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What is a Business Improvement District (BID)?

A BID is an organizing and financing mechanism available to property owners and merchants to help determine the future of their commercial areas. In New York State, and throughout the US, BIDs are key organizational elements that directly contribute to the success of Downtowns. The advantages of a BID is that it is State recognized with specified funding, rather than being reliant on membership fees and fund raising.

The overall goal of a BID is to provide for the comprehensive management of the Business District. Specifically, a BID manages and implements capital, maintenance or marketing plans, conducts overall management, and generally operates to keep all parties at the table. Based on NYS legislation, there are a number of different activities that a BID may undertake, including the following:

Public Improvements - The BID can finance Downtown public improvements such as parking lots, lighting, attractive garbage receptacles, tree planting, and other streetscape improvements (e.g., brick sidewalks). It is important to note that the amount of financing that can take place is dependent upon the total assessed valuation of the properties within the district boundary.

Operations and Maintenance - The BID can provide for the operation and maintenance of any of the district improvements. In particular, the BID can hire a private security force to increase the comfort of shopping or working in the business district. Snow removal on sidewalks and garbage collection are other potential activities.

Promotional and Marketing - Advertising district promotions and special events, are common actions of many BID programs.

Business Recruitment - The BID can identify retail gaps, recruit new merchants to occupy vacant stores, and fill retail niches.

Research and Planning - The BID can collect data on the district, its building owners, commercial tenants and market conditions to use in its own planning activities.

The BID is based on state law permitting property owners to band together to use the municipality's tax collection powers to assess itself. These funds, which are collected by the municipality and returned in their

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entirety to the BID, are used to purchase supplemental services beyond those services and improvements provided by the Town.

Since the nature of the BID program is one of self-help, the success of its implementation depends on community consensus on a variety of issues. These include the organizational structure of the BID, its boundaries, most-pressing needs and the amount to be spent. For example, by carefully considering its boundaries, the BID can establish where the retail and office development should take place. Addressing the 'real' community needs allows BIDs to serve as the pulse of the local economy.

By centralizing the management and coordination of business activities, property owners and merchants can also help make the Business District more competitive in the regional market. If Downtowns are to survive, they must not only improve physically, but also refine their image in the eyes of today's increasingly mobile and discerning shoppers.

For additional information on the topic, please refer to the 2006 NYCOM Municipal Management Series report titled, *Business Improvement Districts*, available at www.nycom.org.