

Business Improvement Service District (BID) Guidelines (Adopted May 28, 2024)

Background: Pursuant to Code of Virginia §15.2-2400 et seq., the City Council is authorized to establish service districts for the purpose of providing additional, more complete or more timely services than may be needed or desired in the remainder of the City.

Petition Support Threshold: Based upon the request of, and the support from business owners and commercial property owners (proponent group) affected thereby, the City Council may determine a need exists to provide some of the services authorized by law for service districts that promote, serve, and benefit business owners and commercial property owners through the establishment of a service district within the area of the City of Alexandria. At least 60% of the commercial property owners in the Business Improvement Service District's (BID) proposed area must sign the petition to show support; each applicable taxable property gets one vote. If the proponent group is unable to meet the 60% requirement due to the non-responsive applicable taxable property owners, the proponent group needs to send the petition to ~~the non-responsive all~~ applicable taxable property owners via certified mail (or any mailing that provides the sender with a mailing receipt and verification that the mail was delivered or that a delivery attempt was made)-, a ballot on which to indicate whether they support or oppose the BID. Properties for which no response is received within ~~30~~60 days of when the certified mail is sent ~~may~~will be excluded from the calculation for determining whether the 60% requirement has been met. The City will review and approve the petition before it is issued to ensure it includes a clear request as to whether the owner supports or opposes the BID, that nonresponsive votes will not be counted in determining whether the threshold is met, and that regardless of the individual vote the owner may be taxed if the BID is established.

Assessment Timing: If a nonprofit BID corporation requests funding, in order to have the service district accord with the City's annual tax assessment valuation cycle and budget, the timing for the creation of the district is recommended to be the calendar year prior to the calendar year in which the assessment goes into effect. The tax ordinance would be presented with the City's other annual tax ordinance amendments.

Allowable Services: The ordinance or ordinances establishing the service district shall limit the powers of the BID/service district to those allowable in Code of Virginia § 15.2-2403.

Steps for establishing a BID in Alexandria:

Phase 1	Planning & Outreach
Step 1	Inform the City that you are considering BID formation. ACTION ITEM: Provide a Letter of Intent (LOI) to the City. The LOI will include: <ol style="list-style-type: none">1. The details of the entity forming the BID2. Neighborhood(s) where the BID is being proposed3. Proposed purpose of the BID
Step 2	Draft tentative business plan ACTION ITEM: <ol style="list-style-type: none">1. Agree on a vision for the District.2. Define tentative boundaries.3. Identify resource needs and funding sources.4. Identify services to be provided.5. Compile tentative business plan.
Step 3	Submit data request (see Step 5 for final documentation required) to the City along with tentative business plan. <ul style="list-style-type: none">- Data request could cover parcel and ownership information, GIS mapping, current levels of service, cost of services/materials
Step 4	Formalize the plan and supporting/administrative documents (see Step 5) and get required support for the plan.

Phase 2	Submission of Application (including signed statement of support) and Administrative Review
Step 5	<p>Prepare and submit documentation to the City:</p> <ul style="list-style-type: none"> • The name of and a description of the boundaries of the proposed district and specify any areas within the district that are to be excluded. <ul style="list-style-type: none"> • Map of BID area. • Describe the purposes of the district and the facilities and services proposed within the district. • Describe the benefits which can be expected from the provision of such facilities and services within the district. • Describe a proposed plan for providing such facilities and services within the district. <ul style="list-style-type: none"> • Business plan for the first 3 years of BID operation. • Assessment formula used for the BID add-on Real Estate tax and proposed first-year charges. • List of all commercial property owners in BID area. • Petition of support from the required number of commercial real property owners in the proposed district. Evidence of certified mail as applicable. • For the BID entity: <ul style="list-style-type: none"> • For a to-be-formed BID entity: (1) List of initial BID board of directors. (NOTE: The initial board of directors will be appointed by City Council as a part of the Service District Ordinance Approval process.) and (2) Articles of Incorporation and Bylaws of BID Corporation. • For an existing entity converting into a BID: (1) List of current board of directors; (2) copies of current articles of incorporation and bylaws; and (3) Proposed amendments to be adopted in connection with BID conversion.(NOTE: The initial board of directors of the BID entity will be appointed by City Council as a part of the Service District Ordinance Approval process.) • Other materials, as required pursuant to Code of Virginia § 15.2-2400 et seq. or as may be required by the City.
Step 6	City completes review of application and issues a finding that application criteria have been met and schedules public hearing for Service District Ordinance.
Phase 3	<p>Legislative Approvals</p> <p>Title 15.2, Chapter 24 of the Code of Virginia sets out the authority and process for the creation of service districts by a locality. In order to create a service district and levy and collect an annual tax on those properties in the district, a multi-step process needs to be undertaken.</p>
Step 7	<p><u>Service District Ordinance</u></p> <p>The service district must be created by ordinance (see Code of Virginia § 15.2-2400). The service district creates a legal boundary inside of which additional services can be delivered. This requires a public hearing prior to the creation of the service district. Notice of the hearing has to be published once a week for three consecutive weeks in a newspaper of general circulation within the City, with the first notice appearing no more than 21 days before the hearing.</p> <p>This ordinance must:</p> <ol style="list-style-type: none"> 1. Set forth the name and describe the boundaries of the proposed district and specify any areas within the district that are to be excluded; 2. Describe the purposes of the district and the facilities and services proposed within the district;

	<p>3. Describe a proposed plan for providing such facilities and services within the district; and</p> <p>4. Describe the benefits which can be expected from the provision of such facilities and services within the district.</p> <p>The process for the creation of the service district would be: (1) a Council public hearing as set out above and (2) the typical two meeting Council hearing process for the ordinance which would create the service district, first reading at a legislative meeting and adoption at a public hearing (City Code § 2-1-17).</p> <p>The Service District Ordinance may include the BID Entity Creation Ordinance (see Code of Virginia § 15.2-2403). Alternatively, the BID Entity Creation Ordinance and/or associated service agreement/MOU may be docketed separate from the Service District Ordinance.</p>
Step 8	<ul style="list-style-type: none"> • BID forming entity files BID articles of incorporation with the Virginia SCC • If the entity forming the BID is not yet a non-profit cooperation, it: <ul style="list-style-type: none"> • Applies for a federal employer identification number. • Applies for IRS recognition as a non-profit, tax-exempt corporation • If not already submitted, the entity applies for a tax-exempt business tax license to Department of Finance • BID entity holds initial organization meeting of BID <ul style="list-style-type: none"> • Select BID officers • Approval of ByLaws by BID
Step 9	<p><i>Tax Ordinance</i></p> <p>Should the BID desire to impose a local add-on BID tax, a public hearing for the tax related ordinance will need to be held. Levying this annual tax would require the typical two meeting Council hearing process for a tax - first reading at a legislative meeting and adoption at a public hearing (City Code § 2-1-17). In order to have the service district accord with the City's annual tax assessment valuation and billing cycle and budget, the timing for the creation of the service district is recommended to be the calendar year prior to the calendar year in which the tax goes into effect. The tax ordinance would be presented with the City's other annual tax ordinance amendments, which is typically presented in April each year. Coordinated timing with the City's budget process is essential in order for any BID tax to be established in time to be included on the City's Real Estate tax bill.</p>
Phase 4	Operations
Step 10	<p>Once BID has been registered and the required Tax Ordinance has been adopted, it can begin operations. Any add-on BID tax will be separately itemized on the City's normal Real Estate tax bill, due in two installments on June 15 and November 15 of the calendar year. BID funds would be deposited in a separate BID account as collected by the Department of Finance. The BID will submit an annual report to the City providing updates regarding the performance of the BID, and present an annual work plan including an annual budget request that will be subject to annual approval and funding by the City Council as a part of the adoption of tax ordinance amendments.</p>