

North Shore City Council

Business Improvement District

Guidelines



Adopted by North Shore City Council 23 September 2007

Introduction

Section 1 Setting up a Business Improvement District

- 1.0 Setting up an incorporated society
- 2.0 Developing a constitution
- 3.0 Process to set up a Business Improvement District
 - 3.1 Defining the boundaries
 - 3.2 Defining who can vote in the BID
 - 3.3 Deciding on the targeted rate approach
 - 3.4 Undertaking the BID establishment poll
 - 3.5 Achieving the mandate

Section 2 Operating a Business Improvement District

- 4.0 Turning voters into BID association members
- 5.0 Preparing for the AGM
- 6.0 BID Memorandum
- 7.0 BID Manager
- 8.0 Managing a BID
 - 8.1 KPIs
 - 8.2 Budgets
 - 8.3 Alternation of BID boundaries
 - 8.4 Resolving disputes
 - 8.5 End of the five year term - Rate Renewal poll
 - 8.6 Increasing the amount of the targeted rate collected - Rate Alteration poll
 - 8.7 Disestablishing the BID - BID initiated
 - 8.8 Disestablishing the BID - Council initiated
 - 8.9 Re-establishing a BID - Reestablishment poll
 - 8.10 Information required annually by the Council

Appendix

- 1- Model constitution (*under development*)
- 2- BID association membership rights and responsibilities
- 3- AGM information for BID associations
- 4- BID memorandum
- 5 - Dispute Resolution

Introduction

Welcome to the guidelines for establishing and operating a Business Improvement District (BID) within North Shore City.

These guidelines have been prepared by the Council in order to explain

- the process involved to start a new BID
- the processes involved in operating a BID
- the range of factors a BID association needs to consider when thinking about becoming a BID.

Setting up a BID can be a lengthy and challenging process and these guidelines have been written to explain the principles involved and to give practical examples which demonstrate the principles.

Examples will be shown in grey shaded boxes throughout the document.

The guidelines are separated into two sections:

Section 1 explains how to go about setting up a new Business Improvement District. A major part of this process involves polling the area chosen to see how receptive businesses are to paying a targeted rate.

Section 2 explains all the requirements and processes to operate a BID once it has been set up.

BID associations are encouraged to speak with existing BID associations already receiving funds, Enterprise North Shore or the Economic Development Advisor at the council in order to find out more information at any time.

Existing areas which receive a targeted rate are:

- The Northcote shopping centre
- The Torbay shopping centre
- The Browns Bay shopping centre
- The Takapuna Beach shopping centre

Whilst these areas are all retail focussed BID's, the opportunity exists to operate BID's in any kind of area as long as a common focus is evident.

North Shore City Council and a Business Improvement District

North Shore City Council (NSCC) actively encourages the development of BID associations and areas. For the Council, BID's are an important tool to encourage local business development and retention. The Council is involved through:

1. Being the organisation that can, under legislation, collect rates on behalf of the BID. The Council is responsible for billing the property owners within the BID's boundary, collecting this revenue and forwarding it onto the BID association.
2. Providing resources to assist with the development of BID's. This could be financial assistance while getting the BID established (seeding grant) or through specialist help and advice from staff at either Enterprise North Shore or from within the Council.
3. Advocating on behalf of BID associations through council processes, such as the Annual Plan and town planning processes, to assist BID's receive maximum benefit.
4. Reporting on compliance to financial auditors that revenue raised under the BID scheme has been used on activities as outlined in the BID business plan and that financial transactions have been correct and accountable.

These guidelines form an important part of North Shore City Council's implementation of its Economic Development Strategy. This strategy aims to grow and develop the North Shore economy to create sustainable wealth and quality of life for all, while protecting and respecting our environment.

These guidelines are also consistent with the directions set out in other NSCC key planning documents, notably the City Blueprint and the City Plan.

The Council is here to assist BID associations to succeed and looks forward to working with BID applicants in order to develop positive working relationships.

At any time however, that the Council has concerns with the progress or success of a BID, the rate may be withheld until the specific improvements or alterations have been made to the legal compliance, governance issues or business or strategic plans.

SECTION 1 - Setting up a Business Improvement District

This section of the guidelines will help you work through the steps to establish a Business Improvement District. Remember, the Council is here to help you with this and is happy to guide you through the process.

BID's can be established at any time but it is important to consider the steps that a potential BID association needs to go through which require their stages to overlap with NSCC processes. Probably the most important of these is the annual planning cycle (the Annual Plan) which commences in the November/ December period each year.

Potential BID associations are characterised by strong leadership and willingness by the association to get involved in the development of *their* area. They have developed a core understanding of the area and believe in the philosophy of self help. The Council will work beside potential groups wanting to develop a BID but much of the energy and drive to succeed as a BID, will come from the BID association themselves.

Apart from strong leadership and a will to succeed, another characteristic of a successful BID association will be the size of the area that they want to consider as the boundaries of the BID. Care should be taken with areas that have very few businesses operating within them. It may be helpful for BID associations to talk to existing North Shore BID's and see how they operate with very small rating bases.

When considering what a BID might become involved in providing, there are no limits or restrictions on this, other than they should avoid duplicating services already provided by the Council through its ordinary rates. Council officers will be happy to assist with the development of the association's business plan which outlines the goals and objectives for the BID.

Any decisions about whether or not to strike a targeted rate, the amount of that rate, the boundaries of the area subject to the rate , and whether or not to establish, disestablish, reduce or expand the BID, are at the discretion of the Council to make as part of it annual funding and rating decision making processes.

1.0 Setting up an Incorporated Society

The Council also requires the BID association to be an incorporated society. Concurrently to working through the process to towards becoming a BID association, the working group should prepare the paperwork required to register the eventual BID association as an incorporated society - this process takes some time to arrange and the Council cannot strike the rate without evidence that the BID association has been incorporated.

2.0 Developing a constitution for the BID association

As part of the process to become an incorporated society, the BID association will need to consider its constitution. The constitution is the document which sets out the governance and organisational boundaries for the BID association. It will include information on such things as how often meetings will be held, meeting quorums, proxy voting etc, all of which are necessary for the successful management of a BID association.

Talking to other operative BID associations may be very useful when considering a constitution and new BID associations are strongly encouraged to do this.

An example constitution which the BID association could use as a model is attached to these guidelines as Appendix 1.

3.0 Process to set up a Business Improvement District

Prospective BID associations need to run through the following process as the first step in securing approval to apply a targeted rate.

1. Define the boundaries of the BID area
2. Define who can vote in the BID establishment poll
3. Decide on the rating method
4. Undertake the BID establishment poll
5. Achieve the required mandate

A targeted rate is a rate that is payable only by some specifically identified parties within the Councils rating area. Only councils have the right under legislation to strike a targeted rate and collect this money only behalf of a BID association. The targeted rate is shown as a separate rate item on the rates account received by property owners.

In order to assist with the initial development of the BID, the Council may be able to provide some funding to the BID association to cover costs such as holding meetings, survey mail outs and administration costs involved with setting up the BID. This would be decided on a case by case basis. BID associations need to apply to council for this 'seeding grant' funding which is only available for establishing a BID.

The first stage of becoming a BID is for the BID association to define the geographic area it wants to deal with and then organise a poll of the area to determine how much support there is to become a BID association

3.1 Defining the boundary of the BID

The BID association is responsible for defining the geographic boundaries of the area it wants to work within, with final approval of the boundaries by the Council.

The BID association should talk to key stakeholders such as local or central government agencies or interested community groups. This may well identify issues or circumstances which will have an impact on the physical boundaries of the BID area.

Example:

NSCC supplies a map of the possible area to Kiwi Town Centre. KTC then identifies the streets that will form the boundaries of their proposed BID area. KTC organises a public meeting for interested parties to come along and hear their plans and ask questions. KTC submits their proposed boundary area to Council for final approval.

3.2 Defining who can vote in the BID establishment poll

There are some parties that are not eligible to vote in the BID establishment poll:

- Private (non business) residents are not included and are not liable to pay the targeted rate.
- Business owners who operate their business from residentially rated property within the BID area.
- Business owners who give a business address within the BID area but who do not physically run their business from that address (for example, businesses that use their accountants address).
- Business owners, who lease, rent or hire a very small area of commercial property within the BID area that do not permanently run their businesses from that address and appear to have taken on that address primarily to gain BID membership and voting rights.

There are also some parties that are optional - it is at the BID association's discretion as to whether they include them in their BID association and therefore allow them voting rights.

- Malls
- Businesses that operate out of a private home that chooses to be part of a BID association and pay business rates.

Working within the finalised boundaries of the BID area, the BID association now needs to identify all the parties that can vote in the poll to see if a BID can be established.

There are three main parties that are qualified to vote:

- a) Every *business owner* who owns a business within the BID area
- b) Every *tenant* who rents or leases premises within the BID area
- c) Every *property owner* who owns property within the BID area

The BID association has to identify all the individuals who can vote within their area and gather the following information for them:

- The name of the person
- The name of the business or building

- Their contact details including mailing address, email address and telephone numbers

<i>Parties who need to be identified</i>	<u>Business Owner</u> <i>e.g. Smith Shop Ltd</i>	<u>Tenant</u> <i>e.g. could be Mrs Green (Smith Shop Ltd) or people that sub tenant in Smith Shop</i>	<u>Property Owner</u> (usually is the rate payer for the property) <i>e.g. Brown Trust</i>
<i>Where will this information come from?</i>	Information will need to be collected by BID association	Information will need to be collected by BID association	

All this information gathered together forms the "Owners List".

The "Owners List" now needs to be filtered down to a final list of voters (the "Voter Register") using the following rule:

"One person, one vote" or "one organisation, one vote".

Working through the 'one person, one vote' "one organisation, one vote" rule

- If the party listed on the "Owners List" is an individual, that person is then registered onto the final register for voting on the BID - the "Voter Register". Individuals can choose to nominate someone else to vote/ act on their behalf. In the example above, the individual could be Mrs Green (tenant) or an individual who is a business owner or a property owner.
- If the party listed on the Owners List is not an individual (for example, the owner is a trust or company), BID proponents must communicate with the senior management of that organisation and request that a representative be nominated to act/ vote on behalf of the body. The name and details of the nominated representative will go on to the "Voter Register".
- In some situations, an organisation may appear several times on the "Owners List". They may, for example, own or tenant several properties. That organisation may only nominate one person to go onto the "Voter Register" no matter how many businesses or properties are in their ownership.

After filtering out the above, the BID associations' "Voter Register" is complete.¹

¹ Further filtering of the Voter Register will also take place later in the process when the electoral company accesses Council information to filter out double ups with the names of ratepayers.

3.3 Deciding on the targeted rate approach for the BID

After deciding the boundaries of the BID area (section 3.1) and who can vote (section 3.2), the BID association then needs to consider the most equitable way to strike the targeted rate.

The amount of rating required will depend on the total required budget for the BID association. The budget required will probably only be known once the BID association has completed a business plan outlining their goals and objectives.

When the budget has been ascertained, the BID association needs to consider the most equitable way to divide the targeted rate amongst the properties to be charged the targeted rate.

Schedule 3 of the Local Government (Rating) Act 2002 is the legislation which defines how councils can strike rates. It allows for targeted rates to be struck on a number of different bases and the BID association is encouraged to explore these options and model different approaches - council assistance is available to help with this exercise.

Three different options are available to the BID association for consideration.

Method 1 - Proportional Value Method

- Targeted rates are calculated by the Council for the properties in the BID area based on the rateable value of the area of land on which a property is located.
- Method is preferable where owners owning or renting more valuable areas of land or businesses will gain significantly more from the actions of the BID than owners with less valuable areas of land or businesses.
- The proportional method is the one traditionally used by the Council

Method 2 - Flat Rate Method

- Each party pays the same set ('flat rate') amount of rates regardless of how much benefit they may get from belonging to the BID. An example to consider is graffiti removal services - they may be more used by properties in poorly lit back areas than by shops in brightly lit busy main streets but each establishment is asked to pay the same amount of targeted rate.
- A flat rate may be easier for potential BID association members to understand and for BID association to 'sell' to members - everyone is paying the same amount.

Method 3 - A combination of Proportional Value Method and Flat Rate

- A combination approach allows BID proponents to rate on a combination of the above methods which takes into regard the unique situations which occur in individual areas.

At present all of the existing BIDs use the Proportional Value method. If the other options are being considered the association will need to discuss these with the rating staff at NSCC.

3.4 Undertaking the BID establishment poll

Work by the BID association to now has included a) defining the boundaries of the area to be rated b) defining who can vote in the poll and c) deciding the appropriate rating approach.

Work should also be proceeding with becoming an Incorporated Society and finalising the constitution.

The next step in establishing as a BID is to hold an establishment poll. This poll is important as it confirms whether there is enough support in the BID area for the targeted rate.

Establishment polls are run as postal ballots. The BID association provides the information on all the parties in the Voter Register to council. The Council then organises an independent body to physically undertake the poll. Most BID associations run their polls prior to October in any year so as to fit in to the City Plan/ Annual Plan process run by the Council.

After the ballot (and assuming a successful outcome), the BID association will need to a) inform the Council of the successful outcome and ask for approval to proceed with the rate being struck and b) do this in time for the amount of funds being raised to go into the next years Annual Plan and 'show' in the councils financial information for the year when the targeted rate will be struck.

The Council has a legal obligation to show its financial records in their entirety to the public - the BID association will need to fit its work towards receiving a targeted rate into the Councils Annual Plan timetable if it plans to receive the targeted rate from the beginning of the next financial year.

Example

Kiwi Town Centre holds its BID establishment poll in August 2008. Results are available in September 2008. KTC advises council at its September 2008 council meeting that it has held a successful poll and wishes to start receiving funding from the next financial year which begins on 1 July 2009 for the 2009/2010 year.

KTC prepares information in December 2008 for the 2009/10 Annual Plan detailing that it wishes to raise a targeted rate of \$50,000. The Councils draft Annual Plan details that KTC will be raising a targeted rate of \$50,000 and detail the other side of the transaction passing through the Councils accounts, the payments made to KTC of \$50,000. The targeted rate will start being charged from 1 July 2009 and will show in the 2009/2010 Annual Plan.

There are several important rules regarding balloting that prospective BID associations must adhere to in this stage of the process:

- The period between the mail out of the ballot papers and close off for return of ballots will be 14 days.
- The BID association needs to advise all registered voters of the upcoming establishment poll and ensure they are aware of all the key issues to be decided. They need to hold at least one public meeting and to place at least two advertisements in local newspapers advising the meeting. Issues to be communicated include, but are not limited to:
 - The boundaries of the proposed BID
 - The suggested funding model to be applied
 - The approximate rate to be levied
 - The objectives of the BID strategic and business plans
 - The identities of the principal BID proponents
- The ballot must be run by an independent election service and not by the BID association itself. The Council can recommend an organisation as soon as the Voter Register has been finalised to enable the election service to begin preparing for the poll. Information that the BID association will need to provide to the electoral company includes:
 - A copy of the Voter Register
 - A copy of an information sheet outlining the BID proposal
 - A copy of a ballot form approved by the electoral service
 - A copy of a membership application form of the proposed BID associationThe election service will send all the relevant information out to voters and enclose a reply paid envelope for ballot return. Any requests for replacement ballots should be directed to the election service.
- Proxy and absentee voting is not permitted during BID polls. Registered voters who are absent from their registered address during the two weeks of the poll should indicate a forwarding address to the BID proponents to pass onto the electoral service to use.

3.5 Achieving the mandate

For the BID proposal to proceed, over 51% of voters on the Voters Register who return voting forms must support the proposal.

Example

The electoral company has sent ballots out to the 376 voters on KTCs "Voters Register". For the establishment poll to be successful, KTC needs over 51 % of the total of voter forms returned to be supportive of the proposal for it to be achieved.

The electoral service will receive, count and verify all returned ballot papers. It will then report the result of the establishment poll to the BID proponents and council.

SECTION 2 - Operating a Business Improvement District

Following the announcement of a successful establishment poll, BID proponents need to begin the work of developing the BID association's membership base and preparing for the first AGM of the new BID association.

For information on membership rights and responsibilities see Appendix 2

4.0 Turning voters into members

Parties who were on the Voters Register to vote on whether the BID should be established are not automatically members of the BID association.

Under existing legislation, the BID association is required to ask voters whether they want to belong to the association and must not assume that all voters are automatically association members. Registered voters who submit a completed application form must be granted membership as of right.

Blank association membership forms should be sent out with the voting ballot papers with extra copies available from the BID proponents upon request. BID associations are encouraged to use an electronic version of the form which they could make available via the internet.

5.0 Preparation for the initial Annual General Meeting

Following a successful establishment poll the BID proponents must notify registered voters within ten working days:

- The date and place of the initial AGM of the BID association
- Their opportunity to nominate individuals to the BID association management committee, and how to do this.
- Their opportunity to study the proposed BID association constitution
- Their opportunity to study the proposed BID association strategic plan and business plan
- The name and contact details of the council officer who will receive all nominations

The AGM should be held at least two weeks after the establishment poll in order to allow for nominations for the election of officers, and consideration of the draft constitution and draft strategic and business plans

More information about the AGM is contained in Appendix 3 including roles on the BID association committee, key activities of the AGM, ratification of key documents and decisions and the application to council for the targeted rate to be struck.

6.0 BID Memorandum

Once the council has approved the application for a targeted rate, and before any funds can be released, the BID association must do two things:

1. Apply to NSCC for the targeted rate to be struck. They will need to give the following information to council
 - Evidence of the mandate (usually a report from the independent elections service)
 - Evidence of incorporation (from the Registrar of Incorporated Societies)
 - The agreed BID boundaries
 - The ratified budget (from the AGM Minutes)
 - The ratified business plan (from the AGM Minutes)
2. A BID memorandum must be signed between the association and NSCC. The chair and treasurer sign on behalf of the BID association. A copy of a template BID Memorandum is attached to these guidelines as Appendix 4.

Once the BID memorandum is signed and council has agreed to the rate strike, funds collected via the targeted rate can start to be released on a quarterly basis to the association.

7.0 BID Manager

It is strongly recommended that the BID association employ a BID Manager to ensure momentum is maintained to progress projects and initiatives. This person may be full or part time dependent on demand.

Council staff is able to work with the BID association to develop person specifications and job descriptions.

8.0 Managing a Business Improvement District (post AGM)

8.1 Key Performance Indicators

As with all businesses, it is important that the BID association continues to review its progress towards objectives and compare itself against performance indicators. Useful measurement indicators are suggested below but BID associations should not limit themselves to these and should instead consider what is appropriate for *their* circumstances and future reporting to agencies, association members and council.

- Total retail sales
- Pedestrian or vehicular activity
- Local employment rates
- Business longevity
- Commercial rents
- Vacancy rates
- Public transport usage and operations
- Reported crime rates
- Street cleanliness satisfaction
- Graffiti removal costs
- Shopper or visitor satisfaction

Council may hold or collect information that can be used to establish effective benchmarks. For some indicators, it would be valuable to collect data so that comparison with other BID areas can be made.

BID associations should also develop performance indicators to confirm that the association itself is operating effectively.

As BID's are dealing with member's and ratepayers funds and the long term direction for an area, it is important that they are transparent, professional and accountable. Possible indicators may include, but are not limited to:

- Members attendance at meetings
- Frequency of communication with members
- Production and circulation of minutes
- Percentage of ratepayers who have joined the association

At the end of each financial year, the BID association needs to forward a letter to council confirming that they have complied with all legislation required of them and the confirmation of their incorporated society status. This is a requirement that must be met before the rates will be set by the Council for the next year.

8.2 Budgets

BID association management committees are responsible for preparing annual budgets. A copy of the annual budget needs to be provided to council.

In addition to the targeted rates raised, BID associations may raise funds through other mechanisms. In particular, the association may decide to levy a subscription on all members in order to ensure the targeted rates funds are reserved exclusively for programme objectives, while administrative expenses are covered by other funds.

As per a BID's constitution, accounts should be prepared annually and verified by an independent party who is not a member of the Incorporated Society.

8.3 Alteration of BID boundaries

A BID association may wish to alter the BID boundaries set at the time of the establishment poll. Expansion of a BID area might be sought to include neighbouring businesses such as an adjoining street originally left out of the BID.

The proposed expansion needs to be first endorsed by a majority vote in favour at a special meeting of the BID members.

Following this, the BID association must poll the new area using the same process as stated previously in Section 3.

8.4 Resolving disputes

At all times Council, the BID association and other parties should strive to ensure a harmonious professional relationship. However sometimes disputes can occur between the parties involved and this section describes the process to resolve these.

Any dispute that arises should in the first instant be resolved at officer level if at all possible. A positive relationship between council and the BID is highly desirable.

If disputes cannot be satisfactorily resolved, it must be remembered that through its annual funding and decision making processes, Council has the final say about decisions relating to striking a targeted rate, boundaries, poll results and extensions of the original five year term.

For information about resolving disputes between the BID association and Owners (or their nominated representatives) see Appendix 5.

8.5 End of 5 year period - rate renewal poll

The term for each period of targeted rates struck is five years. During year four of the five year period, council will decide whether a rate renewal poll needs to be held.

A rate renewal poll will not be required if council is satisfied that the BID is running effectively. There are a variety of situations where council may feel it necessary to ask for a rate renewal poll to be held and these include:

- a) When full council receives a petition from over 10% of registered voters in the BID area requesting a renewal poll;
- b) When council required documentation from the BID is not provided by the BID association; or
- c) When the circumstances are such that the council feels a rate renewal poll would be beneficial.

A rate renewal poll follows the same procedures as an establishment poll as set out in Section 3 and also requires the 51% mandate.

If the rate renewal poll is successful, the BID association needs to apply for the rate to be struck to council again through the Annual Plan process and Council officers can assist with this.

There are a series of actions the BID association must do if a rate renewal poll fails to meet the required mandate:

- o The BID association must inform the council
- o The BID association must cease to refer to itself as a BID association. Whilst it can still remain as an incorporated society, it is no longer a true BID association. It may need to change the name of the association registered with the Registrar of Societies.

- It must return any unspent targeted rate funds to council within one month of the failed poll and after all creditors have been paid. When it has insufficient funds to meet its creditor obligations, council will assume the debts of the association and may be obliged to strike a rate on the BID for a limited period, sufficient to cover these costs.

8.6 Increasing the amount of targeted rate collected - Rate alternation poll

The amount of the targeted rate collected by the BID may be adjusted upwards or downwards by up to 5% per annum without requiring a Rate Alteration poll.

In order to vary the targeted rate in this manner the association must first inform its members in writing of its intention and then put it to the vote at an association meeting.

If a BID association does decide to change the amount of targeted rate it receives, it will need to notify the new amount through the councils Annual Plan process. Council officers can assist the BID with this requirement.

Example

KTC decides to do a new project that their existing budget of \$100,000 will not cover. The project is going to cost \$3,000 (a 3% increase to the targeted rate amount currently collected). As this amount is less than 5%, KTC does not need to repoll their members for permission to increase the targeted rate amount. It does however; need to notify Council during the Annual Plan process that its targeted rate amount will now be \$103,000pa.

If their project was going to cost \$12,000 (a 12% increase in targeted rate to be collected) they will need to poll their members for permission to increase the amount collected.

8.7 Disestablishment of the BID - BID initiated

Some circumstances may make a BID association decide that they do not wish to continue to operate as a BID. The association may choose to hold a poll amongst members to invite the opportunity to disestablish the BID.

In these circumstances, the BID needs to poll registered voters (using the most up to date information available) and a simple majority of voters who return voting papers will be enough to disestablish the BID.

8.8 Disestablishment of the BID - council initiated

In exceptional circumstances, the Council may initiate and arrange a disestablishment poll. It should be noted that council does not need a disestablishment poll to stop striking a targeted rate. They can do this at any time. The disestablishment poll is simply a way for council to assess voter's attitudes to the BID association and the targeted rate before making any final decision.

If a disestablishment poll indicates that there is support for the continuance of the targeted rate, the council should attempt to resolve the issues using other means where at all possible.

8.9 Reestablishment poll

There will be a two year stand-down period for a BID association if it loses a rate renewal poll or needs to disestablish.

Example

Council has initiated the disestablishment of the KTC BID association in 2006 after it was unable to confirm where the BID spent its targeted rate funds and not maintained its incorporated society status.

In 2007, the KTC management committee has reorganised itself with new members who are keen to reinstate the targeted rates funds and better manage the BID association. Due to the 2 year stand down period they will not be able to work through the process to do a Reestablishment poll until 2008.

8.10 Information required annually by the Council

On an annual basis, the following information needs to be made available to the Council from the BID association:

- Confirmation of the BID associations continuing status as an Incorporated Society
- The names and contact details of the BID associations office holders
- The budget for the association for the coming year
- A copy of the ratified accounts for the previous financial year
- A copy of the business plan for the coming year, including performance measures.

Appendices

Appendix 1

Model constitution for BID associations (under development)

Appendix 2.

BID association membership rights and responsibilities

BID association members have certain rights and responsibilities. Membership of the association entitles individual members to:

- Attend and vote at all annual general meetings (AGM)
- Attend all meetings of the BID association management committee (but not vote)
- Stand for election to the BID association management committee
- Receive regular communications about BID activities
- Receive notification of upcoming meetings and agenda items

Membership of a BID requires agreement to abide by the associations constitution, and follow all its rules.

As the BID needs to ensure that targeted rates are spent exclusively on BID projects, association members may be charged a small membership fee to belong to the association. This should be used to cover administrative costs such as mail outs and venue hire for meetings.

Members of the community, who are not rated under the BID targeted rate, can be invited to the AGM by members. These members are able to join the committee if accepted by a majority vote of the management committee. Their position would be a purely advisory or liaison role and they would have not voting rights.

Appendix 3.

AGM information for BID associations

Timing of the AGM

The AGM should be held at least two weeks after the establishment poll, to allow for nominations the election of officers, and consideration of the draft constitution and draft strategic and business plans.

Following a successful establishment poll, the BID proponents should within 10 days notify registered voters of:

- The date and place where the initial Annual General Meeting (AGM) will take place
- How voters will have the opportunity to nominate individuals to the BID association management committee and how to do this.
- Where and when voters can study the proposed BID association constitution
- Where and when voters can study the proposed BID association strategic and business plan
- Prior to the commencement of the BID association management committee, a council officer will be responsible for collecting the nominations for voters interested in being on the associations management committee. Voters need to be advised of the name and contact details of the council officer who will receive all nominations.

Nomination of elected officers to the BID association management committee

- Nominations can be made for positions on the BID association management committee either for simple membership or to be the chair.
- Nominations must be made in writing and signed by two BID association members and the nominee themselves.
- Nominations can be mailed, faxed, or handed to the council officer identified as assisting in the AGM process.
- Nominations for the positions will close 5 working days prior to the scheduled time of the AGM.

Key things to be done in the AGM

The AGM will be chaired initially the council officer assigned to the BID. They will begin the meeting by reading out nominations for officers and chair and call for a vote in favour in each case.

The AGM needs to:

1. Elect officers - there must be a minimum of four members elected (a chair and three other members). All elected members have full voting rights on the committee.
2. Elect a treasurer and secretary. These must be chosen out of the pool of elected officers.

3. Ratify key documents and decisions including the draft constitution, the strategic and business plans and the draft budget.

Once a committee chair has been selected, the council officer will hand over control of the meeting to the chair.

Register the constitution

When the constitution has been approved, the BID needs to register the constitution with the Registrar of Incorporated Societies. This process can take some time, which is why it is important for the BID applicants to do as much as the preliminary work as possible before the establishment poll.

Relationship between council and the BID committee

Council does not have any powers to appoint BID committee members.

On invitation from the BID committee management association however, NSCC may choose to provide a councillor, community board member or council officer to serve on the committee.

In the situation where the Council is not represented on the committee, NSCC reserves the right to have a representative (councillor, community board member or council officer) attend any or all of the committee meetings as a non-voting observer.

Appendix 4.

BID Memorandum

The purpose of the BID memorandum is to ensure that the BID association and the Council clearly understand each others responsibilities, including the required legal obligations around:

- Requirements of the Incorporated Societies Act

Planning and budgeting

Accounting and handling of public funds

Meeting procedures

Human Resource Management

In addition, the BID memorandum specifies remedies where either the Council or BID association does not abide by the terms of the memorandum.

A template for the BID Memorandum is under development.

Appendix 5

Dispute resolution

If a problem is unable to be resolved between these parties, the following procedure will be applied; the process as defined in Appendix 5 needs to be followed.

- ❖ Having exhausted normal means of resolving a dispute or difference (by engaging in a process of good faith negotiation and information exchange), either party may give written notice specifying the nature of its dispute and its intention to refer such dispute or difference to mediation.
- ❖ The party making the request for mediation will invite the chairperson of the NZ Chapter of Lawyers Engaged in Alternative Dispute Resolution ('LEADR') to appoint a mediator.
- ❖ If the dispute is not resolved within 30 days after appointment of a mediator by LEADR, any party may then invoke the following provisions:
 - The dispute will be referred to arbitration by a sole arbitrator in accordance with the Arbitration Act 1996.
 - * The award of the arbitration will be final and binding on the parties
- ❖ All discussions in the mediation will be without prejudice and will not be referred to any later proceedings. The parties will bear their own costs in the mediation and will equally share the mediator's costs.

Glossary

AGM: Annual General Meeting - the AGM of a BID association would be the annual meeting where board members are elected, accounts are presented and a recap of the previous year's achievements takes place.

Annual Plan: Document prepared every year by NSCC to detail council projects and spending over the financial year coming up from 1 July to 30 June.

BID: Business Improvement District

City Blueprint: Developed by NSCC in September 2001, the City Blueprint sets out a 20 year strategy for managing growth and change.

City Plan: NSCC's 10 year strategic plan. Also referred to as an LTCCP or 'Long Term Council Community Plan'. This plan is a legislation requirement under the Local Government Act 2002.

Disestablishment poll: The ballot that is undertaken to ascertain whether a BID association ability to receive targeted rates should be cancelled.

establishment poll: Ballot that a BID association organises when it wishes to commence as a BID and receive targeted rates funding. The ballot establishes the degree of support in the rateable area for the proposal.

Flat rate method: the method of rating a property or service where all parties to be rated pay the same amount regardless of property size, value, benefit etc. All parties to be rated pay a 'flat rate'.

Incorporated Society: Society which meets the requirements of the Incorporated Societies Act.

LTCCP: Long Term Council Community Plan - a 10 year strategic document for council setting out its functions, 10 year budgets and goals and projects.

Malls: A shopping centre characterised by having various stores, businesses and restaurants usually accessible by common passageways. Its purpose is to attract customers into a safe and controlled environment.

Owners List - the non filtered list of all tenants, property owners and business owners within a proposed BID area. This is a full list of all these parties, prior to the filtering of double-ups within that list.

Property Owner: Person who is liable for paying rates on a property

Proportion value method: the method of rating a property or service where parties pay an amount proportion to the value of their property or the benefit they will get. For a BID area, it means that some businesses owners will be charged more compared with others.

Proxy Vote: A proxy is someone one is authorised to be a substitute for another person. A proxy vote is when you authorise another to vote on your behalf. Proxy votes are not allowed in BID poll voting.

Reestablishment poll: If a BID association has lost its right to receive targeted rates funding, there is a two year stand-down period before they can undertake a reestablishment poll. A reestablishment poll has the same criteria as an establishment poll.

Seeding grant: funding for a BID association provided by Council specifically to cover the costs of establishing as a BID.

Targeted Rates: the concept of rating a specific area or attribute with a separate rate. The rate could be only for people within a targeted area (for example, a BID rate) or for all property owners to pay for a specific resources (for example, a swimming pool targeted rate).

Voters register: the register of all parties that can vote in a BID establishment poll.

Reading Reference

Houstoun, L O. Jnr, (2003) *BIDs: Business Improvement Districts*, Second Edition. Washington D.C. USA