

Neighborhood Partnerships for Community Research

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Business Improvement Districts: An Introduction

Prepared in partnership with
West Broadway Business and Area Coalition

Prepared by
Sara Gronewold
Research Assistant
University of Minnesota

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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>

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Business Improvement Districts

An Introduction

Sara Gronewold

MISSION:

West Broadway Business and Area Coalition, in conjunction with the Great Cities Collaborative, wants to benefit the neighborhoods of North Minneapolis by achieving a vibrant and successful commercial corridor and creating an asset base for small businesses on West Broadway Avenue. Outstanding commercial corridors sustain healthy small businesses and improve the quality of life for the entire community. By implementing a business improvement district on West Broadway, the additional assessment paid by property and business owners provides a platform for continued economic growth and sustained development. Establishing a BID on West Broadway, the primary commercial corridor in North Minneapolis, will have a positive and long-lasting impact on both the neighborhood and the larger community of Minneapolis.

WHAT IS A BID?

A Business Improvement District (BID) is a public/private partnership in which property and business owners elect to make a collective contribution to the maintenance, development, and promotion of their commercial district.

Compare a commercial corridor to a shopping mall: unlike commercial corridors, malls are typically single properties and are managed by one entity. Tenants pay a common area maintenance fee to underwrite services that enhance the appearance of common areas and provide cooperative advertising and marketing for its stores. On-site mall management oversees these commitments and tasks.

A BID may be compared to a mall with on-site management. In a BID, all property owners within the BID boundary agree to an additional annual assessment and choose an administrator to oversee these improvements. This way, stakeholders within the commercial district have additional resources and control to improve the neighborhood in a way they see fit.



ADVANTAGES OF BIDS:

- A clean, safe, and attractive business corridor
- A reliable and steady income source for supplemental services and programs
- Flexibility to handle changing needs of the business community
- Potential to increase property values, improve sales, and decrease vacancy rates
- A district that is better able to compete with nearby retail and business corridors



COMMON BID SERVICES

Maintenance

- ◆ Street and sidewalk cleaning
- ◆ Graffiti Removal

Capital Improvements

- ◆ Improved lighting
- ◆ Custom trash receptacles
- ◆ Street Signage
- ◆ Flower Boxes
- ◆ Public Art
- ◆ Bicycle Racks
- ◆ Benches

Marketing

- ◆ Special Events
- ◆ Promotional Materials
- ◆ Holiday Decorations

Public Safety

- ◆ Public Safety Officers
- ◆ Visitor Assistance
- ◆ Business-owner Security Grant Programs

Business Development

- ◆ Commercial Vacancy Reduction
- ◆ Business and Retail Recruitment
- ◆ Merchandising Incentives and Outreach
- ◆ Infrastructure Improvements
- ◆ Façade Grant Programs

Community Services

- ◆ Charitable Events
- ◆ Youth and Student Programs
- ◆ Homeless Services

Parking Facilities

- ◆ Planning
- ◆ Management

Landscaping

- ◆ Tree Planting
- ◆ Flower Boxes



SPECIAL SERVICE DISTRICTS VS. BUSINESS IMPROVEMENT DISTRICTS

Special Service District

Assessment collected and distributed by city

Distribution of funds is subject to city approval

SSDs have list of 16 supplementary services to choose from

Must use city contracted services

Requires a 25% stakeholder approval rating to be implemented

Collected assessment is based on sliding scale of desired services

Does not involve a sunset or renewal provision

Business Improvement District

Assessment collected by city but is directly distributed by BID

Distribution of funds is direct result of BID management and board approval

BID services are flexible: Programs can respond to specific issues such as maintenance and targeted marketing

Management and board may choose cost-effective service providers independently

Requires a higher stakeholder approval rating to be implemented (to be determined by the steering committee)

Collected assessment is determined by BID board and community stakeholders

Has option of 5 or 10-year renewal provision

FREQUENTLY ASKED QUESTIONS

Why should we pay for additional services? Aren't these services the responsibility of the city?

BIDs are able to provide services that are above and beyond what the city is *able* to provide, such as litter and graffiti removal and business marketing. The BID assessment is an investment into a commercial corridor: it will yield long term results such as higher property values, decreased vacancies, and higher customer traffic. These results are widespread among established BIDs and add lasting value to neighborhoods in which they operate.

Will city services be reduced if the BID is providing similar services?

No. The city will continue to provide all previous services. BID services are supplementary. For example, if the BID provides street cleaning, the corridor will still receive the same amount of cleaning service from the city as it did prior to BID formation.

How much will the assessment be?

The assessment formula varies from BID to BID. It is often calculated using square footage and assessed value. In the formation process, the steering board will choose the amount of the assessment based on community support and feasibility.

How will the BID be established?

A petition will be circulated requesting the Minneapolis City Council establish the West Broadway BID. The petition must be signed by enough property owners to meet ___% of the total assessment. After receiving the petition, the City Council will then vote to initiate a resolution that will officially establish the BID.

Once established, all properties within the BID boundary will be assessed.

Who oversees the BID?

Each BID has a Board of Directors that is elected by members of the district. The Board is generally comprised of property and business stakeholders that are highly invested in their community. The Board hires the management that administers the day-to-day activities of the BID.

How do BIDs deliver services equitably?

Unlike merchant associations, BIDs do not suffer from the free loader problem. Because the assessment is mandatory within the BID boundary, everyone who pays, benefits, and everyone who benefits, pays.

Do BIDs work?

BIDs have been operating in the United States for thirty years, and they have consistently shown a proven impact on tenancy and property values of the neighborhoods in which they operate. Additionally, neighborhoods with BIDs are able to maintain values during economic downturns. Finally, BIDs provide stability for commercial corridors by providing the continuity to maintain prioritized services and programming.

Contact Information

West Broadway Business and Area Coalition
Erin Jerabek
Executive Director
911 West Broadway Ave.
Minneapolis, MN 55411
Phone: 612-353-5178
erin@westbroadway.org

Great Cities – A Collaboration
www.great-cities.org

TIMELINE

August

- Identify any other neighborhoods considering SSDs and BIDs
- Meet with Michael McLaughlin and Thatcher Imboden
- Set up three initial meetings with city council members
- Identify corridors that will serve as initial BIDS
- Identify key steering committee members for initial BIDS and those we would like to see implemented within next 5 years
- Introduce BID concept (using media packet) to key community stakeholders
- Set up meeting with Andy Carlson

September

- Set up three additional meetings with city council members
- Define final boundaries for initial BIDs
- Hire consultant
- Identify preliminary funding needs (ie: primary BID project and costs)
- Select steering committee chairperson

October

- Conduct first steering committee meeting
- Draft ordinance
- Review ordinance between all members of GCC and Cedar Riverside
- Set up meetings with three additional city council members
- Draft assessment surveys for initial BIDs

November

- Draft assessment surveys for initial BIDs
- Present findings at City Council meeting (Secure time in agenda)
- Optional (but preferred): Set up meeting with Sarah Harris
- Begin implementing needs assessments surveys
- Conduct second steering committee meeting

December

- Meet with GCC team – discuss progress
- Continue implementing needs assessment surveys
- Record results of needs assessment surveys
- Gauge support from city officials, continue strategically engaging members of city council
- Conduct third steering committee meeting

January

- Using results from needs assessment surveys, determine services/improvements
- Determine first year budget
- Create assessment plan
- Determine amount of assessment per property in each prospective BID
- Host informal community forum

February

- Following needs assessment survey, hold series of focus groups with key community stakeholders
- Host informal community forum
- Determine City participation agreements

March

- Prepare for major outreach phase of BID process
- Set date for first public meeting
- Prepare and distribute educational packets including:
 - Press kit for BIDs
 - Executive summary on proposed BID (1-2 pages)
 - Notice of first public meeting
 - Signature Ballot

April

- Advertise first public meeting
- Prepare for first public meeting
- Hold first public meeting
- Assess level of support for BID
- Meet with City Council member supporters to discuss results

May

- Send out notice of second public meeting
- Prepare for second public meeting
- Hold second meeting
- Assess level of support for BID
- Meet with City Council member supporters to gauge position

June

- Given support for BID, create BID governance structure
- Create first year business plan
- Continue negotiations with any opposing property-owners
- Begin petitioning process to present and approve BID ordinance at City Council level

