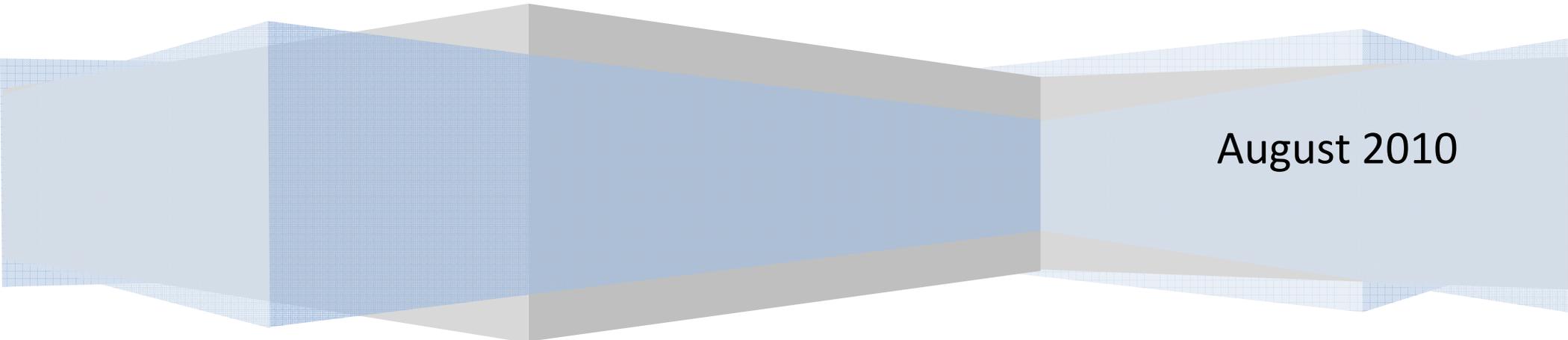


*Nuguru Business and Marketing Consultants Inc.*

**North Battleford, “The Prairie Power City”  
Business Improvement District  
Best Practices in Funding, Governance, and  
Design**



August 2010

## **Executive Summary**

Most academic analysis of Business Improvement Districts (BIDs) in North America focuses on the large US city experience. Although largely positive, in the United States, there is increased focus on political issues and individual owners' and individuals' rights. The Canadian experience is largely more cooperative, smaller scale, and generally incorporates some outside funding. The best practices in funding, governance, and design are specific to smaller BIDs with limited budgets and scope.

### **Funding**

Most BIDs are funded using a small increase in property tax collected by the municipality and returned to the BID. A 1% additional levy is common. BIDs also raise funds through events and parking fees. Outside funding from Municipal, Provincial, and Federal Governments is accessed when available. Key to funding is that it is sustainable with marginal impact on BID members.

### **Governance**

Transparency is crucial to BID support and sustainability. As BID involvement is not voluntary, some members may be very critical of the use and tracking of all resources. Financial and performance reporting on at least an annualized basis will be required.

BIDs are typically created by the Municipality following a vote from impacted merchants. In some jurisdictions, a 50% favourable vote is required while in others up to 70% is required. In some jurisdictions, a vote is not conducted and the program is created through the Municipality. Greater buy-in increases effectiveness and efficiency of BIDs.

Smaller BID boards will include representation from business members as well as local Municipal Government and other funders. Fire and safety as well as policing representation is also common. Most are formed as not for profits.

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## Design

BIDs in smaller centres (less than 25,000 population) usually focus on three tasks: cleanliness, safety, and marketing. A BID in North Battleford would likely have similar focus as these three activities match up well with the desires of merchants and the general public. Including too many activities in the BID process, such as infrastructure, advocacy, and business attraction and creation, decreases effectiveness as staff becomes overwhelmed.

Coordination with key local partners increases funding and communication, reduces overlap and jurisdictional challenges, and speeds up the process. BIDs can often achieve success in short periods of time where Municipal Governments have struggled for decades. The separation from the Municipality and support from Members provides the platform and the will to succeed.

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## **1.0 Introduction**

The City of North Battleford has contracted Nuguru to complete a Best Practices study related to the development of a Business Improvement District (BID). The study will examine Best Practices with an emphasis on smaller Canadian communities (less than 25,000 population).

## **2.0 Methodology**

Best Practices in BIDs were identified in three main areas: funding, governance, and design. Comparative analysis of Best Practices and their relative success lead to recommendations that are applicable to North Battleford. Solutions in similar demographic and socio-economic environments were of particular interest.

Secondary research including websites and marketing materials were reviewed to assess best practices. Whenever possible, smaller communities, similar in size to North Battleford, were targeted for information. Larger centres with similar downtown challenges were also considered, especially if strategies were scalable.

## **3.0 Best Practices**

The American large city approach fueled by Municipal Government movement away from cleaning and safety issues and suburbanization cannot be duplicated in North Battleford due to differing political and financial systems. Many large scale BIDs have strong advocacy agendas and have components of policing and socio economic programming. The BIDS in smaller communities, particularly in Canada, have greater emphasis on cooperation and coordination with key partners.

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## Legislation

Provincial Legislation under the Municipalities Act (Division 5, Section 38 and 39) and the Cities Act (Division 3, Section 25 and 26) deals directly with the creation of Business Improvement Districts in Saskatchewan. The Sections from the Municipalities Act addressing BIDs are as follows:

### Business Improvement Districts

#### Establishment

- (1) A council may, by bylaw, establish a business improvement district.
  - (2) In a bylaw passed pursuant to subsection (1), a council shall address all of the following matters:
    - (a) the purposes for which the business improvement district is created;
    - (b) the area within the municipality that is to be encompassed by the business improvement district;
    - (c) the appointment of a board to govern the business improvement district;
    - (d) the manner in which the board will be required to develop and submit its estimates of expenditures to the council;
    - (e) the reporting requirements of the board to the council;
    - (f) any limitations on the powers of the board, including limitations on its power to incur debt obligations;
    - (g) the process and consequences of disestablishment of the business improvement district;
    - (h) any other matter that the council considers necessary.
  - (3) The board of a business improvement district is a corporation.
  - (4) Before passing a bylaw establishing a business improvement district, a council shall give any person affected by the operation of the proposed bylaw, or that person's agent, an opportunity to be heard by the council.
- 2005, c.M-36.1, s.38.

#### Requisition

- (1) The revenue and expenditure estimates of a business improvement district as approved by the council constitute the requisition of the business improvement district for the current year.
  - (2) The council may, by bylaw, impose a levy or charge on all property used or intended to be used for business purposes within a business improvement district that the council considers sufficient to raise the amount required for the requisition of the business improvement district.
  - (3) A levy or charge imposed pursuant to subsection (2):
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- (a) is in addition to any other property tax; and
- (b) must be of either a uniform rate or a uniform amount.
- (4) A levy or charge imposed pursuant to subsection (2) may be collected in the manner provided for in The Tax Enforcement Act.
- (5) Notice of any levy or charge imposed pursuant to subsection (2):
  - (a) is to be substantially in the form of a property tax notice and may be included in a property tax notice; and
  - (b) is to be mailed by ordinary mail or delivered to owners of property in the business improvement district used or intended to be used for business purposes.
- (6) Any levies and charges payable pursuant to this section are payable at the same time as property taxes.
- (7) A bylaw passed pursuant to subsection (2) may exempt any property or class of property from any levy or charge imposed pursuant to that subsection.
- (8) After the budget has been approved by council and before the remittance of the levy or charge, the council shall pay the cost of any claims for approved works that may be submitted by the board for payment, and the municipality shall recover any such payments from the levy or charge.

2005, c.M-36.1, s.39.

(<http://www.qp.gov.sk.ca/documents/English/Statutes/Statutes/M36-1.pdf>)

#### Current Saskatchewan BIDS

There are a number of active BIDs in the Province including, Yorkton, Saskatoon (Downtown Partnership, Broadway, and Riversdale), Regina (Downtown and Warehouse), Lloydminster, Moose Jaw, Kamsack, and Prince Albert. Links to Saskatchewan BID websites when available can be found in the Appendix. Saskatchewan does not have a Province-wide association of BIDs, but other Provinces including British Columbia (Business Improvement Areas of British Columbia) and Ontario (Ontario Business Improvement Area Association) have active and well established programs with comprehensive websites.

([http://www.bia.bc.ca/index.php?area\\_id=1000](http://www.bia.bc.ca/index.php?area_id=1000))

(<http://www.obiaa.com/>)

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## **Funding**

Most BIDs are funded using a small increase in property tax collected by the municipality and returned to the BID. A 1% additional levy is common. In some BIDs there are exceptions to the tax including not for profits and new business, but other apply the BID levy universally. Key to funding is that it is sustainable with marginal impact on BID members

BIDs also raise funds through events and parking fees. Government funding is commonly accessed during the research and launch phase of the BID. Other outside funding from Municipal, Provincial, and Federal Governments is accessed when available with some municipalities, such as Toronto, sharing costs on building façade improvement. Federal and Provincial building restoration programs are usually targeted by the BIDs ([www.tpcs.gov.sk.ca/2008ConservationGrant](http://www.tpcs.gov.sk.ca/2008ConservationGrant)).

A portion of BID funding also comes from events held within the district. Festivals and sales events are common and in some BIDs account for as much as half of total funding. Well established events such as Saskatoon's Cruise Weekend, Jazz Festival, and Experience Downtown Sidewalk Sale or Regina's Folk Festival can drive a large increase in visitation. Smaller cities like Moose Jaw (Saskatchewan Festival of Words) and Yorkton (Yorkton Film Festival) have garnered national attention with their annual events.

(<http://www.rock102rocks.com/events/event/rock-102-cruise-weekend-powered-saskatoon-coop-gas-bars>)

(<http://saskjazz.com/>)

([http://www.downtownsaskatoon.com/calendar.php?f\\_action=schedule\\_detail&msg\\_id=224](http://www.downtownsaskatoon.com/calendar.php?f_action=schedule_detail&msg_id=224))

(<http://www.reginafolkfestival.com/home/>)

(Saskatchewan Festival of Words - <http://www.festivalofwords.com/>)

(Yorkton Film Festival - <http://www.goldensheafawards.com/>)

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## Governance

### Process

The BID, as it utilizes mechanics administered by the Municipal Government, requires approval by City Council to move forward (at least if additional tax or parking revenues are collected). At the same time, business owners within the proposed BID must drive the process in order to achieve buy-in and create the strategic direction. Chapter 19 of the Toronto Municipal Code (Business Improvement Areas) includes provisions about establishing a BIA that act as a template for most programs in Canada.

#### Key Steps in Establishing a BIA

- Step 1: Establish the Need – Business Case
- Step 2: Communicate with all Interested Parties
- Step 3: Establish a Steering Committee
- Step 4: Establish Goals and Objectives
- Step 5: Prepare Preliminary Budget Proposals
- Step 6: Establish Proposed Boundaries
- Step 7: Formalize a Request to the Municipality
- Step 8: Notify of a Proposed BIA Designation (p.26)
- Step 9: Pass a Municipal Bylaw

(<http://www.obiaa.com/index.cfm?ID=110&Download=%271%5B%2257B%26%28S%40%20%20%0A&f=58>)

### Board Structure and Operations

As the Provincial Legislation and Municipal Bylaws do not fully cover board structure and operations (at least not currently), outside sources are required to provide a more complete overview. The Ontario Business Improvement Area Association (OBIAA) uses the City of Toronto bylaws as a template for development of municipal bylaws governing the Business Improvement Area Boards. The section regarding Board Structure is as follows:

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Administration and strategic management of a Business Improvement Area is generally the responsibility of the board of management. In particular, the board of management is typically responsible for overseeing the planning, budgeting, implementing and evaluating of BIA projects.

Rules in the legislation (the *Municipal Act, 2001* and *City of Toronto Act, 2006*) may apply to the term of directors of a BIA board of management. Traditionally:

- The term of the directors of a board of management is the same as the term of the council that appointed them, but continues until their successors are appointed.
- Directors are eligible for re-appointment.

In Sasaktchewan, the board is likely to follow a rotation that will allow experienced and new board members to work side by side to allow continuity.

BIA board of management sizes vary considerably, depending on what the municipality decides. In Toronto, the practice is that boards of management include one or more members of City Council.

Chapter 19 of the *Toronto Municipal Code* (Business Improvement Areas) includes a listing of the total number of members of the named Business Improvement Areas, and of how many councilors are members of each. Traditionally, the municipality appoints one or more directors directly and the remaining members are chosen by a vote of the membership (and later approved by municipal council). The board of management usually consists of between five and ten members. In most cases, council designates a position on the board of management for the local councilor that represents the area within which the BIA is situated. Apart from the position on the board usually reserved for council appointees, the rest of the board is selected through a vote by the BIA membership subject to their approval by council. (p.34)

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Composition and activities of the board of management and its officers:

The BIA board of management typically establishes or makes recommendations to council about rules for the composition and activities of the board of management and its officers (e.g., chair, vice-chair, treasurer). Among the issues often considered are:

- The size of the board of management
- Officer positions
- Rules for quorum
- Procedures for vacancies
- Responsibilities of the board
- Duties and responsibilities of board of management members and officers

Other considerations:

BIA Boards of management also often form rules on:

- Creation, functions and meetings of committees and sub-committees
- General meetings of BIA
- Annual budget
- General expenditures
- Rules of order
- Contracts
- Voting/proxy voting
- Elections

These practices are common. (Many details are not mentioned in the traditional BIA or other legislation.) (p.35)

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## Program Evaluation

Many BIDs in the United States provide limited evaluation of their effectiveness and this has become one of the major criticisms of the program (Business Improvement Districts and Innovation Service Delivery, <http://www.vcu.edu/cppweb/urban/bid.pdf>). Establishment of evaluation targets and structures creates a feedback mechanism to members, the municipality, and the public at large. According to the OIBAA, the following questions are typically addressed in program evaluation:

- How many vacancies now exist in the BIA compared to when the program started?
- How quickly are vacancies filled?
- How many new businesses have located in the BIA since the program started?
- How many business failures have occurred since the program started compared to before?
- How many “facelift” projects have taken place since the program started?
- How many businesses have reported increased sales since the program started?
- Have there been reports of increases in property values since the program started? Are increased property values a result of improvements?
- How many new permanent jobs have been created in the BIA since the program started?
- How many successful events can you count on continuing?
- How has the competition fared since the program started?
- What are the media saying? Are they taking notice?
- Are media/resident/council reports positive or negative?
- Has the level of participation among BIA members increased? (p.41)

Formalization of a feedback loop that answers the above questions will improve performance of the BID and allow stakeholders input into the targets and process.

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### Corporate Structure

In the research paper, “Business Improvement Districts and Innovative Service Delivery”, a survey of 404 BIDs in the United States revealed that, “.61% were operated by nonprofit organizations, 13% were the responsibility of public sector bodies, and 26% were run by a public-nonprofit partnership. Generally, the smaller the community the more likely the BID was run by a public agency; the larger the community the more likely it was the responsibility of a nonprofit organization.”

(<http://www.vcu.edu/cppweb/urban/bid.pdf>)

In Canada, most of the Business Improvement Structures are not for profits and although programming may be supported by the municipality, the public/private structure is not common.

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## Design

### Focus

To be effective, a Business Improvement District must focus its activities based on a strategic plan that addresses the specific needs identified by its members. In some cases, the needs are identified through formal survey while in others it is provided through the working group. The City of North Battleford has background information regarding the needs of the proposed BID through merchant interviews and public surveys conducted in 2009. The research tends to suggest a BID would focus on cleanliness, safety, and marketing.

Smaller BIDs, like North Battleford, make best use of available resources by creating a narrow focus encompassing 2 or 3 main activities. According to research, smaller BIDs in the United States are primarily involved in capital improvements and marketing (<http://www.vcu.edu/cppweb/urban/bid.pdf>). The OBIAA lists the following as general functions of business improvement:

- Oversee the improvement, beautification and maintenance of municipally-owned land, buildings and structures in the area beyond that provided at the expense of the municipality generally
- Promote the area as a business or shopping area

Chapter 19 of the “*Toronto Municipal Code*” lists additional BIA functions. They include, among others:

- To maintain business improvement area-initiated streetscaping and capital assets within the business improvement area
  - To offer graffiti and poster removal services respecting building facades visible from the street, to all member property owners who provide written consent, upon approval of the program by the general membership of the business improvement area
  - To undertake safety and security initiatives within the business improvement area
  - To undertake strategic planning necessary to address business improvement area issues
  - To advocate on behalf of the interests of the business improvement area
- ([toronto.ca/legdocs/municode/1184\\_019.pdf](http://toronto.ca/legdocs/municode/1184_019.pdf))
-

In smaller centres, big box retail has moved large retail players out of downtown. As in Brandon, Manitoba, successful downtowns feature niche retail, banking (finance), administration, government offices, and professionals.

#### Partners

As a small BID, the North Battleford BID would need to form effective partnerships with the City of North Battleford particularly planning, maintenance, economic development departments, fire and safety, and by law enforcement departments and the RCMP (BIABC Handbook, [http://www.bia.bc.ca/index.php?area\\_id=1000](http://www.bia.bc.ca/index.php?area_id=1000)). Integrating these groups into BID targets where required reinforces buy-in from partners and provides evaluation of their performance.

## Conclusion

The establishment of a Business Improvement District in Downtown North Battleford is a critical step in its redevelopment. The Bid structure and focus provides a vehicle for effective buy-in and quick address of downtown challenges. The BID allows downtown merchants to take more responsibility for downtown issues and a mechanism to act outside of the City constraints.

Effective BIDs are already established in Saskatchewan, primarily in Saskatoon and Regina. The Ontario and British Columbia Business Improvement Associations provide meaningful information regarding creation, structure, and operations that should be adopted by the new North Battleford downtown BID.

## Recommendations

1. Create a Narrow Focus

*Rationale: Research indicates three targets: Safety, policing and marketing (events and shopping). The new BID will have limited resources. Building improvements may be an additional target due to accessible funding and crossover into marketing.*

2. Adopt Handbooks of OBIAA and BIABC

*Rationale: The Handbooks cover all elements of the creation and operation of Business improvement Areas (Districts). The handbooks are available on-line and are used in small and large communities.*

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3. Create a Strategic Plan with Specific Targets

*Rationale: The strategic plan will drive all activities of the BID and measuring those activities and publicizing them creates accountability for the BID and partners and provides the public with better understanding of the progress being made downtown.*

4. Bring Partners in Early

*Rationale: The BID will require help from City departments and the RCMP to meet its objectives. The sooner these partners are involved (including at a board level), the greater chance of buy-in and support.*

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## Works Cited

Business Improvement Areas British Columbia Handbook - [http://www.bia.bc.ca/index.php?area\\_id=1000](http://www.bia.bc.ca/index.php?area_id=1000)

Cruise Weekend - <http://www.rock102rocks.com/events/event/rock-102-cruise-weekend-powered-saskatoon-coop-gas-bars>

Experience Downtown Sidewalk Sale - [http://www.downtownsaskatoon.com/calendar.php?f\\_action=schedule\\_detail&msg\\_id=224](http://www.downtownsaskatoon.com/calendar.php?f_action=schedule_detail&msg_id=224)

Mitchell, Jerry, "Business Improvement Districts and Innovative Service Delivery", School of Public Affairs, Baruch College, The City University of New York, November 1999 - <http://www.vcu.edu/cppweb/urban/bid.pdf>

Ontario Business Improvement Area Association - <http://www.obiaa.com/>

Regina Folk Festival - <http://www.reginafolkfestival.com/home/>

Saskatchewan Festival of Words - <http://www.festivalofwords.com/>

Saskatchewan Municipalities Act - <http://www.qp.gov.sk.ca/documents/English/Statutes/Statutes/M36-1.pdf>

Saskatoon Jazz Festival - <http://saskjazz.com/>

Toronto Municipal Code – Chapter 19 - [toronto.ca/legdocs/municode/1184\\_019.pdf](http://toronto.ca/legdocs/municode/1184_019.pdf)

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**Saskatchewan Bids**

Broadway Business Improvement District – [www.onbroadway.ca](http://www.onbroadway.ca)

Kamsack Business Improvement District - <http://www.town.kamsack.sk.ca/default.aspx?page=120>

Lloydminster Business Improvement District - [www.streetscapes.ca](http://www.streetscapes.ca)

Regina Downtown Business Improvement District– [www.reginadowntown.ca](http://www.reginadowntown.ca)

Regina Warehouse Business Improvement District – [www.warehousedistrict.ca](http://www.warehousedistrict.ca)

Riversdale Business Improvement District- [www.riversdale.ca](http://www.riversdale.ca)

The Partnership - <http://www.downtownsaskatoon.com>

Yorkton Business Improvement District - [www.yorktonbid.com](http://www.yorktonbid.com)

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