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City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 21, 2022

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES F. PARAJON, CITY MANAGER /s/

DOCKET TITLE:
Adoption of Business Improvement Service District Guidelines.

ISSUE: Adoption of Business Improvement Service District Guidelines.

RECOMMENDATION: That City Council adopt the proposed Business Improvement Service District Guidelines.

BACKGROUND: Earlier this year, City Council adopted their calendar year 2022 priorities, which included “COVID-19 pandemic recovery: Identifying policies, practices and resources needed to ensure a resilient and equitable recovery for all residents and businesses.” Aligned with that priority, staff has created guidelines for City Council’s adoption that outlines how interested business communities, or proponent groups, can propose the formation of a Business Improvement District (BID). Groups of businesses in the City have expressed interest in exploring this tool as part of recovery efforts, and in recent years, the City has encouraged or required the formation of BIDs in new development areas. The guidelines provide the framework and instructions for these groups to request BID formation, - with the ultimate decision on formation determined by City Council on an application-by-application basis.

While the region and nation have moved into a phase of economic recovery, the environment for businesses in the City remains challenging based on continued negative impacts of the pandemic. Regional competition for customers and visitors is more prevalent and communities with existing BIDs and mixed-use developments with professional management have the advantage of pooling resources and more quickly executing new strategies. Alexandria business districts are aware of this disadvantage and believe that it is

time to explore this tool for their competitive and sustainability needs. The business and real estate community in various neighborhoods (e.g. Old Town, Landmark/West End Redevelopment, Potomac Yard) have expressed an interest in leveraging a tool such as a business improvement district to attract and sustain businesses within their neighborhoods.

A BID is a defined geographic area within a locality where the property owners request that the government levy an additional real estate tax on themselves to fund projects and supplemental services within their boundaries. BIDs are typically overseen by a nonprofit organization which is governed by stakeholders that operate businesses or own commercial property in the district. There are currently more than 1,200 BIDs operating throughout the United States, with dozens of those located in the Washington, D.C. metropolitan area.

Code of Virginia § 15.2-2400 gives localities the power to create service districts to provide additional, more complete, or more timely services within certain geographic areas. This is the mechanism through which BIDs are created in Virginia. BIDs are a proven model to deliver supplemental and additional services to urban areas in addition to what is currently provided by the local government.

DISCUSSION: The business community and City have been exploring the formation of BIDs for multiple years. During the most recent Old Town BID creation effort, the community, BID organizing group and City Council all recognized that the absence of guidelines for considering BID proposals was problematic. While neighboring Arlington County has three business improvement districts (Ballston, National Landing, and Rosslyn), there are no formal guidelines for BID formation by any jurisdiction in Virginia. New York City and Washington D.C. have BID guidelines which helped inform the City's proposed approach.

While each BID proposal will be reviewed on an application-by-application basis based on its completeness, merits, challenges and demonstrated evidence of support, the BID guidelines aim to provide clarity for City Council, City staff, the community, and BID proponent group(s) (e.g. business or real estate community) about:

- The legal process by which City Council can put a BID in place.
- What materials must be presented by the BID proponent group for City Council consideration.
- What assistance the City will provide to a BID proponent group preparing a proposal.
- How proposals for BIDs are considered by City Council including timing and other policy thresholds.

The playbook aims to provide broad threshold guidelines while allowing flexibility for different BIDs to formulate their own approach based on their respective circumstances.

FISCAL IMPACT: The adoption of the BID guidelines itself is not anticipated to have a fiscal impact.

ATTACHMENTS:

1. BID Guidelines
2. Presentation

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