

BID FAQs¹

1. What is a Business Improvement District (BID)?

A BID is a contiguous geographic area in which property owners vote to initiate, manage, and finance supplemental services above and beyond the City's baseline of services in their district. These services often include such things as marketing and public relations, improving the downtown marketplace, dedicated supplemental maintenance, hospitality guide / ambassador services, capital improvements, public safety enhancements, animation of the streets, guidance in downtown development, and special events. The BID is designed to enhance the physical and business environment in a targeted geographic area.

2. Why did BIDS emerge?

Business Improvement Districts (BIDs) represent a newer organizational response to the changing dynamics of metropolitan areas over the last 20 years, a period of decline of many downtown districts.

Since the 1970's suburban commercial centers and highways have lured shoppers and businesses away from city centers to the suburbs, causing municipal governments to lose crucial tax revenues. In many cases this loss was reflected in the deterioration of the urban landscape due to lack of funds for maintenance and improvements.

The competitive advantages of downtown shopping areas- history, unique stores and human-scale infrastructure – were no longer enough to draw auto-dependent suburban residents away from malls that offer one stop shopping convenience. Shoppers came to expect the amenities provided by these new shopping centers, such as parking, climate control, visible security and entertainment.

Since most public agencies continue to lack funds or the political will to improve the competitiveness and appearance of older commercial districts, BIDS provided a new strategy for raising revenue based on "self-help" and the formation of a new structure to deliver services. BIDS have become the solution for many commercial centers and other neighborhoods.

3. What cities have them and what has been their track record?

Over the past 30 years, BIDs have been a proven tool in over 1,200 small, medium, and large communities across the United States. In Massachusetts, only Hyannis, Northampton, Springfield and Westfield have them, although six more are close to certification. (UPDATE: Taunton and Boston's Downtown Crossing established BIDs in August 2010.) Some other local examples of cities with BIDs include the small cities of Burlington, VT, Portland, ME, and the larger cities of New York, Philadelphia, and Baltimore.

The results have been positive. Times Square in New York has become a well-known example of the positive results of a BID. The Hyannis BID is credited for reducing its downtown vacancy rate from 10% to 1% over seven years. In the 30 or so years that BIDs have been around, only one has been dissolved.

4. Why consider a BID in any community?

Successful downtowns are the hub of a wide variety of activities that contribute to their health and vitality, and are effectively managed to maximize their potential. The downtown is the heart of the city. It is truly everyone's neighborhood. Its residents, customers, visitors, employees, and students of all ages use the downtown every day and contribute to its success. When local elected officials, property owners and city residents express an interest in collectively undertaking efforts to revitalize a Central Business District a BID

¹ From www.northamptondowntown.com/faq.htm



can be one mechanism to make that happen.

5. What are the major issues to be addressed by a BID?

BID organizers meet with property owners, elected officials, nonprofits, and other stakeholders to identify the major issues and priorities that would be used as a basis for formulating the programmatic components of the BID. Through this process a fairly high level of consensus on priorities that should be addressed by activities undertaken by the proposed BID can be established. Major issues could include areas such as:

- Lack of downtown identity/marketing
- Improved traffic and pedestrian circulation
- Improved maintenance/trash collection and beautification
- Lack of activities to bring people downtown-cultural, dining, recreation
- Parking – location, access, signage
- Preservation and reuse of historic resources
- Improved tenant mix
- Improved communication
- “Social issues” such as loitering and panhandling
- Security

Additional “consumer” surveys could be planned through the local print media to gain resident input in this process.

6. What are the proposed BID boundaries?

BID boundaries are established at the discretion of the property owners in the proposed district. They are not limited to zoning constraints or traditional definitions of downtowns or neighborhoods. Geographic or physical barriers that create a natural boundary typically identify BID boundaries. Sometimes this could be a river; railroad tracks or other logical ending points to a district. They also can be determined by land uses, owner interest or other commonly agreed upon criteria. Ultimately, the BID boundaries will be established by a consensus of property owners in the proposed district.

7. What are the major program elements of the BID?

Preliminarily, the major program elements of the BID can be anything identified by the property owners in the district. Typically beginning BIDS focus on enhanced maintenance, security, marketing and other capital improvements. However, the enabling legislation is broad and allows the BID to undertake a wide variety of activities. Some program elements could include marketing (events, promotions, and image building), maintenance and beautification, and programs to enhance tenancy and development.

8. Why a BID now?

Successful cities across the country take a proactive approach to programs like marketing and maintenance to enhance their competitive position in the marketplace. A community can decide to use the BID as a vehicle to undertake those programs that are important to property owners in the downtown.

9. What are the benefits of a BID?

While the benefits of a district are specifically tailored to the needs for which communities choose to raise resources, there are several generalized benefits. They include:

- Providing a cleaner, safer, more attractive district;
- Insures adequate resource base: predictable, certain, enough scale;
- Requires payer oversight and direction;
- Compels entrepreneurial management: non-bureaucratic, flexible, creative;
- Responsive to market/community needs;
- Helps to maintain and improve property value;
- Helps to maintain and improve sales and tenancy;
- Enhances the competitive position of the district in the marketplace
- Provides a powerful and unified voice for property owners



10. Shouldn't our tax dollars pay for these services?

All of the services outlined in the Operations Plan are supplemental in nature. Public safety / maintenance programs work in partnership with public services to leverage their impact. For instance, the city sweeps streets and gutters. BID personnel could maintain sidewalks and overall cleanliness and beautification that is not the responsibility of the DPW.

The BID will engage in sustained marketing and public relations efforts geared to both consumer and business markets. Typically, the public sector would not undertake this type of activity.

11. How does the City participate in the BID?

The City participates through providing both financial support and in-kind services. The City views the BID as a partnership and has committed significantly as a property owner, both in cash and in-kind services.

12. Who actually controls the BID?

The BID is controlled and financed by the property owners. A Board of Directors elected by the property owners in the BID oversees the execution and management of the BID business plan. The Board makes personnel, program and budget decisions within the scope of the approved plan.

13. Will the BID be an additional level of bureaucracy with a large administrative budget?

Decisions relative to the number of administrative employees and salaries are at the discretion of the Board of Directors. As the proposed budget is developed, every effort will be made to keep administration expenses to a minimum. This has been accomplished through a variety of cash and in-kind services in other communities. It will be the responsibility of the BID organizers to explore alternative management strategies for consideration of the steering committee.

14. Won't the BID just replace services that the city is already be providing?

No, the proposed program elements provide services in the district that are either above and beyond what the city provides, or are beyond the scope of services a City is responsible to provide for property owners.

15. How can I be sure that the city will not pull services once the BID is up and running?

The City and the BID sign a Baseline Services Memorandum of Understanding which outlines the city's responsibilities to the BID and current, detailed department reports of the types of services provided by the Parks and Recreation, Police, and Fire Departments, Parking Management, and the Department of Public Works. This legally binding Memorandum of Understanding is monitored year to year through reports by the applicable city departments.

16. Can the BID be dissolved?

The BID can be dissolved by a vote of 51% of the real property owners OR the owners of 51% of the assessed valuation within the district.

17. Why is the BID different than a CDC or Chamber?

The BID is a legal mechanism for property owners to collectively purchase supplemental programs and services to enhance the BID target area. Once established, participation in the BID is mandatory thereby establishing a dedicated revenue stream for approved program of supplemental services approved by property owners in the BID.

