

# Business Improvement Districts and Innovative Service Delivery



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The PricewaterhouseCoopers Endowment for  
**The Business of Government**

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November 1999



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# Foreword

November 1999

On behalf of The PricewaterhouseCoopers Endowment for The Business of Government, we are pleased to present this report by Jerry Mitchell, "Business Improvement Districts and Innovative Service Delivery."

This report is the result of a survey of Business Improvement Districts (BIDs) throughout the United States. In his groundbreaking study, Professor Mitchell sought to learn more about the structure, functions, and management of BIDs. The survey responses provide much valuable information on the current state of BIDs. Based on the survey, Professor Mitchell makes several key recommendations for improving BIDs, and presents his thoughts on the future of BIDs.

Business Improvement Districts represent an innovative approach to the delivery of public services. BIDs have traditionally been established by groups of local businesses and property owners. Funds to support BIDs are raised in the form of additional taxes and/or fees for services in a particular geographic area. These funds are used to improve specific business areas through beautification efforts, increased maintenance, additional security, local promotion, special events, and other activities selected by the local BID board to benefit the business district. The goal of BID activities is to attract customers, clients, and shoppers, as well as businesses, to their business district.

Since their creation in the 1980s, many BIDs have been successful in transforming downtown areas into exciting, interesting places where businesses want to relocate and people want to work, shop, and live. The work that has been done as a result of BIDs has done much to foster a positive attitude toward downtown life. Professor Mitchell's research provides a solid starting point for future studies on the impact and management of Business Improvement Districts.

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# Executive Summary

A new form of public administration is refashioning the concept of service delivery in commercial centers — the business improvement district (BID). The approach is one in which a geographically defined majority of property owners and/or merchants agrees to provide an extra level of public service in a specific area by imposing an added tax or fee on all of the properties and/or businesses in the area. Examples of services include supplementary security, additional street cleaning, and the unique marketing of events.

The impetus for creating a BID may come from real estate developers, property owners, merchants, downtown associations, or from within local government itself. In most jurisdictions, local government legally establishes the district pursuant to state law, collects the special tax assessments or fees, and then transfers the revenues over to the BID to use as it sees fit. In communities across the country, BIDs have used their funds to transform downtown areas into exciting, interesting places where businesses want to relocate and people want to work, shop, live, and have fun.

Examples of BID organizations include the Alliance for Downtown New York, the Center City District in Philadelphia, the Downtown D.C. in Washington, the Fashion District of Los Angeles, the Renaissance Group in Cedar Rapids, and the Third Ward Association in Milwaukee.

This report presents research on the structure, function, and management of BIDs in the United States.

To examine these issues, secondary sources were collected and a survey was mailed to an original population of 404 BID managers. A total of 264 questionnaires were returned for a response rate of 65%. The following findings were made:

- **BIDs are everywhere** — They are operating in each region of the country, in 42 states, and the District of Columbia. The states with the largest number of BIDs are California, New Jersey, New York, North Carolina, and Wisconsin. BIDs are present in large, medium, and small communities. They can cover as many as 300 blocks or as few as one.
- **The delivery of services is broad-based** — BIDs have some level of involvement with nine different services: capital improvement, consumer marketing, economic development, maintenance, parking and transportation, policy advocacy, public space regulation, security, and social services. The leading service provided by over three-fourths of the BIDs in the survey was consumer marketing, such as promoting events and producing maps and newsletters. BIDs operating in big cities (greater than 700,000 population) and with large budgets (over \$700,000) were more likely to be involved with maintenance and security activities; those in small towns (fewer than 25,000 population) and with modest budgets (less than \$100,000) were more likely to be involved with capital improvements.



- **Organizational design is relevant** — There are three types of organizations that may carry out BID functions: nonprofit organizations, quasi-public authorities, and mixed public-private enterprises. The survey found the nonprofit form is the most common, followed by the mixed model and then public authorities. Organization design matters because it may affect how managers approach their jobs and the provision of services. For example, public enterprises were more involved with capital improvements than were the other two types of organizations.
  - **Managers are central** — The BID manager is pivotal because this individual is typically one of a few full-time employees. The median number of full-time workers was two and the average was eight. BID managers may have significant responsibilities. Not only must they know about a diverse set of services and understand how to work with a large governing board (an average of 16 members), but also it is likely that they will control a sizable budget. The average BID budget was \$200,000 and many budgets were well over \$1,000,000.
  - **Management is not uniform** — The way BID managers approach their jobs was related to service delivery and performance measurement. However, there was no consensus on how to manage a BID. Entrepreneurial activities, such as finding alternative ways of delivering services, were ranked first by nearly half of the BID directors. Yet, a third emphasized their work with alternative political and business stakeholders and a fifth focused on traditional public administration, such as making budgets and letting contracts. Generally, managers who ranked entrepreneurial activities first were less involved with performance measurement than were those that ranked supervisory activities first.
  - **Education is meaningful** — A majority of the BID managers had a college degree. They considered a wide range of knowledge areas and skills important to the administration of a BID. When asked to assess various skills, the highest score was given to speaking effectively to audiences. Job analysis and employee performance evaluations were rated the least important.
  - **Performance measurement is limited** — Only half of the BIDs in the survey had established performance benchmarks. Furthermore, a mismatch existed between the services provided by BIDs and the way performance was measured. While over three-quarters of the BIDs were very involved with consumer marketing, slightly less than half measured performance with customer surveys and only a third conducted pedestrian/visitor counts.
- Drawing on the survey results, four recommendations are relevant for the improvement of BIDs:
- **Evaluate organizational design** — The relationship between organizational design, service delivery, and management indicates that it is important for local governments, citizens, and BIDs to assess whether a public, nonprofit, or a mixed public-nonprofit organizational arrangement is most applicable for the particular circumstances of a business district.
  - **Recognize the service delivery potential** — Since BIDs are already broad-based tools for delivering services, their functions may be expanded even further to advance the revitalization of commercial districts.
  - **Enhance BID management** — Substantive educational materials and training programs for new and continuing BID managers should be developed because of the central role played by the top executive of the typical BID organization.
  - **Measure performance** — The potential significance of performance standards and frequent performance measurement for discovering what is and is not successful should provide a rationale for the managers of self-assessment districts to instigate and continue a system of self-evaluation.
- In the future, the larger challenge for BIDs will be to change the very culture that has created the need for BIDs. Once everything is clean, safe, and well-maintained, how can BIDs entice people away from suburban shopping malls and back to central business districts? Toward this end, BIDs may have to lobby for policies that limit sprawl; take the marketing of downtown to the suburbs; and work to promote commercial projects that target segments

of the population, such as teenagers, young families, or senior citizens.

No matter the approach that is taken, there are many exciting opportunities for BIDs to continue the revitalization of America's cities and towns. The outlook should remain positive in the years to come if local officials sustain the idea that their purpose is not to tell BIDs how to provide services but to make sure services are provided; BID managers stay active by looking for ways to improve what they do; and the theme of the BID movement is to foster a positive American attitude toward downtown life.

# Introduction

Downtown revitalization is at the top of the policy agenda in many American communities. Whether a response to urban sprawl or the judgment that vibrant commercial centers are essential for a quality community life, political and business leaders from across the political spectrum have been pushing for a return to the sidewalks of downtown.<sup>1</sup> So far, the evidence is that change is possible, illustrated best by the impressive renewal of Times Square in New York City. Equally important, the indication is that downtown renewal can be uniquely advanced through a new public-private partnership — the business improvement district (BID).

This report is an empirical study of BIDs. There are five sections: 1) an introduction to the BID concept, 2) a description of the methodology to survey the nation's BID managers, 3) the presentation of the research findings, 4) the identification of several recommendations to improve BIDs, and 5) a discussion of their future role in American society.

## The BID Innovation

Local public administration has long been a source of creativity, from the elimination of spoils to the creation of city-manager governments to the privatization of public services. In recent years, this spirit of innovation has led to a fundamental reconsideration of municipal government, namely that govern-

ment should be less involved in providing services and more involved in making sure services are provided. The book *Reinventing Government* put it this way, "Today's entrepreneurial leaders know their communities are healthy when their families, neighborhoods, schools, voluntary organizations, and businesses are healthy — and that government's most profound role is to steer these institutions to health."<sup>2</sup>

BIDs are a conspicuous illustration of creative thinking at the local level. Emerging in the 1980s and expanding in the 1990s to large and small cities throughout the nation, BIDs have essentially reformulated the concept of service delivery to commercial centers. While there are differences in the specific names, missions, and structures of BIDs from state to state, the basic approach is one in which a geographically defined majority of property owners and/or merchants agrees to provide an extra level of public service in a specific area by imposing an added tax or fee on all of the properties and/or businesses in the area. Examples of the services that may be provided include supplementary security, additional street cleaning, and the unique marketing of events. The job of local government is to legally establish the district, collect the special tax assessments or fees, and then transfer the funds over to a BID organization to use as it sees fit. BIDs are thus "a powerful combination of ingredients — business self-interest and vision,

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<sup>1</sup> *The importance of downtown districts has been explored by John O. Norquist, The Wealth of Cities: Revitalizing the Centers of American Life, (Reading, MA: Addison-Wesley, 1998). Also, see Peter Katz, The New Urbanism: Toward an Architecture of Community, (New York: McGraw-Hill, 1994).*

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<sup>2</sup> *David Osborne and Ted Gaebler, Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector, (New York: Plume, 1993), p. 30.*

together with public financing unencumbered by urban politics.”<sup>3</sup>

As entrepreneurial enterprises, BIDs are expected to “channel private-sector energy toward the solution of public problems.”<sup>4</sup> Sometimes BIDs change the public image of commercial areas by putting up colorful signs, increasing trash pick-ups, and making façade improvements; in other cases they may draw shoppers downtown by producing special events, such as concerts or sidewalk sales; and in some instances they may encourage the creation of new businesses by supplying low-interest loans or working with local planning bodies to change zoning rules. By applying these and a variety of other economic revitalization techniques, BIDs have been credited with transforming many deserted, distressed downtown areas into exciting, interesting places where businesses want to relocate and people want to work, shop, live, and have fun.

BIDs have indeed become an integral part of American community life. *The New York Times*, for example, has proclaimed BIDs to be “one of the engines of New York City’s renaissance,”<sup>5</sup> and *The Milwaukee Journal Sentinel* has likewise placed BIDs at the center of Milwaukee’s “urban business renaissance.”<sup>6</sup> More generally, the conclusion is that they are “more effective than government,”<sup>7</sup> “net contributors to public life,”<sup>8</sup> and “an urban revolution.”<sup>9</sup> As BIDs have become more prominent, one 1998 survey found a growing optimism toward downtown areas in the U.S. among businesses, suburbanites, tourists, and others.<sup>10</sup>

<sup>3</sup> Lawrence O. Houstoun, Jr, BIDs: Business Improvement Districts, (Washington, D.C.: Urban Land Institute, 1997), p. 38.

<sup>4</sup> Heather MacDonald, “BIDS Really Work,” City Journal, (Spring 1996), p. 42.

<sup>5</sup> The New York Times, “The Mayor vs the BIDs,” (May 1, 1998), Internet Edition.

<sup>6</sup> Milwaukee Journal Sentinel, “Urban Revival Spreads Across the Country,” (June 23, 1999), Internet Edition.

<sup>7</sup> James Traub, “Can Associations of Businesses be True Community-Builders?” The Responsive Community, (Spring 1996), p. 29, 31.

<sup>8</sup> Richard Briffault, “A Government for Our Time? Business Improvement Districts and Urban Governance,” Columbia Law Review, (March 1999), p. 477.

<sup>9</sup> Brian Mackle, “Growing, Without Pains,” Our Town, (July 15, 1999), p. 4.

<sup>10</sup> Alexander Communications, “Downtown Vitality is on the Mend,” Downtown Idea Exchange, (August 15, 1998), p. 1.

The success of BIDs is perhaps best indicated by the fact that there were only a few such organizations in the country 20 years ago and now there are hundreds of them operating in 42 states<sup>11</sup> and the District of Columbia (see Table 1 for examples of BIDs). Self-assessment districts exist today in most of the nation’s largest cities, including Chicago, Denver, Houston, Los Angeles, New Orleans, New York, Philadelphia, San Diego, Seattle, Tampa, and Washington, D.C. The expectation is that more will appear because new districts are under consideration in Boston, Jacksonville, Newark, and several other cities.

No two BIDs are exactly alike because each is an experiment in public administration for a particular area. In fact, there is not even any name consistency. For example, in Iowa they are called self-supported municipal improvement districts; in New Jersey they are known as special improvement districts; in Missouri they are called special business districts; in Texas they are labeled public improvement districts; in Oregon they are referred to as economic improvement districts; and in Washington they are termed parking and business improvement associations. Although California, New York, and most other states use the BID designation, any particular organization may still have a unique name, such as the Alliance for Downtown New York, Inc., or Downtown Visions, Inc. in Wilmington, Delaware.

Although there are differences among BIDs (the term used herein), the following general attributes are important:

- **BIDs are authorized by law.** Normally a state passes a statute that permits local governments to create BIDs. These statutes specify such things as how funds are to be collected, the types of services that may be provided, the size and makeup of the governing board, and the method by which property or business owners formally persuade government to create a BID.
- **BIDs are usually established through a petition process.** The initial impetus for creating a BID may come from real estate developers, property owners, merchants, downtown associations,

<sup>11</sup> At least five other states have BID legislation, but have not yet created any BIDs. Three others are considering BID legislation.

Table 1

### BID Examples

The **Alliance for Downtown New York, Inc.**, operates a BID in lower Manhattan in New York City. Covering the Wall Street financial district, the Alliance provides an array of services, such as providing funds for retailers to upgrade their storefronts, operating a jitney for downtown workers, and showcasing the area as a place to work, live, shop and dine.

The **Center City District** provides an assortment of supplemental services in downtown Philadelphia. With a budget of \$9 million dollars, the District undertakes sidewalk cleaning, graffiti removal, landscape maintenance, crime prevention, and advertising and promotion. In a particularly innovative approach, the District produces ads contrasting the center city favorably with the suburbs in the quality and diversity of business services.

**Central Atlanta Progress** is responsible for an improvement district that seeks to make downtown Atlanta safe and clean, to increase the number of local jobs, and to promote the development of more market-rate downtown housing. To improve safety, the downtown district has a 50-person Ambassador Force that not only provides street patrols, but also conducts a hospitality campaign for conventioners, visitors, and residents.

**Downtown D.C.** in Washington D.C. provides supplemental services to an area of approximately 120 blocks containing 825 properties that are subject to a self-assessment tax. Its goals include designing and implementing a consistent program of signage, developing promotion materials to better inform the public about downtown D.C., and enforcing a zero tolerance policy toward graffiti in the area.

The **Cleveland Theater District Development Corporation (CTDDC)** is the operating agent for the newly created BID in the Playhouse Square area. The CTDDC is responsible for maintaining a clean and attractive area; developing promotion materials; and providing additional security patrols on local streets.

The **Historic Third Ward Association** is responsible for BID #2 in the area adjacent to downtown Milwaukee. The BID area is home to over 350 business and 400 residences and is a nationally listed historic district. The Association has focused on developing a strategy for converting various manufacturing and warehousing structures into commercial and residential uses.

The **Hollywood Entertainment District** spans an 18-block stretch of Hollywood Boulevard and is funded by 240 property owners. The District provides security, cleaning, and marketing services. It is generally intended to make the area a visitor destination and an inviting location for business investment.

The **Mesa Town Center Corporation (MTCC)** works on behalf of 300 commercial properties and 600 business owners in the Town Center of Mesa, Arizona. A 501(c)6 nonprofit economic development corporation, the MTCC generates and provides downtown information and research; works with the local police department on security issues; and is actively involved in the retention and recruitment of new businesses.

or local government itself. To approve a BID in most jurisdictions, the affected property owners or businesses must vote for it in a petition submitted to the local governing body. Depending on the jurisdiction, the tests of approval range from 51% to 70% of those eligible to vote. In some places, such as New York, a BID may come into existence if a majority in the proposed district *do not* object to its creation. In a few states, such as New Jersey, the local government may establish a district without any petition vote.

- **BIDs receive most of their funding from an added assessment on the property owners and/or businesses within the boundary of the business district.** These self-assessments are mandatory, although there are often exemptions for residences. While there are extensive variations in tax rates around the nation, assessments are usually in the range of 1% to 3% of assessed valuation. Assessment formulas also vary widely, including square footage, a proportion of the benefits to be received, a frontage basis, or some combination of these. In some communities, fixed or conditional fees are paid by businesses instead of assessments. BIDs may also receive additional funds from economic development grants, voluntary donations, local subsidies, or the sale of goods and services. Institutions that pay no property tax, such as federal government offices and public hospitals, may provide in-kind or cash contributions.
- **BIDs may implement services through either a nonprofit organization, government corporation, or public-nonprofit partnership.** It is likely that a nonprofit BID may have begun as a voluntary merchant association. If a government agency is responsible, it is common for a BID to be controlled by a quasi-independent government corporation, although in small towns a planning department may be in charge if there is not enough revenue to warrant a separate organization. The partnership model, or so-called “holding company” approach, is relatively recent and typically involves a nonprofit membership entity that engages in downtown advocacy; a development corporation that finances public facilities and infrastructure; and a not-for-profit or quasi-public management

enterprise that provides security, maintenance, and other services.<sup>12</sup>

- **BIDs are expected to focus on what will be most effective for the business district.** A governing board, composed mostly of property or business owners in the area, oversees the district to maintain accountability, to establish a direction for its activities, and to select a manager to run the BID. Local government normally plays a limited role in the actual operation of a BID except to renew the district at particular time intervals and to monitor expenditures. The ideal is for the BID manager and the governing board to have the freedom and flexibility to discover what is the best way to enhance the district area.

## Managing Innovation

BIDs separate off the management of public services from the normal structures and processes of government in a manner similar to special districts, government corporations, and independent regulatory agencies.<sup>13</sup> The advantages of BIDs include the following:<sup>14</sup>

- A dedicated, secure source of revenue is supplied for the provision of services and property or business owners are prevented from free-riding on the contributions of others.
- There is an independent power to act — to make plans, to hire people, to let contracts, to own and operate facilities, and to make physical improvements.
- A focus exists that allows business interests to think through problems and to come up with original solutions.

<sup>12</sup> For a description of the mixed model, see Bradley Segel, “A New Generation of Downtown Management Organizations,” unpublished monograph from the Progressive Urban Management Associates, 1998.

<sup>13</sup> BIDs are comparable to special districts, see Kari Hudson, “Special District Governments,” American City & County, (September 1996), pp. 54-71; they are similar to government corporations, see Jerry Mitchell, The American Experiment with Government Corporations, (Armonk, NY: M.E. Sharpe, 1999); and they reflect many of the advantages of nonprofits, see Lester M. Salamon, America’s Nonprofit Sector, (New York: The Foundation Center, 1999).

<sup>14</sup> For an early analysis of the advantages of downtown revitalization districts, see Laurence A. Alexander, Downtown Improvement Districts: Creating Money and Power for Downtown Action, (New York: Downtown Research and Development Center, 1979), pp. 13-14.

Underlying all of these benefits is that BIDs effectuate a “management tool for downtown.”<sup>15</sup> With sufficient funding, highly skilled individuals can be paid to manage BIDs. With money and the power to act, BID managers can scan the environment to find the most effective ways to accomplish goals. And with a narrow focus, BID managers can put all of their attention towards promoting business interests and to developing partnerships with other community interests in order to implement solutions.

There are several ways to view BID management. To some, the model for BID management is a shopping mall or Disney World, involving the efficient supervision of day-to-day downtown activities.<sup>16</sup> To others, BID management is less about supervision and more about providing businesses with an ombudsman to the community, someone who can work with city hall and various local stakeholders.<sup>17</sup> Yet another perspective is to see BID management as “urban husbandry,” that is, a single entrepreneur working in a small-scale organization who is continually seeking alternative ways “to reinvigorate and build on existing community assets in order to stimulate a place-based rejuvenation.”<sup>18</sup>

## Research Questions

Until this report there has been little research to identify how BID managers are actually approaching their jobs, or for that matter, to understand how BIDs are structured and what kinds of services they provide. While this lack of analysis can be partly attributed to the newness of the device, it is also because the emphasis thus far has been on describing the activities of selected BIDs,<sup>19</sup> trying to understand how best to create them,<sup>20</sup> considering how

they fit into municipal governance;<sup>21</sup> and examining problems of accountability and oversight.<sup>22</sup> These issues are obviously important, but so too is a factual understanding of how the nation’s BIDs are structured and managed. This is true for BID managers, who depend on information to enhance their performance, as well as for citizens and elected officials looking to create new BIDs or further the development of existing ones.

Three areas of research are important:

- **Structure:** What types of organizations are running BIDs? How large are they in terms of budgets, number of employees, and blocks covered? What is the size of their governing board?
- **Functions:** What kinds of services do they provide? Are there differences among BIDs in service delivery?
- **Management:** Who manages BIDs? How do BID managers approach their jobs? What are the knowledge areas and management skills required for success? How is BID performance evaluated?

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<sup>15</sup> Alexander, p. 7.

<sup>16</sup> Briffault, p. 470.

<sup>17</sup> This was a point made in reference to a small BID in Brooklyn, NY. See The New York Times, “Improvements on a Small Scale,” (February 20, 1999), p. B1.

<sup>18</sup> Roberta Brandes Gratz and Norman Mintz, *Cities Back from the Edge: New Life for Downtown*, (New York: John Wiley, 1998), p. 61.

<sup>19</sup> See Houstoun, Jr, *BIDs*, (1997). Also, see Richard G. Williams, “Business Improvement Districts—Main Street Asset Management,” *Journal of Property Management* (May/June, 1996).

<sup>20</sup> Two examples of guides to BID creation are the Massachusetts Department of Housing and Community Development’s *Business Improvement Districts: A Guide to Establishing a BID in Massachusetts*, (Boston: Division of Community Services, 1998) and the Oregon Downtown Development Association’s *EID/BID Handbook*, (Salem, OR: The Association, 1999).

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<sup>21</sup> See Briffault, pp. 430-475. Also, see James Krohe, Jr., “Why Reform Government? Replace It,” *Across the Board*, (December 1992), pp. 40-45.

<sup>22</sup> For a thorough discussion of the accountability issue, see two reports from New York City Council’s Committee on Finance, *Managing the Micropolis: Proposals to Strengthen BID Performance and Accountability*, (1997) and *Cities Within Cities: Business Improvement District and the Emergence of the Micropolis*, (1995). Also, see The New York Times, “Business Districts Grow at Price of Accountability,” (November 29, 1994).

# Methodology

To examine the aforementioned research questions, a national mail survey of BID managers was undertaken. The target population was the top managers of BIDs (executive directors, presidents, etc.). The survey was implemented in the summer, 1999.

## Population Identification

The initial step in the survey research process was to identify the population of BIDs to receive a questionnaire. This was no easy manner. Most state or local governments do not inventory BIDs, many of these organizations are not listed in telephone directories, and it is often difficult to discern the differences among voluntary merchant associations, economic development agencies, and BIDs. The International Downtown Association has estimated there are over 1,000 BIDs in North America, which includes approximately 300 Canadian organizations. The problem is that this estimate was derived from a compilation of what knowledgeable people *perceived* to be the number of operating BIDs, not from any process of systematic data collection.

To find BIDs for this study, it was necessary to determine the types of organizations that should be counted. The search was primarily for any independently managed organization in the United States whose funding came from mandatory taxes or fees paid by businesses or property owners, collected by government or the BID itself, and then spent by the BID on service delivery. Voluntary merchant associations were excluded because they lack the

governmental authorization and special funding that makes BIDs unique. BIDs operating out of existing planning or economic departments were also excluded because it was too difficult to separate out BID functions from normal municipal functions. However, BIDs were included where there was a partnership between a specialized municipal unit (such as a parking authority) and a BID operating as a nonprofit organization. For purposes of data collection, a partnership arrangement was considered a single organization.

The following activities were undertaken to locate BIDs:

- The Internet was explored through 12 different search engines: Yahoo, MSN, Excite, Go To, Altavista, Infoseek, Snap, Lycos, Magellan, Netscape, Web Crawler, and Profusion. The search terms were "business improvement district," "public improvement district," "special improvement district," and "special services area." A total of 32 BID websites were investigated.
- A search was made for references to BIDs in books, newspaper stories, court cases, and journal articles. The major catalogs examined were from the City University of New York, the New York Public Library, Columbia University, and the Library of Congress. A database search was also conducted through Lexus-Nexus, Public Affairs Information Service, and Gale Encyclopedia of Associations.



- Letters asking for addresses and names of the executive directors of BIDs were mailed to 49 state municipal leagues, 50 state legislative research offices, 45 state economic development offices, and 50 municipal economic development offices in cities with over 100,000 population.
- Address and contact information was requested through either phone calls, letters, e-mails, or visits to 75 BIDs, 40 local government planning and economic development offices, and 15 professional associations, including those concerned with downtown revitalization and the national main street program.
- Information was collected at the office of the International Downtown Association.
- *Downtown Idea Exchange* newsletters were examined for the years 1996 through 1998.

A total of 404 BIDs were identified from this data collection effort (see Table 2 for the distribution by state). California, New York, New Jersey, North Carolina, and Wisconsin were the states with the largest number of BIDs.

In most states, there is a high level of certainty that the numbers are accurate either because there were few communities where BIDs could be created or there was a government agency or professional organization that provided an enumeration. However, since new BIDs are created all the time the population of BIDs may have changed as this research was ongoing. For example, 24 new BIDs were under consideration in Los Angeles alone. It is also conceivable that a few BIDs were missed because they could not be found through any of the aforementioned search techniques.

Overall, this population of BIDs is the most comprehensive list that exists to date. It includes BIDs from every section of the county; 42 states; all such organizations located in Chicago, Los Angeles, and New York City; and the entire BID membership of the International Downtown Association.

Table 2

<b>The Distribution of BIDs in the United States</b>	
	<b>Number</b>
Alabama	1
Alaska	1
Arizona	3
Arkansas	2
California	73
Colorado	7
Connecticut	3
Delaware	1
Florida	12
Georgia	10
Hawaii	0
Idaho	2
Illinois	11
Indiana	2
Iowa	10
Kansas	2
Kentucky	1
Louisiana	3
Maine	1
Maryland	2
Massachusetts	1
Michigan	0
Minnesota	3
Mississippi	1
Missouri	3
Montana	2
Nebraska	1
Nevada	1
New Hampshire	1
New Jersey	35
New Mexico	0
New York	63
North Carolina	32
North Dakota	0
Ohio	7
Oklahoma	1
Oregon	8
Pennsylvania	11
Rhode Island	0
South Carolina	2
South Dakota	0
Tennessee	2
Texas	10
Utah	1
Vermont	1
Virginia	10
Washington	4
West Virginia	0
Wisconsin	54
Wyoming	0
Washington, D.C.	3
<b>Total</b>	<b>404</b>

## Questionnaire Construction

To determine the questions to ask BID managers, two previous BID surveys were reviewed, one conducted by the Pittsburgh Downtown Partnership involving 23 BIDs<sup>23</sup> and another undertaken by Lawrence O. Houstoun, Jr., involving 24 BIDs.<sup>24</sup> For comparative purposes, there was also an analysis of previous surveys of government corporation executives and city administrators.

In addition to secondary sources, the subject matter for the questionnaire was considered during several in-person interviews. Unstructured interviews were conducted with 12 BID managers from different sections of the country, as well as with two management consultants and two leaders of professional associations.

The final survey instrument is included in the Appendix.

## Survey Implementation

The questionnaire was mailed to the top managers of the 404 BIDs on June 23, 1999. A cover letter with a postage-paid reply envelope was included with each survey.<sup>25</sup> The cover letter explained the purpose of the survey and guaranteed the respondents confidentiality. On July 9, a follow-up reminder postcard was mailed to the nonrespondents. On July 25, another letter and survey was mailed to those who had not yet responded. On August 8, one final mailing was completed. The survey research process ended on August 24 with the receipt of 264 completed questionnaires. This is a response rate of 65%.

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<sup>23</sup> *Pittsburgh Downtown Partnership, Survey of Business Improvement Districts, (Pittsburgh: The Partnership, 1995).*

<sup>24</sup> *Lawrence O. Houstoun, Jr., "Betting on BIDs," Urban Land, (June, 1994), pp. 13-18.*

<sup>25</sup> *Each step in the BID survey was based on the process recommended by Don A. Dillman, Mail and Telephone Surveys: The Total Design Method, (New York: John Wiley, 1978).*

# Study Findings

The analysis of the survey responses was undertaken with the aim of making the results straightforward and easy to assess. Consequently, some question categories were combined and several responses were recoded to provide averages and other summary statistics. In the tables, the frequencies are less than the sample size of 264 because some of the questions were not answered by all of the respondents.

## Structures

BIDs are new. Almost 60% were created since 1990. Nearly 28% were established since 1995.

Large, medium, and small communities have BIDs. The median city size for the population of BIDs was 104,445; the median size for the response sample was 105,301. The city size range in the BID population was from approximately 1,000 to over 7,000,000; in the response sample, it was from a little more than 2,000 to over 7,000,000. One-fourth of the BIDs in the sample were from an urban area with greater than 700,000 people.

Among the BIDs, 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.

No matter the type of organization, most BIDs employ few persons on a full-time basis (excluding

contract workers or those on loan from local government). The median number of employees was two, the average was eight, and the range of full-time employees went from none to 155. In those BIDs with no full-time workers, the BID manager served in a part-time capacity. Slightly more than 32% of the BIDs had two employees and 16% had three workers. Only 5% had more than 50 full-time personnel.

BID managers control relatively large budgets. Annual expenditures ranged from \$8,000 to \$15 million. The median budget was \$200,000. One consequence of a larger budget was the ability to hire more workers. The correlation between BID budgets and the number of employees was .71. Budget size was only moderately correlated with city size (.33) and with the number of blocks in a BID (.47).

All of the BIDs in the sample were funded by self-assessments because of the selection methodology. For other sources of revenue, 50% of the BIDs received voluntary donations; 27% obtained federal or state subsidies; 24% acquired funds from local government; and 21% sold goods or services. Only 7% issued bonds. While this survey did not address to what extent different sources of funding contribute to the overall budgets of BIDs, previous research in New York has determined that self-assessments make up by far the largest percentage.<sup>26</sup> Similarly, a 1995 survey of 23 BIDs by the

<sup>26</sup> *New York City Council's Committee on Finance (1997).*

Pittsburgh Downtown Partnership found self-assessments made up at least 84% of any budget.<sup>27</sup>

The median and average number of blocks in a BID was 20. The number of blocks ranged from one to 300. There was a small correlation between the number of blocks in a BID and the size of the governing board (.30). The median size of boards was 15 and the average was 16. The smallest board had three members and the largest had 51.

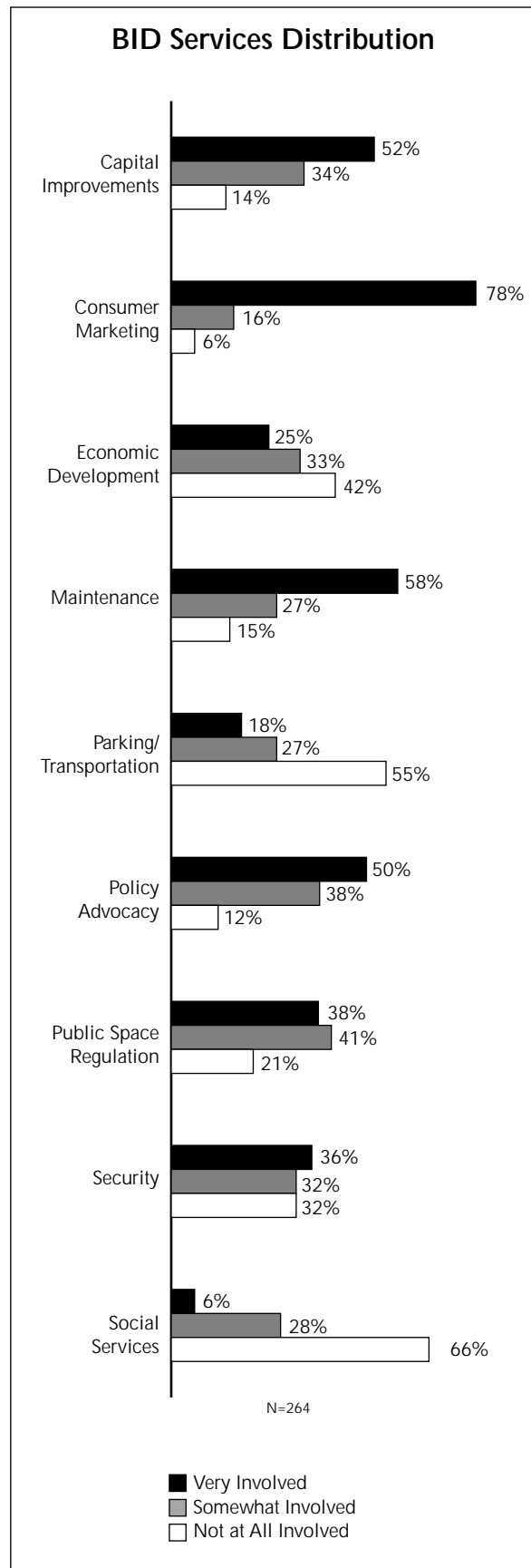
## Functions

To assess the functions of BIDs, the respondents were asked to indicate their level of involvement with nine services:

- **Capital Improvements:** installing pedestrian-scale lighting and street furniture; planting trees and shrubbery.
- **Consumer Marketing:** producing festivals and events; coordinating sales promotions; producing maps and newsletters.
- **Economic Development:** offering incentives (such as tax abatements or loans) to new and expanding businesses.
- **Maintenance:** collecting rubbish; removing litter and graffiti; washing sidewalks; shoveling snow; trimming trees.
- **Parking and Transportation:** managing a public parking system; maintaining transit shelters.
- **Policy Advocacy:** promoting public policies to the community; lobbying government on behalf of business interests.
- **Public Space Regulation:** managing sidewalk vending; discouraging panhandling; controlling vehicle loading.
- **Security:** providing supplementary security guards; buying and installing electronic security systems; working with the city police force.
- **Social Services:** aiding the homeless; providing job training; supplying youth services.

Table 3 presents the service delivery results. More than three-fourths of the BIDs were very involved with consumer marketing. More than half were very

Table 3



<sup>27</sup> Pittsburgh Downtown Partnership, (1995), p. 1.

involved with capital improvements, maintenance, and policy advocacy. Less than half were very involved with economic development, parking/transportation, public space regulation, and security. Only 6% were very involved with social services.

Three aspects of the service delivery findings stand out:

- “Clean and safe” is a phrase often associated with BIDs, but according to the survey, maintenance and security activities were not as important as consumer marketing, at least for the entire sample.
- The number of BIDs that engaged in policy advocacy was relatively high. BIDs are known for providing services such as landscaping and sidewalk cleaning, but it has been less evident that they act almost as interest groups in the political sphere.
- Few BIDs were very involved with parking/transportation services. This was unexpected since the decline of downtown areas is partly attributed to insufficient parking and inadequate transportation alternatives.

When the nine services were cross-tabulated with several organizational characteristics, the significant variables were city size, budget size, and the type of organization. Table 4 presents the relationship between service delivery and these factors.

Table 4 shows that BIDs from large cities were more likely to be involved with the entire range of services, especially consumer marketing and maintenance. Security and public space regulation were also much more of a concern for BIDs in large cities. BIDS from small communities were more apt to be very involved with capital improvements and consumer marketing.

While this research did not measure which type of funds (assessments, donations, etc.) were used to pay for particular services, Table 4 indicates BIDs with large budgets were more likely to be very involved with the entire range of services except for capital improvements. Large-budget BIDs were nearly three times as likely to be involved with maintenance and security services. Again, many small BIDs were very involved with

capital improvements (which could be as minor as putting up flower baskets on light fixtures or as major as installing new streetlights). Of note, these findings confirm previous research that discovered fundamental differences between BIDs with large and small budgets.<sup>28</sup>

Table 4 also shows that public organizations were more likely to be very involved with capital improvements than were nonprofit organizations or mixed public-nonprofit enterprises. Nonprofit organizations were more involved with maintenance.

Overall, BID service delivery is not uniform. As might be expected with an innovative form of public administration, local conditions and organizational factors affected service delivery. This does not mean, however, that BIDs are narrowly specialized. If anything, the wide extent of involvement of BIDs with a range of public services (except for social services) confirms that they are a broad-based means for transforming commercial centers.

## Management

Four areas were examined concerning BID management: 1) manager attributes, 2) management styles, 3) knowledge and skills requirements), and 4) performance evaluation methods.

### Manager Attributes

The average BID director was 45 years of age and had served four and one-half years. Males comprised 59% of the sample. Before their current job, 43% had worked in the private sector, 36% had been employed in the nonprofit sector, and 22% had come from the public sector. The BID managers were highly educated: 4% were high school graduates, 11% had attended some college, 45% held a bachelor's degree, and 40% had completed or were in the process of completing a postgraduate degree. Some common postgraduate degrees listed by the respondents included the Master of Business Administration, Master of Public Administration, and Master of Urban Planning.

### Management Approaches

The managers were asked in the survey to rank three approaches to BID management:

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<sup>28</sup> *Houstoun, Jr., BIDs, (1997), p. 11.*

## The Relationship Between Service Delivery and City Size, Budget Size, and Type of Organization\*

Very Involved with Service	City Size			
	2,000- 24,458	24,459- 105,301	105,302 736,014	736,015- 7,000,000
Capital Improvements	64%	50%	44%	49%
Consumer Marketing	80%	83%	88%	71%
Economic Development	27%	33%	18%	23%
Maintenance	32%	49%	69%	85%
Parking/Transportation	12%	12%	24%	26%
Policy Advocacy	39%	46%	64%	54%
Public Space Regulation	21%	27%	49%	56%
Security	11%	22%	58%	59%
Social Services	2%	2%	5%	16%

\*N = 259; the city size and budget size variables are sub-divided into quartiles.

- **Supervisor:** designing organizational structures; entering into contracts; making budgets; hiring employees; conducting performance evaluations.
- **Public Servant:** following the directions of elected officials and/or board members; responding to complaints and requests for information or services from businesses, citizens, and the media.
- **Entrepreneur:** finding new services to provide; designing programs; marketing services; developing new sources of revenue.

No style was overwhelmingly dominant in the survey results. The entrepreneur approach was ranked first by 46% of the respondents, the public servant approach was ranked first by 34%, and the supervisor approach was ranked first by 20%.

Most organizational characteristics (budget, board size, etc.) and personal characteristics (age, gender, tenure, etc.) were not related to the rankings. Only two factors were important — the type of BID organization and the educational achievement of the respondents.

- The entrepreneur approach was ranked first by 52% of nonprofit managers and 51% of public

managers, but by only 41% of those from mixed enterprises. The public servant approach was ranked first by 40% of those from public-private partnerships, but by only 32% of those from public agencies and 31% of those from nonprofit organizations. Organizational factors played no role in who ranked the supervision approach first, although almost half of public managers ranked it second, compared to a third of managers from the other two types of organizations.

- Educational achievement was also a relevant factor. The supervisor approach was ranked first by those with a high school degree (44%), the public servant approach was ranked first by those with some college (44%), and the entrepreneur approach was ranked first by those with a college degree (49%) or postgraduate education (50%). This later finding is perhaps because of the steady emphasis placed on reinventing government in graduate programs during the past two decades.

Each of the management approaches was somewhat related to service delivery. While it is not obvious whether management affects service delivery or vice versa, when using management as an

Budget Size				Type of Organization			
1,000-100,000	100,001-200,000	200,001-718,500	718,501-15,000,000	Nonprofit	Public	Mixed Public Nonprofit	Sample Totals
61%	63%	40%	43%	66%	46%	58%	52%
68%	88%	81%	77%	68%	79%	81%	78%
20%	29%	30%	23%	25%	28%	20%	25%
35%	46%	73%	82%	63%	59%	55%	58%
14%	18%	13%	31%	26%	15%	23%	18%
29%	49%	64%	63%	40%	51%	55%	50%
23%	44%	35%	52%	40%	41%	32%	38%
9%	18%	51%	72%	34%	38%	35%	36%
0%	2%	8%	15%	6%	6%	6%	6%

independent variable, the supervisor approach was much more associated with maintenance and security than were the other two approaches; the public servant approach was more related to the capital improvements than were the other two; and the entrepreneur approach was slightly more connected to policy advocacy.

### Knowledge and Skills

The survey also asked the managers to rate how important various knowledge areas and skill requirements were to the management of a BID. Table 5 indicates that the top executives gave the highest score to speaking effectively to audiences. Job analysis and employee performance evaluations were the least important.

Organizational factors (budgets, board size, etc.) were not very important when it came to the knowledge and skills requirements. There was, however, a relationship with the three management approaches. Those who ranked the entrepreneur approach first rated speaking and writing skills as most important (3.54). When the public servant approach was ranked first, the highest knowledge and skill requirement was for financial analysis and budgeting (3.62). For those who placed the most

### Average Rankings of Knowledge and Skills Requirements\*

(4=Most Important; 1=Least Important)

	Average	Standard Deviation
Speaking effectively to audiences	3.51	.85
Financial analysis and budgeting	3.48	.80
Planning for and designing projects	3.48	.83
Situation and political analysis	3.35	.88
Bargaining and negotiating methods	3.28	.94
Writing policy statements and reports	3.20	.84
Impact analysis and evaluation	3.15	.86
Research methods and data analysis	2.95	.84
Job analysis and performance evaluation	2.92	.89

\*N = 257

Table 6

<b>The Relationship Between Performance Measures and BID Service Delivery*</b>				
<b>Use of Performance Measures</b>	<b>Very Involved with Services</b>			
	<b>Capital Improvements</b>	<b>Consumer Marketing</b>	<b>Economic Development</b>	<b>Maintenance</b>
Crime Rates	31%	34%	31%	49%
Lease Rates	33%	34%	42%	31%
Taxable Retail Sales	18%	22%	27%	17%
Customer Attitude Surveys	42%	43%	55%	52%
Number of Jobs Created	36%	31%	61%	24%
Occupancy Rates	57%	60%	73%	54%
Pedestrian/Visitor Counts	30%	34%	38%	34%
Business License Revenue	12%	15%	16%	9%
Sample Totals	52%	78%	25%	58%
*N = 259				

emphasis on the supervisor approach, the highest rating was for planning skills (3.49).

### Performance Measurement

One of the most important activities of any manager is to evaluate organizational performance. While there is no agreed on measure of performance for all organizations, the assumption is that benchmarks can improve service delivery. A benchmark is a point of reference for comparison or measurement purposes. With a benchmark, managers can "measure the performance gap between where they are and where they want to be and track their progress in closing that gap."<sup>29</sup>

In the survey, 54% of the BIDs had set benchmarks, 42% had not set any, and 4% of the managers were unsure. This reconfirms a 1995 New York City Council study that found "most BIDs have failed to establish and utilize performance indicators that specifically measure BID performance."<sup>30</sup>

Generally, the larger the BID organization, the more likely that benchmarks were set. Benchmarks were set by 76% of BIDs with very large budgets

<sup>29</sup> David N. Ammons, "A Proper Mentality for Benchmarking," *Public Administration Review*, (March/April 1999), p. 107.

<sup>30</sup> *New York City Council's Committee on Finance*, (1995), p. ix.

(over \$700,000); 61% of BIDs with more than the average number of blocks (20); and 67% of BIDs with more than the average number of employees (eight). BIDs that had been created in the last year were less likely to have set benchmarks (although several respondents from new BIDs did note on the survey instrument that they were in the process of establishing performance standards).

Two performance measures were used most by BIDs: occupancy rates (55%) and citizen attitude surveys (42%). Other measures were used much less: crime rates (35%), lease rates (31%), taxable retail sales (19%), number of jobs created (28%), pedestrian/visitor counts (31%), and business license revenues (12%). A few BID managers did write on the questionnaire that they had also used cleanliness measures.

The relationship between performance measures and service delivery is presented in Table 6. The interesting aspect of these findings is the mismatch between the major service provided by BIDs and the way they assessed performance. While over three-quarters of the BIDs were involved with consumer marketing, slightly less than half of the sample measured performance with customer surveys and only a third conducted pedestrian/visitor counts.



	Parking Transportation	Policy Advocacy	Public Space Regulation	Security	Social Services	Sample Totals
	48%	41%	50%	68%	80%	35%
	33%	36%	34%	38%	40%	31%
	28%	23%	22%	15%	27%	19%
	50%	47%	52%	68%	67%	42%
	28%	28%	25%	20%	47%	28%
	61%	57%	60%	56%	47%	55%
	37%	40%	35%	38%	40%	31%
	13%	15%	17%	6%	7%	12%
	18%	50%	38%	36%	6%	

Table 7

<b>The Relationship Between Performance Measures and BID Management Approaches*</b>				
<b>Use of Performance Measures</b>	<b>Management Approaches</b>			<b>Sample Totals</b>
	<b>Supervisor</b>	<b>Public Servant</b>	<b>Entrepreneur</b>	
Crime Rates	64%	46%	56%	35%
Lease Rates	51%	34%	32%	31%
Taxable Retail Sales	39%	26%	33%	19%
Customer Attitude Surveys	51%	37%	43%	42%
Number of Jobs Created	28%	31%	26%	28%
Occupancy Rates	61%	53%	52%	55%
Pedestrian/Visitor Counts	31%	28%	34%	31%
Business License Revenue	12%	13%	11%	12%
Sample Totals	46%	34%	20%	

\*N = 259

Approximately 15% of the sample had recently used three or more of the performance measures. For those BIDs that had set benchmarks, there was a greater likelihood that performance was assessed with occupancy rates and citizen attitude surveys.

BIDs with large budgets in large cities, compared to those with small budgets in small cities, were more likely to use two performance measures: citizen surveys (56% to 28%) and crime rates (57% to 11%). Occupancy rates were favored by those in small communities with below average budgets (65%).

Table 7 assesses the extent to which the three management approaches were related to the use of performance measures. The supervisor approach was associated overall with a greater use of performance measures. This could be expected since organizational analysis defines the supervisor approach.

# Recommendations

This survey has provided a picture of BIDs in the United States. As with any picture, it is only a snapshot in time. Adjustments will occur as additional BIDs are established, existing ones evolve, and new managers assume responsibility for them. Drawing on the survey results, four recommendations may improve the operation of BIDs.

## Evaluate organizational design

Serious thought should be given to the type of organization that can best accomplish the goals of the business district and the community. This may occur when state governments draft BID legislation, when local governments first create BIDs, or when existing BIDs are renewed. Such an assessment is necessary because of the relationship that has developed between organizational design and service delivery. This survey found public agencies were more likely to be very involved with capital improvements, while nonprofits were more likely to be very involved with maintenance and security services. In the future, research should focus on the types of organizations that deliver particular services the most efficiently and effectively.

## Recognize the service delivery potential

The finding that so many BIDs from both large and small cities were new, but already very or somewhat involved with services ranging from promotion to security, suggests their potential is great. Given that parking and transportation issues are critical for downtown areas, but not that important

to BIDs today, perhaps these services should become more of a focus.<sup>31</sup> There are many other service areas that BIDs could also become involved in, such as developing Internet websites that market downtown areas, creating new entertainment options, and promoting mixed-use development. The general idea is to make downtown a good place to work and shop, as well as an inviting place to live and enjoy amusements such as sporting events and concerts. The assumption is that entertainment and residential development can reinforce and advance the commercial and employment potential of an area.<sup>32</sup>

## Enhance BID Management

Attention to the professional growth of the BID executive is especially important given the nature of the position. The BID manager may very well be one of a few full-time employees. Moreover, he or she may be responsible for implementing a wide range of services, working with a large governing board, and controlling a sizable budget. While the International Downtown Association and state-level associations hold conferences where BID leaders can share ideas, there are no manuals or guides that thoroughly describe what BID management entails. Such publications are especially relevant for new managers and for students considering a

<sup>31</sup> A similar point was made by Lawrence O. Houstoun, Jr., "Are BIDs Working?" *Urban Land*, (January 1997), p. 58.

<sup>32</sup> For a series of questions about the utility of BIDs, see Janet Rothenberg Pack, "BIDS, DIDS, SIDS, SADS, Private Government in America," *The Brookings Review*, (Fall 1992), pp. 18-21.

career in downtown development. The model for BIDs could be the publications provided by the Foundation Center for nonprofit board members or the various documents produced by the International City/County Management Association for city administrators. Materials for BIDs could be supplied through training programs provided by professional associations, universities, and/or by BID councils.

This survey has identified a portion of the subject matter for written materials and training sessions. In considering management approaches, the focus should be wide-ranging, including basic administrative tasks, the development of political relationships, and entrepreneurship. The knowledge and skills areas most important are communications, budgeting, and planning. Human resource management is less of an issue. While not specifically addressed by the survey, the development of a "best practices" inventory would also be helpful.

## Measure Performance

This research found that about half of the BIDs have not established benchmarks, and many performance measures are underutilized. While performance measurement takes time and money, it is necessary if organizations are to understand what they are doing well, what they are doing poorly, and where they can change to make things work better. Without good performance evaluations, BIDs could reach a point where they do not recognize when they are providing services as inadequately as the local government agencies they are intended to supplement. On a larger scale, without good data it is very difficult to promote the overall utility of the BID innovation.<sup>33</sup>

There are many ways to evaluate performance, such as before-and-after studies using secondary data or cross-sectional surveys of citizens, businesses, and elected officials. When conducting evaluations, the measurement approach should be realistic. For instance, to what extent is it possible to determine how much a BID contributes to a reduction in downtown crime rates? The evaluation methodology should also match the type of services delivered.

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<sup>33</sup> *Houstoun, Jr., BIDs, (1997), p. 105. Also, see James Howard Kunstler, Home from Nowhere: Remaking our Everyday World for the 21st Century, (New York: Touchstone, 1996).*

For example, community-wide citizen surveys and pedestrian intercept studies should be used to assess the effectiveness of consumer marketing efforts.<sup>34</sup>

The potential significance of performance standards and frequent performance measurement for discovering what is and is not successful should provide a rationale for the managers of self-assessment districts to instigate and continue a system of self-evaluation. As BIDs mature and discover new services to provide, performance measurement may very well determine whether they continue as important innovations in the revitalization of commercial centers.

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<sup>34</sup> *An example of such research was conducted by KRC Research and Consulting, Street Intercept Survey: Perceptions of Business Improvement Districts and Conditions in the Grand Central, Bryant Park, and 34th Street Areas, (New York: KRC, 1994).*

# The Future of BIDS

BIDs have definitely become an integral part of the service delivery system of municipalities across the country. They are engaged with a diverse set of programs and projects, and even though the evidence is limited, they seem to be doing very well. It is obvious when walking around these districts that most of them are more visually appealing. No longer plagued by trash and grime, garish facades, deteriorated sidewalks, rundown parks, and nefarious individuals, there is a sense that the commercial centers of small, medium, and large size communities have come back to life. But clearly there is much more to be done.

America remains a nation largely dominated by the shopping mall, the strip mall, the suburban lifestyle, and the automobile. Even on revived main streets in small towns, there is no comparison to the deluge of activity in the Wal-Mart located on the distant bypass highway. In the downtown areas of medium-size cities, storefronts are still boarded-up as retailers continue to relocate to shopping malls on the outskirts. And while the commercial sidewalks of large cities may be teeming during the workday, in the evenings and weekends they are all too often empty of people.

In the future, the larger challenge for BIDs will be to effect change in the very culture of American community life which has been the essential reason for their creation. BIDs are uniquely positioned to take a leadership role in sociological change because they can advocate a consistent, focused

downtown development strategy that stands in sharp contrast to typical municipal planning and the need to balance competing political, economic, and social interests. Moreover, BID managers have already proven that creative thinking and sufficient funding can make a big difference in areas that had long ago been written off as a lost cause. And, since many BID managers have gained a measure of respect for their ability to provide an array of innovative services, as well as to advocate sensible policies, they may be heard by citizens, the media, and municipal officials.

How can BIDs work to change the culture of communities? Since many BIDs are already very involved with consumer marketing, one way may be to take an advertising campaign to the suburbs and beyond. This approach has recently been embraced by the Center City District in Philadelphia in ads that point out the positive differences of the city compared to the suburbs.

Yet another idea is to work with economic development corporations and planning agencies to target community development toward teenagers, young families, and senior citizens. A pedestrian-friendly central business district may hold a special appeal to each of these groups — to teenagers bored with the sameness of shopping malls, to young families seeking affordable housing near to good employment opportunities, and to senior citizens looking for a special sense of community within walking distance.

BIDs could also become leading policy advocates for limiting the expansion of highways through cities, for creating so-called “green-belts” that encourage the enlargement of park lands instead of commercial activity on city boundaries, and for rezoning old manufacturing districts into new mixed-use developments.

BIDs should listen to a broad cross-section of citizens. One of the criticisms of BIDs is that they are unaccountable, that they tend not to bring any outsiders into their decision-making processes. Whether BIDs are any more or less accountable than traditional public agencies or private firms is debatable, yet it is evident that most have not established specific mechanisms for gaining citizen input. As this research has discovered, only about half utilize citizen surveys and few conduct pedestrian counts. It would be to the advantage of BIDs to rely on surveys, focus groups, public hearings, and other means to understand consumer opinions. How else can strategies be developed for bringing people back to central business districts if their views are not fully considered?

No matter the approach that is taken, there are many exciting opportunities for BIDs to continue the revitalization of America’s cities and towns. The outlook should remain positive in the years to come if:

- local officials sustain the idea that their purpose is not to tell BIDs how to provide service, but to make sure that a high quality service is provided;
- BID managers stay active by looking for ways to improve what they do, such as setting benchmarks; and
- the theme of the BID movement is to foster a positive attitude toward downtown life.

# Appendix

## BID Management Survey

### ORGANIZATIONAL CHARACTERISTICS:

1. In what year was your organization established? \_\_\_\_\_
2. Your organization has how many full-time employees? \_\_\_\_\_
3. Approximately, what is its annual budget? \_\_\_\_\_
4. How many members are on your governing board? \_\_\_\_\_
5. Roughly, how many city blocks does your organization cover? \_\_\_\_\_
6. Which of the following best characterizes your organization? (please check one)
  - Government Agency       Nonprofit       Combination of Government and Nonprofit
7. Which of the following are sources of funding for your organization? (please check all that apply)
  - Special Tax Assessment on Property and/or Business       Voluntary Donations or In-Kind Contributions       Subsidies or Grants from Federal or State Govt.
  - Bonds (public or private)       City General Tax Revenues       Sale of Goods or Services

Other (please specify): \_\_\_\_\_

### SERVICE DELIVERY:

8. To what extent is your organization involved in providing each of the following services? (circle a number by each)

	Very Involved	Somewhat Involved	Not at all Involved
<b>Capital Improvements:</b> i.e. installing pedestrian-scale lighting and street furniture; planting trees and shrubbery	1	2	3
<b>Consumer Marketing:</b> i.e. producing festivals and events; coordinating sales promotions; producing maps and newsletters	1	2	3
<b>Economic Development:</b> i.e. offering incentives (such as tax abatements or loans) to new and expanding businesses	1	2	3
<b>Maintenance:</b> i.e. collecting rubbish; removing litter and graffiti; washing sidewalks; shoveling snow; trimming trees	1	2	3
<b>Parking and Transportation:</b> i.e. managing a public parking system; maintaining transit shelters	1	2	3
<b>Policy Advocacy:</b> i.e. promoting public policies to the community; lobbying government on behalf of business interests	1	2	3
<b>Public Space Regulation:</b> i.e. managing sidewalk vending; discouraging panhandling; controlling vehicle loading	1	2	3
<b>Security:</b> i.e. providing supplementary security guards; buying and installing electronic security systems; working with city police force	1	2	3
<b>Social Services:</b> i.e. aiding the homeless; providing job training; supplying youth services	1	2	3
<b>Other</b> (please specify): _____			

**MANAGEMENT PRACTICES:**

9. To what extent do you consider the following knowledge areas or skills as important to your management of a business district? (circle a number by each)

	Very Important	Somewhat Important	Of Little Importance	Not Important
Bargaining and negotiating methods	1	2	3	4
Financial analysis and budgeting	1	2	3	4
Impact analysis and evaluation	1	2	3	4
Job analysis and performance evaluation	1	2	3	4
Planning for and designing projects	1	2	3	4
Research methods and data analysis	1	2	3	4
Situation and political analysis	1	2	3	4
Speaking effectively to audiences	1	2	3	4
Writing policy statements and reports	1	2	3	4

10. There are obviously many ways to administer a business district. From your managerial perspective, please prioritize the relative importance of the following administrative approaches (you should rank the statements with "1" the most important; "2" the second most important, and "3" the least important).

\_\_\_\_\_ **Supervisor:** i.e. designing organizational structures; entering into contracts; making budgets; hiring employees; conducting performance evaluations

\_\_\_\_\_ **Public Servant:** i.e. following the directions of elected officials and/or board members; responding to complaints and requests for information or services from businesses, citizens, and the media

\_\_\_\_\_ **Entrepreneur:** i.e. finding new services to provide; designing programs; marketing services; developing new sources of revenue

11. Has your organization established standards of performance ("benchmarks") from which to evaluate its outcomes?

Yes       No       Unsure

12. During the past year, which of the following has been used as a measure of organizational performance? (check all that apply)

Crime Rates     Taxable Retail Sales     Number of Jobs Created     Pedestrian/ Visitor Counts

Lease Rates     Customer Attitude Surveys     Occupancy Rate     Business License Revenue

Other (please specify): \_\_\_\_\_

**PERSONAL INFORMATION:**

13. What is your age? \_\_\_\_\_

14. What is your gender?  Male     Female

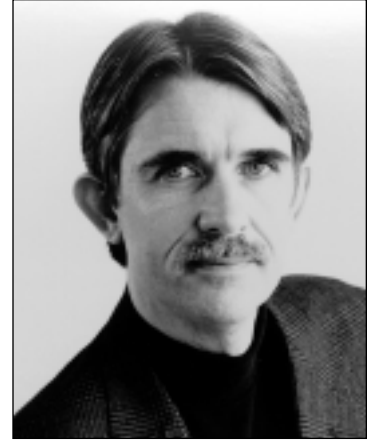
15. How long have you served in your current position? \_\_\_\_\_

16. Prior to your present job, in which sector did you work?  Public     Private     Nonprofit

17. What is your highest completed educational degree? \_\_\_\_\_



# About the Author



**Jerry Mitchell** is a Professor in the School of Public Affairs at Baruch College, The City University of New York. He joined the CUNY faculty after receiving his Ph.D. in political science from the University of Kansas in 1987. He teaches courses in American government, research methods, policy analysis, and urban economic development policy. For several years, he also taught management courses for New York State's Public Service Training Program.

Professor Mitchell's research focuses on innovative forms of public administration, including business improvement districts, government corporations, and public boards. Seeking to explain the structure of these alternative arrangements and to describe how they can best be managed, his work has appeared in over 50 reports, papers, book chapters, essays, and journal articles. His most recent book is *The American Experiment with Government Corporations* (M.E. Sharpe, 1999). It evaluates the development and performance of semi-independent public agencies in the delivery of such services as economic development and transportation. His other books include *American Government in the Nation and New York* (McGraw-Hill, 1998) and *Public Authorities and Public Policy: The Business of Government* (Greenwood Press, 1992).

Elected to the governing council of the Policy Studies Organization in 1998, he is also a member of the American Political Science Association, American Society for Public Administration, and Urban Affairs Association.

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