

SANTA PAULA DOWNTOWN BUSINESS IMPROVEMENT DISTRICT PROGRAM FREQUENTLY ASKED QUESTIONS (AND ANSWERS)

1. What is a BID?
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1. WHAT IS A BID?

Business Improvement Districts (BID) were created by business communities themselves. A BID is a geographically defined area in which services, activities, and programs are paid for through a special assessment. The assessment is charged to all members within the district in order to equitably distribute the benefits received and the costs incurred to provide the agreed-upon services, activities and programs. The assessment money is collected by the City, or by the County, and passed through directly to the BID. Because the assessment funds collected in a given district cannot legally be spent outside of that BID, the City creates a trust fund for each BID, with funds periodically released to support operations.

2. WHAT ARE AREA-SPECIFIC PROGRAMS?

In a BID, a special assessment pays for programs and services that are tailored to the area defined by the representatives of the BID. A variety of activities and improvements are authorized for BIDs and defined by state law. Collectively, these services, activities, and programs are referred to as improvements. For example, BIDs may collectively decide to fund a concerted marketing or promotional effort to attract, develop, and retain both new and existing businesses, as well as to encourage tourism or increase an established customer base. Such area-specific programs have a variety of issues. For example, a single business or property owner may not possess the capital required to effectively promote the business or commercial property. However, the financial leverage obtained from the collective assessment revenue of dozens, or hundreds, of business or property owners can provide for marketing campaigns capable of producing significant results.

3. WHAT ARE SOME OF THE FORMULAS USED FOR BID ASSESSMENTS?

There are several different formulas in use throughout the City. The most popular formulas are those which most clearly show a relationship between the amount paid and the benefits received. This is the nexus concept which forms the basis for BID establishment.

The three most popular categories of *property based BID*-sponsored activities are maintenance, security, and marketing programs. Therefore, the assessment variables normally used are size/area of the property, linear or front footage of the property, and square footage of improvements to the property.

4. WHAT IF A BID DOES NOT LIVE UP TO ITS MEMBERS' EXPECTATIONS?

The state laws regarding both merchant and property based business improvement districts contain provisions for identifying the components of the BID, including boundaries, improvements, or activities provided, and other elements. In addition, both laws do allow for the disestablishment of the district under certain conditions. BIDs are not permanent institutions.

Disestablishment conditions and procedures differ slightly between each state law; however both require some combined form of BID and City Council action. For BIDs established under the 1994 law, please refer to Sections 36670-36671 of the State of California's Streets and Highways Code. The Streets and Highways Code can be viewed online www.leginfo.ca.gov.

5. HOW ARE THE BID IMPROVEMENTS DECIDED UPON?

Generally, the programs to be provided by a BID are determined by the community and are selected based on community needs and desires.

The process of determining community needs and desires typically involves the development of questionnaires, which are mailed to all business or property owners in the proposed district. Focus groups and telephone surveys are also frequently used to determine community priorities. Based upon the ranked responses of the community, a picture begins to emerge which illustrates what the collective community desires. Costs associated with delivering the most wanted improvements then form the basis for the eventual BID assessment amount.

The process involves offering options and considering the affordability of program delivery to those who would pay the assessment. Eventually a compromise is reached which, again through surveys, interviews, questionnaires, and community feedback, satisfies the majority of the proposed members.

6. WHY SHOULD I AGREE TO ASSESS MYSELF?

Reduced budgets and limited funding to support localized improvements in cities throughout California are a reality. If you agree that your business community is capable of attracting more customers, of realizing additional lease revenues and reduced vacancies, or of capitalizing on your local entertainment and attractions, then you may consider exploring the BID program. Because of its flexibility, the BID concept has been of interest to a very wide variety of business interests throughout the City.

7. ISN'T THIS JUST ANOTHER TAX?

No. Business Improvement District assessments are not taxes. BID assessments are vehicles, which convey a special benefit upon those who pay. While it is true that all affected parties in a given district must pay the assessment, it is important to remember that the BID was established through the consent of a majority of those involved. The City does not attempt to establish a BID where there is not a substantial amount of support from the community. Because the formation of a BID is primarily a community-driven project, the City serves as a facilitator in the process and is willing to help. The term "public-private partnership" in this case is not a misnomer; rather, it indicates the positive spirit of the program and the attitude of the City.