

DOWNTOWN ST. CLOUD

BUSINESS IMPROVEMENT DISTRICT (BID)



PLANNING ———

FRAMEWORK

—————

This guide serves as an informational framework for public education relating to the creation of a downtown St. Cloud Business Improvement District (BID).

What is a BID?

A BID is a legal mechanism for property owners and businesses in a defined geographic area to jointly plan and put in place a sustainable funding source that can pay for a set of services to improve their area.

The idea for a BID is similar to mandatory common area maintenance in many shopping malls. A mall normally is a single property managed by one entity that rents the retail space to multiple tenants. Each tenant pays not only to rent their leased premises, but they are also obligated by their lease to pay into common area maintenance (CAM) fees for services that benefit all of the businesses like cooperative advertising and maintenance of common areas both inside and outside the mall. CAM charges pay for both the “free” parking and highly visible regional advertising that gives malls their competitive edge.

In urban districts, properties are owned by multiple individual owners. Much like the CAM arrangement in a mall, creating a BID allows property owners and businesses to organize and pay for services that keep the business district competitive. BIDs start as a voluntary initiative among property owners to work together to plan for improvements. But once approved, BID fees are mandatory and insure that all property owners, not just a few, share the costs of maintaining and promoting the area.

BIDS are a formal, legally approved way for the stakeholders within a business district to cooperatively improve the area. BIDs are organized locally by property owners and businesses who decide what is best for their community, but their legal authority to assess all property requires the formal authorization of the BID by the City through City Council.



Benefits of a BID

- Create a cleaner, safer, and more attractive business district.
- Create a steady and reliable source of funding for supplemental services and programs.
- Be able to respond quickly to the changing needs of the business community.
- Build potential to increase property values, improve sales, and decrease the number of vacant properties.
- Help the district to compete with nearby retail and business centers

What do BIDs do?

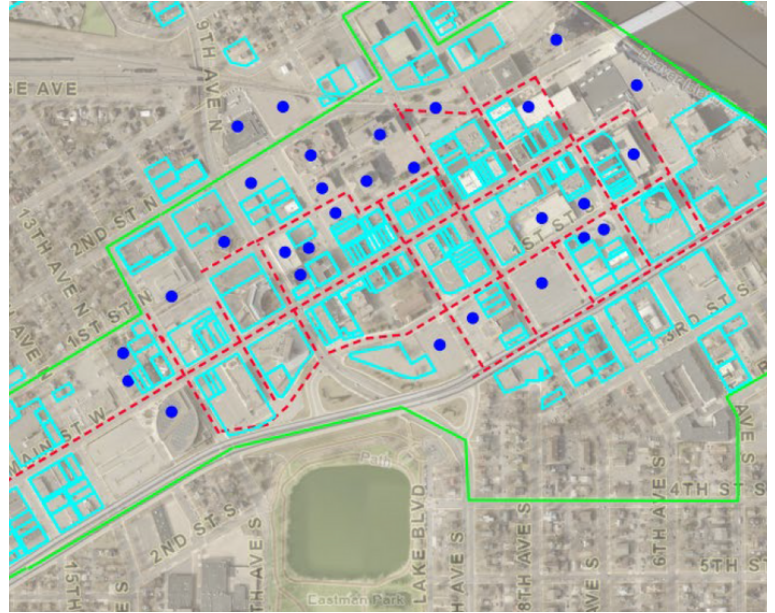
BIDs deliver a range of services over-and-above normal City services and invest in the long-term economic development of their districts. BID services include:

- Public space maintenance (sidewalk litter removal, graffiti removal)
- Public safety (security officers)
- Hospitality (visitor assistance)
- Business development (business attraction, small business assistance)
- Marketing and promotions (special events, district advertising and promotions)

How are BIDs funded?

Funds for BID programs and services are generated from increased property taxes voted on by property owners. Those funds are paid to the organization that manages the BID's activities. (Note: many leases have a clause that allows property owners to pass the BID assessment on to their tenants.) Because they are authorized by the City, the assessment levied by the BID becomes a legal obligation of the property owner and failure to pay can result in the filing of a lien.

Several local business entities are committed to donating funds annually to offset the increased tax increment to individual property owners, which in turn will reduce the tax liability to property owners, and in turn business owners and tenants.



What is a BID assessment?

This fee is based on increased property taxes that each property owner pays to support BID operations. The city collects the increment and allocates to the organization managing the BID to cover the cost of its services. Each property owner pays their proportionate share of the budget, which can be determined by such objective standards as the property's linear front footage along a sidewalk, or by its share of the total assessed value for real estate tax purposes of the entire district. BIDs can supplement their budgets from other sources such as grants, parking revenues, sponsorship income, or other income-producing activities. The total yearly assessment—that is, the total yearly amount collected for all BID properties in the aggregate—is unique to each BID.

Owners of properties that are exempt from real estate taxes, such as churches and nonprofit organizations, are not subject to the BID assessment but may contribute to the BID through a voluntary agreement. Some BIDs do not impose an assessment on residential properties, or only assess income-producing or multi-unit residential properties.

Will City services be reduced if the BID is providing similar services?

No. The services provided by the BID are in addition to services provided by the City. For example, if a BID provides sidewalk litter removal, it will still receive the same level of service from the City as it did before supplemental services were added. When BIDs are authorized, the City enters into an agreement with the BID and commits to maintain the level of services that would be provided if there were no BID in place.



Who oversees a BID?

BIDs are democratic in that the same people who benefit from what BIDs offer are the ones who plan, manage, and finance the BID. Each BID is independently governed by a Board of Directors comprising owners, business people, representatives of institutions within the district, and other individuals, as spelled out within the bylaws that govern the BID organization. The Board of Directors has a fiduciary responsibility to the BID and hires and oversees the staff who administer the BID on a day-to-day basis.

Where does the legal authority to create a BID come from?

Per MN state law, this special service district is a private organization that is operated to promote business district revitalization and management. Funding comes primarily from charges determined by the organization's Board of Directors that would be assessed by the City of St. Cloud, Stearns and Benton Counties on a fiscal-agent basis against eligible commercial properties within the defined boundaries through the special assessment of property tax invoices.

As of July 1, 2023, special service districts allow the option to include qualified multifamily property in new and existing districts. The change in law was spurred on by the dynamic changes that modern downtowns are experiencing with a greater influx of residential property in historically commercial property-heavy areas. The new law ensures that all types of properties enjoying services provided by a special service district are eligible to contribute to the district that is providing the services, if a city chooses to include them as a part of the petition process.

How is a BID formed?

Forming a BID requires widespread support among property owners and commercial tenants who are fully informed about the proposed program.

To create a BID, a core group of property owners and business people will need to invest substantial time and effort to develop the BID plan and persuade their peers to support the BID. While the initial push for a BID can come from a neighborhood organization, ultimately business people and property owners must take the lead.

In St. Cloud, the City Council governs the process for creating BIDs (see sidebar). Under state statute, BIDs are authorized by City Council and subject to a public process that includes at least two public hearings and notification of all property owners and tenants within the district. The two hearings are followed by a 45-day objection period. If 35% or more of owners within the district who would be subject to the assessment (either by number or by the value of their property), oppose creation of a BID by in writing, the effort is defeated.

Feasibility Phase

The Feasibility Phase should take 1-2 months to complete. With this in mind, set a target date for the completion of this phase.

Once the completion date is determined, set target start/completion dates for each of the action items. **Target Completion Date: January 2024**

Action Item	Target Start Date	Target End
Step 1: Form a Steering Committee	September 2023	October 2023
Step 2: Determine if a BID is right for area	November 2023	January 2024

Planning Phase

The Planning Phase should take 3-4 months to complete. With this in mind, set a target date for the completion of this phase. Once the completion date is determined, set target start/completion dates for each of the action items.

Target Completion Date: April 2024

Action Item	Target Start Date	Target End
Step 3: Meet with City Council/Mayor	October 2023	October 2023
Step 4: Develop database of property owners and commercial tenants	October 2023	October 2023
Step 5: Conduct a needs assessment survey	December 2023	February 2024
Step 6: Draft Operations Plan	February 2024	March 2024

Outreach Phase

The Outreach Phase should take 3 months to complete. In addition to setting target dates for action items in this phase, also set targets for property owner (PO) and assessed value (AV) support.

Target Completion Date: February 2024

Action Item	Target Start Date	Target End Date
Step 7: Set first community meeting	December 2023	January 2024
Step 8: Hold first community meeting	January 2024	January 2024
Step 9: Follow-up 1:1 meetings, if needed	January 2024	February 2024

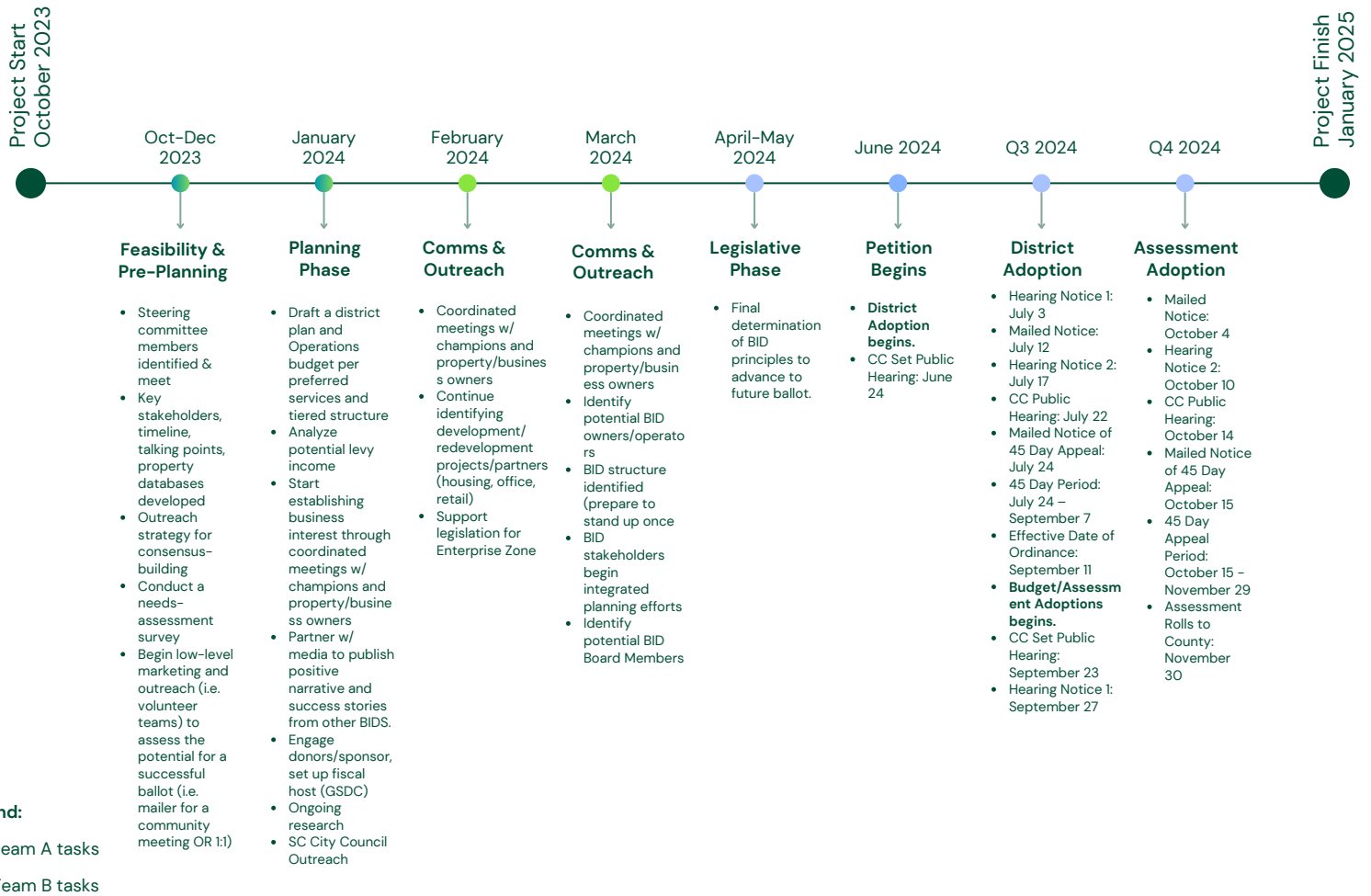
Local Adoption Phase

The Local Adoption Phase should take 3-6 months to complete. Estimated timeline may vary based on statutory regulations and other factors.

Target Completion Date: December 2024

Action Item	Target Start Date	Target End
Step 11: If required consensus is reached, prepare and distribute documentation binders to City Council to initiate petition process.	4/15/2024	4/15/2024
Step 12: District adoption begins	6/24/2024	6/24/2024
Step 13: Public Hearing	7/22/2024	9/7/2024
Step 14: Council will review and set effective day of ordinance	9/11/2024	
Step 15: Budget/Assessment Adoptions begin	9/23/2024	
Step 16: Public Hearing	10/10/2024	11/29/2024
Step 17: BID Implementation & Assessments Effective	1/1/2025	

Roadmap



Steering Committee

Greg Winfeldt

Downtown

Task Force Chair

Phone: 320-202-7055

Email: gregw@preferredcredit.com

NeTia Bauman

BID Subcommittee Chair

Phone: 320-437-1430

Email:

nbauman@greaterstcloud.com

Matt Glaesman

City Staff Representative

Phone: 320-650-3110

Email:

matt.glaesman@ci.stcloud.mn.us

Rick Bauerly

Committee Member

Donella Westphal

Committee Member

Doug Boser

Committee Member

Mike Blair

Committee Member

John Herges

Committee Member

Julie Lunning

Committee Member

Mayor Dave Kleis

Committee Member

Hudda Ibrahim

Committee Member

Lenora Jackson

Committee Member

Bob Johnson

Committee Member

Dr. Robbyn Wacker

Committee Member

Frequently Asked Questions

What is a Business Improvement District (BID)/ Downtown Improvement District (DID)?

BIDs are self-taxing districts established by property owners to enhance the economic vitality of a specific commercial area. The tax is a surcharge to the real property tax liability. The tax is collected and all revenues are managed by the organization responsible for the BID.

Per MN state law, this special service district is a private organization that is operated to promote business district revitalization and management. Funding comes primarily from charges determined by the organization's Board of Directors that would be assessed by the City of St. Cloud, Stearns and Benton Counties on a fiscal-agent basis against eligible commercial properties within the defined boundaries through the special assessment of property tax invoices. Voluntary contributions can also be accepted by the organization from properties exempt from assessment, including government, certain nonprofit, and residential parcels.

As of July 1, 2023, special service districts allow the option to include qualified multifamily property in new and existing districts. The change in law was spurred on by the dynamic changes that modern downtowns are experiencing with a greater influx of residential property in historically commercial property-heavy areas. The new law ensures that all types of properties enjoying services provided by a special service district are eligible to contribute to the district that is providing the services, if a city chooses to include them as a part of the petition process.

What services are generally provided?

A BIDs primary focus is to maintain the district through litter and graffiti removal as well as landscaping, promoting the district, and the businesses operating therein. Historically, BIDs excel at maintaining a clean and safe environment, they can provide a swath of services to accommodate the unique needs of their districts, and may include:

- Capital improvements
 - Street furniture like parklets, decorative lighting, assistance with storefront/facade improvements, wayfinding and other signage
 - Homeless services
 - Marketing services to attract consumers, tenants, tourists, and investors
 - BIDs often have their own branding, marketing strategies, logos, etc.
 - Landscaping and beautification
 - Communication ambassadors
 - Safety
 - Sanitation

What benefit and value does a BID offer?

The funds raised through special assessments are used to provide services for the mutual benefit of the properties being assessed, and can include:

- Creating a cleaner, safer and more attractive business district
- Helping to increase property values, sales and occupancies
- Providing non-bureaucratic and innovative management
- Promoting a distinct identity or brand for a business district
- Creating a unified voice to elevate a business district's influence
- Ensuring a stable and predictable funding base
- Responding quickly to market changes and community needs
- Leveraging additional improvement resources
- Maximizing accountability to stakeholders that pay

There are thousands of BIDs across the country because they are a proven method of increasing safety, cleanliness and vitality in communities large and small. According to the International Downtown Association:

- On average, streets maintained by BIDs were found to be cleaner than similar commercial streets located in the same city.
- BIDs have declining crime rates. In Philadelphia, crime decreased by 40% in their district.
- BIDs maintain lower commercial vacancy rates. In Red Bank, New Jersey, the occupancy rate increased from 65% to 97%.

How are BID rates calculated?

Property owners within the district receive a special assessment that is based on a formula designed to measure benefits derived from the improvements and services in the district. The formula uses a property's assessed value and land area, equally weighted. The charge for Zone Two properties, and for all parking facilities, is half that charged to Zone One properties. No properties are exempt, and the special charge is included on the City property tax bill.

Is this something the City should be doing?

No. The BID/DID is intended to provide an enhanced range of services within the designated district that the City is not financially able or professionally staffed to provide. BIDs throughout the country have been created because the private sector recognizes that the public sector cannot deliver the level of service on an affordable basis that private property and business owners demand. BIDs can provide quality, impactful services squarely in the control of private property and business owners already adept at leveraging investment into results. The BID does not relieve the City of its basic responsibilities for which property taxes are paid and, in fact, provide a means for ensuring that the City actually performs its responsibilities.

Will a BID make it easier for the City to reduce their commitment within the district?

No. The City of St Cloud has committed to maintain its current levels of service within the business improvement district, and XYZ (any additional commitments, once determined, can be added).

Who controls the funds the BID receives?

The BID is business (and/or non-profit) led and business managed. BIDs are typically governed and directed by a Board of Directors and operating committee composed of commercial property owners, property managers, employers, and private sector stakeholders.

The board guides the specifics of the BID program elements and should revisit the operating plan and budget annually. Programming can occur in any public space or right of way including sidewalks, future skyway easements, parks, public transit infrastructure, etc.

Is participation in the BID voluntary?

Any property that is exempt from assessment can voluntarily participate in the BID. Once the required threshold of financial support from the private sector has been established for a given geographic district, all properties that are properly accessible under Minnesota Law are obligated to participate.

How are the boundaries of the BID determined?

The proposed boundaries of the BID currently include a tiered model, in which property owners and their tenants in the core of downtown are assessed at the highest rate with descending rates for lower tiers.

PHOTO OF BOUNDARIES HERE

Is the BID a government program?

No. The BID is an entirely private undertaking. Minnesota Law requires that the City Council ensure that the BID's private Board of Directors has been legally constituted and that the City of St Cloud, Stearns and Benton Counties properly function as fiscal agents for levying assessments, collecting them as part of property tax payments, and disbursing proceeds from the BID.

What role do existing organizations play within the BID?

A new organization may act as an umbrella organization for the BID. The BID contracts with the future non-profit organization to provide staffing and perform BID services. This could be housed under an existing organization (i.e. if the Downtown Alliance becomes a non-profit) or a new for-profit or non-profit entity could be established to operate the BID.

The organization is responsible for staffing and volunteer programs. Most BIDs have multiple staff members that support the operations and programmatic functions of the organization resulting in a more sustainable organizational structure.

Is this a tax controlled by the City?

No. The programs and projects of the BID are run like a business, for businesses, by businesses.

Will the BID be permanent?

Under Minnesota Law, a BID requires annual approval of operating plans and budgets and reauthorizations every five years.

How does the funding method impact the small business owners?

Though BIDs are funded through a surcharge to the real property tax liability, business tenants with triple net commercial lease agreements could shoulder the cost of the BID through increased lease rates.

We are working with our legislators to propose tax incentives to offset the cost for current and future businesses.

The Steering Committee has identified several business/organizations willing to provide sponsorship dollars to the future non-profit BID to offset the tax assessment liability on the individual property owners and business owners.

Downtown St. Cloud

9 KEY BENEFITS

Business Improvement District (BID)



1

SAFETY & SECURITY

BIDs often implement safety and security measures such as increased lighting, security patrols, and partnerships with law enforcement. This helps in creating a safer environment, encouraging more people to visit and engage in downtown activities.

3

MARKETING & BRANDING

BIDs can develop marketing strategies and branding campaigns to promote the unique offerings of the downtown area. This includes highlighting local businesses, cultural attractions, and events to attract both residents and tourists.

5

ENHANCED AESTHETICS

BIDs play a crucial role in improving the overall look and feel of downtown areas by funding beautification projects, street cleanups, and maintenance efforts. This creates a more inviting environment for businesses, residents, and visitors.

7

MEASURABLE IMPACT

BIDs typically track and measure their initiatives' success, demonstrating their impact through metrics like increased foot traffic, sales figures, crime reduction statistics, and improvements in the area's overall economic health.

2

INCREASED FOOT TRAFFIC

BIDs can organize events, festivals, and promotional campaigns to attract more people to the area. This increased foot traffic can significantly benefit local businesses by boosting sales and revenue, thereby fostering economic growth.

4

NETWORKING & SUPPORT

BIDs foster a sense of community among businesses within the district. They facilitate networking opportunities, offer support services, and create platforms for collaboration, enabling businesses to thrive.

6

PLANNING & DEVELOPMENT

BIDs often play a pivotal role in long-term planning for the downtown area. This includes increased funding for infrastructure, including parking; identifying opportunities for growth, revitalization, and sustainable development, ensuring the area remains vibrant and competitive.

8

SUSTAINABILITY

Many BIDs undertake sustainability projects, such as implementing recycling programs, green spaces, or initiatives to reduce the environmental impact of businesses within the district.

WE NEED YOUR FEEDBACK!

BIDS ARE MOST SUCCESSFUL WHEN THEIR SERVICES MATCH THE NEEDS OF THEIR CONSTITUENTS. PLEASE HELP US IDENTIFY PRIORITIES BY COMPLETING A BRIEF ONLINE NEEDS ASSESSMENT BY **FEBRUARY 1ST**.

#1

Attend Community Meeting

A virtual community meeting is scheduled for Tuesday, January 16th at 2 PM. Join via Zoom for a brief presentation and Q&A.
<https://bit.ly/BIDRegister>

Click the link to the right to submit your preferred priorities for BID services in downtown St. Cloud or enter the following URL into your browser:
<https://bit.ly/SCBIDSurvey>

Complete Survey.

#2

#3

Schedule 1:1 Meeting

If you still have questions, concerns or would like to get involved, contact us to schedule a meeting with a steering committee member.

IMPORTANT DATES & LINKS

Virtual Community Meeting | January 16th | <https://bit.ly/BIDRegister>

Survey Link | Complete by February 1st | <https://bit.ly/SCBIDSurvey>

Follow-up 1:1 Meetings | email nbauman@greaterstcloud.com