

# WHAT IS A BUSINESS IMPROVEMENT DISTRICT?

A business improvement district (BID) is a private sector initiative to manage and improve the environment of a business district with services financed by a self-imposed and self-governed assessment. Similar to a common area maintenance (CAM) charge commonly found in shopping malls and office parks, a BID can help a business district increase its competitiveness in the regional marketplace. Services financed by a BID are intended to enhance, not replace, existing city services.

Benefits from BIDs, which can stretch well beyond their boundaries, include:

- Creating and maintaining a cleaner, safer and more attractive business district
- Ensuring stable and predictable revenues
- Providing innovative management
- Responding quickly to market changes and community needs
- Helping to increase property values, sales and occupancies
- Promoting distinct identities in business districts
- Leveraging resources
- Maximizing accountability to stakeholders that pay into a district
- Creating a unified voice to increase a business district's influence

## Can a BID Work in Your Community?

Despite their demonstrated advantages, BIDs are not a solution for every business district. The same principles consistently apply to the successful creation of a BID, and it is recommended that these elements be in place before initiating the process:

- **Private Sector Champions:** BIDs are most successful and effective when the process is driven by private sector leaders within a business district. Peer to peer encouragement is the most effective way to “sell” the BID concept. Private sector leadership must be evidenced within a business district.
- **Supportive Local Government:** Local government is best cast as a low key, yet dependable, supporter in the drive to form a BID. Local government can provide resources including information, money and staff expertise.
- **Staff and Financial Resources:** Formation of a BID is a labor intensive process that, depending upon the business district, can take from 9 to 18 months. Financial resources are needed for technology, marketing materials, experienced BID consultants, legal counsel and unforeseen expenses. Staff support is required to compile property and/or business owner databases, create marketing materials, manage consultants and coordinate volunteers.
- **Public/Private Partnership:** The success of a BID formation effort is founded upon a viable public/private partnership. Formal, or informal, the partnership should initially aim to be inclusive of all interests in the business district. Private sector leaders should be out in front of the BID formation effort with supportive local government that is visibly at the table.

## Options for Exploring BIDs

There are a variety of community-based processes for evaluating the feasibility of a BID. Options range from testing the local business district for BID feasibility to utilizing a BID as a tool to implement initiatives resulting from a downtown plan.

For more information on the basics of BIDs and a step-by-step guide on how to form them, see the “ABCs of Creating BIDs,” authored by Brad Segal and published by the International Downtown Association (IDA). The ABCs publication is available from IDA at [www.ida-downtown.org](http://www.ida-downtown.org).



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