



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 21, 2024

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

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

DOCKET TITLE:

Amendment of Business Improvement Service District Guidelines.

ISSUE: Amendment of Business Improvement Service District Guidelines.

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

BACKGROUND: 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 Business Improvement Districts/Business Improvement Service Districts (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. 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, DC metropolitan area.

Groups of businesses in the City have expressed interest in exploring this tool, and in recent years, the City has encouraged or required the formation of BIDs in new development areas. 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 this tool can help address their competitive and sustainability needs. The business and real estate community in various neighborhoods (eg. 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.

In June 2022, City Council adopted the Business Improvement Service District Guidelines (Guidelines) that outline how interested business communities, or proponent groups, can propose the formation of a BID. 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 each BID proposal will be reviewed on an application-by-application basis based on its completeness, merits, challenges and demonstrated evidence of support, the 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 Guidelines aim to provide broad threshold guidance while allowing flexibility for different BIDs to formulate their own approach based on their respective circumstances.

Since the adoption of the Guidelines, the Old Town Business Association (OTBA) and the developer of the Landmark Mall site have taken steps to request the formation of BIDs within the City.

DISCUSSION: The OTBA has led the BID organizing effort in Old Town and initiated a petition campaign in early 2023 as required by the Guidelines in order to file a BID application with the City. Despite a lengthy petition campaign, OTBA has noted that a large proportion of the property owners have not responded to the petition. It has also been noted that while some business tenants who will absorb the additional assessment given the nature of their leases have been supportive of a BID, they have absentee property owners who have been unresponsive. City Council directed staff to propose amendments to the Guidelines to allow for additional outreach to such unresponsive property owners in order to encourage them to engage in the petition process. The results from this additional outreach could then be a factor in making a determination as to whether a BID goes forward.

The City staff reviewed the Guidelines and have proposed the following amendments to address Council's direction, to provide clarification, and to update public notification requirements per State Code amendments:

- Provide clarification that the 60% threshold was intended to provide each property that would be subject to an add-on BID tax at the time of the petition one vote (*Under Petition Support Threshold*). The City's threshold can be compared with the District where a petition must be signed by owners of at least 25% in number of the individual taxable properties of record in the BID area as a whole.
- If the proponent group is unable to meet the 60% requirement, the proponent group needs to send the petition to the non-responsive 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). Properties for which no response is received within 30 days of when the certified mail is sent may be excluded from the calculation for determining whether the 60% requirement has been met. (*Under Petition Support Threshold*). Note the requirement to provide evidence of certified mail under Submission of Application (*Step 5*).
- Update the public notification requirements per service district statutory amendments - changed from "the hearing can be held no sooner than ten days after the date the second notice appears in the newspaper" to "the first notice appearing no more than 21 days before the hearing" (*Step 7*).
- Note the statutory requirement for an ordinance to create a development board or other body to which powers and responsibilities with respect to a service district as may be delegated (*Step 7*).

FISCAL IMPACT: The amendment of the Guidelines are not anticipated to have a fiscal impact.

ATTACHMENTS:

1. Amended BID Guidelines.
2. Amended BID Guidelines Redline.

STAFF:

Cheran Ivery, City Attorney

Christina Zechman Brown, Deputy City Attorney

Sarah McElveen, Assistant City Attorney

Stephanie Landrum, President & CEO, Alexandria Economic Development Partnership

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