

Sandpoint BID

Engagement Project

Summary of Draft Recommendations

July 2017

Introduction

Input invited from members about the BIDs performance, status, and future was gathered over the course of seven small group listening sessions conducted on different dates and times during May plus 15 individual interviews.

A summary of these inputs plus other information about BIDs was discussed and deliberated by two group workshops with members conducted in June. Additional comments were received by letter and phone.

In total, perspectives from ~75 members provided insight to the descriptive results of a survey of BID members previously conducted by students of Boise State University.

All of this information plus secondary research about BIDs in general and in Idaho was synthesized to develop this draft of observations and recommendations.

Comment Opportunities

Please send your thoughts about these draft recommendations to Maree Peck, City Clerk, at mpecksandpointidaho.gov by noon on July 18, 2017.

An overview of comments received plus a draft report on the Engagement Project will be presented for discussion with the City Council and BID members at a workshop on July 19th from 5:30 to 6:30 p.m. in Council Chambers.

A final report summarizing the Engagement Project process, inputs, and recommendations will then be completed by July 30th in time for Council deliberation and decision at its regularly scheduled August 2nd meeting.

Overview

Synopsis of Engagement Project Recommendations

The current approach to operating Sandpoint's BID is seriously flawed. Member apathy, rather than engagement, prevails. Of those who do engage, most expect something better; a few prefer to simply end the mechanism altogether.

BIDs are just a tool – a privileged opportunity under law for businesses to leverage the capacity of local government for their own purposes. Well-designed and effectively operated BIDs help meet needs and achieve more than otherwise possible.

Engagement Project Participants expressed a wide range of needs as well as ideas for improving the BID. So, these recommendations reflect principles gleaned from Participants and summarize specific ways those interested can put BID mechanisms to productive use.

The recommendations center on: i) explicitly planned, purpose-oriented Benefit Zones as allowed under ISC 50-2614-15; coupled with ii) strict new City standards to assure broad support, equitable treatment, and accountable implementation for any future BID-related efforts as may be authorized.

Guiding Principles for any BID activities

“Whatever we do, let's be sure to...”

- Keep the purpose clear and sustain that which is most valued
- Allow for cooperation and coordination
- Be fair and equitable in fees and conduct
- Listen well, vote so everyone has a say, and periodically reaffirm support
- Link activities with interests and adapt as needs change
- Make sure resources are sufficient and leverage funds and City capabilities
- Focus on visible, measurable results and provide regular performance reports
- Be transparent and hold ourselves accountable

Recommended Actions

	What	Why
1	<p>Reset the assessment of fees to zero unless and until businesses meet new standards for BID operations</p>	<p>The current fee structure is inequitable and administratively burdensome. Based on net square footage of business owners only, the structure fails to account for business type, proximity, or relative value of BID-funded activities. Moreover, there’s no structure for effective representation so members have had little say in how fees collected are used.</p> <p>These inequities are aggravated by asymmetric benefits. As some accurately assert, BID activities help all members in some way. However, the benefit for many is too indirect and long in coming, if it comes at all during the tenure of their business.</p> <p>The current BID boundary reflects a commercial zone – not a shared purpose discerned by the businesses. Without clarity of the intended activities and expected benefits, there is no context for making the fee structure more equitable.</p> <p>So, the best course is to force a reset. By setting the fees to zero, the City preserves the BID mechanism as an option for businesses to organize, but halts further assessments unless and until businesses reach broad agreement on purpose, action plans, and accountability for implementation of any BID-related activities and meet new City standards as summarized in Action No. 8 and in the Appendix.</p>

Recommendations

	What	Why
2	Sunset the current operation to force a reset of expectations	<p>There's little to no support for continuing the BID as-is. The present difficulties of Sandpoint's BID are rooted in poor design, inequitable fees, weak governance, lack of leadership, low member engagement, inconsistent execution, ineffective communication, and insufficient performance reporting.</p> <p>Halting fee collection (per Action No. 1 above) is a forcing function that: i) ends current BID operations; ii) eliminates the need for administrative support by the City or via contractor; and iii) puts the onus businesses to either work together to establish a functional BID or go without any of the benefits.</p>
3	Keep the current boundary to allow businesses the option to organize	<p>Retaining the boundary preserves the established BID mechanism, allowing members with interest an option to organize around specific interests. The City's approval for any new BID-related activities should be subject to new strict standards as noted in Action No. 4 and summarized in the Appendix.</p>
4	Set strict standards for City approval of new activities within the BID	<p>It's a privilege under Idaho law that businesses can use government systems to self-assess and self-direct their own tax dollars. Cities can, in turn, set their own rules for deciding the conditions for authorizing a BID. Clear protocols for City approval of BID plans can help assure better design, broad support, and meaningful outcomes. Suggested standards are presented as part of Action No. 8 and the Appendix.</p>

Recommended Actions

	What	Why
5	<p>Focus on Benefit Zones within the BID as a way to assure clear purpose and support</p>	<p>The interests and needs of businesses within the BID are varied. Some businesses value appearance and décor while others want attention to traffic and parking issues. Some businesses prioritize promotional activities and events while others are interested recruiting businesses and grants.</p> <p>So, how might a small BID support such diverse interests and assure the equitability of who pays for what benefits?</p> <p>An answer lies in provisions of Idaho law that allows sub-districts within a BID -- called Benefit Zones – to form for distinct reasons with separate assessments (see: ISC 50-2015 and -2016). In other words, smaller groups of businesses within the BID can organize to tax themselves for specific purposes.</p> <p>By focusing on Benefit Zones, the City can assure any new assessments within the BID are driven by the explicit interests and broad support of members within a Zone. Organized by Benefit Zones and coupled with strict standards and authorization procedures, the value of the BID to businesses and Sandpoint can rise.</p>

Recommended Actions

	What	Why
6	<p>Define a Downtown Core for planning purposes</p>	<p>Explicit definition of the location, look, and feel of “downtown” Sandpoint allows better-alignment of development, maintenance, and activities – which, in turn, helps distinguish Sandpoint’s identity and support a vibrant economy. Such clarity, now lacking, can also help define a potential Benefit Zone. The area within 1st to 5th and Pine to Cedar was most often cited as a logical boundary for the Core.</p>
7	<p>Suspend seasonal décor unless and until plans and support are in place to conduct the program effectively</p>	<p>Nearly all Participants agreed that flowers and lights will be missed if the BID ends. Individual action or volunteers were most cited as a way to continue these programs without the BID. Assigning the tasks to the City, funded by general or tourist tax dollars, was the next most cited idea.</p> <p>The value of such décor lies in consistency that shows a high degree of care and attention. As some Participant artists noted, patterns create distinct and favorable impressions. In contrast, décor left to individual action will vary in look, placement, and maintenance. The result will be “pretty” in places, but fall far short of distinct and memorable.</p> <p>The direct and indirect benefits of décor to the City, business and property owners depend on a well-coordinated and maintained effort. So, the efforts should be suspended until there are clear plans with accountabilities to sustain the quality necessary to achieve the expected effect.</p>

Recommended Actions

	What	Why
8	<p>Develop and Vote on a “Downtown Core” Benefit Zone for shared support of décor and maintenance</p>	<p>There’s keen interest in seasonal décor and assuring a clean and well-maintained Downtown Core. But as noted in Action No. 7, clear plans with accountabilities to sustain the quality necessary to achieve the expected effect are needed.</p> <p>Considering the direct and indirect benefits of décor in the Downtown Core, its reasonable that such efforts be shared by those business and commercial property owners directly benefiting (via special Benefit Zone assessment) and the City (via an allocation of funds from the tourist tax).</p> <p>The City in consultation with business and commercial property owners in the Core, should coordinate development of a proposal for the specific purpose of décor programs and maintenance. The proposal so drafted should be in keeping with the recommendations of this Engagement Project and must be subject to vote of those within the Benefit Zone.</p> <p>Specific suggestions for how this Benefit Zone proposal might work are presented in the Appendix, including: i) a two-triggered vote requiring affirmative support of those members who’ll pay a majority of the proposed fees AND 60% of all members (as a way to assure broad based support); and ii) using surplus funds (if any) for match grants to attract extra investment within the Zone.</p>

Recommended Actions

	What	Why
9	Contract for an ombudsman at the City who's dedicated to support business	<p>Many Participants favorably recalled times when a past BID director advocated for BID businesses. Several noted the challenge of finding time to keep pace with City issues affecting them let alone participate in public processes. Some felt strongly that the City isn't "business friendly."</p> <p>An idea that resonated with Participants was that the City employ a dedicated ombudsman as a point of contact for business -- to share information and facilitate resolution of problems. Since the advocate would serve all businesses operating in Sandpoint, not just BID members, there was broad support for a doubling of the business license renewal fee (in lieu of BID fees) as the funding mechanism. See the Appendix for suggestions of how this might work.</p>
10	Consider using BID funds as a match to attract other investments	<p>Some advocated for an <i>ala carte</i> approach where funds equitably collected would only be invested in projects or programs that earned the majority vote of BID members. Project type, fund leverage, breadth and duration of benefits, etc. could be taken into account by all members participating in an annual grant-making cycle. A form of this concept is recommended as a sub-set of Action No. 8 and summarized in the Appendix.</p>

For each Recommended Action...

No.	Recommended Action	Do you... Generally support or oppose? Prefer a revision? Why?
1	Reset the assessment of fees to zero until businesses meet new standards for BID operations	
2	Sunset the current operation to force a reset of expectations	
3	Keep the current boundary to allow businesses the option to organize	
4	Set strict standards for City approval of activities within the BID	
5	Focus on Benefit Zones within the BID as a way to assure clear purpose and support	
6	Define a Downtown Core for planning purposes	
7	Suspend seasonal décor unless and until plans and support are in place to conduct the program effectively	
8	Develop and Vote on a “Downtown Core” Benefit Zone for shared support of décor and maintenance	
9	Contract for an ombudsman at the City who’s dedicated to support business	
10	Consider using BID funds as a match to attract other investment	
11	Additions?	10

Sandpoint BID

Engagement Project Appendix

Concepts for Implementing Draft Recommendations

July 2017

Actions by City Ordinance

- Revise fees under Ordinance No. 1039, Section 5.0, to zero
 - Per notification and hearing procedures for changes in assessments as outlined in ISC 50-2614.
- Adopt a new ordinance that sets requirements for starting BIDs, or Benefit Zones within an established BID, providing that:
 - Proponents may petition for establishment of BIDs or Benefit Zones by presenting a proposed plan of action that at a minimum includes:
 - The signatures of those who operate businesses or own business property in the proposed Benefit Zone which would pay at least 50% of the proposed assessment (per ISC 50-2603); and
 - Documentation to strict City standards of the purpose and plans, member engagement and representation, equitability of fees, administrative efficiency, reporting transparency, and the like. (see the notes section of this slide for a more detailed list of suggested standards).
 - Proposals for new BIDs or Benefit Zones, and any subsequent changes thereto, be subject to: review of City staff; public hearings by City Council; and then, if approved by Council, subject to an affirmative vote of:
 - Those members who'll pay a majority of the proposed fees; and
 - 60% of all proposed members.
 - BIDs and Benefit Zones be subject to City Council review and reauthorization every five (5) years from the date of establishment or sooner if the voting members being assessed changes by more than 20% during the 5-year term.

Propose a “Downtown Core” Benefit Zone

- Direct the City Administrator to establish a “Downtown Core” for planning purposes
 - Defined as the businesses and parcels within the rectangle south of the centerline of 5th and on both sides of Pine, Cedar, and 1st streets.
- Direct the City Administrator to work with business and commercial property owners within the BID to develop a Downtown Core Benefit Zone Proposal for vote by affected BID members
 - For the purpose of establishing park-like amenities for year-around ,pedestrian-friendly experience specifically including coordinated:
 - Programs for seasonal décor including flowers baskets and holiday lighting;
 - Maintenance of streets, sidewalks, signage, and landscape and removal of snow and debris;
 - Parking standards set in concert with City Planning & Zoning, Police and Fire departments; and
 - Support for historic properties decided in concert with the Sandpoint Historic District.
 - The Proposal to incorporate applicable recommendations of the 2017 BID Engagement Project including, but not limited to:
 - Rationale for a fee structure that’s fair and equitable;
 - Meaningful member representation and effective communications; and
 - Plans for accountable implementation and reporting of activities and outcomes

Propose a “Downtown Core” Benefit Zone

continued

- To be funded in-full by the City with off-setting support from:
 - A flat fee of \$120 per year (adjusted *pro rata* with the U.S. Consumer Price Index) assessed to each business and each commercial parcel within the Core via license renewal or tax assessment, as applicable (for ~\$25k per year); plus
 - Allocating ~25% of the annual tourist resort tax receipts (for ~\$50k/year total)
- Planning and implementation to be conducted by the City
 - As guided by a City-chartered Downtown Advisory Committee composed of business and commercial property owners from within the Core who are current in paying their Benefit Zone assessment; and providing that
 - Funds in excess of expenses may be used as matching grants to incent and leverage other investments that improve the Core, as may be agreed by a majority of the Downtown Advisory Committee.
- To be voted upon by proposed business and commercial property owners in the Core
 - Per Idaho State Code Title 50, Chapter 26, Sections 50-2615 and 50-2616 with the added City requirement that at least 60% of all proposed members vote in favor.

Strengthen the City's Support of Business

- Establish a dedicated Business Advocate at the City to:
 - Serve as the City's ombudsman to the business community;
 - Support the retention, expansion and recruitment of business within the City; and
 - Coordinate engagement of the Downtown Advisory Committee and other BID Benefit Zones as may be established; plus
 - Other interests as the City and businesses may agree.
- Fund the Business Advocate salary, benefits and operating budget via :
 - Allocating ~25% of annual tourist resort tax receipts (for ~\$50k/year total); plus
 - Increasing the annual business license renewal fee to match (by doubling to \$25 extra per license for ~\$25k/year total at a 2-to-1 match or by tripling to \$50 extra per license for ~\$50k/year total at a 1-to-1 match).
- Regularly assess businesses continuing support for the Advocate by
 - Engaging businesses to help identify performance expectations at the outset;
 - Providing regular reporting of activities and outcomes; and
 - Surveying businesses at least annually re: performance, value, priorities, and the like.

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Name:

Business:

Phone:

Email: