



## Legislation Text

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**SUBJECT:** Presentation on Property Based Improvement District

### **REPORT IN BRIEF**

Presentation on establishing a Property Based Improvement District

### **RECOMMENDATION**

For information-only.

### **DISCUSSION**

At the meeting of April 15, 2019, the City Council Downtown Subcommittee presented their findings concerning visits and meeting with staff members from Modesto, Turlock, and Visalia regarding their respective downtowns. The City Council adopted as one of their action items the commencement of a study to determine the feasibility of establishing a Property Business Improvement District (PBID) in Downtown Merced. This is an important first step as there are tremendous opportunities to take Downtown Merced to the next level if property owners get behind such an effort.

Prescribed under the Property and Business Improvement District Law of 1994; Streets and Highways Code Sec.366000-36671; property or business assessments are levied in exchange for services not currently provided by the City. While the services provided depend on the needs of the area, typical PBID services include maintenance, security, signage, parking and transportation management, social services, special event coordination, tree planting or other capital improvements, marketing and promotion, long-range visioning, and business attraction and retention.

In California, BIDs and similar improvement areas are governed by two state laws: the Parking and Business Improvement Area Law of 1989 (which allows assessments to be levied on businesses within a district) and the Property and Business Improvement District Law of 1994 (which allows assessments to be levied on owners of real property within a district).

These laws set the general procedures for establishment, assessment, and public review of Bids. Proposition 218, approved by the California voters on November 6, 1996, which became part of the California Constitution (Articles XIII C and XIII D) adds additional requirements for establishing property-based assessment districts.

The Office of Economic Development has reached out and studied a number of PBIDs with emphasis on the Cities of Millbrae, Santa Maria, Bakersfield, and Chico.

The following is a modified excerpt from the City of Chico PBID Question and Answer flyer. The information contained in the Q&A flyer provides a good background on the purpose, formation,

assessment, and management of a PBID.

### **What is PBID?**

The PBID or Property Based Improvement District is a special district where property is assessed to fund specific downtown improvements and services in addition to those provided by the City of Merced. The PBID is self-imposed by a majority of property owners who must sign petitions and mark ballots to form the district. A governing board of property owners will oversee the budget and management plan.

### **What services will the PBID provide?**

The PBID management plan may focus on cleaning services, public safety, promotional, event, parking projects, community signs, and image enhancement programs above and beyond those already provided by the local community. PBIDs may also provide for clean teams to sweep and scrub sidewalks, remove litter and graffiti and increase frequency of trash removal. A common use of PBID is for information and safety ambassadors help to serve as “eyes and ears” for police by acting as witnesses to nuisance crimes such as aggressive panhandling and public urination, connect unhoused people on downtown streets to social services, and provide information about downtown activities and establishments. Image enhancement programs are capital improvement/maintenance projects such as flowerpots, improved lighting, directional way-finding signs and street furniture. All of these enhancements are aimed at improving the quality of downtown experience, increasing civic and economic activity and driving business and property values.

### **I already pay taxes. Why support a PBID?**

We often hear that downtown is not as clean as it should be, nor is it as safe as it used to be. Supporting a PBID will help make downtown sparkle and feel safer and friendlier. This will bring more people back to Downtown more often. This in turn will leverage existing and new investment in businesses, restaurants, stores, etc. In addition, PBID budget decisions are made by a board of property owners, which ensures private-sector control and accountability for these enhanced services.

### **Who will manage the PBID?**

To keep administrative costs lower and leverage existing competencies, an independent community based organization will be formed or existing organization selected to be responsible for day-to-day operations. The managing organization will report to business and property owners.

### **Is this PBID unique to Merced?**

No. More than 1,000 PBIDs exist throughout North America. In California, more than 100 PBIDs have been established since 1995. These are viewed as an effective tool in helping business districts compete and dramatically improving downtown environments.

### **How would the PBID differ from the BID already in place?**

The Business Improvement District (BID) performs different functions than the PBID, such as advocacy, promotions and marketing services. BID programs include the Downtown Farmers Market,

Downtown Christmas Parade, and Taste of Merced. PBID services will go toward different downtown needs: clean and safe services, physical/cosmetic improvements, and economic enhancements.

**Will the city reduce its existing services?**

No. Should a PBID be formed, an agreement with the city and the management team will be executed ensuring baseline levels and frequencies of cleaning and maintenance services.

**How much will it cost?**

Assessments may be calculated based on the square footage of the lot, square footage of the building, number of stories, and levels of benefit. Generally speaking, a consultant is hired to determine method of assessment and level of benefit.

**What is the process for continuing the PBID?**

By state law, the PBID has a five-year life. Any subsequent renewal of the district would require a new management plan, petition and mail-ballot process.

What's next? The Office of Economic Development is preparing a Request for Proposal to form a PBID in Downtown Merced. Staff will issue the RFP by the end of October 2019.

**ATTACHMENTS**

1. PBID Presentation