

Business Improvement Districts

**New Mexico Infrastructure Finance
Conference**

Financial Self Sufficiency II

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What is a BID?

A BID is a special district that allows for a property assessment to finance supplemental services and improvements.



How Does a BID Work?

- **A BID provides a sustainable funding system that enables the district to have multi-year plans and budgets.**
- **The assurance of ongoing funding gives confidence to owners and investors, makes possible multi-year contracts with investors and professional staff, and can permit the issuance of bonds for capital improvements.**



How is a BID Created?

- **A BID is created by the local governing body adopting legislation to create the District.**
- **Such legislation is considered only if a minimum of 51% of the property owners in the proposed area sign petitions asking for creation of the District.**
- **BID administrators recommend significantly higher level of support – 70% or more.**



What Does a BID Do?

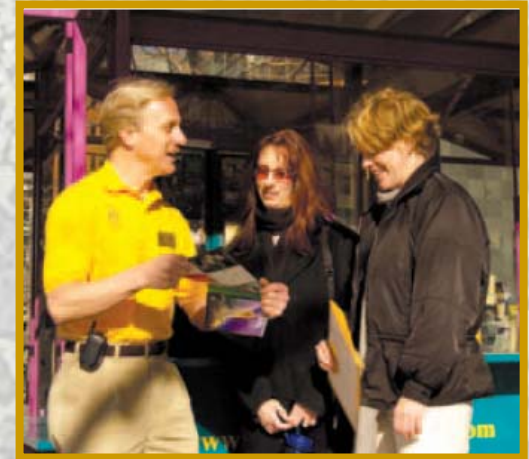
- **A BID is authorized to provide business and property-related services within its geographic boundaries.**
- **Funds raised by a BID must be invested in the area in which they were collected.**



Example BID Services

Security

- **Uniformed hospitality personnel**
- **Cooperative arrangements with the police**
- **Improving the perception and reality of public safety!**



Example BID Services

Direct Maintenance

- Removal of litter and graffiti
- Power-washing sidewalks
- Landscape maintenance



Example BID Services

Marketing

- Festival and events programming
- Coordinated sales promotions
- Promotional materials
- Image enhancement and advertising campaigns
- Signs/wayfinding
- Promotional banners



Example BID Services

Business Recruitment and Retention

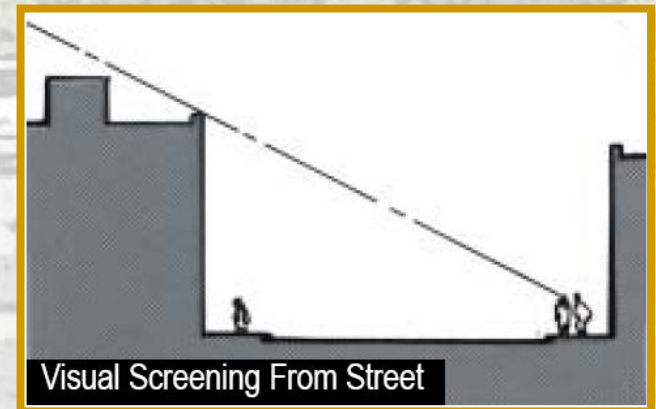
- **Market research**
- **Compilation/distribution of market reports**
- **Marketing to investors**
- **Outreach to existing and potential new businesses**



Example BID Services

Urban Design

- Development of urban design guidelines
- Development of lighting guidelines
- Management of façade and storefront improvements



Example BID Services

Other

- Homeless assistance
- Address parking issues
- Direct advocacy for municipal action
- Capital improvements



Who Manages a BID?

- A BID may be managed by a quasi-public agency or a nonprofit corporation



What Makes a BID Successful?

- **Sponsor organization with administrative capacity**
- **Strong support for activities – ±70%**
- **Desired services and cost are known**
- **Participants benefit directly from services**
- **Established communications channels**
- **Access to legal advice**



How Do We Form a BID?

- **Determine the likelihood of support from property and business owners**
- **Survey to determine what services are most needed**
- **Public Meetings**
- **Petition drive to collect signatures asking the municipality's elected officials to establish the district**
- **Action by City governing body**



How Do Businesses Benefit?

- **Business owners benefit by:**
 - **Being in an area that is perceived to be attractive and inviting**
 - **Being in a location where their efforts are supported by all owners**
- **Creating a positive environment is good for business!**



How Do Property Owners Benefit?

- **Property owners benefit by:**
 - **Owning property in an area that is perceived to be attractive and inviting**
- **The ultimate benefit is increased property values!**



What Does a BID Cost?

- **Assessments are determined by the property owners**
- **The final cost will depend upon the services that are to be provided**
- **The cost to a property owner is a surcharge on their existing property tax**



What Does a BID Cost?

- **The annual cost to a property owner can be estimated from the property's “net taxable value” on the County Assessor Notice of Value or Tax Bill**
- **Mil Rate = Cost per \$1,000 assessed value**



What Does a BID Cost?

**Net Taxable Value X Surcharge (Mil Rate) =
Cost to Owner**

- **Assessed Value = \$75,000**
- **Example:**
 - **Rate = \$7 per \$1,000 of assessed value**

$$\$75,000 * .007 = \$525$$



Who is Assessed?

- **Privately owned non-residential properties are included in the assessment**
- **Government, non-profit and residential owners are not assessed**
- **Exempt properties can pay voluntarily to support the BID**
- **Utility-owned properties**
 - **If assessed County-wide, may voluntarily pay equivalent of downtown assessment**



How Much Money will a BID Generate?

- Depends on property values within the District
- BID sets a budget based on desired services
 - Budget may be adjusted to match anticipated revenue
 - For example:

Total assessed value = \$10,000,000 in privately owned, non-residential property

Assessment = 7 Mil

Total revenue = \$70,000



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