

Madison's Central Business Improvement District (BID) Assessment Method Review Subcommittee

Report to BID Board, February 4, 2010

BACKGROUND:

On August 3, the Business Improvement District was renewed for the 2010-14 term by affirmative property owner vote of 3 to 1, with more than 80% of eligible frontage voting. Prior to the affirmative vote, the Board received a letter from a property owner about the BID assessment method. That property owner and one other also circulated letters to BID property owners requesting review and changes to the assessment method.

On August 6, 2009, the BID Board formed an Assessment Method Review Subcommittee, to examine other models of assessment and the impact of our current system (based on lineal frontage), and lay out options for the entire Board to consider.

Subcommittee members: John Hutchinson, Lori Kay, Larry Lichte, Traci Miller, Maria Milsted, Brian Mullins, Stacy Nemeth, Rick Petri, Dan Cornelius (Board term ended Dec. 09), and Paul Muench (joined Subcommittee after being appointed to the Board in September). The Subcommittee elected John Hutchinson and Brian Mullins as co-chairs.

PROCESS:

The Subcommittee met 5 times in publicly noticed meetings (August 26, Sep. 30, Oct. 21, and Nov. 18, 2009, and Jan. 13, 2010).

The Subcommittee reviewed the Wisconsin BID State Statute, the current Method of Assessment in the BID Operating Plan, and the history and process of the Madison Central BID formation (attached). The Subcommittee reviewed a wide range of BID assessment methods, including examples from nearly twenty other BIDs in Wisconsin and across the United States. Calculations were run for six specific methods to illustrate the impacts if applied to the Madison Central BID properties. Specific attention was given to impacts on flatiron and corner buildings.

The Subcommittee's discussion and analysis of various methods is attached.

Over the course of five Subcommittee meetings, one BID property owner attended to provide public comment. One other property owner (who had previously written) wrote a letter to the Board providing comment; the letter was referred to the Subcommittee for consideration.

After careful consideration, the Subcommittee approved recommendations for consideration by the BID Board.

SUBCOMMITTEE RECOMMENDATIONS:

1. The Subcommittee believes that the current BID assessment method should not be changed.

Reasons to maintain the current assessment method include:

- The BID and its current assessment method were recently reauthorized for five years by a 3 to 1 vote with more than 80% of lineal frontage voting.
- The current method spreads power to renew or terminate the BID and thus set BID priorities among many property owners. No property owner controls more than 12% of the BID vote; only 10 property owners (of approx. 115) control more than 2% of the vote each.
- Alternative methods tested would shift more of the overall share of the BID assessment to the Capitol Square, which has a lower share of retail and restaurant businesses; would concentrate power to renew or terminate the BID among fewer property owners; and would shift BID priorities away from retail (the founding rationale for the BID) to office users, hotels, and banks.
- Alternative methods tested would result in extreme variations in BID assessments.
- Lineal frontage is a transparent, objective criterion, and can be measured by anyone.
- With the current method, BID assessments remain consistent and are predictable.

Further detail and analysis is attached.

2. The Subcommittee recommends that before any final Board decision there should be a meeting to which all property owners are invited and at which discussion, including comments from the owners, will take place. At the time of the invitation each property owner would receive some information and documents on what the Subcommittee considered. The Subcommittee agreed that the BID Board should have specific recommendations before involving all owners.

The meeting could be a Board meeting or a Subcommittee meeting. The Subcommittee believes that it would be preferable that it be a Subcommittee meeting because Board Meetings have more significant time constraints.

3. The Board can consider whether the Subcommittee should stay active.

4. Any inaccuracy in BID assessment computation should be corrected, and BID needs to have a mechanism for correction.

Attachments:

Summary: Various BID Assessment Methods Calculated & Analyzed
Charts showing calculation of various alternative methods
Wisconsin BID State Statute
Current Method of Assessment in the BID Operating Plan
History and Process of the Madison Central BID