appropriate level of interest is shown, staff would return to council with proposed management

plan concepts, including possible geographic boundaries, the number of participating business properties, the general assessment calculation, and an outline of the intended benefits. If the concept is amenable to the Council, staff would then seek funding for a consulting services agreement to perform the more formal feasibility study needed to create the BID structure and coordinate the majority protest ballot process for the affected property owners. Staff would return to City Council at subsequent Public Hearings to discuss the results of the feasibility study and later to consider formation of the BID depending on the outcome of the majority protest ballot response.

FISCAL IMPACT

There is no fiscal impact associated with staff's recommendation to perform initial outreach to gauge the interest level regarding the formation of a BID along Artesia Boulevard. The consulting services agreement needed to perform the subsequent BID feasibility study and conduct the Prop 218 majority protest balloting process in the identified geographic area is estimated to cost between \$40,000 and \$60,000.

APPROVED BY:

Mike Witzansky, City Manager