



Business Improvement Districts



What is a Business Improvement District (BID)?

BID's are areas in cities defined by state and local legislation in which the private sector delivers services beyond what the local government can reasonably be expected to provide. The properties and/or businesses within the district pay a special assessment to cover the cost of providing facilities or services for which the district has a particular need. The City collects the assessment fee and distributes it to the district to spend as they see fit.



Why Form a Business Improvement District?

- Are promotions and marketing efforts underfunded?
- Are there projects that would benefit the area, but are not being done?
- Do you have to solicit money from individual businesses every time you want to do something?
- Are there businesses that don't contribute towards events and programs, but still receive the benefits that the events provide?



Why not just continue with a voluntary merchants association?

- A BID creates a steady and reliable source of funding while a merchants association does not because it relies on voluntary contributions.
- A merchants association allows for someone to not contribute and still receive the benefits created by the merchants association. A BID obliges everyone to contribute.

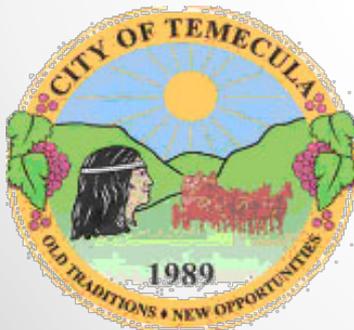
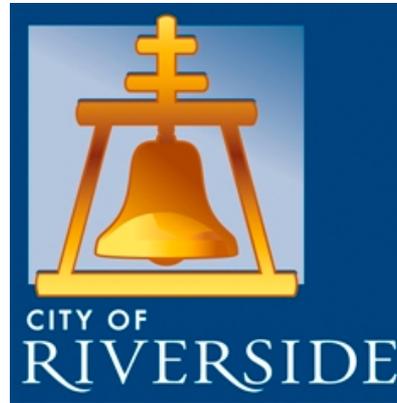
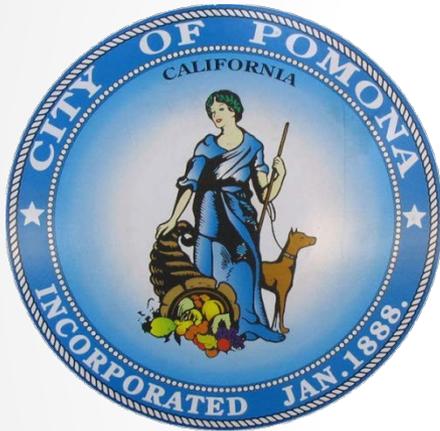
How is a Business Improvement District formed?

- BIDs require the support of the businesses within the district. A BID will only be created if there is widespread support from businesses that are fully informed about what is entailed.
- Ballots will be mailed out to all business owners within the proposed district. The minimum requirement to establish a BID is approval from business owners totaling 50 percent or more of the assessments proposed to be levied. However a higher threshold for approval may be created.



Cities that have Business Improvement Districts

There are more than 70 BID's in California. Examples of Cities that have a BID are:



Types of Business Improvement Districts

Property Based vs. Business Based

- **Business Based** allow assessments to be charged to business owners engaged in any type of business. Fees may be attached to the business license fee.
- **Property Based** allow assessments to be levied upon property owners, defined as any person shown as the owner of the land of the last assessment bill or otherwise know to be the owner of the land by the City. Fees may be attached to property taxes and collected by the County and redistributed to the City.



Differences between a business based & property based Business Improvement District

Assessment:

Business based BIDs allow improvement assessments to be charged to business owners. Property based BIDs allow assessments to be levied upon property owners.

Lifespan:

Property based BIDs may be authorized to operate for between one and five years after which time they can be reconfirmed for a period of up to ten years. Business Based BIDs must be authorized to operate for a one year period and must be reconfirmed annually.



Benefits of a Business Improvement District

- Find innovative solutions to problems.
- Initiate services not provided by the City.
- Advocate on behalf of downtown businesses allowing them to communicate a unified message that presses local government on issues that would aid the district.
- Create cooperation among competitive businesses which allows them to engage in activities they would not be able to do on their own.
- Generate financing for improvements for more attractive streetscapes i.e.) downtown lighting.



Negatives of a Business Improvement District

- Merchants may be compelled to pay for something that they perceive as having no benefit to their business.
- Fear that the City will divert resources once used in the district to other parts of the City
- Fear that the district board will not be held accountable for their actions.



What types of services can a Business Improvement District do?

- Sidewalk cleaning
- Visitor assistance
- Organizing special events
- Holiday decorations
- Directional street signage
- Planting trees/flowers
- Charitable events
- Graffiti removal
- Commercial vacancy reduction
- District public relations
- Promotional materials

What is the City's role?

- To initially approve the BID (final approval is given to the merchants).
- Collect or cause to be collected the assessments.
- Distribute the assessments to the BID.
- Assist in creating the BID.
- Oversee the BID to ensure transparency and accountability.
- It will be the responsibility of the BID (through a elected or self-appointed board) to determine how the funds are spent.

What will the assessments be?

The assessment structure will be determined after further analysis, but possible ways to determine assessments include:

- Square footage of property.
- Square footage of building.
- Size of street frontage and/or building frontage.
- Flat fee attached to business license.
- Flat fee attached to each property.
- A combination of the above.

What will be the size of the Business Improvement District?

- The size of the BID will be determined at a later date with input from the business community.
- The BID area needs to be small enough to provide sufficient consistency of need among the businesses located within it in order to engage their support and willingness to vote for the levy and to participate in it once its formed.
- However the BID must be large enough to generate sufficient revenue to be viable.



Area where postcards were mailed



Questions & Discussion