

Use of Strategies that Promote Sustainability in Business Improvement
Districts

by

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Abstract

The purpose of this study is to describe business improvement district (BID) partnership maintenance strategies. After reviewing the relevant literature, three descriptive categories emerged: having a clear purpose, inclusiveness, and accountability. BID directors' use of various strategies was determined using an online survey sent to 278 BIDs. Nineteen percent (n = 54) of the surveys were completed. BIDs use maintenance strategies to varying degrees. Most BIDs have a strategic plan, go door-to-door to communicate BID boundaries, conduct public hearings, generate alternative sources of BID revenue, collect data on spillover effects, have local government collect their assessments, and coordinate security patrols with local police departments. About half of BIDs currently require annual reauthorization, have city officials directly involved in BID decision-making processes, conduct performance audits, and have established performance benchmarks to evaluate BID performance.

However, an overwhelming majority of BIDs do not negotiate flat assessment rates with business or property owners. BIDs also confirmed that their assessment formulas do not reflect preexisting services provided by businesses within BID districts that will also be provided by the BID. Because the majority of BID- directed litigation revolves around assessment payers who allege that their assessments are unfair, these trends need to be reversed in order to prevent future litigation from threatening BID-government partnerships.

About the Author

Matthew Todorow graduated from S.U.N.Y Albany with a Bachelor's Degree in Political Science in 2002. Mr. Todorow recently furthered his education and received his Master's of Public Administration from Texas State University in December 2011. He successfully took part in an academic seminar at The Washington Center titled *Camp David III: Negotiating the Path to Israeli-Palestinian Peace*, a simulated international peace conference where the participants were divided amongst the delegations most affected by this conflict. He has professional experience in covering state legislatures for legislative tracking companies and legal settlement negotiation. At the moment, he is volunteering his time to participate in the city of Austin's VICTORY program as a tutor. Based upon his newfound appreciation for Business Improvement Districts (BIDs), he hopes for a career in BID administration.

Author's Note

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Chapter 1 Introduction

Background

Business Improvement Districts (BIDs) are an emerging form of publicly approved districts in which businesses and property owners are allowed to provide public services. BIDs can take on many names throughout the country, including business improvement zones, community improvement districts, community benefit districts, downtown improvement districts, public improvement districts, special service areas, special improvement districts, etc. (Becker, Grossman, and Dos Santos 2011, 9-10). Despite the differences in label, these arrangements have fundamental similarities; differences depend upon the BID laws and local needs and how the BID can serve those needs (Grossman 2010).

The basis for contemporary BID formation occurred in the early 1800s (Mitchell 2008). The premise was simple: improvements in specific urban areas should be financed by those who will most benefit by those improvements. This manner of urban development was short-lived because business leaders eventually learned that by lobbying public officials they could establish a new method of financing where general tax revenue is used to pay for specifically localized urban improvements (Mitchell 2008).

Over a century later, the invention of the automobile in the United States spurred massive suburban residential development. Construction of new homes required massive federal and state-level investments for the creation of a highway system to accommodate these new developments (Mitchell 2008). Once the roads were completed, little money was left in the public sector to provide vital public services such as water, sewage, and adequate amounts of police and fire stations. This fiscal dilemma spurred the creation of special purpose districts,

which granted unincorporated suburban areas the authority to tax themselves in order to provide these public services for their community (Mitchell 2008).

In the 1950s and 1960s, urban businesses steadily relocated to these newly burgeoning suburban locales. As a result, tax bases in most cities shrank dramatically, and many vital municipal services were cut. Crime and urban blight soon became serious concerns for local officials and businesses. With reduced funding, there was little that municipalities could do to practically deal with these public issues (Mitchell 2008). However, local officials eventually recognized they could use special purpose districts as an arrangement for urban areas to provide vital public services using the same logic to validate special purpose districts in unincorporated suburban areas. The first BID established in the U.S. was in New Orleans in 1974 (Grossman 2010).

BIDs in U.S. Cities

The most recent BID census revealed that there are 1,002 BIDs in the U.S. (Becker, Grossman, and Dos Santos 2011, 10). About 23 percent of these BIDs are located in California; another 11 percent are located in New York; and about eight percent of BIDs are found in New Jersey and Wisconsin, respectively (Becker, Grossman, and Dos Santos 2011, 10-11). Thirty-six percent of all BIDs are located in cities with populations of 50,000 people or fewer, while another 22 percent of BIDs are located in cities with populations of 100,000-500,000 people (Becker, Grossman, and Dos Santos 2011, 14).

BID budgets range from \$11,000 to almost \$18 million (Becker, Grossman, and Dos Santos 2011) and average slightly under \$350,000 (Becker, Grossman, and Dos Santos 2011, 19). About 96 percent of BIDs report assessments as a source for their budget (Becker,

Grossman, and Dos Santos 2011, 21); sponsorships and contracts were the second-most cited sources for BID budgets. Just under one-third of BIDs also separately reported development fees and separate membership fees as alternative funding sources (Becker, Grossman, and Dos Santos 2011, 21).

Within the past 37 years, since the establishment of the first BID, there has been a heavy upward trend in BID creation in recent years—a little more than one-half of current BIDs were created within the past 10 years (Becker, Grossman, and Dos Santos 2011, 16). When compared against economic trends, BID creation coincides with stronger economic climates (Becker, Grossman, and Dos Santos 2011, 17). This is interesting considering that literature justifies BID creation as a means to combat poor economic urban conditions (Briffault 1999; Grossman 2010; Mitchell 2008).

BIDs have tremendous policy-making authority. Although BIDs exist in public-private partnerships with local governments, around 90 percent have a large role in setting their budget and assessment revenues, making personnel decisions, and choosing the level and bundle of services (Becker, Grossman, and Dos Santos 2011, 24). Furthermore, most BIDs report that “government never stepped in and set a different funding level from the one approved by the BID board” (Becker, Grossman, and Dos Santos 2011, 24).

The average size of a BID Board of Directors (BID Board) is 13 members; however, the most favored size of BID Boards was determined to be seven, nine, or 15 members (Becker, Grossman, and Dos Santos 2011, 25). About 70 percent of BID Board members serve either two- or three-year terms (Becker, Grossman, and Dos Santos 2011, 27). Roughly two-thirds of BIDs reported that they reserve seats on their BID Boards for various special interest groups (Becker,

Grossman, and Dos Santos 2011, 26). Only one-quarter of BIDs reported having elected officials serve on their Boards (Becker, Grossman, and Dos Santos 2011, 27).

While these descriptive statistics regarding BIDs are informative, this census does not describe the traits of BIDs that make them more likely to succeed. By closely looking at specifically how BIDs operate under the supervision of local government, a better understanding of what should be followed to sustain BID-government partnerships can emerge.

Structure

By definition, BIDs are “self-assessment districts that are usually initiated and governed by property or business owners, enabled by state laws, and authorized by local governments to provide public services in designated urban and suburban areas” (Morçöl and Wolf 2010, 906). Traditionally, BIDs are established in commercial areas (Grossman 2010). BIDs are not meant to supplant existing public services already provided by the local municipality; rather, they are created to administer *enhanced* services that are anticipated to increase the property values and business revenues for the patrons within the BID (Ellen, Schwartz and Voicu 2007, 7).

Mitchell observes that BIDs can be involved in the provision of up to nine different kinds of services (2001, 203). These services consist of capital improvements, consumer marketing, economic development, maintenance, parking and transportation, policy advocacy, public space regulation, security, and social services (Mitchell 2001, 203). The most common services provided by BIDs are public safety, area maintenance, marketing, and capital improvements (Billings and Leland, 2009; Ellen, Schwartz, and Voicu 2007; Symes and Steel, 2003) because the majority of property owners that start BIDs have the primary objective of making their neighborhoods clean and safe (Cook and Ludwig, 66; Mitchell 2001, 120).

BID-provided services are self-financed primarily through special assessments. A special assessment is a service charge or user fee, similar to a property tax in that it is mandatory and often based upon a property tax valuation (Mitchell 2008, 64). Unlike a property tax, the amount of the assessment is further determined by the benefits received from BID-provided services (Briffault 1999, 415). Another important distinction between property taxes and assessments is that BIDs are not subject to the uniform taxation requirements many state constitutions mandate (Briffault 1999, 415). Therefore, BIDs can legally justify charging different businesses and property owners higher assessments within the district; in return, these private stakeholders can expect an increase in the quality and number of public services, which are usually intended to benefit everyone equally (Mitchell 2008, 64).

BIDs have been characterized as public-private partnerships, quasi-governments, private governments, tools of government policy, and even as actors in urban governance networks (Morçöl and Wolf 2010, 908). BIDs can also simply be viewed as tools of public policy (Justice and Goldsmith 2006). The majority of the serious literature on this topic portrays BIDs as public-private partnerships because successful BIDs clearly advance both public and private interests (Briffault 1999; Grossman 2010; Justice and Goldsmith 2006; Meek and Hubler 2006; Mitchell 2008; Reenstra-Bryant 2010; Wolf 2006). Furthermore, the partnership of private and public sector efforts within the structure of a BID involves “private sector actors tak[ing] on public accountabilities,” and this begins to dissolve “the public-private dichotomy to create a hybrid capacity for mutually beneficial community and business development” (Grossman 2010, 365).

Purpose

The purpose of this research is to describe BID-government partnership maintenance strategies. BIDs as public-private partnerships are first designed to increase the worth of

businesses and properties located within the BID's urban territorial subdivision (Briffault 1999, 368). While positively impacting private stakeholders by increasing business revenues or property values, BIDs can have a broader and more beneficial effect on local government by providing a "substitute public sector" that raises its own revenue, offers its own incentives, and preserves its own infrastructure (Steel and Symes 2005, 324). This arrangement, when successfully managed, provides local governments with a legitimate option to combat problems facing urban business communities. Ensuring that BID-government partnerships are properly maintained is critically important for two key reasons.

Most local governments have balanced budget requirements; factoring in the recent economic downturn, local municipal governments, in the short term, will likely make critical cuts to public services because the state and federal funds on which they depend have decreased (Gamkhar and Pickerill 2011). In these instances, the emergence of BIDs as a supplemental policy tool has become common in the U.S. (Caruso and Weber 2006). City officials also often favorably view the use of public-private partnerships to financially revitalize downtown districts (Farst 2003). As such, more BIDs will be created in areas that would not previously be considered as likely settings because even once-thriving urban businesses can be negatively affected by abnormally weak economic conditions.

The long-term and more essential argument for maintaining BID-government partnerships stems from the concept that the presence of BIDs illustrates and proves that certain urban issues cannot be addressed by the business community or local government alone. BIDs, just by their presence and proliferation, symbolize that both market and government failures were separate and likely causes that spurred BID creation in this country (Becker 2010).

Therefore, aside from economic conditions, BIDs are successful because of their public sector authority and private sector motivations.

Effective BID-government partnerships take place when “the gains to this subset of stakeholders are perceived by them to be great enough to motivate them to provide public goods enjoyed for free by others” (Justice and Goldsmith 2006, 131). In addition, effective BID-government partnerships evolve when BIDs “identify their private interests with the general public interest in public space and other local public goods” (Justice and Goldsmith 2006, 131). Effective BID-government partnerships promote the public welfare at no additional cost to local government by mobilizing private-sector energies (Grossman 2010). The specific dynamics between BIDs and local governments during the BID’s formation and subsequent administration, service delivery, and governance will determine the success of this partnership for the long term.

Unfortunately, many BIDs have ultimately failed (Symes and Steel 2003). Some of the broader factors that contributed to these failures include BID miscommunication, unequal representation of the involved private stakeholders, poorly thought-out assessment policies, and mistrust amongst some of the major stakeholders affected by the BID (Symes and Steel 2003, 306-308). Internal politics have also led to the dissolution of enacted BIDs that were otherwise bringing improvements to their neighborhoods (Caruso and Weber 2006). Reducing failure of BIDs is critical because successful BIDs reduce urban crime, increase city revenue, and reinvigorate urban neighborhoods (Mitchell 2008). Because the purpose of this research is to describe BID-government partnership maintenance strategies, maintenance strategies for successful U.S. BID-government partnerships are the focus of this paper.

Summary of Chapters

Chapter 2 summarizes the literature review that illuminates the ways BIDs can further sustain their partnerships with local municipal governments. In doing so, a conceptual framework is developed and becomes the framework of this study. Chapter 3 elucidates the study's methodology by detailing how data were collected, operationalizes the conceptual framework, and explains some elements of the survey. Chapter 4 highlights and analyzes findings based upon all of the responses that were received. Finally, Chapter 5 draws conclusions based upon what was learned from all the research and information gathered from this study and makes recommendations for future research on this topic.

Chapter 2 Literature Review

Chapter Purpose

This section discusses three broad strategies justified by scholarly literature that will enhance the maintenance of BID-governmental partnerships. Doing so will allow for a conceptual framework to be developed. Since this study's research purpose is descriptive, BID-government partnership maintenance strategies will be further micro-conceptualized into specific subcategories (Shields and Tajalli 2006).

Because BIDs range widely throughout U.S. cities, discussing areas and ways in which successful activities and behaviors can be implemented within the BID-government partnership can serve as an important guide for current and future BIDs. The overall goal of these maintenance strategies is to enhance the effectiveness of BID-government public-private partnerships so that the BID can be sustained and successful. If BIDs can demonstrate that they have a clear purpose, develop sufficient BID-governmental inclusiveness, and use proven accountability practices, they will be best positioned to benefit from lasting relationships with their local government partners.

Clear Purpose

BIDs are created by "municipal designation, pursuant to the authority granted by state-level authorizing statutes" (Justice and Goldsmith 2006, 109). Their ability to satisfy the requirements of local government is influenced heavily by parameters set forth in existing state laws. These parameters require BIDs to be consistent with all relevant state laws during the BID formation process (Briffault 1999; Mitchell 2008). By developing a properly executed strategic plan that complies with all relevant laws, but also describes how BID services will be paid for

and evidences that the BID reflects a large majority of the district's private stakeholders, BIDs can achieve the initial clarity needed to maintain the BID-government partnership because municipal governments will be more willing to affiliate with BIDs with fully detailed plans (Grossman 2010).

A strategic plan can be thought of as a “deliberative, disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it” (Bryson 2010, 256-257). Bryson further clarifies that a strategic plan “at its best involves reasonably deliberative and disciplined work around clarifying organizational purposes and the requirements and likely strategies for success” (2010, 257). The strategic plan is critical in terms of organizational success because it increases the level of consensus on strategic initiatives (Poister 2010, 248).

Most state BID laws weight BID approval towards business and property owners (Billings and Leland 2009). The majority of states do so based on either the value of the businesses and properties or the size, i.e., square footage, of the businesses or properties (Billings and Leland 2009). The statutory minimum for BID approval ranges from 25 percent to 60 percent (Billings and Leland 2009, 123-124). Although state law is relevant, local government may require a level of BID approval that is higher than the statutory minimum in the state (Briffault 1999).

Even though the majority of property and business owners control the interests of BIDs, local government is politically accountable to everyone in the BID district, whether or not they are property and business owners that support the BID. If establishing a BID is not politically feasible for local government, it will be more inclined to disapprove the BID. Therefore, in some cases, municipalities set BID approval requirements that are higher than the minimum set by the

state to provide political cover to local government officials (Briffault 1999). For example, the city of New York “will not allow a BID proposal even to begin the statutory public approval process unless the agency is provided with "documented support of a supermajority of property and business owners, with ‘supermajority’ typically meaning at least eighty percent” (Briffault 1999, 383). Furthermore, municipalities within states that have no established minimum requirements may require additional support for BID approval from business and property owners (Briffault 1999, 384). Therefore, BIDs should realize while they are developing a strategy to get BID approval, municipal standards for approval may exceed state law requirements. Not factoring this in may inhibit a BID’s ability to obtain BID approval.

Achieving BID approval is an essential part of a successful BID-government partnership (Briffault 1999). Because local government has a responsibility to everyone in the municipality and not just to those who are seeking to start a BID, it is important that BIDs prepare to obtain approval that may be higher than what state law asserts. If BIDs satisfy local government requirements for BID approval, their efforts should further its partnership with local government because of their willingness to meet stricter municipal standards.

Communicating Clear Boundaries

An important part of communicating clear boundaries is conducting a long-term, direct outreach campaign; proposed BID boundaries are only meaningful if people within the boundaries are aware of them (Briffault 1999). A door-to-door outreach campaign is the most reliable and direct way to communicate clear boundaries. While indirect correspondence, such as mail, can reach a wider audience, it cannot be the primary means of communicating clear boundaries. Canvassing within the proposed BID boundaries is the most effective way to obtain the supermajority sometimes required by the municipality. Conducting at least a 16 month, direct

door-to-door communications campaign within BID boundaries will allow BIDs the time to clearly discuss the BID's purpose with the added assurance in knowing eligible BID voters are receiving their message (Briffault 1999). Without such a thorough approach, it will be less likely to obtain the consensus needed for BID approval.

Mailing BID-related information as the primary means of communicating clear boundaries has led to problems (Steel and Symes 2005). Business and property owners may not receive the information, mailing lists may be incomplete or outdated, the mail pieces may not address their concerns or questions, and this method places some of the burden on business and property owners to do their own research or follow-up (Steel and Symes 2005). Tenants may not pass important BID-related mail to their landlords, which can cause "catastrophic breakdown(s) of communication," and, ultimately, a BID's failure (Steel and Symes 2005, 306). Some BIDs have used both methods, but because they concentrated on mail, their efforts were unsuccessful. For example, one BID in New York sent letters to 250 commercial property owners and went door-to-door to only 12 of the 268 owners. Because only a small number of tenants passed the mail on to their landlords, the majority of the property owners knew nothing about the BID (Steel and Symes 2005, 326 -327).

Another important element of communicating clear boundaries is designing a BID whose boundaries clearly coincide with an already established locally recognized neighborhood (Davies 1997, 218). If BIDs are not formed according to the confines of a locally recognized neighborhood, the chances of obtaining BID approval decrease, as voter participation in the BID can be compromised (Davies 1997, 218). Democratic participation requires "confining BIDs to neighborhoods that citizens already identify as political units" (Davies 1997, 219). In this

context, BID activities and objectives can be communicated and tailored to each individual neighborhood's collective needs and interests (Davies 1997).

If, however, BID boundaries are not drawn with respect to locally recognized neighborhoods, it can threaten BID-government partnerships. Property owners within proposed BID boundaries who reside on the outskirts of locally recognized city neighborhoods can disassociate from BIDs by dissenting strongly enough to force municipalities to redraw BID boundaries (Briffault 1999, 386). The impact can be devastating; redrawing BID boundaries may reduce the proposed budget as the pool of assessment payers becomes smaller. BID petitioners may then conclude that the BID's strategic plan is compromised because the new BID boundaries do not permit enough funds to be generated to provide the intended services (Compton and Compton 1997).

BIDs that extend their boundaries beyond the confines of locally recognized neighborhoods can prevent the BID from executing its strategic plan. To avoid this threat, BID boundaries can be designed around the boundaries of a locally recognized neighborhood of business and property owners that reflect their neighborhood's values and desires. Following this strategy can improve the conditions for effectively mobilizing the consensus needed for a successful BID.

Employs an Equitable Assessment Plan

Strategizing how a BID will provide financing for BID services can be challenging because there is no definitive way to measure the benefit received by each business and property owner. By having a substantial budget, BID services are likely to increase overall property values and business revenues (Ellen, Schwartz, and Voicu 2007). In New York, BIDs with large budgets have generated positive effects on commercial property values, while BIDs with smaller

budgets had negligible effects; the difference in the size of the budget was found to be “the principal driver of these differen[t]” effects on property values (Ellen, Schwartz, and Voicu 2007, 20).

When comparing BID budgets in New York, the average size of a large BID budget is 6.1 million dollars, which is ten times larger than a mid-sized BID budget (Ellen, Schwartz, and Voicu 2007, 14). This difference in budgets, however, is disproportionately larger than most U.S. BID budgets (Mitchell 2008). Even in a major city like Chicago, the average BID budget was recently found to be just \$256,000 (Caruso and Weber 2006, 191). Even so, the size of a BID budget is not the ultimate determinant of BID success because BIDs will be successful as long as proper planning generates “enough money for what needs to be done” (Mitchell 2008, 67).

Because BIDs are self-helping, self-taxing districts (Billings and Leland 2009, 109), the core source of financing is special assessments. Devising an assessment strategy is challenging because “even if assessments may be used to finance area-wide business-oriented services in theory, they may be vulnerable to claims by individual payers who assert that assessment-financed activities do not benefit them in practice” (Briffault 1999, 447). Special assessments typically finance public improvements that bring direct benefit to individual landowners, but because BID services improve the district as a whole, it is difficult to determine how individual property and business owners will benefit from the services (Briffault 1999, 416).

The majority of litigation against BIDs is brought by business and property owners who felt unfairly burdened by BID-imposed assessments (Briffault 1999, 446). However, in order to overturn BID-imposed assessments, business and property owners need to prove in court that their assessments substantially exceed their benefit. This is because U.S. courts automatically presume individual business and property owners in BID Districts benefit from BID-provided

services (Briffault 1999). The predicament here is that U.S. courts often determine the sufficiency of individual benefits by determining if the benefits from BID districts were contained within the BID district and did not extend to other parts of the city (Briffault 1999, 451). If this can be proven, the U.S. courts have consistently yielded to the discretion of BIDs to determine assessment rates or increases (Briffault 1999). A notable Supreme Court decision in fact ruled that as long as BIDs achieve “a public purpose, there is no reason for the judiciary to limit a legislative prerogative to set assessment formulas or to restrict administrative experimentation at the local level” (Mitchell 2008, 64).

As such, property owners have little chance of overturning an assessment that can legitimately be seen as too high. Some BIDs are unable to determine their assessment formulas because those powers are vested in local government (Becker 2010). For BIDs that are able to develop their own assessment formulas, it is important that the assessments generate enough revenue for the BID’s desired services. While doing so, BIDs should acknowledge the increased difficulty of determining how BID services will benefit individual property and business owners. Furthermore, BIDs should realize that certain businesses already provide themselves with services that will eventually be provided by the BID, and may benefit even less from BID services compared to other business owners in the district. Failing to do so could potentially result in legal disputes, which would, in turn, threaten BID-government partnerships.

One way BIDs can prevent disputes over assessment formulas is to ensure that assessment formulas are weighted based upon a “proportion of the benefits to be received” by their services (Mitchell 2001, 205). Again, most U.S. BID assessment formulas reflect a calculation based upon a property value assessment (Billings & Leland 2009; Briffault 1999;

Mitchell 2001). Basing assessment formulas on property valuation alone can lead to cases in which certain businesses pay for services from which they receive no benefit.

For instance, business or property owners might already have private security arrangements in place prior to the establishment of the BID; as such, they can make the case that they will receive no benefit from BID-provided security. Some businesses do not rely on foot traffic or walk-in trade for their profits and will “benefit less from programs that are aimed at increasing the amount of activity on the streets” (Briffault 1999, 416). In these cases, BIDs whose assessment formulas do not reflect a proportion of the benefits to be received are susceptible to claims of employing inequitable assessments.

If quantifying a “proportion of the benefits to be received” into an assessment formula is too complex for BIDs, different assessment strategies can be employed. For instance, BIDs can forego assessment formulas and simply charge a flat, negotiated-upon rate with the individual property or business owner (Mitchell 2001). Negotiating flat assessment rates can be an effective middle-ground solution for property or business owners who are unhappy with their assessment-formula-based rates. BIDs can also solicit and obtain additional revenue from other sources; BIDs can receive voluntary donations, obtain federal or state grants, acquire subsidies from local government, sell goods or services, or even issue bonds to obtain funding (Mitchell 2008, 66). Any one or combination of these additional forms of BID revenue makes it more feasible for BIDs to lower their assessments. In doing so, lower assessments can be offset such that they do not detract from the overall level of BID service quality.

Non-traditional methods of determining BID financing can be part of a BID’s clear purpose. The fact that BIDs can affect individual businesses and property owners differently should influence assessment formulas. It is important not to weigh assessment formulas

disproportionately as this could result in reduced BID funding, which can decrease the benefits provided by BID services. Therefore, alternative revenue strategies should be used: by employing an equitable assessment plan, BID-government partnerships are more likely to be maintained.

Brings About Effective Public Hearings

Most states require a public hearing process for public matters (Baker, Addams, and Davis 2005). Literature indicates that public participation during municipal planning processes results in greater public acceptance of the outcomes from decision-making processes (Burby 2003; King, Feltey, and Susel 1998; Young 2001). Public hearings are the most widely used arena for informing citizens of public issues that affect them, or in which they can take part (Baker, Addams, and Davis 2005). Most states mandate BIDs to participate in the public hearing process (Briffault 1999, 387).

BIDs primarily use the public hearing process because it is integral to generating the consensus required to support the BID (Hochleutner 2003, 398). Even though public hearings are commonly used, that does not mean all public hearings will be effective. If some fundamental conditions are not met in the different public hearing stages (pre-hearing, hearing, and post-hearing), the public hearing will lose its effectiveness.

The primary focus during the pre-hearing stage is getting the broadest cross-section of the public to attend the hearing, which requires advertising the upcoming public hearing using as many media outlets as possible (Baker, Addams, and Davis 2005), including newsletters, newspapers, public notices, radio, television, and the Internet (Baker, Addams, and Davis 2005, 495). By increasing exposure of the public hearing, BIDs will increase their chances of addressing questions and concerns property and business owners might have. The broader the

media coverage of a public hearing, the more effective the hearing will be (Baker, Addams, and Davis 2005).

Two critical goals at the public hearing stage are delivering a clear and understandable presentation of the issue while managing the agenda, as well as navigating the emotions of audience members (Baker, Addams, and Davis 2005). The clarity of the presentation is not determined by how well the presenter knows the issue, but by how simply the presenter can convey the message so that the audience can understand. Using visual aids, including handouts, PowerPoint presentations, and charts (Baker, Addams, and Davis 2005), will help elucidate an issue that can be difficult to explain. Providing information that “can be seen, not just heard” can significantly improve the clarity of the message and, therefore, the effectiveness of the public hearing (Baker, Addams, and Davis 2005, 497).

It is equally important that the presenter is able to navigate the agenda without mishandling the emotions of those in attendance (Baker, Addams, and Davis 2005). Putting a time limit on public testimony is a great way to manage time because it ensures all comments are heard; preventing each speaker from going over his or her allotted time will allow all in attendance to have a chance to be heard. In addition, this tactic has been found to significantly increase the success rates of public hearings based on public perception (Baker, Addams, and Davis 2005, 497).

An excellent way of managing the potential negative emotions of the audience members is to record their comments on a public board. Although most public hearings are recorded with a tape recorder or by a legal secretary, the audience members may be unaware their comments, positive or negative, are being heard. If the audience members can see that their comments are received, they will be more assured that their input is being taken seriously. Using a chalk board

or computer projection screen, for example, to display comments and feedback can keep audience members focused by feeling appreciated, which will help keep the public hearing testimony and agenda on track (Baker, Addams, and Davis 2005, 497).

Once the public hearing is over, it is essential that BIDs follow up and communicate the final decisions to the public. An effective way to communicate these decisions is to use direct, local media, such as city-based newspapers and direct mail rather than radio or television (Baker, Addams, and Davis 2005, 494). Not only are city-based newspapers and direct mail more targeted, but the public is more likely to assume that decisions from public hearings will be found in these types of media.

Effective public hearings will allow all property and business owners the opportunity to express their concerns and input about the BID (Briffault 1999, 460). To ensure that a BID's strategic plan brings about an effective public hearing, it is critical to employ methods during the pre-hearing, hearing, and post-hearing stages that are associated with successful public hearings. By using this input correctly, BIDs will further sustain their BID-government partnership.

Monitors Spillover Data

Spillover is the result of “a decision [that] produces costs or benefits to people other than those making the decision” (Schakel 2010, 339). BIDs often have spillover effects in adjacent or nearby neighborhoods (Hoyt 2005, 192). These effects can be positive, such as increased foot traffic, higher property values, and increased amounts of municipal services that generate more city revenue (Ellen, Schwartz, and Voicu 2007; Hoyt 2005; Meek and Hubler 2006; Mitchell 2008). On the other hand, increased competition brought by privatized BID services can result in negative spillover, such as increased rents and reduced wages in nearby neighborhoods (Meek and Hubler 2006; Mitchell 2008). Other issues caused by spillover are increased trash and

panhandling (Caruso and Weber 2006, 195). One looming spillover effect, however, can seriously jeopardize the existence of a BID: crime.

BIDs should track crime rate trends in surrounding communities (Hoyt and Gopal-Agge 2007). Some municipalities legally state, with regard to crime, that BID “activities cannot create any negative impact on a neighboring residential area” (Wolf 2006, 60). Noncompliance with these laws can lead to the dissolution of a BID (Wolf 2006). Therefore, it is important that BIDs in these jurisdictions monitor spillover data.

Some BID opponents argue that BID security patrols “displace petty and serious crime to the neighboring areas, representing an external cost of BID operation” (Hoyt and Gopal-Agge 2007, 954). Some literature now suggests that neighborhoods adjacent to BIDs employing unscrupulous security officers are now forming their own BIDs to combat the newly increased crime in their area (Lloyd et al. 2003). While spillover data can be used to reinforce the positive effects the BID has on nearby neighborhoods, BIDs should monitor these data to track if the problems they once encountered have been displaced to nearby neighborhoods. Literature indicates that the collection of crime spillover data is not a common practice (Hoyt 2005). If BIDs do not collect these data, they threaten the sustainability of their partnership with local government.

Developing a strategic plan with a clear purpose is an important component of a successful BID-government partnership maintenance strategy. A strategic plan should communicate clear boundaries to district residents; conform the BID boundaries to locally established neighborhoods; develop an assessment plan that raises enough revenue to provide services sought by property and business owners, while acknowledging that BID services can impact individual business and property owners differently; conduct effective public hearings to

garner and sustain support for the BID; and collect spillover data to ensure that the BID will have a clear understanding of its effect on surrounding public areas. Following through on these activities should enable the BID to sustain the consensus needed to stabilize BID support. Doing so should set a foundation for the successful long-term maintenance of most BID-government partnerships.

Inclusiveness

There is a line of reasoning suggesting that within the BID-government partnership, public value is created by “making use of each sector’s characteristic strengths while also finding ways to minimize, overcome, or compensate for each sector’s characteristic weaknesses” (Bryson, Crosby, and Stone 2006, 51). Through further integrating BIDs and local government to account for each sector’s weakness, the BID-government partnership is more likely to succeed (Bryson, Crosby and Stone 2006). A smart long-term maintenance strategy for sustaining BID-government partnerships involves aligning “processes, structures, governance...such that good things happen in a sustained way over time” so that “public value can be created” (Bryson, Crosby and Stone 2006, 52). Maintaining a BID-government partnership by developing inclusive practices within the BID’s organizational structure can be successful if properly executed.

Although it is likely to assume that local government would be the natural partner for most BID activities, BIDs “implement services through nonprofit organizations, government corporations, or public-nonprofit partnerships” (Mitchell 2001, 205). BID-government partnerships can be further developed through inclusion within the BID organization’s core functions. Following the strategy in this section can also further the long-term maintenance of BID-government partnerships.

Municipal Collection of BID Assessments

Local government inclusion can be as simple as requiring the municipality to collect BID assessments. Municipalities are already involved and experienced in tax collection, and using them to collect assessments will not detract from the quality of the service (Briffault 1999, 392-393). While it would seem logical that BIDs would employ this strategy, some BIDs do not empower the city to collect their assessments (Cook and MacDonald 2010; Meek and Hubler 2006; Morçöl and Wolf 2010).

Allowing local government to collect assessments would furthermore prevent some of the issues that non-profit organizations and government corporations face when property and business owners are delinquent in their assessment payments. For example, a BID in Philadelphia used a community development corporation instead of the local municipality to administer its assessment collection (Stokes 2006, 178). This BID was forced to make up for a budget shortfall one year through federal community development block grants because *less than half* of the BID's overall mandated assessments were collected (Cook and MacDonald 2010, 19). Some literature suggests that municipal administration of tax collection would likely have prevented this BID, and perhaps other BIDs, from dealing with these kinds of problems (Cook and MacDonald 2010).

The municipal collection of BID assessments is a reliable method for collecting BID assessments (Briffault 1999). Municipalities can integrate the BID assessment as a line item on city tax statements they send out to businesses and property owners (Grossman 2010); other third-party assessment collectors cannot provide BIDs with this kind of assurance. Furthermore, using municipalities to collect BID assessments further establishes BID-government inclusive practices.

BID Security Forming Mutually Beneficial Practices with Local Police

Many BID opponents are skeptical about the use of private security patrols to combat public crime (Hoyt and Gopal-Agge 2007). Some of these skeptics are police officers themselves (Steel and Symes 2005). The Boston Police Department was so troubled that BID security patrols would be present in a nearby proposed BID district that it vehemently and successfully lobbied against the establishment of that BID (Steel and Symes 2005, 329). Because local police have voiced these opinions in the past, it is critically important that BID security patrols establish first-rate working relationships with local police. While most BIDs make this attempt, some fail because their strategies do not bring equal benefit to both the police and the BID (Stokes 2006). BIDs can avoid these failures by bonding mutually beneficial practices with local police officers. Many BIDs illustrate models that other BIDs can follow to establish mutually beneficial practices.

Private security officers from a BID in Philadelphia work out of the same station with local police and share the same radio and information systems (Pike 1997). This set-up allows both parties to conduct joint daily meetings in which they can discuss operational deployment strategies to increase their overall effectiveness in combating crime (Briffault 1999, 398). BIDs in Baltimore and Los Angeles have installed private security cameras to allow local police to monitor their districts (Briffault 1999, 398; Cook and Ludwig 2011, 66). These closed-circuit cameras make it easier for police to monitor crime and have proven to make BID districts safer (Cook and Ludwig 2011). One BID even responds to a significant portion of non-priority calls, which would normally be handled by local police, so that local police forces can prioritize more serious crimes (Briffault 1999, 398). Two years after the BID started assisting local police in this way, crime rates in their city dropped by 10 percent (Pike 1997).

These are all examples of mutually beneficial BID-government operational structures that can be developed and employed. Developing a security structure that equally benefits both BIDs and local government can increase the chances that BID-government partnerships will endure.

Having Local City Officials Sit on BID Boards

A BID's Board can comprise a variety of stakeholders, including property owners, businesses, firms, neighborhood associations, elected officials, local residents, and public administrators (Briffault 1999; Mitchell 2008). The BID Board is the venue in which BID governance takes place (Hoyt and Gopal-Agge 2007, 951). Even though BID Boards are not technically "governing bodies, they exercise considerable control over BID operations" (Briffault 1999, 409). Some state BID laws require that a certain amount of Board membership include city representation (Davies 1997). Except for these local city officials, many state laws also require that "all or most board members be landowners, businesses, or residents of the district" (Briffault 1999, 413).

If city officials do not serve on BID Boards, non-owning BID residents and nearby inhabitants can feel disconnected from the BID governance process because local government city officials are often the most optimal party to represent these stakeholder groups on BID Boards (Hochleitner 2003). Furthermore, since city officials are typically outnumbered by business and property owners, city official authority can further their influence in the decision-making process (Hochleitner 2003). Therefore, the more concentrated a BID Board is with city officials, the more likely the BID will represent citizens that might take issue with how the BID is carrying out its agenda, thus increasing the BID's ability to prevent these energies from disrupting the BID. By doing so, the BID better preserves its partnership with local government.

The city officials who serve on BID Boards sometimes only rubberstamp the decisions made by business and property owners because private stakeholder interests generally represent the majority on BID Boards (Morçöl and Patrick 2006, 158). A rubberstamp city official on the Board is harmful because city officials are best positioned to advocate for nearby neighborhoods affected by BID Board decisions (Hochleutner 2003, 398). When city officials disengage, important stakeholder interests will not be represented.

City officials serving on BID Boards have been shown to be less likely to disengage if the city is heavily involved in the creation of the BID. This deep city involvement emanates from a shared “geographic sense of identity” between the public and private stakeholders (Meek and Hubler 2006, 47). An indication of deep city involvement, therefore, can simply be the presence of city officials on BID Boards who reside within the BID District. If city officials who live within the BID district are involved in the decision-making process, there is a better chance that they will take their role on the BID Board more seriously.

An essential part of successfully maintaining BID-government partnerships involves developing inclusiveness in core areas within the BID organization. By following a strategy that has municipalities handling the collection of BID assessments, private security forces forming mutually beneficial practices with local police, and having city officials serve on BID Boards who live in the district, the degree of inclusiveness needed to further BID-government partnership maintenance may be obtained.

Accountability

BID-government partnerships can be more successful if they use accountability systems built upon important relationships between key political and professional groups (Bryson, Crosby and Stone 2006; Page 2004). By improving “the quality of information that is available

to the public about its performance, [a BID] can render itself more accountable to . . .the consumers of its services” (Page 2004, 592). A major criticism of BIDs is that they are “autonomous legal entities that are not accountable to the district’s residents, the jurisdiction in which they operate, or the BID’s business or property owner constituents” (Hoyt and Gopal-Agge 2007, 952). Literature also suggests that some critics feel that BIDs “should also be held accountable to . . . other communities in metropolitan areas whom their decisions and policies affect” (Morçöl and Wolf 2010, 909).

There are specific ways BIDs can ensure they are equally accountable to local government, property and business owners, non-owning BID residents, and members of nearby communities. If used appropriately, sunset clauses, audits, annual reports, and performance benchmarks can increase BID accountability to all relevant stakeholders, and allow BIDs to further the maintenance of their partnership with local government.

Sunset Clauses

Sunset clauses are effective accountability measures (Briffault 1999) because they are procedural mechanisms built into the foundation of a BID that require its reauthorization/renewal after a predetermined amount of time (Morçöl and Wolf 2010, 910). However, because most local governments “view sunset provisions [as] mere formalities”, they do not take enforcement of them seriously (Morçöl and Wolf 2010, 910). Therefore, it is normally incumbent upon business and property owners to make decisions about renewing the BID. Although many BIDs have sunset clauses, some BIDs still do not have them (Briffault 1999; Meek and Hubler 2006; Symes and Steel 2003).

BID renewal periods range from one to twenty-five years (Mitchell 2008, 71). The renewal period should be long enough “for the BID to get under-way without its organizers

having to immediately divert their efforts to reauthorization and long enough for BID programs to show some benefits, but not so long as to insulate the BID from its constituents” (Briffault 1999, 458). A period of five years most adequately fits this criterion (Briffault 1999), and five-year term limits are most commonly used (Mitchell 2008, 71). At the maximum renewal period, a BID can become too unaccountable to its residents; at the minimum renewal period, a BID does not have enough time to accurately assess and present its case for renewal. Therefore, the further BID renewal periods extend beyond this five-year mark, the more likely the sunset clause’s accountability is compromised.

State law often dictates that property owners have a controlling or weighted interest in BID reauthorization (Hochleutner 2003). In states that do not have these requirements, BIDs can increase accountability by basing BID reauthorization upon a numerical majority vote of the BID’s property and business owners that is not weighted by contribution level (Symes and Steel 2003). By doing so, smaller business owners would have a much larger influence in the reauthorization process because this would provide “a clear incentive for larger businesses to consider the views of smaller firms” (Symes and Steel 2003, 308). Some BIDs successfully employ this method by giving equal voting power to businesses and properties of all sizes (Symes and Steel 2003, 308).

It is important that BIDs have sunset clauses because they increase accountability by mandating the BID’s continued reauthorization. Literature then suggests that BIDs with sunset clauses with five-year renewal periods will be best positioned to accurately measure the impact of the BID while not making the BID unaccountable to its residents. In states that do not require BID renewal based on a weighted system, a numerical majority vote that is not weighted by contribution level should enhance the overall accountability of the BID because it gives authority

to those who might ordinarily be drowned out by a system that gives more authority to prominent business and property owners. Doing so should increase BID accountability and further maintain BID-government partnerships.

Audits/Annual Reports

Most BIDs are legally bound to conduct audits and annual reports (Morçöl and Patrick 2006; Justice and Goldsmith 2006; Ellen, Schwartz, and Voicu 2007). Municipalities require BIDs to produce annual reports, or outlines of their projected finances and activities (Briffault 1999, 439). Audits are then conducted by city officials based on their view of the annual report's soundness (Hochleutner 2003, 401). Because BIDs make most records publicly available during this process, this interplay between BIDs and local government should increase BID accountability.

Even though most state laws require audits and annuals reports, local government tends to downplay these duties and provides minimal oversight (Morçöl and Wolf 2010, 910). Even if local government does not see the utility in examining audits and annual reports thoroughly, BIDs can still use audits and annual reports in more relevant accountability measures. BIDs can use their audits to conduct a performance audit and use the data in their annual report as part of a longer five- or ten-year analysis.

Performance audits can be understood as a "determination of the economy, efficiency, and effectiveness" of BID programs (Davis 1990, 35). BIDs could submit a performance audit concurrently with a financial audit (Caruso and Weber 2006). Local government could then compare "the proposed outputs, outcomes, and indicators with the actual ones to determine the performance of the BID that year and to track the organization's progress over time" (Caruso and Weber 2006, 214). By providing local government with a performance audit, BIDs will not only

establish a higher dimension of accountability, but they may even pique local government interest into taking oversight duties more seriously. Therefore, performance audits can either make BIDs more accountable by providing more service-oriented information along with its financial capabilities, or induce local government to take more interest in the BID's affairs by providing them with a broader explanation of how the BID services have benefited the community.

While annual reports provide valuable information, an annual review is not the ideal time period in which to conduct a full-scale evaluation because BIDs are created to reverse the trends after numerous years of economic hardship (Reenstra-Bryant 2010). Furthermore, the process to formalize a long-term plan, which will map out the redevelopment and community building the BID aspires to achieve, takes roughly one to three years after the BID is established (Grossman 2010, 386). Annual reports are designed as an accountability measure, but because of the trends that led to the BID formation and the fact that progress likely cannot be achieved or evaluated within one year, these reports, though mandated, can only achieve accountability if used to inform a five- or ten-year analysis (Reenstra-Bryant 2010, 521). That is, while annual reports have some degree of accountability, their value is comparatively less when it is not used as part of a long-term plan (Reenstra-Bryant 2010). Without conducting a five- or ten-year analysis, establishing BID accountability becomes much more difficult because it is not reflective of the standard of accountability required because BIDs need more time to reach the long-term goals that led to the BID's formation in the first place (Grossman 2010).

Legal requirements may be what motivate BIDs to generate audits and annual reports, but they provide more accountability when used to further other measures or long-term plans, as opposed to being evaluated as a stand-alone measure. By conducting performance audits

concurrently with financial audits and using annual reports as part of longer-term five- or ten-year analysis, these legal formalities become important elements of enhanced accountability practices BIDs can use to substantiate their progress.

Performance Benchmarks

Organizations with numerous stakeholders generally use performance measures because they hold government accountable (Behn 2003), and many BIDs use performance measures to gauge their success (Mitchell 2001). Performance measures need to be connected to BID objectives in order to be effective (Caruso and Weber 2006). BIDs can use measures such as crime rates, occupancy rates, retail sales, and pedestrian counts to determine if the services they are providing are meeting goals and objectives; such as improved security, and increased real estate values, retail profits, and foot traffic in the area (Hoyt and Gopal-Agge 2007, 952). Even though it is difficult to establish causality between these performance measures and BID services, it is critical that there should be a connection between a BID's mission and the measures it uses to evaluate its performance (Caruso and Weber 2006). This can be achieved by using performance benchmarks and customizing them to a BID's "goals, budget, and capacity" (Caruso and Weber 2006, 216).

Performance benchmarks establish a point of reference for comparison or measurement purposes (Mitchell 2008). With them, BIDs can measure the "performance gap between where they are and where they want to be and track their progress in closing that gap" (Mitchell 2008, 71). Establishing a public-sector related performance benchmark is typically achieved according to an internal community or organizational goal or by some "externally set target such as comparison to other jurisdictions, a federal mandate or [a] professionally set standard (Este 2007, 39). Because performance standards tend to vary among local stakeholders in different BID

districts, BID benchmarks tend to be set based upon the individual BID organization's internal goals (Caruso and Weber 2006).

Many BIDs however have not established performance benchmarks (Steel and Symes 2005, 329); a study involving 400 BID managers from BIDs across the U.S. found that only about *half* the BID managers established performance benchmarks (Mitchell 2001, 210-212). Without using performance benchmarks, BIDs cannot determine if they are effectively providing their services (Caruso and Weber 2006). Performance benchmarks achieve the accountability that performance measures are intended to have. The more performance benchmarks a BID develops, the more they can demonstrate that they are satisfying the wants of BID inhabitants and are making a positive contribution to the public (Mitchell 2008).

BIDs should develop an accountability system to sustain their partnerships with local governments. By being more accountable to local government, BIDs allow for continuous evaluation to take place, which in turn allows remedies to emerge that can further maintain BID-government partnerships. BIDs that have sunset clauses, provide audits and annual reports, and establish performance benchmarks for their performance measures can achieve the requisite level of accountability needed to main their partnership with local government.

Conclusion

This chapter outlined three broad maintenance strategies for BIDs. If BIDs have a clear purpose and partake in practices that elevate their degree of inclusiveness and accountability, they can continue to be a viable public policy tool that allows property and business owners to provide enhanced public services for their respective neighborhoods. Because there is so much variation amongst BIDs in the U.S., the guidelines set forth in these maintenance strategies were designed to be applicable to BIDs in most urban settings.

Having a clear purpose is accomplished by having a well-thought-out strategic plan. Being able to demonstrate BID objectives with specificity is crucial because it illustrates that the BID is aware of the legal parameters that govern its operations and that it is equipped to function effectively. Local government will be more willing to stay in long-term partnerships with BIDs that can effectively accomplish this.

Inclusive and accountability practices revolve around designing an organizational structure where BID-government partnerships can naturally emerge. Through establishing areas within the BID where core BID functions depend upon joint BID-government efforts, inclusiveness can create a degree of public value sufficient to build successful long-term BID-government partnerships. Developing an accountability system premised on cementing BID-government partnerships through continuous evaluation of the BID will inhibit criticism that BIDs operate autonomously. Successful inclusive and accountability practices can advance the development of BID-government partnerships.

The models and indicators outlined in this chapter will provide a research-based framework within which to describe BID-government partnership maintenance strategies. The next chapter will describe the methodology used to describe BID-government partnership maintenance strategies. Table 2.1 outlines this study's conceptual framework.

Table 2.1: Conceptual Framework

Descriptive Categories	Supporting Literature
<p><i>Clear Purpose</i></p> <p>BIDs and government can maintain their partnerships by <i>having a strategic plan that:</i></p> <ul style="list-style-type: none"> a. Communicates Clear Boundaries b. Employs an Equitable Assessment Plan c. Brings About Effective Public Hearings d. Monitors Spillover Data 	<ul style="list-style-type: none"> a. (Briffault 1999) (Compton and Compton 1997) (Davies 1997) (Steel and Symes 2005) b. (Becker 2010)(Billings and Leland 2009) (Briffault 1999)(Caruso and Weber 2006) (Ellen, Schwartz, and Voicu 2007) (Mitchell 2008) (Mitchell 2001) c. (Baker, Addams, and Davis 2005)(Briffault 1999) (Burby 2003) (Hochleitner 2003) (King, Felty, and Susel 1998) (Young 2001) d. (Caruso and Weber 2006) (Ellen, Schwartz and Voicu 2007) (Hoyt 2005)(Hoyt and Gopal-Agge 2007) (Llovd et al. 2003) (Meek and Hubler 2006) (Mitchell 2008) (Schakel 2010) (Wolf 2006)
<p><i>Inclusiveness</i></p> <p>BIDs and government can maintain their partnerships by <i>working together within the BID’s organizational structure through:</i></p> <ul style="list-style-type: none"> a. Municipal collection of BID Assessments b. BID Security Forming Mutually Beneficial Practices with Local Police c. Having Local City Officials Sit on BID Boards 	<ul style="list-style-type: none"> a. (Briffault 1999)(Cook and MacDonald 2010)(Grossman 2010) (Meek and Hubler 2006) (Morçöl and Wolf 2010) (Stokes 2006) b. (Briffault 1999) (Cook and Ludwig 2011) (Hoyt and Gopal-Agge 2007) (Pike 1997) (Steel and Symes 2005) (Stokes 2006) c. (Briffault 1999) (Davies 1997) (Hochleitner 2003) (Hoyt and Gopal-Agge 2007) (Meek and Hubler 2006) (Mitchell 2008) (Morçöl and Patrick 2006)
<p><i>Accountability</i></p> <p>BIDs and government can maintain their partnerships <i>through the appropriate use of evaluative measures :</i></p> <ul style="list-style-type: none"> a. Sunset Clauses b. Auditing/Annual Reports c. Performance Benchmarks 	<ul style="list-style-type: none"> a. (Briffault 1999) (Hochleitner 2003) (Meek and Hubler 2006) (Mitchell 2008) (Morçöl and Wolf 2010)(Symes and Steel 2003) b. (Briffault 1999) (Caruso and Weber 2006) (Davis 1990) (Ellen, Schwartz, and Voicu 2007) (Grossman 2010) (Hochleitner 2003) (Justice and Goldsmith 2006) (Morçöl and Patrick 2006) (Morçöl and Wolf 2010) (Reenstra-Bryant 2010) c. (Behn 2003) (Caruso and Weber 2006) (Hoyt and Gopal-Agge 2007) (Mitchell 2008) (Mitchell 2001)(Steel and Symes 2005)

Chapter 3 Methodology

Chapter Purpose

This chapter outlines the methods that determine which maintenance strategies are used by BIDs. Using the literature as a foundation, the descriptive categories were operationalized into survey questions. By determining how frequently maintenance strategies are followed, this study will discover if there are strategies BIDs prefer. Also, further discoveries will be made regarding any particular maintenance strategies that are not being used as much as was anticipated. The findings may also shape suggestions on how to improve BID-government partnerships.

Data Collection

Survey research is an effective method to carry out data collection for many reasons. Primarily, survey research is the best method to collect original data on a population too large to observe directly (Babbie 2007). Since this study's population consists of BIDs across the U.S., it accurately fits this description. Furthermore, survey research is a practical approach that gives researchers the ability to write questions in any manner deemed suitable for their particular study (Babbie 2007). This study uses structured questionnaires with open- and closed-ended questions to measure BID-government maintenance strategies. Because the majority of questions in this survey were close-ended, there will be a higher level of uniformity amongst the responses (Babbie 2007).

There are some drawbacks however to using survey research. While it is very reliable as a research method, survey responses have a low degree of validity. It is impossible to know how accurately the responses reflect what is taking place in BID organizations because survey

research is vulnerable to the artificiality of self-reporting expressed through responses on a self-administered questionnaire (Babbie 2007). Another issue might be the lack of context some of the survey questions may have; some of the questions measure very specific situations that might not accurately capture how BIDs are operating as an overall organization (Babbie 2007).

The unit of analysis in this research project is the BID. Information was collected by surveying BID managers directly or through their administrative staff. As noted above, there are 1,002 BIDs in the U.S. Data for this study were obtained through online surveys. The self-administered questionnaire was sent to the BID contacts' e-mail addresses.

Because there is no national inventory, the population for this survey was gathered based upon the similar methods used in Mitchell (1999) and Becker (2010). Internet search engines were employed to find BIDs under the various names used to describe them in the U.S. In addition, a Twitter channel dedicated to Business Improvement Districts was discovered while conducting the Internet search that led to the discovery of additional BIDs.

BIDs became eligible for participation in this study based upon the key criteria established in the BID Census (Becker, Grossman, and Dos Santos 2011). BIDs had to be publically created districts; had significant policy-making authority; and provided services that were in the realm of security, maintenance, or marketing. If any of these conditions could not be clearly identified, the organization was excluded from the data set. Because online surveys are being used in this study, BIDs that did not have viable e-mail address were also excluded.

The final number of BIDs selected was 305. For various reasons, 27 of these BIDs had e-mail account problems that prevented them from receiving the online survey. Therefore, out of 278 BIDs, 54 BIDs responded with a response rate of 19.4 percent. This response rate was very

much in line with other studies that used e-mail surveys (Kaplowitz, Hadlock, and Levine 2004; Sax, Gilmartin, and Bryant 2003).

Survey

Because the survey questions are connected to the conceptual framework, they should have the requisite coherence to make this study's findings applicable (Shields 1998). Each of the subcategories within the conceptual framework has a question designed to measure whether BIDs are using particular maintenance strategies. Because most of the respondents for this study are BID managers, they will have the necessary competence to answer the survey questions; furthermore, all of the survey questions should have the required level of relevance to make the survey sound (Babbie 2007).

For the clear purpose category, the main concept is having a strategic plan—communicating clear boundaries, employing an equitable assessment plan, bringing about effective public hearings, and monitoring spillover data as subcategories are all elements of strategic planning relevant to BID-government partnership maintenance. Aside from the equitable assessment plan subcategory, the questions very directly ask BID respondents whether their respective BIDs take part in these maintenance strategies. Having an equitable assessment plan for the purposes of this study will be based upon whether or not BIDs negotiate flat assessment rates with business and property owners, if assessment formulas are weighed to consider businesses that already provide themselves with services the BID intends to provide to the district, and if BIDs have non-assessment sources of BID revenue.

The inclusiveness category includes subcategories involving practices and procedures, which, to varying degrees, are BID-government partnership maintenance strategies. Municipal

collection of BID assessments, mutually beneficial BID security/local police practices, and local city officials sitting on BID Boards are strategies that help BIDs form more sustainable bonds with local government. Questions for these subcategories are direct and simple, the point being to ask BID respondents if their respective BIDs partake in these maintenance strategies. For the purpose of this study, the questions about mutually beneficial BID security/local police practices were informed by specific examples found in the literature. Furthermore, local city officials are understood as those living within BID districts that have BID Boards on which they can potentially serve.

Accountability is demonstrated through subcategories that describe evaluative measures. Sunset clauses, audits/annual reports, and performance benchmarks all fit this description. Like the other maintenance strategy categories, these questions directly ask BID respondents if they use these measures to evaluate their BIDs; however, the focus of this category is on the appropriate usage of these measures. Therefore, aside from performance benchmarks, it is not so much the usage of the other measures in this category on which the study is focused , but whether they are being used most effectively.

For sunset clauses, a five-year reauthorization/renewal period is ideal for optimal accountability (Briffault 1999); as such, BID respondents are asked how often their BIDs need to be reauthorized. Likewise, BIDs are separately asked if they conduct performance audits along with their financial audits and if they use their annual reports as a part of a long-term monitoring system. Answers to these questions, for the purposes of this study, are the determinants of whether BIDs are appropriately using accountability measures.

Statistics

This research uses descriptive statistics to summarize the observations found in the study's data. In doing so, this study's data may be potentially used in future research for comparative purposes (Piechowski 2010). Simple frequency tables can be used to determine how BIDs responded to these questions (Nouršis 2010, 49). Also, through further determining the mean of the responses to this study's open-ended questions, a general idea can be formed of what the averages are for BID approval and consensus requirements, the length of time BIDs conduct door-to-door communications campaigns, and the time period before BIDs require renewal (Babbie 2007).

Human Subjects Protection

All conditions necessary for human subject protection were met. Participation in this study was completely voluntary. Because this study employed nonprobability-sampling methods, the respondents' confidentiality must be guaranteed because the surveys were not sent out anonymously (Babbie 2007, 65). Since this was an element of the study's research design, subjects were made aware of any possible ramifications of participating in this study by making clear that the survey was being sent to collect data for an applied research project. Establishing informed consent was critical to ensure that the research for this study was conducted in the most ethical conditions possible (Babbie 2007).

Operationalization of Conceptual Framework

The operationalization of the conceptual framework uses survey questions that directly correspond with descriptive categories in the operationalization table. There is a question constructed to measure each subcategory within each category. Most of the questions in the

questionnaire are closed-ended. Each response given will inform us if BIDs are participating in sustainable practices. Using descriptive statistics will permit for summarizing findings from the results of the surveys.

Table 3.1: Operationalization Table

Descriptive Categories	Survey Questions
<p><i>Clear Purpose</i></p> <p>BIDs and government can maintain their partnerships by <i>having a strategic plan that:</i></p> <ul style="list-style-type: none"> a. Communicates Clear Boundaries b. Employs an Equitable Assessment Plan c. Brings About Effective Public Hearings d. Monitors Spillover Data 	<p>1. Does your BID have a strategic plan? Yes No</p> <p>2. What percentage of business and property owners originally agreed to approve your BID? _____ %</p> <p>Does the state mandate a minimum threshold percent of approval among business and property owners? Yes No</p> <p>If yes, what is this threshold? ____%</p> <p>Does the local government mandate a minimum threshold percent of approval among business and property owners? Yes No</p> <p>If yes, what is this threshold ____%</p> <p>Does every property owner have an equal vote or are votes weighted based on the value of the property?</p> <ul style="list-style-type: none"> a. Equal vote b. Weighted by value c. Weighted by Size d. Other method _____ <p>3. Did your BID conduct a door-to-door outreach campaign to communicate your BID’s boundaries? Yes No</p> <p>If yes, please answer the following question:</p> <p>How long did you conduct your outreach campaign? _____</p> <p>4. Is direct mail your BID’s primary means of communicating your BID’s boundaries?</p>

Descriptive Categories	Survey Questions
	<p style="text-align: center;">Yes No</p> <p>5. Is your BID comprised of a more than one locally recognized “neighborhood?”</p> <p style="text-align: center;">Yes No</p> <p>6. What is your BID’s operating budget?</p> <ul style="list-style-type: none"> a. Less than \$ 200,000 b. \$ 200,000-\$400,000 c. 401,000-\$600,000 d. \$ 601,000-\$800,000 e. \$ 801,000-\$1,000,000 f. Over \$1,000,000 <p>7. Is your assessment formula adjusted to take into account businesses that already provide themselves with services your BID provides?</p> <p style="text-align: center;">Yes No</p> <p>8. Has your BID ever negotiated a flat assessment rate with a property owner?</p> <p style="text-align: center;">Yes No</p> <p>9. Has your BID ever negotiated a flat assessment rate with a business owner?</p> <p style="text-align: center;">Yes No</p> <p>10. Does your BID have other funding sources besides assessment payers?</p> <p style="text-align: center;">Yes No</p> <p>If yes, please answer the following questions.</p> <p>Please check all of your BID’s alternative sources of funding.</p> <ul style="list-style-type: none"> a. Voluntary Donations b. State Grants c. Federal Grants d. Local Government Subsidies e. Selling Goods

Descriptive Categories	Survey Questions
	<p>f. Selling Services</p> <p>g. Issuing Bonds</p> <p>h. Other _____</p> <p>11. Does your BID conduct public hearings? Yes No</p> <p>If yes, please answer the following questions.</p> <p>Please check the media outlets you use to advertise a public hearing.</p> <p>a. Newsletters</p> <p>b. Newspapers</p> <p>c. Public Notices</p> <p>d. Radio</p> <p>e. Television</p> <p>f. Internet</p> <p>Are visual aids commonly used during presentations? Yes No</p> <p>If yes, please check any that apply.</p> <p>a. Handouts</p> <p>b. PowerPoint presentation</p> <p>c. Charts</p> <p>d. Other _____</p> <p>Are there time limits on offered public testimony? Yes No</p> <p>Do you record all comments offered at your public hearings? Yes No</p> <p>If yes, please check all the devices that apply.</p> <p>a. Tape recorder</p> <p>b. Chalk Board</p>

Descriptive Categories	Survey Questions
	<p>c. Designated note taker/secretary d. Computer projection screen e. Other _____</p> <p>Do you communicate the final decisions made on issues discussed in public hearings back to the public? Yes No</p> <p>If yes, what is your primary means of doing so? a. Radio b. Television c. Local Newspaper d. Internet e. Newsletter f. Other</p> <p>12. Are you mindful of the spillover effects your BID's services may have in nearby neighborhoods? Yes No</p> <p>If yes, please check all of the following spillover effects you monitor: a. Foot traffic b. Homeless population c. Property values d. Residential rents e. Crime rates f. Labor costs g. Trash Piles</p>
<p><i>Inclusiveness</i></p> <p>BIDs and government can maintain their partnerships by <i>working together within the BID's organizational structure through:</i></p> <p>a. Municipal collection of BID Assessments b. BID Security Forming Mutually Beneficial Practices with Local Police c. Having Local City Officials Sit on BID</p>	<p>13. Does local government collect the assessments on behalf of the BID? Yes No</p> <p>14. Does your BID provide security to your district? Yes No</p>

Descriptive Categories	Survey Questions
Boards	<p>If yes, please answer the following question.</p> <p>Does the BID coordinate security patrols with local police? Yes No</p> <p>If yes, please check all that apply:</p> <ul style="list-style-type: none"> a. Coordinate day-to-day activities out of the same building b. Use a shared radio frequency c. Provide police with private security cameras d. Have BID security forces occasionally handle non-priority police calls e. Other _____ <p>15. Do elected city officials serve on your board of directors? Yes No</p> <p>If yes, please answer the following questions</p> <p>What percentage of your Board is comprised of city officials?</p> <ul style="list-style-type: none"> a. Less than 5% b. 6-10% c. 11-15% d. 16-20% e. 21-25% f. Above 25% <p>What percentage of the city officials that serve on your Board of Directors live within the BID district?</p> <ul style="list-style-type: none"> a. 0-20% b. 21-40% c. 41-60% d. 61-80% e. 81-100%

Descriptive Categories	Survey Questions
<p>Accountability</p> <p>BIDs and government can maintain their partnerships <i>through the appropriate use of evaluative measures</i> :</p> <ul style="list-style-type: none"> a. Sunset Clauses b. Auditing/Annual Reports c. Performance Benchmarks 	<p>16. Is your BID subject to reauthorization requirements or sunset clauses? Yes No</p> <p>If yes, please answer the following questions</p> <p>How often does your BID need to be reauthorized? _____</p> <p>Is BID reauthorization determined by a simple majority vote of assessment payers? Yes No</p> <p>17. Does your BID perform a financial audit for local government review? Yes No</p> <p>18. Does your BID perform a performance audit for local government review? Yes No</p> <p>19. Is your BID required to submit an annual report? Yes No</p> <p>If yes, please answer the following questions.</p> <p>Are your annual reports used as part of a long-term monitoring procedure? Yes No</p> <p>20. Does your BID use performance measures to evaluate your BID? Yes No</p> <p>If yes, please answer the following question</p> <p>Which of the following measures do you use?</p> <ul style="list-style-type: none"> a. Crime Rate b. Occupancy Rates c. Retail Sales Figures

Descriptive Categories	Survey Questions
	<p>d. Time to remove graffiti e. Time to remove garbage f. Other _____</p> <p>If yes, please answer the following question</p> <p>21. Does your BID's performance measures include performance benchmarks? Yes No</p>

Contingency Questions

There are 10 contingency questions included in this survey. These questions are premised around public hearings, the usage of spillover data, BID security and governance, audits/annual reports, and performance benchmarks. The reason these topics were framed into contingency questions is because some of these issues may not apply to BIDs - U.S. BIDs may not conduct public hearings, provide security to their districts, have city officials serve on BID Boards, etc. In formatting these topics as contingency questions, it makes the questionnaire less confusing to respondents by directing them to answer the questions that pertain to them (Babbie 2007).

Conclusion

These techniques were used to determine the amount of U.S. BID organizations that are taking part in BID-government maintenance strategies. The population and sampling frame for the questionnaires was presented. Descriptive categories were operationalized through specific questions designed for BID organizations. The next chapter discusses and analyzes the results from this survey. Doing so makes it possible to draw inferences about the activities of U.S. BIDs and whether they are best fashioned for sustaining their partnerships with local government.

Chapter 4 Results

Chapter Purpose

The purpose of this chapter is to present the results of the online survey. Findings are presented based upon three general maintenance strategies. Responses to the open-ended questions are reported following the descriptive statistics to add insight. Reasons why BID maintenance strategies are or are not being employed are also discussed in this chapter.

Table 4.1 presents the distribution of the completed survey. As noted above, 278 surveys were e-mailed and 54 respondents completed the survey for a response rate of 19.4 percent. While this study does not claim that the findings are generalizable to all BIDs, the fact that responses were received from BIDs in twenty-one different states is noteworthy. Our findings also illustrate that BIDs are being employed not just by localities on the East and West coast, but in the South and Midwest as well (See Table 4.1).

Table 4.1: Location of Responding BIDs

	Frequency	Percent
New York	13	24.1
California	6	11.1
Wisconsin	5	9.3
Georgia	4	7.4
Colorado	3	5.6
Illinois	3	5.6
North Carolina	3	5.6
Washington D.C.	3	5.6
New Jersey	2	3.7
Connecticut	1	1.9
Florida	1	1.9
Hawaii	1	1.9
Idaho	1	1.9
Missouri	1	1.9
Minnesota	1	1.9
Montana	1	1.9
Oklahoma	1	1.9
Pennsylvania	1	1.9
Tennessee	1	1.9
Virginia	1	1.9
Washington	1	1.9
Total	54	100.0

New York was responsible for about a quarter of the BIDs followed by California. Around nine percent of the BIDs are located in Wisconsin (See Table 4.1). According to Becker, Grossman, and Dos Santos, these three states are also the top three states in the BID Census (2011, 10-11).

Clear Purpose

Having a clear purpose so that local government can understand and approve BIDs was one BID-government partnership maintenance strategy discussed in this study. One of the most

effective ways BIDs demonstrate having a clear purpose is through developing a strategic plan. Establishing a strategic plan is essential if BIDs are to be maintained because the strategic plan eventually becomes “the road map to true redevelopment, community building, and business development that details the community’s assets, markets, and potential and how the BID will utilize them to achieve successful results” (Grossman 2010, 386).

Seventy-eight percent of the respondents said they had a strategic plan (See Table 4.2). It is surprising that not all BIDs reported having a strategic plan because strategic planning has virtually become a standard practice for public and nonprofit organizations (Bryson 2010). Because BID organizations share qualities of both the public and private sectors, they have more discretion than purely public and nonprofit organizations to not develop strategic plans (Morçöl and Wolf 2010). Going forward, because strategic planning is a crucial part of maintaining successful BID-government partnerships, local governments should require BIDs to produce strategic plans as a condition of their approval and subsequent renewal as BIDs. Doing so will also enhance BID managers’ ability to strategically manage BIDs, which will likely lead to BIDs becoming more successful in meeting their objectives and goals within their districts.

When BIDs use door-to-door outreach campaigns to communicate BID boundaries, BID-government partnerships are more likely to be maintained because these tactics can establish the close relationships with property and business owners that lead to obtaining a large consensus for BID approval (Briffault 1999). Sixty-five percent of the BIDs surveyed conducted a door-to-door outreach campaign to communicate their BID’s boundaries while around a third of the BIDs responded that they use direct mail as their primary means of communicating its BID’s boundaries (See Table 4.2). Door-to-door campaigns are costly and time consuming, and perhaps the BIDs that use direct mail as their primary means to communicate BID boundaries reflect this

reality. It also may be that BIDs already had a large consensus in place prior to communicating its boundaries and already had close relationships with property and business owners in the district. Whatever the case may be, future research into the communication campaigns implemented by BID managers can help clarify these results.

Table 4.2: Responses to Questions in Clear Purpose Strategy

Survey Question	N	Percent - Yes	Percent - No
Does your BID have a strategic plan?	54	78	22
Does the state mandate a minimum threshold percent of approval among business and property owners?	52	62	38
Does the local government mandate a minimum threshold percent of approval among business and property owners?	52	56	44
Did your BID conduct a door-to-door outreach campaign to communicate your BID's boundaries?	52	65	35
Is direct mail your BID's primary means of communicating your BID's boundaries?	52	37	63
Is your BID comprised of a more than one locally recognized "neighborhood"?	54	44	56
Is your assessment formula adjusted to take into account businesses that already provide themselves with services your BID provides?	54	6	94
Has your BID ever negotiated a flat assessment rate with a property owner?	54	13	87
Has your BID ever negotiated a flat assessment rate with a business owner?	53	4	96
Does your BID have other funding sources besides assessment payers?	54	70	30
Does your BID conduct public hearings?	54	61	39
Are you mindful of the spillover effects your BID's services may have in nearby neighborhoods?	53	74	26

Table 4.3: Length of BID Door-to-Door Campaign

	N	Minimum	Maximum	Mean
Months	18	2.00	36.00	12.2778

Interestingly, for those BIDs that did conduct a door-to-door outreach campaign, the length of their outreach campaigns ranged from as little as two months to as long as three years.

On average, BID door-to-door outreach campaigns were conducted in a little over a year (12.3 months). Effective BID door-to-door outreach campaigns should be conducted for at least 16 months (Briffault 1999). Although the average is below what is recommended in the literature, BIDs demonstrated having a much higher BID-approval consensus than what was required at both the state and local levels (See Table 4.8.). Therefore, maybe efficiencies or improvements have been respectively realized or made to BID door-to-door communications processes that explain the successes these campaigns had. Some comparative research into current BID door-to-door communication campaigns and those conducted in the past would be most useful in this regard.

The literature suggests that democratic participation will be enhanced and neighborhoods values are more likely to be synchronized if BID districts are not larger than individual neighborhoods (Davies 1997). Forty-four percent of all BID districts are comprised of only one locally recognized neighborhood (See Table 4.2.). BID districts that are larger than individual neighborhoods were perhaps formed because contiguous individual neighborhoods experienced similar problems; and, as a result, a BID was formed to deal with them as a whole. Research on what specifically motivates BID petitioners to form larger BID districts would be helpful in explaining why the majority of BIDs in our study were comprised of more than one locally recognized neighborhood.

Table 4.4: Alternative Sources of BID Revenue

	N	Amount of BIDs with Alternative Sources of BID Revenue That Have This As A Source
Voluntary Donations	38	50 %
State Grants	38	39 %
Federal Grants	38	29 %
Local Government Subsidies	38	45 %
Selling Goods	38	21 %
Selling Services	38	18 %
Issuing Bonds	38	11 %
Other	38	50 %

Table 4.5: Other Declared Sources of BID Revenue

▪ Events
▪ University allotment
▪ State sales tax (we are a CID)
▪ City Grants
▪ Special Events Fundraisers
▪ Separate nonprofit membership organization 501-C6
▪ Grant from the DC Government which subsidizes the cleaning program.
▪ Sponsorships for events in the BID, event fees for events that occur in a city owned park that we manage and program, dedicated revenue streams from the city for the maintenance of the city park.
▪ Contract Services
▪ Sponsorship
▪ Event and Sponsorship Income
▪ Events generate funds to support themselves and other programs.
▪ Advertising event sponsorship
▪ Sponsorship, co-op advertising and opt-in revenue
▪ Events, corporate sponsorships, private foundation grants
▪ We have a robust sponsorship program as well as revenue from the public plaza program that we manage in partnership with the NYC Department of Transportation.
▪ Special Local Option Sales Tax (SPLOST)
▪ City grant Private loan
▪ Special events generating revenue

BIDs with non-assessment BID revenue are more able to maintain successful BID-government partnerships because additional financial resources make it easier for BIDs to provide successful BID services (Mitchell 2008). The majority (70 percent) of BID respondents in fact have alternative sources of BID revenue (See Table 4.2). Of these BIDs, half reported receiving voluntary contributions, and a little less than half the BIDs reported receiving local government subsidies and state grants as sources of BID revenue (See Table 4.4). It was very encouraging that half the BIDs also declared having alternative sources of BID revenue other than the stated choices in the survey (See Table 4.5). The most common responses were special events and sponsorships. Research into exactly what roles BIDs and local government play in enabling these methods as a means to generate BID revenue can potentially help other BIDs generate additional revenue for their organizations.

Table 4.6: Spillover Effects BIDs Monitor

	N	BIDs that Monitor this Data
Foot Traffic	37	49 %
Homeless Population	37	35 %
Property Values	37	59 %
Residential Rents	37	35 %
Crime Rates	37	51 %
Labor Costs	37	5 %
Trash Piles	37	38 %

Table 4.7: BID Security/Spillover Crime Rate

		BIDs that Track Spillover Crime Rates		Total
		Yes	No	
BIDs that Provide Security	Yes	13	7	20
	No	5	11	16
Total		18	18	36

BIDs cannot operate with a clear purpose unless they are fully aware of the impact its services has on nearby neighborhoods. Most BIDs likely have some awareness because a large majority (74 percent) of BIDs monitor spillover data (See Table 4.2). We can further observe that BIDs most often use property values to determine the effects its services has in nearby neighborhoods (See Table 4.6). This observation is consistent with the notion that BIDs are designed to improve property values (Mitchell 2008).

Another observation shows that only about half the BIDs track crime rates (See Table 4.6). Since BIDs can potentially be dissolved if their services are responsible for increasing nearby crime (Wolf 2006), it is discouraging that not all BIDs track crime rates. However, this maybe can be explained by the fact that only BIDs that provide security track nearby crime rates. A crosstabulation of BIDs that provide security and BIDs that track spillover crime rates illustrate this possible tendency (See Table 4.7). Therefore, research should be undertaken to see if BIDs that do not provide security could still increase nearby crime through the provision of other BID services.

Table 4.8: BID Budgets

	Frequency	Percent
Less than \$ 200,000	15	27.8
\$ 200,000-\$400,000	9	16.7
\$ 401,000-\$600,000	4	7.4
\$ 601,000-\$800,000	5	9.3
\$ 801,000-\$1,000,000	2	3.7
Over \$1,000,000	19	35.2
Total	54	100.0

Having a large budget, in itself, has shown to increase commercial property values in BID districts at a greater rate than BIDs with smaller budgets (Ellen, Schwartz and Voicu 2007).

A little over one-third of the BIDs that participated in this study reported having operating budgets that were over one million dollars (See Table 4.8). Because so many BIDs appear to have large budgets, more research to confirm that this trend still holds true would be most useful.

About 28 percent of BIDs reported having operating budgets that were less than \$ 200,000 (See Table 4.8). Considering that the average budget size in the most recent BID Census was around \$ 350,000 (Becker, Grossman, and Dos Santos 2011, 14), the fact that the majority of BID budgets were either very small or large was unexpected. This study’s findings in fact suggest that the \$ 350,000 average BID budget in the BID Census may just be a reflection of this disparity. Future research on BID Budgets should be conducted to discover if this disparity is present amongst a larger BID population.

Table 4.9: BID Consensus and State/Local Approval Thresholds

	N	Minimum	Maximum	Percentage BID Approval
Final BID Approval	42	15.00	100.00	74.7381
State Government Threshold	30	25.00	71.00	51.3007
Local Government Threshold	26	25.00	71.00	52.1927

It is most critical that BIDs establish consensus for BID approval that are higher than the thresholds set at the state level – otherwise, BIDs may not be able to meet potentially stricter municipal BID-approval standards (Briffault 1999). There was at least a 20 percent difference between the amount of final BID approval consensus and what BIDs needed to meet state approval requirements (See Table 4.9). This large gap likely illustrates that the BID’s final consensus of BID supporters was not only a major factor in their ability to receive local government approval, but an indication that BIDs were aware that municipal BID-approval threshold could be higher than the threshold set at the state level.

One unanticipated observation was found when comparing state and local government BID approval thresholds. There appears to be almost no difference between the requirements set by the state and local government—*the minimum and maximum requirements reported for both state and local government were identical* (See Table 4.9). Although literature suggests that local government can have stricter BID requirements than state government, these findings suggest otherwise. Research should be conducted to see if local government threshold requirements are still stricter than state threshold requirements.

As noted earlier, the majority of litigation brought against BIDs is from business and property owners that feel unfairly burdened by assessments (Briffault 1999). This is because BID services are more fashioned around benefiting the district as a whole as opposed to individual business and property owners (Briffault 1999). As a means to deal with this difficulty, there are specific assessment rate strategies that can address this issue. This involved weighing assessment formulas to take into account BID services already being provided in the BID district by business owners and negotiating flat rates with business and property owners who do not feel their assessment rates are justified.

Based on the findings, only 13 percent of BIDs stated they have negotiated a flat assessment rate with a property owner, just six percent of BIDs weighed assessment formulas to account for businesses that already provide themselves with BID services and merely four percent of BIDs have negotiated a flat rate with a business owner in their district (See Table 4.2). These observations indicate that BIDs remain susceptible to litigation that can have pernicious consequences on them maintaining sustainable partnerships with local government.

BIDs need to demonstrate more flexibility in how they determine BID assessments. One innovative solution would be to establish mediation departments within a BID's organizational

structure that deals specifically with these kinds of concerns. Assessment payers with assessment rate grievances can file a claim (similar to how the Better Business Bureau works with product claims) and with a personal BID mediation negotiator, try to informally work out a compromise on the assessment rate. Doing so should ultimately reduce litigation by settling some of the assessment disputes amiably. Even if the majority of these grievances cannot be reconciled, the attempt by BIDs to provide a conflict resolution process will illustrate increased consideration towards disgruntled assessment payers, and that in itself, should further maintain BID-government partnerships. Research should be conducted to ascertain the feasibility of such a department existing in contemporary BID organizations.

Public hearings are critical components of successful BID-government partnerships because they are one of the best arenas for BIDs to ensure a high level of public support (Hochleitner 2003). Although a majority (See Table 4.2) of BIDs admitted they conduct public hearings, it is by no means an overwhelming majority and it was expected that nearly all BIDs conducted public hearings. This finding is interesting because the literature asserts that most states require BIDs to have a public hearing process (Briffault 1999). Furthermore, public hearings should regardless of mandate, be a compulsory part of all BIDs in order to maintain positive relationships with BID inhabitants and prevent public support for the BID from eroding. Research should be conducted to discover why BIDs do not conduct public hearings.

Table 4.10: BIDs with Time Limits on Public Testimony

	Frequency	Percent
Yes	13	39.0
No	20	61.0
Total	33	100.0

Table 4.11: Ways BIDs Record Public Testimony

	N	Amount of BIDs that use this as a Recording Device
Tape Recorder	28	25 %
Chalk Board	27	4 %
Note Taker	27	93 %
Computer Projection Screen	27	4 %
Other	27	15 %

For the BIDs that do conduct public hearings, there are a couple of findings related to public hearing attendees that indicate BIDs can do more to conduct public hearings more effectively. First, not all BIDs impose time limits on public testimony (See Table 4.10). Without imposing time limits, BIDs potentially open themselves up to scenarios where not enough time is available for all public hearing attendees to offer public testimony (Baker, Addams, and Davis 2005). If public hearing attendees do not get the opportunity to publicly state their views, BIDs can experience erosion in overall BID support.

Also, only four percent of BIDs record public testimony through the use of a chalk board or a computer projection screen (See Table 4.11). This is important because public testimony that is not visually recorded may cause public hearing attendees to become emotional because they might feel their testimony is not taken seriously since they do not see their testimony being recorded (Baker, Addams, and Davis 2005). As a result, these attendees can become so disruptive that their strong emotions diminish the overall effectiveness of the public hearing.

Volatile reactions during public hearings can also destabilize public support for the BID and in doing so, threaten the maintenance of BID-government partnerships. Therefore, even though almost all BIDs record public testimony with designated note takers (See Table 4.11), BIDs also should start recording public testimony so that all public hearing attendees can clearly see it being recorded.

Inclusiveness

Creating public value through BIDs and local government aligning inclusive practices and procedures to account for characteristic weaknesses associated with each sector was another BID-government maintenance strategy that was developed. Responses to questions affiliated with this maintenance strategy were anticipated and unanticipated. However, it is clear that all BIDs are partaking in BID-government inclusiveness to varying degrees.

Table 4.12: Local Government BID Assessment Collection

	Frequency	Percent
Yes	52	96.3
No	2	3.7
Total	54	100.0

We previously noted some of the potential weaknesses with BIDs that do not use local government to collect their assessments since non-governmental entities cannot guarantee full assessment collection (Cook and MacDonald 2010). Local government should also be collecting BID assessments because local government already collects property taxes from property and business owners in BID districts and can seamlessly integrate both collections onto one local government statement (Grossman 2010). After looking at the responses, virtually all (96 percent)

BIDs stated they use local government to collect their assessments (See Table 4.12). The overwhelming amount of BIDs that use local government to collect BID assessments was not expected. This is a great indication that BIDs are aware of the benefits in having local government collect their assessments. Furthermore, it signifies that almost all BIDs have some element of inclusiveness that should ensure a higher probability of them sustaining partnerships with local government.

Table 4.13: BIDs that Provide Security

	Frequency	Percent
Yes	27	51.0
No	26	49.0
Total	53	100.0

Table 4.14: BID Security Patrol/Local Police Coordination

	Frequency	Percent
Yes	23	82.0
No	5	18.0
Total	28	100.0

Literature indicates that one of the primary objectives of BID petitioners that start BIDs is to make their districts safer (Cook and Ludwig, 66; Mitchell 2001, 120). To accomplish this, BIDs provide security in their district to improve the overall safety level. Our findings reveal however that about half the BIDs that responded to the survey provides security to their district (See Table 4.13). Because of what the literature states, this was an unanticipated finding. One possible explanation may be that due to the current poor economic conditions, more BIDs are being formed with a focused emphasis on marketing and business promotion. Research on current motivations behind BID creation would be useful in explaining this unexpected finding.

There is scholarly skepticism regarding the use of BID security patrols to combat local crime (Hoyt and Gopal-Agge 2007). In a similar vein, police departments have shown resistance to private BID security patrols conducting themselves in their communities (Steel and Symes 2005). In an effort to prevent police mistrust, BIDs need to establish mutually beneficial practices with local police because joint BID security/local police practices that do not bring mutual benefit are less likely to become enduring standard practices (Stokes 2006).

A large majority (82 percent) of BIDs that provide security do coordinate their security patrols with local police (See Table 4.14). Of these BIDs, all partake in varying degrees in mutually beneficial joint practices; such as having security patrols coordinate day-to-day activities with local police out of the same building, using shared radio frequencies, providing local police with private camera access, and handling non-priority police calls for local police departments (See Table 4.15). There was a variety of other joint practices BIDs stated they use to coordinate with local police (See Table 4.16). Research should be conducted to see if any of these declared joint practices are mutually beneficial to BIDs and local government. BIDs clearly are coordinating their security patrols with local police departments in mutually beneficial ways, suggesting that BID-government inclusion is sufficiently present in BID security practices.

Table 4.15: Mutually Beneficial BID Security Patrol/Local Police Coordination

	N	Amount of BIDs that partake in this practice
Use Same Building	22	18 %
Share Radio Frequency	22	32 %
Private Security Camera	22	23 %
Handle Non-Priority Police Calls	22	23 %
Other	22	50 %

Table 4.16: Other Declared BID Security Patrol/Local Police Coordination

<ul style="list-style-type: none"> ▪ "Eyes and Ears"
<ul style="list-style-type: none"> ▪ Our officers attend local police dept. crime control meetings, and local captain is invited to our security and board meetings.
<ul style="list-style-type: none"> ▪ We work directly with the police department by hiring officers to work overtime three nights a week thru a contract with the St. Louis Police Department
<ul style="list-style-type: none"> ▪ Our security director (paid consultant) works directly with MPD's Third District Captain to make sure our security is working in concert with the MPD staff.
<ul style="list-style-type: none"> ▪ We hire police
<ul style="list-style-type: none"> ▪ Neighborhood watches are only security programs
<ul style="list-style-type: none"> ▪ Ongoing communication with the precinct, joint patrols happen periodically based on specific issues or items that come up.
<ul style="list-style-type: none"> ▪ They may also act as first responders to crime scenes and accidents.
<ul style="list-style-type: none"> ▪ Remain in contact via e-mail, calls and meetings with local commander
<ul style="list-style-type: none"> ▪ Collaborate on developing and implementing safety programs
<ul style="list-style-type: none"> ▪ Work directly with the PO assigned to the area

Table 4.17: BIDs with City Officials on their BID Boards

	Frequency	Percent
Yes	26	49.0
No	27	51.0
Total	53	100.0

Literature indicates the importance of city officials sitting on BID Boards because they are often the only representative for groups affected by BIDs that are typically not represented by the private stakeholders groups that tend to dominate BID Boards (Briffault 1999; Hochleutner

2003). It is also suggested that if the city officials sit on BID Boards also live in the BID district, they are more likely to become engaged in the decision making process (Meek and Hubler 2006). Only about half the BIDs have city officials serve on their BID Boards (See Table 4.17). Of the BIDs that do have city officials on BID Boards, a little fewer than 70 percent of them have more than 10 percent of the Board comprised of local government representatives (See Table 4.18). Finally, almost all the BIDs with city officials on BID Boards reported that less than 20 percent of them live in the BID district (See Table 4.19).

These findings were slightly unexpected because it was believed that there would be a higher overall level of local government involvement on BID Boards. It is possible that city officials serve on BID Boards only when state law requires it. Furthermore, state law may have a further influence over city official concentration on BID Boards. Research into how much influence state law has when it comes to city official representation on BID Boards would be beneficial in clarifying these findings.

Table 4.18: City Representation on BID Boards

	Frequency	Percent
Less than 5%	10	40.0
6-10%	7	28.0
11-15%	4	16.0
16-20%	1	4.0
21-25%	3	12.0
Total	25	100.0

Table 4.19: Local City Officials on BID Boards

	Frequency	Percent
0-20%	22	95.7
21-40%	0	0.0
41-60%	1	4.3
61-80%	0	0.0
81-100%	0	0.0
Total	23	100.0

Accountability

Table 4.20: Responses to Questions in Accountability Strategy

Survey Question	N	Percent - Yes	Percent - No
Is your BID subject to reauthorization requirements or sunset clauses?	53	51	49
Is BID reauthorization determined by a simple majority vote of assessment payers?	27	44	56
Does your BID perform a financial audit for local government review?	54	85	15
Does your BID perform a performance audit for local government review?	53	51	49
Is your BID required to submit an annual report?	54	87	13
Are your annual reports used as part of a long-term monitoring system?	45	71	29
Does your BID use performance measures to evaluate your BID?	52	62	38

Another BID-government partnership maintenance strategy developed for this study was premised on BIDs developing accountability measures that improve the quality of information available to the public (Bryson, Crosby and Stone 2006; Page 2004). Through appropriate accountability measure usage, BIDs render themselves optimally accountable to the public and private stakeholders that play a role in successful BID-government partnership maintenance (Morçöl and Wolf 2010). Responses to our accountability maintenance strategy questions illustrate that BIDs have sufficient accountability practices in place; but many do not, and others that do, can be utilizing accountability measures more appropriately.

For instance, sunset clauses are vital accountability measures because they prevent BIDs from operating in perpetuity by requiring reauthorization/renewal from local government and BID inhabitants (Briffault 1999). Only about a half of BIDs have reauthorization/renewal requirements (See Table 4.20). This finding was unanticipated since the literature indicates that most BIDs have sunset clauses (Mitchell 2008). It is possible that sunset clauses are less necessary in BIDs with heavy local government involvement, where BIDs are subject to constant scrutiny. Research that can establish or disprove this connection would be most useful in understanding why most BIDs do not have sunset clauses.

Table 4.21: Lengths of BID Reauthorization/Renewal Periods

Years	Frequency
1.00	1
3.00	1
5.00	11
6.00	4
10.00	4
15.00	3
20.00	2
23.00	1
Total	27

Table 4.22: Average BID Reauthorization/Renewal Period

	N	Range	Mean
BID Reauthorization/Renewal Period	27	22.00	8.5556

For the BIDs that do employ sunset clauses, there were positive and negative findings. Almost half the BIDs determine reauthorization through a simple majority vote of assessment payers (Table 4.20). Because this method of determination gives equal voting power to business and property owners of all sizes, it increases overall BID accountability by increasing the amount

of people who control the BID's fate during the reauthorization process. The majority of BIDs in this study with sunset clauses also, on a positive note, have five-year reauthorization/renewal periods (See Table 4.21). Literature indicates that a five-year BID reauthorization/renewal period is most adequate in providing enough time for "BID programs to show some benefits, but not so long as to insulate the BID from its constituents" (Briffault 1999, 458).

However, a little less than forty percent of BIDs had at least double the optimum time period for BID renewal (See Table 4.21) and the overall average BID reauthorization/renewal period was a little over eight and a half years (See Table 4.22). Even though five-year time periods were most popular, many BIDs have time periods that insulate them too much from their BID constituents - this diminishes the accountability sunset clauses are intended to have. BIDs, as a matter of policy, should keep their reauthorization/renewal periods as close to five years as possible in order to ensure that sunset clauses do not become ineffective accountability measures.

As was discussed earlier, most BIDs are legally mandated to perform financial audits and annual reports (Ellen, Schwartz, and Voicu 2007; Justice and Goldsmith 2006; Morçöl and Patrick 2006). This fact is likely reflected in this study's responses as a very large majority of BIDs perform financial audits (85 percent) and annual reports (87 percent) (See Table 4.20). Because these mandated accountability measures are not at times the most accurate measures of a BID's success and ability to perform as an organization, it was suggested that BIDs also conduct performance audits and long-term monitoring analyses while respectively performing financial audits and annual reports to ensure that these often routine accountability practices lead to more contextually relevant accountability measures.

A majority of BIDs that perform annual reports use that information as part of a long term monitoring system (See Table 4.20). This is important because long-term evaluations are

more revealing in terms of BID performance because BIDs are more often guided by long-term, not annual goals (Grossman 2010). However, only about half the BIDs that conduct financial audits also conduct performance audits (See Table 4.20). This is important because although BIDs may prove it can finance its services, it is just as important that BIDs demonstrate they are effectively carrying out those services. Furthermore, performance audits would provide much more insight to local government and could encourage further local government engagement with BIDs (Caruso and Weber 2006). If BID managers do not become more willing to submit a performance audit, local government should start to seriously consider mandating its production along with the financial audit. Doing so would provide local government and all other private BID stakeholders with a better understanding of how the BID is performing. This would make the BID more accountable and likely further maintain its partnership with local government.

Table 4.23: BID Performance Measure Usage

	N	Amount of BIDs that use this method of evaluation
Crime Rate	32	38 %
Occupancy Rate	32	63 %
Retail Sales Figures	32	22 %
Time To Remove Graffiti	32	38 %
Time To Remove Garbage	32	38 %
Other	32	44 %

Table 4.24: BIDs Performance Benchmark Usage

	Frequency	Percent
Yes	16	53.0
No	14	47.0
Total	30	100.0

The literature is clear that without establishing performance benchmarks, BIDs cannot with certainty determine if they effectively carrying out its services (Caruso and Weber). Performance benchmarks are connected to performance measures, and performance measures are usually connected to BID objectives (Caruso and Weber). BIDs have a variety of objectives they evaluate through specific performance measures (See Table 4.23). However, of the BIDs that use performance measures, only a little more than half established performance benchmarks (See Table 4.24). This finding is essentially the same as the Mitchell study’s findings on performance benchmarks (2001, 210-212). This furthers the possibility that since the Mitchell study was conducted, there have been little (if any) steps taken by BIDs to make sure that performance measures are linked to performance benchmarks. Without performance benchmarks, BIDs cannot evaluate the “performance gap between where they are and where they want to be and track their progress in closing that gap’ (Mitchell 2008, 71). Research should be undertaken to see why there has been no positive movement in the amount of BIDs that have established performance benchmarks to evaluate their BID’s performance.

Summary

Overall, most BIDs are following a variety of maintenance strategies that should sustain their partnerships with local government. However, there are also strategies BIDs do not appear to be following enough of that can further strengthen their partnerships with local government.

This chapter involved an overview and analysis of the responses in the maintenance strategy survey.

After reviewing the findings, it is encouraging that BIDs partake in many maintenance strategies. It appears that BIDs to varying degrees are demonstrating they have a clear purpose, and have established adequate inclusiveness and accountability. This is clear through the large majority of the BIDs that have a strategic plan, use local government to collect its assessments, coordinate its security patrols with local police, and use a long-term monitoring system to demonstrate the BID's effectiveness.

It is also true that BIDs are not taking part in maintenance strategies that can further sustain their partnerships with local government. This is most noticeable in the large majority of BIDs that demonstrate inflexibility in determining assessment rates. Because the number one source of BID-directed litigation involves dissatisfied assessment payers, it is most crucial that BIDs evidence a willingness to work with assessment payers in instances in which assessment rates are perceived unfairly. Based upon the responses in the survey, it is unlikely that BIDs are equipping themselves with enough tools to deal with these scenarios and still remain vulnerable to litigation that can significantly threaten the maintenance of their partnership with local government.

Other areas where BIDs can focus their BID-government partnership sustainability efforts involves having a public hearing process, increasing city representation on BID Boards, and developing renewal/reauthorization periods that operate on a five year timeframe. Aside from these critiques, BIDs clearly demonstrate that they are proactive in developing better partnerships with local government. In doing so, it will hopefully allow BIDs to grow as

organizations and better manage their affairs so that the urban communities inside of BID districts continue to reap larger benefits from the presence of BIDs.

Chapter 5 Conclusion

Chapter Purpose

The purpose of this chapter is to summarize the research conducted in this study. Some overall conclusions about BID-government partnerships and the ability of maintenance strategies to preserve BIDs are discussed. Also, some suggestions for future research on BIDs are made.

Summary of Research

A major premise of this study is that BIDs should use specific broad-based maintenance strategies to further sustain BID-government partnerships. Through their proliferation in this country over the last 10 years (Becker, Grossman, and Dos Santos 2011, 16), BIDs have demonstrated that they are public-private partnerships that can effectively improve safety, cleanliness, and economic conditions in urban communities (Mitchell 2008). Their preservation as organizations is especially critical given the likely amount of underperforming urban business communities that can currently benefit from BID usage. Because it is difficult to universally classify BIDs in the U.S., this study attempted to develop and measure maintenance strategies so that BIDs can better sustain their partnerships with local government. In doing so, the goal was to provide clarity on what BIDs could do to maintain their partnerships with local government and what they actually were doing.

Overall, BIDs use most of the common maintenance strategies that were identified in the literature. A majority of BIDs are taking steps to prove they have a clear purpose and have the requisite degree of inclusiveness and accountability needed to maintain successful BID-government partnerships. Although these efforts are taking place, there are still areas in which BID-government partnerships remain vulnerable.

This is most evident in the lack of assessment rate flexibility BID demonstrated in this study. Given the fact that dissatisfied assessment payers are the largest source of BID-directed litigation (Briffault 1999) and are a large threat to BID-government partnership maintenance, it would behoove BIDs to become more flexible while they levy BID assessments. While assessment payers have not been legally recognized in most U.S. courts to have the standing to change their assessment rate (Briffault 1999), their efforts to do so can still give local government serious doubts about reauthorizing the BID and these doubts seriously threaten BID-government partnerships. Therefore, it makes sense that BIDs begin to undertake new strategies towards expanding their overall conflict resolution capabilities.

Recommendations for Future Research

There are specific topics in which future research on BIDs can be performed that can be extremely useful for further understanding and improving BID-government partnerships. The first would be on BID-related public hearings. Literature on public hearings for this study was premised largely on municipal public hearings. While BID-related public hearings are technically municipal public hearings, performing a case study specifically on the issues and discussions that take place at BID-related public hearings may illuminate some previously unnoticed concerns that affect BID-government partnerships.

Another area where future research could be useful would be recording the long-term experiences of different stakeholder groups who over time continually show opposition towards the BID. Although there is already some general beliefs regarding the rationale for those individuals that oppose BID formation (being against additional “taxation”, small business and property owners taking exception to BID petitioners that are mainly comprised of larger business and property owners, residents not wanting to pay higher rents, etc), there is not much research

focused on specific stakeholders groups. Having this insight can prove to be crucial in future situations for BIDs that deal with mass opposition that is very well organized.

Finally, research should be conducted to discover if BIDs with particular designations are more successful than other BIDs. While U.S. BIDs share broad similarities in being publically created special districts allowed to provide public services, the variance of BID names amongst different states signify slight nuances within this arrangement. For instance, BIDs are called special improvement districts (SIDs) in New Jersey. Unlike most BIDs, SIDs are entirely created or eliminated by municipalities and require no input from private stakeholders in order to make these decisions (Justice and Goldsmith 2006). If any particular BID can be comparatively found to be more and less effective in administering BID security, maintenance or marketing, follow-up studies can then be undertaken to see what it is about its particular state-level organizational orientation that allows the BID to have the success it has in crucial BID functions.

Conclusion

Demonstrating that BIDs are for the most part operating and working in unison with local government is an important discovery because again, many BIDs have failed unnecessarily (Symes and Steel 2003). Private sector motivations that operate under the authority of the public sector often provide numerous benefits to most urban stakeholders. Given this successful combination of energies, BIDs should be recognized as desirable policy tools and should be increasingly used in the future.

BIDs also deserve recognition for making it possible to ameliorate the overall conditions of cities that were in steady decline. Galvanizing communities that have been diminished of vital financial and human resources is more complex than implementing a technical model that increases property values. BIDs have to be much more than that.

Most BIDs are started and ultimately driven by private business and property owners that want to make a positive contribution to their neighborhood. Within their goals and objectives, there is an underlying belief that they can improve their communities by taking more ownership over what takes place in their district. This fundamental desire has turned stressed downtown areas into flourishing civic centers (Mitchell 2008). Ultimately, the mission behind starting a BID is a noble one.

Therefore, it is the responsibility of BID managers to do everything that is practical to ensure that BIDs remain intact and effective. An effective way of doing so is by developing sustainable partnerships with local government. If BIDs are having difficulty in doing so, they should find benefit in reviewing the maintenance strategies that were discussed and researched in this study.

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