

Neighborhood Partnerships for Community Research

...a program of the Center for Urban and Regional Affairs (CURA)

Business Improvement Districts in the Twin Cities: Opportunities and Challenges

Prepared in partnership with
West Broadway Business and Area Coalition

Prepared by
Sara Gronewold
Research Assistant
University of Minnesota

2011

NPCR Report # 1363

*This report is available on the CURA website:
<http://www.cura.umn.edu/publications/search>*

Center for Urban and
Regional Affairs (CURA)

UNIVERSITY OF MINNESOTA
Driven to Discover™

NPCR is coordinated by the Center for Urban and Regional Affairs (CURA) at the University of Minnesota. NPCR is supported by the McKnight Foundation.

This is a publication of the Center for Urban and Regional Affairs (CURA), which connects the resources of the University of Minnesota with the interests and needs of urban communities and the region for the benefit of all. CURA pursues its urban and regional mission by facilitating and supporting connections between state and local governments, neighborhoods, and nonprofit organizations, and relevant resources at the University, including faculty and students from appropriate campuses, colleges, centers or departments. The content of this report is the responsibility of the author and is not necessarily endorsed by NPCR, CURA or the University of Minnesota.

© 2012 by The Regents of the University of Minnesota.



This work is licensed under the Creative Commons Attribution-NonCommercial-ShareAlike 3.0 Unported License. To view a copy of this license, visit <http://creativecommons.org/licenses/by-nc-sa/3.0/> or send a letter to Creative Commons, 444 Castro Street,

Suite 900, Mountain View, California, 94041, USA. Any reproduction, distribution, or derivative use of this work under this license must be accompanied by the following attribution: “© The Regents of the University of Minnesota. Reproduced with permission of the University of Minnesota’s Center for Urban and Regional Affairs (CURA).” Any derivative use must also be licensed under the same terms. For permissions beyond the scope of this license, contact the CURA editor.

This publication may be available in alternate formats upon request.

Center for Urban and Regional Affairs (CURA)
University of Minnesota
330 HHH Center
301--19th Avenue South
Minneapolis, Minnesota 55455
Phone: (612) 625-1551
Fax: (612) 626-0273
E-mail: cura@umn.edu
Web site: <http://www.cura.umn.edu>

The University of Minnesota is committed to the policy that all persons shall have equal access to its programs, facilities, and employment without regard to race, color, creed, religion, national origin, sex, age, marital status, disability, public assistance status, veteran status, or sexual orientation.

TABLE OF CONTENTS

Executive Summary.....	2
Introduction.....	3
The BID Model: Overview.....	5
Research and Methodology.....	7
Limitations.....	7
Case Studies.....	8
<i>Martin Luther King Jr. BID – Milwaukee, WI</i>	
<i>North Avenue BID – Milwaukee, WI</i>	
<i>47th and Ashland Special Service Area – Chicago, IL</i>	
<i>Myrtle Avenue BID – Brooklyn, NY</i>	
<i>Colfax Avenue BID – Denver, CO</i>	
<i>Temescal Telegraph BID – Oakland, CA</i>	
<i>Jackson Street Business Improvement Area – Seattle, WA</i>	
Key Findings.....	12
The Minnesota Model.....	13
<i>Minnesota’s Special Service Districts</i>	
<i>Criticisms of Special Service District Model</i>	
<i>The Downtown Improvement District</i>	
Recommendations.....	16
Works Cited.....	18
Appendix A.....	19
Appendix B.....	20
Appendix C.....	21
Media Packet	
Internal Timeline	

EXECUTIVE SUMMARY

Business Improvement Districts are a form of public/private partnership in which property and business owners elect to pay an additional assessment to be used for maintenance, development, and promotion of their commercial area. They have gained popularity across the United States over the past thirty years as a powerful means for neighborhoods and commercial districts to invest in and revitalize their commercial and residential interests.

West Broadway Business and Area Coalition is part of a larger group, the Great Cities Collaborative, whose main objective is testing the feasibility of implementing BIDs in Minneapolis and St. Paul with the eventual goal of establishing neighborhood BIDs where appropriate. In order to accomplish these goals, a better understanding of how national economically comparable neighborhood BIDs operate was necessary. Secondly, understanding local economic development policies that support or impede BID establishment was also crucial. Finally, taking a closer look at Minneapolis' Downtown Improvement District allowed us to identify opportunities and challenges in replicating its success.

My research indicates that a wide range of neighborhood BIDs can be very successful. One of the benefits of the BID model is how flexible it is, and this flexibility supports many types of urban development, including low and median-income commercial corridors. The primary challenge in Minneapolis is a pattern of misinformation and lack of education of the differences between Special Service Districts (the current model) and Business Improvement Districts by many, if not most, relevant stakeholders. In order to move forward while addressing these challenges, I have four recommendations:

- **Begin a continued education campaign to inform stakeholders and clarify key concepts.**
- **Work with West Bank Business Coalition to assist in making Cedar-Riverside BID a success.**
- **Continue to prioritize dialogue with relevant organizations and city partners.**
- **Establish timeline to accomplish monthly and yearly goals.**

By focusing on education, awareness, and meeting individual and collaborative goals, Minneapolis can prove hospitable to BIDs, and commercial corridors such as West Broadway Avenue in North Minneapolis will benefit from their implementation.

INTRODUCTION

Business improvement districts continue to gain popularity in urban areas across the United States and represent a powerful tool in urban redesign and development. BIDs are public/private partnerships in which property and business owners elect to pay an additional assessment to be used for maintenance, development, and promotion of their commercial area.ⁱ Common BID services include street and sidewalk cleaning, graffiti removal, marketing, capital improvements, landscaping, and some forms of community service. BIDs are becoming more popular: since the first BID was established in 1976 in New York City, neighborhoods nationwide have responded. Currently, there are over 1000 BIDs in operation in the US.ⁱⁱ

Minnesota currently has one BID, established in 2009. The Downtown Improvement District encompasses 120 city blocks and has an annual budget of \$6.298 million dollars. By national standards, the DID is quite large, but was established with widespread popular support by downtown businesses and property owners.ⁱⁱⁱ More commonly, Minneapolis is also home to areas known as Special Service Districts, in which property and business owners agree to pay an additional assessment that is collected and distributed by city service providers toward offerings from a list of possible supplementary services. These services and improvements may overlap with those from performed by a BID, but there are key differences regarding the distribution and control of collected funds.

I was hired by West Broadway Business and Area Coalition to research the feasibility of expanding BIDs in Minneapolis, as well as locate neighborhoods and commercial districts where the BID model was most likely to be successful. West Broadway Business and Area Coalition is a part of the larger Great Cities Collaborative, a group consisting of five neighborhood associations: Sparc and University United in St. Paul, as well as Lake Street Council and the Northeast CDC in Minneapolis. All members were committed to fully researching BIDs and their suitability for their respective business corridors. To this end, they applied and received a multi-year grant from the McKnight Foundation to research the BID model, with the goal of implementing a model that would best serve their objectives. I was tasked with answering several main questions regarding the feasibility of establishing BIDs on West Broadway Avenue in North Minneapolis specifically, as well as other business corridors more generally:

- Do BIDs have the potential to be successful in Minneapolis business corridors, particularly smaller neighborhood corridors?

- Which services and operational models are common in national BIDs that share common economic and demographic features to GCC member business corridors?
- What are the appropriate next steps in working to implement BIDs in Minneapolis and St. Paul?

To fully answer these questions, I researched nationwide BIDs to find those models that shared similar economic and demographic characteristics to GCC member corridors, specifically West Broadway Avenue. Additionally, I met with several national Business Improvement District experts, as well as several local experts on Special Service Districts and the Downtown Improvement District. I worked with directors of GCC member groups to identify opportunities and challenges for BID execution in Minneapolis neighborhoods. Finally, I established a working timeline and educational materials meant to assist the Great Cities Collaborative in designing and implement successful BIDs in Minneapolis.

THE BID MODEL: AN OVERVIEW

Before submitting the methodology and results of my research, it is crucial to more clearly define Business Improvement Districts, elements of success, and steps of the implementation process.

As stated above, BIDs have risen in prominence since the first one was established in the US in 1974. The model gained real momentum in New York throughout the 1970s and 1980s, and was widely regarded as a means of reestablishing business and property-owner investment and improvement in their commercial districts. Since then, the BID model has spread to 49 states and continues to expand.

BIDs are sometimes difficult to define, as public-private partnerships often involve a complex interplay of function and responsibility. For purposes of this report, we will use the definition developed by Carol Becker, Seth Grossman, and Brenda Dos Santos for a recent Rutgers University publication.^{iv} It involves three primary distinctions. First, each BID is created by the government and is publicly authorized. In each district, every property and business-owners are subject to a mandatory additional assessment, collected above their annual property tax rates. Secondly, the assessment is distributed and utilized by a non-profit that directly services the BID. While authorization of the use of funds sometimes subject to legislative approval, the majority of autonomy exists within the non-profit and BID board of members. Finally, BIDs must engage in at least one of the following traditional BID functions:

security, cleaning and marketing. This definition of a BID adequately addresses the key aspects of what a BID is and does.

BIDs implementation is a multi-stage process. The first step is establishing that a BID is a good fit for a commercial district or neighborhood. Primary factors for successful BID implementation are:

- ◆ Low Vacancy Rates
- ◆ Primarily Commercial/Non-Residential Mix
- ◆ Local Buy-in and Support
- ◆ Few Public/Non-Profit Property Users
- ◆ Stable Economic Base

These factors, taken together, indicate that a BID may be successful in a given commercial district. If a district meets all or most of these criteria, the next step is to coordinate a long-term planning process. Most BIDs are planned and negotiated for two to three years prior to implementation. *Phase one* of the planning process includes forming a steering committee, developing a databases of property owners and commercial tenants, conducting needs assessment surveys, and establishing BID parameters. *Phase two* includes outreach and gathering of support for the BID among community stakeholders by holding informational meetings, establishing the assessment formula, and reviewing/drafting ordinance language to support the BID's implementation. *Phase three* (the final phase) includes extended outreach and gathering of support through public and city council meetings, creating a first year business plan, and petitioning to approve the BID ordinance at the city council level. In general, 65%-75% buy-in from property and business-owners is needed to pass the BID ordinance. Negotiating city council support and member buy-in are crucial aspects to the planning process, and as such, BID implementation is often a lengthy process.

Once a BID ordinance is passed, the BID is functional. BID management may operate as a 501c3 or 501c6. Often BIDs operate within larger non-profit structures. The collected assessment pays the salary of the BID manager, who is elected by the steering committee and oversees the use of funds. The funds, collected by the city and distributed to the BID office, are then utilized in accordance to community needs and desires.

BIDs are often subject to an annual review process. This may be mandatory, as per ordinance language, or stipulated by the elected steering committee. Further, often BIDs are subject to a sunset provision, a 5- or 10-year formal review process wherein

stakeholders decide by vote to continue the BID or to dismantle it. It is rare that a BID is dismantled once it is created, but these checks and balances are useful tools to keep the BID office and their constituency aligned.

RESEARCH AND METHODOLOGY

To address the primary question of local Business Improvement District feasibility, I first researched national BIDs using a comprehensive list compiled by Rutgers University researchers.^v Precisely because the BID model has been embraced nationwide, I aimed to achieve a degree of geographic variability with the BIDs I researched. Additionally, I sought to research similar BIDs in Wisconsin and Illinois, two Midwestern states where BIDs are a popular urban development tool. Using data from the 2000 Census (for many of the categories, 2010 data was not yet available) and the Bureau of Economic Analysis,^{vi} I established a set of criteria for economic and demographic comparative measures to serve as proxies for similarities to West Broadway Avenue in national business corridors. These included demographic make-up, rental/home ownership ratios, median household income, family poverty level, size of corridor, and number of businesses. A full list of these measures can be found in Appendix A. Further, I used local transportation records to assess national BIDs with traffic patterns similar to West Broadway Avenue.

Once I had established seven national BIDs that closely matched West Broadway Avenue's demographic, business, and traffic make-up, I conducted structured interviews with BID managers over a course of four weeks. The full list of questions I used is available in the Appendix B. Each interview took approximately an hour, and was designed to answer basic questions regarding the BID's history and operational model, as well as an understanding of funding mechanisms and popular support for the model. Further, I allowed each BID manager to reflect on any particular successes or challenges they had faced in their tenure, as well as any advice for business corridors contemplating working toward establishing a BID in their neighborhood.

LIMITATIONS

Telephone interviews were necessary in this study, but do have limitations. Each interview took approximately an hour, and because I allowed each subject to reflect on personal successes and challenges, were not entirely structured. Further, demographic and economic data, while useful, are incomplete when attempting to

fully understand the needs and atmosphere of any particular business corridor. Finally, many aspects of the BID model are not directly transferable. Even a perfect match of demographic and economic data does not mean that a BID will operate identically. The historical and cultural context of each business corridor, as well as assessment formula and location, make each BID fundamentally unique.

CASE STUDIES

As stated above, I attempted to study BIDs that closely resembled the demographics and business and traffic statistics of West Broadway Avenue in North Minneapolis. I hoped to get a wide range of geographic locations to better assess if and how BIDs operate in different parts of the country. While BIDs have gained much traction since their inception, certain obstacles remain in place for some states. My efforts to find similar BIDs in the Southeast, for example, were unsuccessful. Successful BIDs operated, although primarily in affluent areas. After additional research, I learned that BID implementation in Texas, Georgia, and possibly other Southern states require legislative approval. My conjecture is that because gaining legislative approval is often difficult and requiring substantial lobbying, subsequent BIDs are most likely in neighborhoods and business corridors where special interests and financial means are greater. I did choose to focus on three BIDs in the Midwest, not least because Wisconsin has a very robust BID model, with 54 BIDs currently in operation. Overall, I believe I was able to identify and research a representative national sample of seven BIDs very similar to West Broadway Avenue. They include:

- Martin Luther King Jr. Business Improvement District – Milwaukee, WI
- North Avenue Business Improvement District – Milwaukee, WI
- 47th and Ashland Special Service Area – Chicago, IL
- Myrtle Avenue Business Improvement District – Brooklyn, NY
- Colfax Avenue Business Improvement District – Denver, CO
- Temescal Telegraph Business Improvement District – Oakland, CA
- Jackson Street Business Improvement Area – Seattle, WA

The majority of BID managers/directors were extremely accommodating and not only answered my questions, but offered advice and further reflection on their experiences with BIDs during their tenure. The results of the interviews revealed the extent to which similar BIDs focus on the same services, but have variable assessment and management formulas. Below are summaries of each conversation, including primary and secondary details, as well as information relevant to the West Broadway feasibility study.

Martin Luther King Jr. Business Improvement District – Milwaukee, WI

Marjorie Rucker has been Executive Director of the MLK Drive BID for seven years, while the BID has been in operation since 1992. The business association active at that time in the neighborhood formed the BID. In our discussion, she emphasized the importance of community involvement and sustainability of relationships between property/business owners and the BID board. The MLK Drive BID is the largest in Milwaukee and has made significant inroads in real estate renovation and attracting new businesses to the area. However, the vacancy rates remain high, at about 33%, and the area still struggles with perceptions of public safety and continues to focus much of its energy on streetscaping and beautification. Additionally, Marjorie addressed the benefits of working alongside a cooperative and collaborative CDC, as well as how assessments evolve over the years as property value assessments rise, and how the sustainability of a BID is often contingent on a combination of both, which give the BID more resources with which to work.

North Avenue Business Improvement District – Milwaukee, WI

Jacqueline Ward has been Executive Director of the North Ave BID for five years, and the BID has been in operation since 2004. It was established by the (now defunct) North Avenue CDC. Because the BID is considered relatively new in Milwaukee, one of their primary objectives is establishing a successful brand for themselves. Additionally, they focus on basic street cleaning and streetscaping, along with providing economic development seminars and classes for local business owners. They also are pursuing a green initiative, focusing on promoting sustainable energy sources for local businesses and more pedestrian-friendly byways. Property values have risen 10% over past two years and overall the BID has successfully launched itself as a supportive resource for local business owners and stakeholders.

47th and Ashland Special Service Area – Chicago, IL

* BIDs are referred to as Special Service Areas (SSAs) in Chicago. For purposes of continuity, they will be referred to as BIDs in the following text.

Fabiola Flores has been Executive Director of the 47th and Ashland (#10 SSA) BID for seven years, and the BID has been operating since 1989. The BID was formed by a neighborhood business association in collaboration with the city of Chicago, and is managed by Back of the Yards Neighborhood Council, which manages three other

BIDs in the area as well. The BID primarily focuses on providing street cleaning, snow removal, and involvement in the Fiesta Back of the Yards festival, and annual event that brings 300,000 people to the neighborhood and provides an economic boost. Initially, the BID provided security services, but now relies on support from the local police department, and holds frequent meetings with stakeholders to continually assess the situation. The BID has suffered the loss of two large businesses since 2008, but has tempered vacancy rates with artwork installations and murals. Ms. Flores emphasized community collaboration and consensus building, as well as continually keeping stakeholders informed and in agreement with provided services.

Myrtle Avenue Business Improvement District – Brooklyn, NY

Blaise Backer has been Executive Director of the Myrtle Avenue for five years, shortly after the BID was established in 2005. It is a fairly smooth operation: the BID has a staff of five and works closely with a local development organization that is located in the same administrative building. Primary BID services include maintenance and marketing. They work closely with the local police force, but do not provide any independent security services. The BID has evolved since its inception, in part because the neighborhood has rapidly developed in the same period of time. Because of rising property values and public perception, the BID has been focusing more on capital projects and quality of life initiatives – major street renovations and artwork exhibits. Interestingly, I discovered that New York BIDs have an umbrella structure – Small Business Services – that manage budgetary issues and set benchmarks for each individual BID. Additionally, they are responsible for surveys and performance evaluations. Consequently, Mr. Backer spends little time or energy on methods of accountability or constituency satisfaction. Overall, the BID has been very successful, but its success likely dovetails with general economic growth in the area.

Colfax Avenue Business Improvement District – Denver, CO

Dan Shah has been Executive Director of the West Colfax BID for four years, and the BID has been operating since 2006. It was formed as part of a planning process by the City of Denver as part of a larger urban planning initiative. The BID is primarily focused on streetscaping projects, which are part of a larger green initiative that employ sustainable fixtures and lighting. Additionally, there are several new light rail stations being built in close proximity to the BID corridor, and the BID is working to incorporate new investments in residential properties for its purposes. The BID also puts resources into marketing for businesses along its corridor. They do not provide security services. Overall, the BID is received warmly by its

stakeholders, although an attempt to increase the assessment last year (by a minimal amount) failed, in larger part because of the opposition of one vocal stakeholder.

Temescal Telegraph Business Improvement District – Oakland, CA

Darlene Drapkin has been Executive Director of Temescal/Telegraph BID since the year after it was created. Prior to that, she worked in the Fruitvale BID, an adjacent BID that also has common characteristics to West Broadway. In our discussion, she emphasized the political nature of BID formation, in that certain steps need to be taken in order for the BID promotional period to create enthusiasm and sustainability for the idea. She advocated for the formation of a strong steering committee and stated that while business owners will reap many of the benefits, large property owners are paramount during the informational and promotional stages of the BID process. Additionally, she addressed the concept of gentrification. While Temescal and Telegraph were already susceptible to gentrification (the first restaurant in what became known as the Gourmet Ghetto had already moved into the area), she claimed that open communication and strategy assessments have limited some of the negative effects. Finally, the BID does not spend much of its resources on security, rather the streetscape improvements led to heightened pedestrian traffic, which reduced crime organically.

Jackson Street Business Improvement Area – Seattle, WA

Karen Selander works for Seattle's Office of Economic Development, and has become a key figure in the city regarding BID structures and implementation. During our conversation, I asked Karen to extrapolate on Seattle's BID model. We mostly focused on two Seattle BIDs: Jackson Street and Union Street, another new BID that is similar to West Broadway demographics and challenges. In both new BIDs, Karen emphasized that BIDs were initially centered around one *catalytic project*, a key service that was not being provided by the city but which property owners and business owners agree should be a priority. For Union Street, cleaning services are a significant part of what the BID budget provides, while Jackson Street is interested in spending 80% of its budget on additional police coverage. Karen states that in the 10 years since BIDs were first implemented in Seattle, they have been able to alter their initial BID templates to create opportunities for greater success, such as having nonprofits in new BIDs pay reduced rates rather than being exempt.

KEY FINDINGS

Although each executive director had variable experiences while at the helm of their BID, several commonalities are apparent. Regarding the primary functions of their BIDs, each director pointed to marketing and cleaning as their main expenditures. This included streetscaping, in the form of increased services, and landscaping, both provided by BID-contracted workers. Marketing, or establishing a unique brand to the commercial district, was also a primary expenditure. Executive directors strove to improve the perceptions of their districts, attract new businesses, and increase commerce. Regarding safety and security, the third BID function in our definition, many directors said that although safety had initially been a concern, improvements in the neighborhood (at least partially as the result of BID efforts) had reduced need. Several directors said that safety measures were still in effect, such as subsidization of security measures for business owners, but remain secondary to the larger priorities of beautification and marketing/branding.

In terms of past or continual challenges they face in BID management, the executive directors also pointed to some common issues. The first was creating and sustaining constituency buy-in. Particularly in light of the recent recession, many claimed that keeping their stakeholders happy was an ongoing challenge. However, most directors did not seem to find the criticism to be threatening to the BID itself, and suggested that listening to feedback and criticism is simply a standard operating procedure. Adequately distinguishing between city and BID service responsibilities constituted another challenge for several directors. In some cases, the city would install new lighting fixtures or landscaping, but charge the BID with ongoing maintenance. Specific BID ordinance language, particularly in a metropolitan area with little BID experience, is a must to accurately delineate responsibility of services. Finally, several directors mentioned exogenous challenges that BIDs were privy to, such as social and urban trends of surrounding areas. Overall, however, directors that I spoke to felt confident in the ongoing success, however modest, of their BIDs. Regardless of whether or not the BID had a sunset provision, none of the directors felt that their BIDs were unpopular to the point of repeal.

I asked each director, especially those who had helmed their BIDs from their inception, what they considered key indicators for success in BID implementation. They gave the following four suggestions:

1. *Focus on one catalytic project.* If prospective property and business-owners in the prospective BID can see a tangible need and subsequent action, the negotiating phases of the BID planning process may be smoother.

2. *Find at least two to three local and vocal key stakeholders.* Without a strong contingent of community support, the planning process is much more difficult.
3. *Select a strong steering committee.* The steering committee, made up of a variety of community stakeholders, is key in the planning process. Make sure that local stakeholders are adequately represented, with the inputs of key property and business-owners represented.
4. *Have a realistic plan of action.* When working to establish a BID in an economically disadvantaged area, it is important to maintain realistic expectations on part of stakeholders regarding BID services and improvements.

Overall, the directors were extremely helpful in ascertaining key services, functions, and challenges of BIDs. Many parts of their models are directly applicable to West Broadway Avenue. Minneapolis, as a community without a strong BID model in place, is in a position to learn from the success of these modest BIDs.

THE MINNESOTA MODEL

In this section, I look at the local and state implications of the BID model, the Special Service District model we currently employ, and the success of the Minneapolis Downtown Improvement District. I attempt to answer several key questions:

- What is the history of Minnesota's unusual Special Service District model?
- How does Minnesota's SSD model impact the establishment of local BIDs?
- How can the success of the Downtown Improvement District facilitate wider BID implementation in Minneapolis and broader Minnesota?

Minnesota's Special Service Districts

A Special Service District is a defined area in the city where property and business-owners pay an additional annual assessment for supplementary services, which are distributed by city service providers. Each SSD has an advisory committee, which chooses from a list of 16 supplementary services according to community needs. Minneapolis currently has between 15 and 20 SSDs, which are currently managed by an independent consulting firm.

There are several key differences between SSDs and BIDs. Most importantly, additional BID assessments are collected by the city, but are distributed by the BID management team. Distribution of funds is subject to city approval for SSDs,

whereas for BIDs, the distribution of funds is the direct result of BID management and board approval. Further, SSDs choose from a list of supplementary services (Appendix C), which does not allow for marketing, a key function of BIDs. Additionally, districts are mandated to use city contracted service providers, which are often more expensive than independently contracted service providers. Special Service Districts require 25% stakeholder approval to be implemented, where BID implementation most often requires 65-75% buy-in (final amount to be determined by steering committee). Finally, SSDs do not involve a sunset or renewal provision, where BIDs include that option.

Criticisms of Special Service District Model

The SSD model is clearly the primary vehicle used to provide additional services in Minnesota. However, given the differences listed above, I believe there are significant disadvantages to SSDs, which may be mitigated by adopting a BID model. My primary observed criticisms are three-fold:

1. *There is a greater deal of autonomy within BID structure.* The funds are distributed to the BID management, which is elected by a steering committee comprised of community stakeholders. The BID management, which is located within the district and is more attuned to the needs of that particular commercial corridor, is better able to identify and act on the needs of the district.
2. *BIDs allow for a larger variety of services.* Because SSD services are restricted to the list of 16 supplementary services and restrict marketing, BIDs have more opportunity to provide services the district most needs. For example, marketing allows BIDs to promote the advantages of their district, possibly leading to higher occupancy rates, investment, and greater commerce.
3. *BID implementation requires higher stakeholder approval and includes option of regular sunset/renewal periods, whereas the SSD model has neither.* Both of these items demonstrate the advantages of the BID model. It demands higher constituency buy-in, and once created, allows constituents to revisit the utility of the BID. If community members want to dismantle a SSD, it requires a much more arduous petitioning process.

These criticisms are by no means stationary, but I believe they constitute a reasonable challenge to the prevalence of the SSD model. Unfortunately, the SSD model is quite entrenched, and the main differences between BIDs and SSDs are not immediately obvious to most stakeholders. The SSD model has been in place in Minneapolis since 1996^{vii}, and has gained considerable traction since then. For constituencies looking to provide additional services to their commercial corridors, it

provides a method of doing so. However, the prevalence of SSDs regrettably obscures the greater opportunities inherent in the BID model. Thus far, misinformation and lack of education are two potent forces working against an open discussion of BID model benefits in Minneapolis. However, the recent success of the Downtown Improvement District may provide a means to shift BID perceptions in the city.

The Downtown Improvement District

The Downtown Improvement District was established in 2009, after several years of negotiation among major stakeholders. It is an extremely large BID, encompassing 120 city blocks with an annual budget of close to 6.3 million dollars. Sarah Harris has been the executive director of the DID since its implementation. The district operates as a 501c6, but does have a subsidiary 501c3, which allows it to do fundraising. Finally, downtown was initially home to two SSDs prior to the DID's implementation. At the time the DID was established, the Nicollet and Hennepin SSDs went dormant, so there has been no overlay in assessments for property and business-owners.

By most accounts, it has been enormously successful. It was implemented with approximately 80% buy-in from stakeholders, and currently less than 1% of stakeholders have voiced desire for its dissolution.^{viii} When I spoke with Ms. Harris, I asked her how she accounted for the degree of DID's success over the span of two years. She believes that the vast economic resources of the DID is responsible for its success. Further, she was skeptical that neighborhood BIDs could be successful with small budgets, suggesting that an inability to produce tangible differences in a short amount of time might frustrate relevant stakeholders.

The DID, while it brings the BID model concept to Minneapolis for the first time, does little to mitigate misunderstandings and erroneous comparisons between BIDs and SSDs. This is primarily because, as Ms. Harris pointed out, the DID is such a large BID that it resists comparisons to neighborhood BIDs, where annual budgets would be a mere fraction of what the DID collects. Further, the DID is listed in code of ordinances as a "Business Improvement Special Service District." It joins Duluth's Greater Downtown Council and Rochester's Special Service District, which are also mired in ordinance language that does not distinguish between "BID" and "SSD," although none of these districts meet the standard for Special Service District as given for neighborhood SSDs. These semantic oversights do nothing to clarify the differences between SSDs and BIDs and simply further patterns of misunderstanding among local stakeholders and even experts.

RECOMMENDATIONS

There is certainly a place for the Business Improvement District model in Minneapolis. BIDs are preferable to SSDs in several key aspects, and the research I did to find national BIDs that are characteristically similar to North Minneapolis demonstrate that BIDs can flourish in non-traditional and economically diverse settings. Additionally, recent conversation with Adrienne Pierce of West Bank Business Coalition revealed that the Cedar-Riverside neighborhood is strongly considering attempting to form the city's first BID. Cedar-Riverside may prove to be an excellent template for continued success with the BID model in Minneapolis.

However, West Broadway Business and Area Coalition, and GCC as a whole, face significant challenges in implementing BIDs in their respective neighborhoods. Misinformation regarding the differences between BIDs and SSDs is rampant, there are seemingly political motivations on the part of a few key actors, and the city and state level show little to no interest in assisting either organization research or implement BIDs, to the detriment of several vibrant neighborhoods.

I propose four recommendations to counter these challenges:

Begin a continued education campaign to inform stakeholders and clarify key concepts. Each BID begins with a concentrated effort to educate stakeholders, so that they can make informed decisions about the BID model and its applicability to their district. As GCC enters its second and third years of BID research, ensure that key actors fully understand the definition and process of establishing a BID. Use easily accessible media materials to demonstrate key concepts clearly and concisely. Be available to address questions and concerns.

Work with West Bank Business Coalition to assist in making Cedar-Riverside BID a success. It is beneficial for members of GCC, and West Broadway Business and Area Coalition in particular, to assist an organization in their attempt to establish the first Minneapolis neighborhood BID. If the first neighborhood BID is successful, it will provide a means of expanding the model.

Continue dialogue with relevant organizations and city partners. It is vitally important to continue conversing with members of City Council as well as contacts working for Hennepin county regarding the differences between SSDs and BIDs, as well as illustrating some of the possible benefits the BID model may provide to the city. As previously stated, one of the largest challenges to implementing BIDs

in Minneapolis is a culture of misinformation, and prioritizing open discussion with willing and relevant community development actors is the best way to counter this.

Establish timeline to accomplish monthly and yearly goals. Because the process of establishing BIDs may be long, and West Broadway is working within the context of a larger collaborative, it is vital to establish a timeline of monthly and yearly goals to provide an accurate gauge of accomplished objectives and next steps. Items on the timeline emphasize continued education and awareness on the part of stakeholders, reviewing and drafting new ordinance language, and creating a viable roadmap for continued BID awareness and eventual implementation.

ⁱ New York Department of Small Business Services. “Business Improvement Districts: A Step by Step Guide.” Pg. 1

ⁱⁱ Becker, Grossman, and Dos Santos. “Business Improvement Districts: Census and National Survey.” Institute of Business District Management, Rutgers University. 2011.

ⁱⁱⁱ Interview with Sarah Harris, Executive Director of DID. August 8, 2011.

^{iv} Becker, Grossman, and Dos Santos. “Business Improvement Districts: Census and National Survey.” Institute of Business District Management, Rutgers University. 2011 Pp. 4-5.

^v Becker, Grossman, and Dos Santos. “Business Improvement Districts: Census and National Survey.” Institute of Business District Management, Rutgers University. 2011.

^{vi} www.census.gov/econ/cbp/
<http://www.bea.gov/>

^{vii} Dyson, Debra. “City Special Service Districts.” Legislative Brief, Minnesota House of Representatives. Updated July 2011.

^{viii} Interview with Sarah Harris, Executive Director of DID. August 8, 2011.

Additional Resources:

Davies, Mark. “Business Improvement Districts.” *Journal of Urban and Contemporary Law*. Vol 52:187. Pp. 187-223

Hoyt, Lorlene. “The Business Improvement District: A Balanced Review of Contemporary Debates.” *Geography Compass*. Vol 1.2007. Pp 947-956.

Appendix A:

West Broadway Demographic and Economic Benchmarks

General Population Characteristics			Estimate	Percent	US (%)
Total Pop			31,689		
Median Age			22.9		35.3
White				18.8	75.1
Black				55.9	12.3
Asian				15	3.6
Hispanic				5.1	12.5

Residential Characteristics					
Total Housing Units			10,011		
Vacant Housing Units			672	6.7	9
Occupied Housing Units			9,339	93.3	91
Owned Housing Units			4,785	51.2	66.2
Rented Housing Units			4,554	48.8	33.8

Economic Characteristics					
Median household income			28,434		41,994
Median family income			29,535		50,046
Families below poverty level				27	9.2
Ind. below poverty level				33.1	12.4

Business Characteristics					
# Establishments			455		
Paid employees			8709		
Establishments (1-4 employees)			188	0.41318681	3
Establishments (5-9 employees)			91	0.2	
Establishments (10-19 employees)			69	0.15164835	2
Establishments (20-49 employees)			67	0.14725274	7
Establishments (50-99 employees)			25	0.05494505	5

BID Characteristics					
# Block Faces			22		
# Retail Businesses			185		

Appendix B:

INTERVIEWS WITH BUSINESS IMPROVEMENT DISTRICT EXECUTIVE DIRECTORS

Goal: Discuss and evaluate BIDs in like communities based both on their formation and operations.

1. Discuss BID formation process

a. Needs Assessment Surveys

b. Assessment Formula

c. Yearly Budget

d. Make-up of BID board of directors

e. Relationship with city and/or existing support districts/areas

- How many blocks does the BID contain?
- How many businesses does the BID contain?
- How is the assessment decided?
- How is the assessment collected?
- Did the city provide any start up money/how does the city handle delinquent tax payers?
- Does the government have any control over how funds are distributed and spent?
- How are board members appointed?
- How long do the appointments last?
- How are board members elected?
- Does your city have any other structures in place that may compete with BIDs?
- Does your city government support your BID efforts?
- Does your BID have a sunset provision?
- If so, how long is the sunset provision?

2. Discuss BID operations:

a. Specific services rendered

b. Methods of accountability

c. Long standing initiatives (infrastructure, capital etc)

- How do you measure your performance?
- Which services are most heavily relied upon?
- Do you provide security services?
- (If applicable) How has your BID evolved over time?
- What do you consider your greatest successes?
- What do you consider your greatest challenges?

Appendix C

SSD: Special Services to Be Performed

1. Snow and ice removal and sanding of public areas.
 2. Cleaning and scrubbing of sidewalks; cleaning of curbs, gutters, alleys, and streets.
 3. Provision, installation, maintenance, removal, and replacement of banners and other decorative items for promotion of the commercial area of the district.
 4. Poster and handbill removal.
 5. Repair and maintenance of sidewalks.
 6. Installation and maintenance of area-wide security systems.
 7. Provision and coordination of security personnel to supplement regular city personnel.
 8. Maintenance, repair, and cleaning of commercial area directories, kiosks, benches, bus shelters, newspaper stands, trash receptacles, information booths, bicycle racks and bicycle storage containers, sculptures, murals, and other public area art pieces.
 9. Installation, maintenance, and removal of lighting on commercial area trees.
 10. Cost of electrical services for pedestrian and tree lighting.
 11. Repair of low-level pedestrian lights and poles.
 12. Provision of comprehensive liability insurance for public space improvements.
 13. Trash removal and recycling costs.
 14. Provision, maintenance, and replacement of special signage relating to vehicle and bicycle parking, vehicle and pedestrian movement, and special events.
 15. Watering, fertilizing, maintenance and replacement of trees and bushes on the public right-of-way.
 16. Provide all management services for operation of a Special Service District.
- (2008-Or-050, § 1, 7-11-08)