



Administrative Report

H.6., File # 21-2907

Meeting Date: 10/19/2021

To: MAYOR AND CITY COUNCIL
From: STEPHEN PROUD, WATERFRONT AND ECONOMIC DEVELOPMENT DIRECTOR

TITLE

ADOPT BY TITLE ONLY, RESOLUTION NO. CC-2110-097, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, APPOINTING AN ADVISORY BOARD IN CONNECTION WITH THE RIVIERA VILLAGE BUSINESS IMPROVEMENT DISTRICT AND DIRECTING THE PREPARATION OF A REPORT FOR FISCAL YEAR 2022;

RECEIVE AND FILE THE ADVISORY BOARD'S ANNUAL REPORT FOR 2022;

ADOPT BY TITLE ONLY, RESOLUTION NO. CC-2110-098, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, APPROVING THE REPORT OF THE ADVISORY BOARD FOR FISCAL YEAR 2022 IN CONNECTION WITH THE RIVIERA VILLAGE BUSINESS IMPROVEMENT DISTRICT;

ADOPT BY TITLE ONLY, RESOLUTION NO. CC-2110-099, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, DECLARING ITS INTENTION TO LEVY AN ASSESSMENT AGAINST BUSINESSES WITHIN THE RIVIERA VILLAGE BUSINESS IMPROVEMENT DISTRICT FOR FISCAL YEAR 2022 AND SETTING A TIME AND PLACE FOR HEARING OBJECTIONS THERETO; AND

SET DECEMBER 7, 2021 AT 6:00 P.M. AS THE DATE AND TIME FOR THE PUBLIC HEARING ON THE LEVY OF THE PROPOSED ASSESSMENTS

EXECUTIVE SUMMARY

The Riviera Village Business Improvement District (the "BID") was established by the City Council in 2003 pursuant to the California Parking and Business Improvement Area Law of 1989 (Section 36500 of the Streets and Highway Code) to promote the economic revitalization and physical maintenance of the Riviera Village business district. The City Council appointed an Advisory Board for the BID to: (i) advise the City Council on the method and basis for the levy of assessments within the BID; and (ii) report on the expenditure of revenues derived from the assessments. The BID operates on a year-to-year basis with an annual expiration on December 31. Annual renewal of the BID and the related assessments require City Council action.

BACKGROUND

The Riviera Village Business Improvement District (“BID”) was established by the City Council in 2003 pursuant to the California Parking and Business Improvement Area Law of 1989 (Section 36500 of the Streets and Highway Code) to promote the economic revitalization and physical maintenance of the Riviera Village Business District. Annual renewal of the BID and the associated assessments requires approval by the City Council. As part of the annual renewal, the City Council appoints an Advisory Board for the BID (the “Advisory Board”) to advise the City Council on: i) the method and basis for the levy of assessments within the BID; and ii) the expenditure of revenues derived from the assessments. Consistent with previous City Council actions, the Board of Directors for the Riviera Village Association (the “RVA”) is proposed to serve as the Advisory Board for the BID. The BID is required to have a non-profit corporation oversee the management functions of the BID on behalf of the BID businesses. The RVA serves as that non-profit corporation and staff will bring forward a contract between the City and the RVA at the December 7, 2021 Public Hearing that will allow BID management to continue to occur via the Advisory Board and non-profit corporation.

BID funds are collected from businesses by the City via the annual business license renewal process. All business license holders located within the boundaries continue to be members of the BID. Each license holder (with the exception of non-profit organizations who elect not to participate in the BID) is assessed as follows: Each business license holder pays a base fee of \$100 plus a fee of \$29 per employee per year to a maximum assessment of \$1,000. Those licensees who are property owners are assessed on a per unit basis with a base fee of \$100 plus \$29 per rental unit per year, with a maximum assessment of \$1,500. Examples: A licensee with 10 employees would pay a total annual assessment of \$390. A licensee with no employees would pay a total annual assessment of \$100. A license property owner with four rentals would pay an annual assessment of \$216. The total fees for 2022, based on this formula, is estimated at \$75,000.

Pre-Covid, the RVA income averaged annual income of \$124,125 per year (2016-2019). However, in 2020, due to the implementation of the RVA Parklet Program (see discussion below), the RVA’s traditional financial model changed significantly. The 2020 income was \$265,833, and the 2021 income YTD is \$308,823, a 131% average increase over the average annual income over the last five years. These increases in revenue are related to reimbursements related to Parklet Program and are expected to return to pre-COVID levels once the RVA recovers its costs. Historically, the BID has distributed funds in the following allocation: 50% Beautification, 40% Marketing, and 10% Administration. Expenses have decreased recently for several reasons, most notably being the lack of ability to fund community events and market them.

The parklet program was initiated in July 2020 by the RVA in response to the COVID pandemic, and the inability of businesses within the Riviera Village to conduct indoor operations. The RVA created the program rapidly, with an economic methodology whereby the RVA would pay for and construct the parklets, and then would charge back participating businesses in order to recover capital expenses. As the pandemic wore on, additional expenses arose which were unanticipated, such as the hydrology study and consequential impacts on the program, and as a result the RVA decided to take a conservative approach in the recovery of its capital put towards the initial construction and ongoing maintenance. The RVA is also anticipating future expenses, such as the eventual demolition of the parklets, immediate repair of the parklets due to an accident of some kind, and the potential “permanitizing” of the parklet program. The RVA believes the parklet program has been extremely

successful at providing immediate economic relief to the businesses in the village, and that the Village was simultaneously able to keep its character and charm due to the uniform implementation of the program. Several cities have since been in contact to learn from and duplicate the RVA's efforts.

FISCAL YEAR 2021 ACCOMPLISHMENTS INCLUDE:

BEAUTIFICATION FUNDS:

Due to COVID, the RVA has not undertaken any significant beautification projects in 2021. The primary use of resources and funds have gone to the planning, building, and maintenance of the parklets in the RVA district, with some level of expense going to the general maintenance of the Riviera Village. The BID continues to work with its landscaping company to maintain/replenish the hanging pots and sidewalk pots along Catalina Ave, Avenue I, Avenida del Norte and Elena which enhances the appearance of Riviera Village.

JOINT PROJECTS WITH CITY

The RVA continues to meet regularly with City staff, including the monthly RVA BID meetings which are also attended by District 1 Councilman Nehrenheim. In addition to the successful implementation and maintenance of the parklet program, the RVA has also been working on the following projects/items:

- Potential "permanitizing" of a community-approved version of the parklet program;
- Installing permanent retractable bollards in key areas of the Riviera for pedestrian safety during community events; and
- Continuing to work with the City to help & assist with permanent paver program.

VILLAGE BANNERS

The BID holiday banners will be on all streetlight poles during the holiday season and then replaced by the new "All Season" banners which represent the positive branding of the Riviera Village. The BID is responsible for the costs associated with the banners and the City provides the mounting hardware for the poles.

ART WRAP PROJECT

Because the initial Art Wrap has received positive comments from people in the Riviera Village as well as in Social Media, the BID voted to move forward with wrapping the 7 remaining metal junction boxes within the Riviera Village. The Public Art Commission also voted in support of the city-owned junction boxes to be art wrapped which the RVA's graphic artist is working on so the proposed graphics can get final approvals from City staff before being applied. This project is in place and we expect completion by early 2022.

MARKETING/PROMOTIONAL FUNDS:

In addition to a recently approved paid campaign budget, the RVA's social media is managed by a paid local professional whose focus is to raise awareness of the Village businesses through photography and videography that conveys Riviera Village products/services, people, lifestyle and surrounding beauty. In 2021, video content has trended especially well with the opportunities presented by Instagram Reels and IGTV. Year to date forty-seven video posts have yielded over

*105k views. Riviera Village's social media is showing positive gains and reach as follows:

January 2021 - October 2021

INSTAGRAM FOLLOWERS 6,015 + 1,328 | FACEBOOK FOLLOWERS 7,321 +100 | +
+ 22% 1.4%

Reach (the number of people who saw any content from RVA accounts pages or about RVA pages)

INSTAGRAM 73,072 | +14.8% FACEBOOK 190,012 | +9.5%

**Instagram counts multiple video views from the same user*

Unique to RVA's content creation is a monthly video spotlighting a Village business. The two-to-three-minute video is featured in the RVA consumer email campaign, on the home page of the RVA website and posted to social media. It is free for association members and can be used for their own marketing purposes. Additionally, the RVA transmits a monthly email campaign for consumers to keep them informed of Village happenings, as well an internal campaign for association members.

FIRST FRIDAYS & SIDEWALK SALES

Although still on hold due to COVID concerns, the BID is prepared to offer the monthly First Fridays with live music, etc. when it becomes more prudent to hold social events of this fashion again.

HALLOWEEN & HOLIDAY STROLL

The BID Board has decided to hold both of these events, implementing COVID protocols where necessary in order to maintain a safe shopping environment for our Community. The Board recently appointed a dedicated "Events Director" in order to increase the focus on quality and execution of BID events that occur in the Riviera District, and will continue to focus on efforts to sharpen and improve upon its quality community events.

JULY 4TH COMMUNITY CELEBRATION

2021 marked a new event in the Riviera Village where Board Member, Jeff Ginsburg, spearheaded an effort that culminated in a spectacular firework show. For 2022, the Board is exploring several options which includes event plans from Jeff, as his charitable entity has expressed interest in continuing the tradition.

CERTIFIED FARMERS MARKET

The BID continues to support the Certified Farmers Market located in the Triangle Parking Lot on Sundays between 9am and 2pm which attracts many visitors to the Riviera Village. The manager of the Farmers Market has excelled in dynamically planning the layout of the market to comply with ever-changing conditions, and remains a source of income for the BID.

ADMINISTRATIVE FUNDS:

Historically, the RVA has not paid for administrative assistance. All administrative work, including agenda & minute preparation, management of events or promotions, management of social media manager, and other items have been undertaken by Board members and/or Officers of the Board. In order to more effectively carry out the mission of the RVA, the Board is exploring

potentially onboarding additional paid help in 2022.

INSURANCE POLICIES

The RVA has secured the following insurance coverage:

- General Liability Insurance required by the City of Redondo Beach was renewed.
- Officers and Directors Liability Insurance was also renewed.
- Certificate of Insurance for Events (Outside Dining Parklets & Sidewalk Sale during COVID -19) is in place as well.

BUSINESS LICENSE VERIFICATIONS

Annual Business License verification walkthrough procedure began in late 2018 which resulted in a dramatic improvement of paid business license taxes and fees benefiting both the BID as well as the City bringing businesses into compliance (see Fiscal Year breakdown below of BID fees collected - data provided from city business license department). The BID will continue with this process and anticipates to collect fees of approximately \$75,000 for FY 21-22.

FY 16-17 = \$74,943
FY 17-18 = \$76,491
FY 18-19 = \$78,945
FY 19-20 = \$87,494
FY 20-21 = \$75,650

Pursuant to California State BID law, the City must request, and the Advisory Board must submit to the City Council, an annual report that proposes a BID budget for Fiscal Year 2022. The report must: 1) outline any proposed changes to the boundaries of the area; 2) list the improvements and activities expected in Fiscal Year 2022; 3) estimate the cost of providing the improvements and activities; 4) set the method and basis for the levy of assessments; 5) identify surplus or deficit revenues to be carried over to Fiscal Year 2022; and 6) identify any funding from sources other than assessments.

The Advisory Board has prepared the attached Annual Report ("Report") for City Council's consideration. The report contains a list of the improvements, activities, and associated costs proposed within the BID for Fiscal Year 2022, and this submission to the City Council satisfies the requirement of law to file the report with the City Clerk. The Advisory Board has recommended no change to the 2022 BID boundaries nor the method and basis for levying assessments. The proposed Fiscal Year 2022 assessments show an increase to assessments collected in Fiscal Year 2021.

2022 ANTICIPATED GOALS AND PROJECTS:

- RVA to work with Chief Kauffman to create a cohesive plan to identify, seek grants for, and install retractable bollards in the Riviera Village with a phased approach.
- RVA to work with City Staff and the Coastal Commission to present a scope & vision for permanentizing the positive benefits of the parklet program in some manner, while mitigating the parking effects.

- RVA to work with the Mayor, City Council and City staff to complete the Sidewalk Pavers Capital Improvement Project (CIP) throughout the Village.
- RVA to work towards the goal of improving safety of Village visitors while also adding a unique feature to the village with a Roundabout at Catalina Ave & Avenue I.
- RVA to work on possible solutions to the short-term and long-term parking challenges within the Village.
- RVA to focus on producing a cohesive, well-marketed events calendar that serves the community while bringing business to the retail and restaurant members of the RVA

COUNCIL ACTIONS

The City Council is requested to take the following actions:

1. Review the report and preliminarily approve the report as proposed or amended by City Council;
2. Adopt three resolutions, including a Resolution of Intention to Levy the Assessments for the coming Fiscal Year; and
3. Set a date and time for the Public Hearing on the levy of assessments in the BID.

Following the Public Hearing proposed for December 7, 2021, the City Council will be asked to adopt a resolution approving the report for Fiscal Year 2022, as filed or modified by the City Council absent a majority protest, and allowing the levying of assessments for Fiscal Year 2022 which begins January 1, 2022.

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 will continue to provide assistance with the BID assessment, receipt of payments, and the processing of these assessments and payments. The Waterfront and Economic Development Department has taken the lead in the annual renewal process with assistance from the City Manager's Office.

FISCAL IMPACT

Adoption of the proposed BID budget is not expected to have a direct fiscal impact on the City's budget. BID assessments are restricted for use exclusively by the BID and must be reported to the City Council annually. It is anticipated that a BID will encourage activity and retail growth, potentially resulting in additional sales tax revenue for the City.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

Resolution - Appointing an Advisory Board
Resolution - Approval of the Advisory Board Report
Resolution - Declaring Intent to Levy Assessment
FY 2021 Annual Report & Financials - RVA
FY 2022 Annual Report & Financials - RVA