



# Business Improvement Districts

## POINTS TO CONSIDER

Business Improvement Districts (BIDs) were first established in Canada in the 1960s. They now exist across the globe, including South Africa, Germany, Japan, New Zealand and Australia. BIDs work to increase the vitality of a designated business area in the community and support local enterprises. Common BID services include: street maintenance; beautification; safety; business retention and expansion; promotion of the commercial district. They frequently team up with community partners to hold special events such as street fairs, parades and artisan exhibitions. Festivals and sales events can account for as much as half of a BIDs annual revenue. Well established events can drive a large increase in visitation to the area.

BIDs are territorial in nature and provide services only to those within the delineated boundaries of the district. In contrast, non-BID organizations rely on municipal government and/or their own resources for the provision of these services.

### Structure

In North America, the majority of BIDs incorporate as non-profit organizations. However it is not uncommon for BIDs to function as a public-private partnership and some BIDs operate as public sector agencies.

Most BIDs are funded using a small increase in property tax collected by the municipality and returned to the BID. A 1% levy is common. In some BIDs there are exceptions to the tax including nonprofits and new businesses, but others apply the BID levy universally. And there's no opting out: the underlying premise of a BID is that all members reap its benefits so all must pay their fair share. Note: several Saskatchewan BIDs operate without the benefit of a levy.

BIDs receiving levies are required to obtain municipal approval for their annual budget. Some also raise funds through events and parking fees. Other outside funding for projects and programs is accessed when available from Municipal, Provincial, and Federal Governments.

### Start-up

If supported financially by the local Municipal Council, Council approval is required in order to move forward. At the same time, business owners within the proposed BID must drive the process in order to achieve buy-in and create the strategic direction.

Here are the Key Steps in Establishing a BID:

- Step 1: Establish the Need – Business Case
- Step 2: Communicate with all Interested Parties
- Step 3: Establish a Steering Committee
- Step 4: Establish Goals and Objectives
- Step 5: Prepare Preliminary Budget Proposals
- Step 6: Establish Proposed Boundaries
- Step 7: Formalize a Request to the Municipality
- Step 8: Notify of a Proposed BID Designation
- Step 9: Pass a Municipal Bylaw

## POSITIVE IMPACTS OF BIDS

1. Funds collected through the BID are used to directly benefit those who are paying the assessment.
2. The method of financing improvements through BIDs is well tested and respected. BIDs have been operating in Canada for over 50 years.
3. With a municipal levy, BIDs are provided with an annual funding amount which is predictable, stable and can be anticipated for budget and program planning purposes. This in turn fosters long-range planning and program development due to the stability of the funding source.
4. A municipal levy tends to foster the operation of a downtown district as an economic unit, fostering long term sustainability and growth.
5. A BID levy generally leads to a higher degree of unity among business leaders due to the removal of funding anxiety and the equity of the funding source.
6. A BID tends to foster better relations between the private and the public sector due to the commitment of local business to finance the enhancement of a community asset – its' downtown business district.
7. It has been proven that over time, BIDs tend to leverage greater amounts of both public and private dollars and implement a greater degree of improvements within a business district than could be expected without such a district.
8. If supported via municipal levy or other funding mechanism, a BID can allow the business community to spend valuable volunteer and staff time implementing projects, programs and actions to enhance the business district - and relieve them of the need to raise funds to finance activities.



## POTENTIAL DRAWBACKS

1. It normally takes a considerable amount of time, volunteer energy and, in most cases, money to establish and operate a BID effectively.
2. Due to broad needs within a BID, it may be difficult to select the most appropriate items/initiatives to be funded.
3. Many BIDs do not adequately fund staffing which can lead to early volunteer burnout.
4. In any cases, it is impossible to obtain the support of all those who are being assessed a levy - resulting in a minority of detractors taking energy from the progressive efforts of the majority.
5. There are critics who contend that BIDs concentrate power in the hands of a few and inhibit smaller businesses from setting up shop as property values begin to increase (due to the successful efforts of the BID).
6. BID levies can be controversial. Not all types of businesses stand to benefit from BIA initiatives to the same degree as others.
7. BIDs tend to create powerful business forums over time, which may lead to political conflicts with local and other governing bodies.
8. Local governments might be inclined to lower their levels of normal service in a business district after the formation of a BID - rather than considering the district's revenue and programs as a supplement to public activities.
9. Establishing a BID has potential to negatively impact local Chamber of Commerce membership.

## RELEVANT SASKATCHEWAN LEGISLATION

Saskatchewan Business Improvement Districts (BIDs) are legal entities legislated under the Municipalities Act (Division 5, Section 38 and 39) and the Cities Act (Division 3, Section 25 and 26). The Sections from the Municipalities Act addressing BIDs are as follows:

### Business Improvement Districts Establishment

- 1) A council may, by bylaw, establish a business improvement district.
- 2) In a bylaw passed pursuant to subsection (1), a council shall address all of the following matters:
  - a. the purposes for which the business improvement district is created;
  - b. the area within the municipality that is to be encompassed by the business improvement district;
  - c. the appointment of a board to govern the business improvement district;
  - d. the manner in which the board will be required to develop and submit its estimates of expenditures to the council;
  - e. the reporting requirements of the board to the council;
  - f. any limitations on the powers of the board, including limitations on its power to incur debt obligations;
  - g. the process and consequences of disestablishment of the business improvement district;
  - h. any other matter that the council considers necessary.
- 3) The board of a business improvement district is a corporation.
- 4) Before passing a bylaw establishing a business improvement district, a council shall give any person affected by the operation of the proposed bylaw, or that person's agent, an opportunity to be heard by the council.

2005, c.M-36.1, s.38.

### Requisition

- 1) The revenue and expenditure estimates of a business improvement district as approved by the council constitute the requisition of the business improvement district for the current year.
- 2) The council may, by bylaw, impose a levy or charge on all property used or intended to be used for business purposes within a business improvement district that the council considers sufficient to raise the amount required for the requisition of the business improvement district.
- 3) A levy or charge imposed pursuant to subsection (2): is in addition to any other property tax; and (b) must be of either a uniform rate or a uniform amount.
- 4) A levy or charge imposed pursuant to subsection (2) may be collected in the manner provided for in The Tax Enforcement Act.
- 5) Notice of any levy or charge imposed pursuant to subsection (2): (a) is to be substantially in the form of a property tax notice and may be included in a property tax notice; and (b) is to be mailed by ordinary mail or delivered to owners of property in the business improvement district used or intended to be used for business purposes.
- 6) Any levies and charges payable pursuant to this section are payable at the same time as property taxes.
- 7) A bylaw passed pursuant to subsection (2) may exempt any property or class of property from any levy or charge imposed pursuant to that subsection.
- 8) After the budget has been approved by council and before the remittance of the levy or charge, the council shall pay the cost of any claims for approved works that may be submitted by the board for payment, and the municipality shall recover any such payments from the levy or charge.

2005, c.M-36.1, s.39.