

Articulating the Power of the Main Street and Special Assessment District Collaboration



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Executive Summary

Business Improvement Districts (BIDs) are an increasingly popular economic development and revitalization tool for downtown communities. This special assessment creates a unique public private partnership to support municipal improvements ranging from streetscape beautification to annual community events and festivals. This report examines the relationship of these districts with the Main Street America, in terms of funding and leadership dynamics. While the relationship between the two entities can often be contentious, this report determines the characteristics that are needed for both downtown groups to thrive. Through series of interviews with BID managers and key economic development leaders in Wisconsin, solutions and key findings for a successful downtown relationship are realized. These include organizational formation, one Board of Directors to govern both groups, continued stakeholder involvement and communication, and a dedicated envisioning process. With these practices in place, BIDs are a reliable funding source for Main Street Programs. This revitalization partnership gives property owners a direct stake in economic development planning and programming for their community. This report is meant to serve as an informational document for Main Street communities looking to create a BID as well as for BIDs interested in the Main Street Program.

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Introduction

Business Improvement Districts, more commonly referred to as “BIDs”, have a long history in conjunction with economic development and downtown revitalization throughout Wisconsin communities. When coupled with a Main Street Program, these special assessment districts have the ability to create a powerful downtown partnership. In order to provide support to Main Street communities with an existing BID as well as Main Street communities looking to create a BID, this report examines the necessary elements that allow for an efficient dynamic between the two entities. Once these elements are established, the power of this relationship is truly realized.

What is a Business Improvement District?

A BID is a special assessment levied on private property to meet the cost of public improvements within a specific geographic area. Therefore, BIDs are considered a “distinctive hybrid of public and private elements,” (Briffault 1999, p. 365). BID proponents applaud this dynamic because they “are animated by the spirit of ‘private enterprise,’ and offer the virtues of the private sector to the public sector,” (Briffault 1999, p. 372). Opponents of BIDs criticize the districts for being “undemocratic and contributing to wealth-based inequalities in the delivery of public services,” (Briffault 1999, p. 371). Despite their controversial qualities, BIDs are a very popular revitalization strategy for local communities in Wisconsin, as well as international metropolises like Toronto, Canada and Cape Town, South Africa (Kline, Dunn, Gieszler, Jordet, & Noyce n.d. p. 11).

These assessment districts are referred to by different names and acronyms depending on the state, but they all have the same underlying purpose in terms of funding downtown revitalization and development. According to the Wisconsin enabling legislation in 1984, a BID is a special assessment district that has the legal authority to raise funds to ‘undertake revitalization,’ improve ‘health, safety, welfare and prosperity,’ and promote the ‘continued vitality of the commercial business districts of this state’ (1983 Wisconsin Act 184). Additionally, despite their location within the designated boundary, residential and tax exempt properties, including government buildings, nonprofit organizations and religious institutions are excluded from the assessment (Wisconsin Statutes § 66.1109).

Today, Wisconsin ranks third for the number of BIDs in a state, only behind New York and California (Law 2016). There are over 85 BIDs in Wisconsin and 45 BID communities (Law 2015), which demonstrates the fact that some communities have more than one operating BID. Given this history and popularity, Wisconsin serves as a good case study for BID and Main Street partnerships.

If a Wisconsin community is interested in creating a BID, property owners within the district must petition the Plan Commission, or other applicable local unit of government, for permission to create the special assessment district and approval of the initial Operating Plan. The Plan Commission must post and publish a Class 2 Notice and hold a public hearing for the proposed BID. Within 30 days of the Public Hearing, the proposed BID can be rejected if a petition is filed by property owners representing at least 40% of the valuation of all property to be assessed, using the method of valuation in the proposed operating plan, or if a petition is signed by property owners representing more than 40% of the property value in the in the proposed district. If no petition is filed against the BID, the local legislative body will vote to create the district and adopt the initial Operating Plan (Wisconsin Statutes § 66.1109). This process illustrates the fact that BIDs are not imposed by local governments, but rather created by real property owners in the district. However, complications may arise if only a few property owners make up the majority of property value in the district (L. Field, personal communication, May 10, 2016).

BIDs operate under a Board of Directors according to an annual Operating Plan. In Wisconsin, the BID board is appointed by the chief executive officer, typically the Mayor, and must be confirmed by the local legislative body. There must be at least five board members, and the majority of them must be property owners in the district (Wisconsin Statutes § 66.1109).

BID communities typically apply an assessment levy based on the assessed value of the property. The statewide assessment average in Wisconsin is \$2.63 per \$1,000 of assessed property value. BIDs are considered a stable funding source, and as reported by a study from the University of Iowa School of Urban and Regional Planning, “All funds provided by the BID levy are invested within the district, expecting to ultimately increase property values and attract further investment. As the total number of properties in the district increases, the BID funds increase at the same levy rate and more improvements may be funded” (Kline et al., n.d p. 11). Therefore, this predictability and staying power creates a sustainable funding source for Main Street Programs, with many partially or fully funded by some sort of special assessment district. In Wisconsin, more than half of all Main Street programs receive financial support from a BID (“Main Street Communities” 2017).

Given their prevalence in economic development, this downtown relationship requires further analysis. BIDs in Wisconsin came into operation at a time when downtowns were struggling due to a recession along with the increasing development of big box stores on the urban fringe. In the late 1970s and early 1980s, many Wisconsin communities did not have a downtown organization to represent their merchants and other economic stakeholders. Therefore, BIDs were a practical solution for development and as their popularity increased throughout the state, so did the energy downtown. Communities across the state began to reap the benefits of this revitalization effort (B. Stitt, personal communication, March 1, 2016). The fact that BIDs have remained a fundamental tool in downtown redevelopment in the state (Kline et al., n.d p. 14), illustrates their revitalization capabilities at a larger scale.

What is Main Street America?

According to Robertson (2004), “The Main Street Approach is arguably the most widely used and heralded method of downtown revitalization - especially for smaller cities - in the United States (56). Stemming out of a demonstration project from the National Trust for Historic Preservation in 1977, the Main Street Approach was designed to preserve older commercial buildings in Midwestern downtowns (Robertson 2004). Main Street America provides revitalization tools and information to communities across the country. Since its inception, over 2,000 communities have implemented a Main Street Program (“The Programs” 2017). As seen in Table 1, the classic Main Street Approach centers on its Four Points of Economic Vitality, Design, Promotion, and Organization (“The Main Street Approach” 2017).

Table 1: The Main Street Four Point Approach

Economic Vitality	This work is rooted in a commitment to making the most of a community’s unique sense of place and existing historic assets, harnessing local economic opportunity and creating a supportive business environment for small business owners and the growing scores of entrepreneurs, innovators, and localists alike.
Design	Main Streets enhance their appeal to residents and visitors alike with attention to public space through the creation of pedestrian friendly streets, inclusion of public art in unexpected areas, visual merchandising, adaptive reuse of older and historic buildings, more efficiently-designed buildings, transit oriented development, and much more.
Promotion	This can be done through highlighting cultural traditions, celebrating and preserving important architecture and history, encouraging local businesses to market cooperatively, offering coordinated specials and sales, and hosting special events aimed at changing perceptions of the district and communicating to residents, investors, businesses, and property-owners that this place is special.
Organization	This can take many forms, from a standalone non-profit organization, to a special assessment district, to a program housed in a municipality or existing community development entity. Regardless of the organizational type, the focus is on ensuring that all organizational resources (partners, funding, volunteers, etc.) are mobilized to effectively implement the Community Transformative Strategies.

Source: Main Street America, 2017

Unlike BIDs, where a district can be created through a petitioning process, Wisconsin communities interested in Main Street must participate in a competitive application process through the Wisconsin Economic Development Corporation (WEDC). According to WEDC, applicants must complete a Main Street application workshop and demonstrate the following capabilities, commitments, and capacities listed in Table 2.

Table 2: Main Street and Connect Communities Eligibility Requirements

Organizational Capability	An applicant's ability to bring financial and volunteer resources together according to the National Main Street Center's four point approach to downtown revitalization.
Public Sector Commitment	The participation from local government in the form of financial and staff commitment to the local downtown revitalization effort.
Private Sector Commitment	The participation from local business and individuals in the form of financial and volunteer commitment to the local downtown revitalization effort.
Financial Capacity	The ability of the community to bring together comprehensive financial resources to adequately support the downtown revitalization program. For Main Street Communities, this includes funds to employ a local program manager to manage the effort for at least five years. Communities with populations of 5,000 or more must employ a full-time, paid program manager and meet a minimum budget requirement. Communities of less than 5,000 must employ a half-time program manager and meet a minimum budget requirement. A community's ability and commitment to hiring design consultants and provide training will also be taken into account.
Need	Applicants must show that they need the Main Street Program. This need is exhibited by vacancy rate, excessive competition from competing areas, blight, inappropriate history of design projects, and business mix issues.
Physical Capacity	An applicant's ability to show that they have sufficient building stock, businesses and a recognizable downtown district.
Historic Integrity	An applicant's existing historic resources in the downtown and genuine interest in saving and restoring their historic structures. WEDC will employ a Design Specialist to assist Main Street communities with design plans.
Local Main Street Communities must commit to training and sharing downtown revitalization information with communities that do not participate in the Main Street Program.	

Source: Wisconsin Economic Development Corporation 2017

In terms of funding Main Street Programs, communities rely on local government, downtown merchants and business, and public donations ("Main Street FAQs" 2017). Communities can also apply for state and federal grants including, HOPE VI funds from HUD ("Main Street Grants" 2016). However, given the time and effort involved in fundraising initiatives and grant applications, many communities fund their Main Street Program through a special assessment. In Wisconsin, 18 Main Street Programs receive funding from a BID ("Wisconsin Main Street Communities" 2017). This relationship is beneficial to the BID because Main Street provides a multitude of revitalization support to its member communities. Nonetheless, forming and maintaining this partnership can be difficult. This report seeks to identify the key characteristics that support a dynamic and sustained downtown network.

Research Methods

In order to examine the relationship of a BID as a funding source for Main Street, a series of interviews were conducted with BID managers and economic development leaders across Wisconsin. This report was part of a presentation at the National Main Street Conference in May, 2016 through the University of Wisconsin – Extension Local Government Center in collaboration with Dr. Chuck Law.

Facts and Findings

While BIDs alone are powerful entities in terms of funding downtown development, when coupled with a Main Street Program the benefits may have a greater impact. After conducting interviews with BID managers across Wisconsin and other key players in economic development, the following findings were reached:

- 1. It is best when BIDs and Main Streets form around the same time in order to avoid contention between organizations.**
- 2. One Board of Directors and the same boundaries makes things simpler.**
- 3. It is important to keep all stakeholders informed and involved.**
- 4. Communication and BID formation takes time.**
- 5. Organizations must think big picture and envision what you want your downtown to become.**
- 6. BIDs are a reliable funding source for Main Street.**

First, while there is no set timetable of development cities must follow, the timing of organizational formation is important. For example, the City of Omro created a BID in 1988 and it was not until over two decades later that the community became a Main Street community in 2011. In this case, the BID and Future Omro work together when common objectives between both organizations overlap (Omro BID 2016). However, most communities are not able to get either a BID or a Main Street off the ground with a decade plus gap between establishment. According to Jim Engle, the Executive Director of Wisconsin's Main Street Program from 1990 to 2011, it was always harder when a community entered the Main Street Program with an existing BID. Often, those who served on the BID Board felt like they lost some of their power when the community became a Main Street. From Engle's experience with Main Street, it is best when both the BID and Main Street form around the same time (personal communication, April 19, 2016). For example, Fond du Lac applied for Main Street during the same year the BID was formed, and today it is one of the most successful Main Street Programs in the state (A. Hansen, personal communication, April 19, 2016). Additionally, Wausau became a Main Street in 2002 and included their vision to create a BID as a funding source in their Program application. While the Wausau BID was not established until 2004, maintaining that vision pushed the community towards forming the BID (L. Field, personal communication, May 10, 2016). Given that the

WEDC Main Street application requires communities to demonstrate their public and private sector commitment, as well as their financial capacity (“Main Street and Connect Communities” 2017), a community with an existing BID or plans to create a BID may help them in the process. Therefore, while similar timing of formation is not entirely essential, it can make the process less complicated and contentious.

Next, having one Board of Directors for both the BID and Main Street helps simplify operations. According to Shauna El-Amin, Executive Director of the Downtown Beloit Association, having two separate Boards would require them to do “more with less”. The fact that they only have one Board helps maintain their focus on the long term goals for the downtown community (personal communication, May 6, 2016). Amy Hansen, Executive Director of Downtown Fond du Lac Partnership, Inc., agreed and claimed that establishing one Board for both entities was done for “reasons of simplicity” (personal communication, April 19, 2016). However, in Wausau things are a little different. While there is some overlap between boards, it is not a majority. Elizabeth Field, Executive Director of Wausau River District, Inc., stated that having a majority overlap between boards might raise suspicions of internal dealings. By having two boards, both entities have to report to a broader subset of the community that holds them more accountable (personal communication, May 10, 2016). Thus, while establishing one board to oversee both entities helps keep operations simpler, there are still some pitfalls to this approach.

Similar to only having one Board of Directors for both entities, having the same boundaries also helps simplify operations. Complications arise when the boundaries between both organizations are different (J. Engle, personal communication, April, 19, 2016). El-Amin claimed that the strict boundaries help maintain the focus on downtown and that it would be problematic if the BID boundaries were different from the Main Street. Furthermore, for businesses located outside the BID boundary, Beloit offers associate memberships. Due to their overall satisfaction with the BID and its benefits in terms of downtown development, these members pay a small fee to be a part of the BID. This association grants “inclusion” to a variety of downtown stakeholders even though they do not receive any grants associated with BID money (personal communication, May 6, 2016). Similarly, in Wausau, Field stressed that having the same boundaries helps keep the focus on downtown (personal communication, May 10, 2016). In cases where the community may have multiple “downtowns”, having an additional BID is better than one large BID (A. Hansen, April 19, 2016). Therefore, if a BID is created to fund a Main Street, it is sensible to have the same boundaries.

Furthermore, it is extremely important to keep all stakeholders informed and involved when establishing a BID and maintain that involvement throughout the organization’s lifespan. Hansen reflected on the time when the Board tried to raise the BID levy rate and how the first attempt was unsuccessful because property owners were not included in the process and did not fully understand why the assessment needed to be raised. However, after a year of meeting one-on-one with property owners in the District, improving communication networks and the way they “told their story”, the assessment increase passed with no dispute (personal communication, April 19, 2016).

*“Property owners can be
community champions”
Shauna El-Amin, Downtown Beloit
Association Executive Director*

This stakeholder involvement is vital for both Main Street Programs and BIDs. El-Amin recognized this involvement and claimed that Main Street has the tools required to get necessary community “buy-in” for the BID. According to Engle, communities with a Main Street Program looking to create a BID must handle the process the same way they handle fundraising. Additionally, Main Street communities with an existing BID must continue to “make the rounds” with property owners and stakeholders throughout the year and not just in “times of need”. By keeping partners informed and involved, they can truly see the value of the BID (J. Engle, personal communication, April 19, 2016). If property owners cannot see the value in a BID, it will be very difficult to establish one.

*“No one wants to be
the only person
ponying up”
Amy Hansen,
Downtown Fond du
Lac Partnership, Inc.
Executive Director*

Given the importance of stakeholder involvement and communication, BID formation takes time. Engle reflected on the fact that it takes about a year of community outreach, which highlights both the positive and negatives of a BID, before a BID can form successfully (personal communication, April 19, 2016). Hansen recommended Main Street managers looking to create a BID to allow plenty of time to “get the word out” (personal communication, April 19, 2016). Field agreed, and claimed that it was a very difficult process to get the Wausau BID started. As a result, the Wausau BID used a sunset clause for the first five years in order to get the required buy in from property owners (personal communication, May 10, 2016). While it may take time, using the proper outreach tools can help turn the process into a reality.

Next, in order for a BID to auspiciously support Main Street, those involved and pushing for BID creation must envision their long term goals for downtown. Bert Stitt, who served as the Downtown Development Coordinator for the State of Wisconsin Department of Local Affairs and Development and played an instrumental role in creating the state’s BID legislation, voiced the need to envision. Stitt stated that all members of the community must be a part of this visioning process, and they must renew their vision on a regular basis to make good things even better (personal communication, March 1, 2016). Engle agreed and stated that BIDs with a strategic plan and long term vision for their community were the most successful in establishing their organization (personal communication, April 19, 2016). In addition, according to Wisconsin BID legislation, the Operating Plan must include “its relationship to any municipal master plan” (Wisconsin Statutes § 66.1109). This requirement ensures that BIDs are planned in conjunction with the larger community goals. Therefore, if a BID is simply an afterthought for downtown development, it will not have the fortitude it needs to get established.

Finally, BIDs are a reliable funding source for Main Street programs. While some supporters of Main Street are simply not in favor of a tax increase as a funding source (J. Engle, personal communication, April 19, 2016), BIDs provide Main Streets communities with a multifaceted funding approach (A. Hansen, personal communication, April 19, 2016). In Beloit, the BID income accounts for only 30% of Main Street funding. Similarly, in Wausau, the BID represents 50% of the operating budget (L. Field, personal communication, May 10, 2016). If a Main Street has strong fundraising tactics and popular events, the BID can provide supplemental funding.

Additionally, a BID is a sustainable funding source, which keeps property owners and businesses involved in downtown development (Kline et al., n.d., p. 11). As long as they keep paying the assessment, the Main Street continues to receive the funds and the community reaps the benefits.

Conclusions and Recommendations

Building on the key findings, one can see the power of this downtown relationship. Due to the fact that BIDs and Main Street are collaborative by nature, these entities further strengthen public private partnerships. BIDs are subject to open records, which holds Main Street to another layer of accountability (A. Hansen, personal communication, April 19, 2016). From buying office supplies, to hosting annual festivals, Main Street events and activities funded by the BID levy must disclose all expenditures. This requirement holds Main Street and the BID accountable to both the City and property owners, because they are able to show exactly how and where their money is spent (Field, personal communication, May 10, 2016). Moreover, this collaboration creates a formal connection between Main Street Programs and local government. In Wausau, Field regularly attends public meetings in the city. Field claimed that being in the room is invaluable for their relationship with the City. For example, the Wausau BID has a good relationship with the Public Works Department, and therefore whenever there is a new development or construction project the BID is represented in the process (personal communication, May 10, 2016).

“I’ve always liked BIDs. They can work beautifully, but there are also contentious issues”
Jim Engle, Former Executive Director of Wisconsin’s
Main Street Program

Communication networks with property owners are also expanded. Property owners are paying an additional cost for the Main Street when a special assessment is used as a funding method. Therefore, they have a financial stake in the outcome of the Main Street and BID, both as separate entities and a collaborative partnership. This expansion of networks is especially important when creating a BID in a community with an existing Main Street or a community with a BID looking to achieve Main Street designation. Property owners must be kept involved and informed to ensure their political and financial support.

Finally, this partnership enhances downtown business recruitment, which is long term goal for most communities. This partnership creates tangible results in terms of redevelopment and revitalization, which attracts new businesses to the area and keeps current merchants and store owners from locating elsewhere. In Beloit, the BID is a helpful marketing tool for new business (S. El-Amin, personal communication, May 6, 2016). Hansen reflected on the BID in Fond du Lac and how it is vital to celebrate your successes. By showing the community that they are not putting all the money into one aspect of downtown, but rather investing in all types of

revitalization components, property owners are more likely to be supportive of the assessment (personal communication, April 19, 2016). When operated correctly, it can be a truly “inclusive” partnership allowing property owners a stake in the future of their downtown.

While this partnership can be contentious at times, BIDs provide Main Street Programs with a reliable funding source and direct buy-in from local property owners. It is important not to get discouraged if the BID does not pass in the first few times. A BID is not a “magic bullet” (L. Field, personal communication, May 10, 2016) and given the nature of local politics, a BID simply will not work in some communities. However, under the proper conditions and a dedicated vision, this special assessment is an invaluable asset for Main Street communities.

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