
BUSINESS IMPROVEMENT DISTRICTS POLICY

1. Purpose of report

This report provides Council with a draft policy framework for implementing Business Improvement Districts in Wellington City.

2. Executive summary

Business Improvement Districts (BID) involve a local business community developing projects and services that support local economic development. The BID initiative is intended to support small to medium sized businesses in suburban centres, and meets the desire of some business communities to be more actively involved in local development. In a constrained funding environment, the BID initiative enables local businesses to fund local initiatives themselves and promote vibrancy in suburban areas.

Small to medium sized businesses (SMEs¹) represented 25% of Wellington city employees in 2011². In 2011, the Ministry of Economic Development estimated that SMEs account for 40 percent of the economy's total output on a value-added basis, and 31 percent of all employees across New Zealand³.

The development of the BIDs, and their projects and services is proposed to be funded by a targeted rate collected by the Council for the programme. The targeted rate ensures all businesses within the BID financially support the initiative, thereby encouraging community involvement. Given that a vote in favour of the BID is required prior to Council initiating a targeted rate, Council can be assured that the initiative is supported by the community.

BIDs have been clearly identified in the Economic Development Strategy and Centres Policy as methods to implement these strategies, including the aim of being Open for Business.

There is considerable work required to develop a BID business plan, including consultation and agreement with the community, and for Council to determine and set the targeted rate. This will result in any potential BIDs being considered by Council at the earliest as part of the 2013/14 Annual Plan.

3. Recommendations

Officers recommend that the Strategy and Policy Committee:

- 1. Receive the information.*

¹ SMEs are categorised as having fewer than 19 employees

² 2011 Business Demographics data

³ SMEs in New Zealand: Structure and Dynamics 2011; Ministry of Economic Development; September 2011

2. *Agree to the draft business improvement district policy (attached as Appendix 1) being released for public consultation.*
3. *Agree that Council officers report back to the Strategy and Policy Committee on the consultation by February 2013.*

4. Background

A BID is a defined area within which businesses pay a targeted rate to fund a collectively agreed programme of improvements.

Elsewhere, BID initiatives have undertaken a wide range of activities, provided that these activities are relevant for their business community and are not already being undertaken by the local authority. The scope of BID activities has focused on promotion of the area, advocacy, maintenance (cleanliness, graffiti, etc) and streetscape improvements. They have also addressed issues such as security employment, transport, business networking & support, environmental performance and recycling.

4.1 Benefits of BIDs

BIDs are valuable because they enable local business groups, with a clear mandate from their communities, to develop a range of services that complement the services provided by the Council.

The benefits of BIDs include empowering the local business communities to develop initiatives that enhance business vitality in their own community, and that they have close accountability to their levy payers. As they tend to be smaller and locally focused than city wide initiatives, BID initiatives can be more flexible in their approach and responsive to local needs in their service provision.

A BID initiative provides a self funding mechanism for local businesses in these areas to implement business initiatives that align and enhance these Council priorities, and helps achieve Council's goal of developing vibrant local centres.

4.2 Success factors

There are a number of key elements that have been identified as part of a successful BID process. These include:

- a clear BID policy and process;
- wide participation of the business community involved in the BID area;
- existence of a legally constituted organisation to host the BID;
- a clear strategy for the BID activity and financial realism that the levy will generate sufficient funds for the BID to be viable and sustainable (able to meet its costs and also deliver on the plan); and
- a democratic process for the adoption of the BID.

Reaching the position where a community organisation can apply successfully for BID status will require some level of support.

5. Discussion

There are a number of key points for Council to note. These relate to the policy approach taken, the requirement for BIDs to align with Council priorities, and Council support and involvement.

5.1 Policy Approach

The draft policy sets the criteria that any community group must meet for Council to consider setting a targeted rate, but leaves the responsibility for BID development with the local business community.

The policy requires a local business community to put forward a community-driven business plan. This is then submitted for Council's approval of the targeted rate to support their BID business plan.

The draft policy does not specify the level of Council involvement apart from supporting voting processes, the approval of the targeted rate in the Annual Plan process, and the ability to nominate Council members to BID executive committees.

5.2 Alignment with Council Priorities

A key recommendation of the policy is that BID business plans must align with the key economic and urban development strategies of the Council. This reflects the partnership approach, ensuring local business initiatives complement and align with Council outcomes.

Alternatively a BID could simply be a local rate that funds a range of locally agreed initiatives provided that they are not funded by general rates.

5.3 Council Support

There will be some Council support required as a contact point for any groups wishing to develop a BID and for the ongoing relationship with any successful BID proposals. Internationally, the responsibility for BID programmes has often been associated with community engagement or urban design functions. However, there are overlapping objectives between these matters and economic development, and a coordinated approach needs to be adopted to lead this initiative.

5.4 Nomination of Council members to BID boards

The policy includes the right for elected Council members to be nominated for the governance board of all BIDs. This can assist in developing collaborative relationships with Council but also has the potential for conflicting objectives in these roles.

5.5 Other Points

5.5.1 Locations

The potential locations for BIDs in Wellington are likely to be Miramar, Kilbirnie, Newtown, and Johnsonville.

These areas align with the Centres Policy as these locations were identified as appropriate sub-regional or town centres in that policy.

This does not include the CBD which has an existing targeted rate that contributes to the promotional strategies for the CBD and supports the economy

of the city as a whole. There is also an existing targeted rate applied to the Marsden Village Mainstreet programme that is primarily spent on promotional and village beautification activities.

5.5.2 Sustainability

An important initial step for a group interested in establishing a BID is to estimate the rating base and ensure that the BID programme is sustainable at the projected level of rating income.

The Auckland Council policy requires that a BID raise a minimum of \$50,000 for the targeted rate to be considered by the Council. This is to ensure that the BID is sustainable and can meet its service delivery expectations.

A question that needs to be addressed is whether it is economically viable at the proposed locations to establish a high enough rate to deliver a sustainable BID programme.

5.1 Consultation and Engagement

This is not a significant decision. Consultation is planned on the draft policy with groups that have expressed interest in BIDs.

It is recommended that a working group meets with interested community groups to review the policy and to provide feedback to the Strategy and Policy Committee in time for the 2013 Annual Plan. Any oral submissions will be scheduled in February 2013. This would enable the policy to be approved and potential BID proposals received for the annual plan process from 2013.

Officers have been working with the Wellington Employers Chamber of Commerce to liaise with small medium business owners and groupings, and plan to use this forum for consultation on this policy.

5.2 Financial considerations

Implementation of this policy requires the following:

- Approximately 0.5 FTE to manage the policy and lead engagement with any potential BID parties in the community. This will need to be absorbed within the current budget by re-prioritising existing resources.
- The level of resource will depend on the uptake of this policy and the successful development of BIDs by the community. In many cases there are existing relationships with these groups in place already and it may not require an additional resource.
- The application of economic development grants for supporting the establishment of BIDs. Currently there is \$50k in economic development grant funding available.

5.3 Climate change impacts and considerations

There are no climate change implications.

5.4 Long-term plan considerations

This initiative may assist in achieving the long term plan goals.

Any targeted rates for BIDs that the community applies for will need to be considered and approved in the Annual Plan process and will require approval of the Council.

The 0.5 FTE is anticipated for each subsequent year in a role to act as a contact point within Council for parties that want to establish any BID and any ongoing relationship management with these groups. This will need to be absorbed within the existing budget.

6. Conclusion

Business Improvement Districts provide a tool for local authorities to engage with local business groups. A targeted rate allows the business group to fund activities that have been agreed with their local community and which are not already delivered in local authority rates.

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SUPPORTING INFORMATION

1) Strategic fit / Strategic outcome

The policy supports Council's overall vision of Wellington Towards 2040: Smart Capital. It enables community business groups to establish local plans which complement Council activities.

2) LTP/Annual Plan reference and long term financial impact

Any targeted rates for BIDs that the community applies for will need to be considered and approved in the Annual plan process. Operational expenditure of a 0.5 FTE is anticipated for each subsequent year and will need to be absorbed within the existing budget.

3) Treaty of Waitangi considerations

There are no Treaty of Waitangi considerations.

4) Decision-making

This is not a significant decision. It presents a draft policy for consultation.

5) Consultation

a) General consultation

We propose that consultation occurs with existing community groups that are likely to have an interest in establishing a business improvement district and a final policy presented to council following this consultation.

b) Consultation with Maori

Mana whenua will be provided with a draft of the policy.

6) Legal implications

Council's lawyers will be consulted during the development of this report.

7) Consistency with existing policy

This report is consistent with existing policy with similar funding arrangements already in place for Marsden Village.

DRAFT BUSINESS IMPROVEMENT DISTRICT POLICY**October 2012****Table of Contents**

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1. Definitions

BID	Business Improvement District
BID Association Council	A legal entity constituted to administer the BID Wellington City Council
Elected Representative	An elected Council member nominated to be a member of the Executive Committee each year
Executive Committee	The body elected by businesses in the BID area to govern the operations of the BID
BID Manager	A person recruited or contracted to manage the BID programme

2. Overview

A Business Improvement District (BID) is a partnership between a local authority and a defined local business community to develop projects and services that benefit the trading environment and which align with the local authorities objectives. A BID is supported by a targeted rate, levied on and collected from non-residential properties within the defined boundary.

A BID provides a vehicle for local business led initiatives that support key city objectives of vibrant centres, business creation and development and increased employment.

3. Purpose of this Policy

This Policy provides guidance for prospective BIDs and as well as describing the role of Wellington City Council (Council) which is required to approve any BID and collect the associated targeted rates.

The Policy addresses:

- The responsibilities of the Council and BID Associations
- The objectives which a BID must meet;
- The process to establish a BID;
- The operation of a BID; and
- Managing the performance of a BID.

4. Framework for Partnership between Wellington City Council and Business Improvement Districts

4.1 Council Responsibilities

The Council will:

- Provide information and advice as appropriate;
- Consider whether to set a targeted rate for the purpose of BID programmes;
- Set a targeted rate, providing the Association has complied with the terms of this Policy; and
- Monitor and review the performance of BIDs.

4.2 BID Association Responsibilities

The BID Association will:

- Comply with its constitution and the BID policy;
- Comply with all other relevant laws and regulations; and
- Maintain proper meeting and accounting records demonstrating how the targeted rate and grant money is used, and make such records available to the Council on request.

5. BID Objectives

5.1 What Business Improvement Districts Can Do

All BID programmes should develop an in-depth understanding of the particular needs of their business community. The BID policy allows for a wide range of activities that could be undertaken with the provisos that:

- The activities align with the Wellington City Council's strategic objectives and priorities;
- The activities are relevant for their business community; and
- The activities are not already being undertaken as part of Council's responsibilities under the general rating provision.

5.2 Accountability

The BID Association is accountable to its eligible voters. It is also accountable to the Council for the use of the BID targeted rate and alignment with the Council BID Policy.

This accountability is supported by the development of a business plan, the measurement of key performance indicators, producing an Annual Report with audited accounts for its members, and annual reporting to the Council.

The Council is accountable for the collection and payment of the BID targeted rate amount to individual BID Associations, and ensuring the targeted rate collected is spent as intended. The BID targeted rate may only be applied to the agreed activities of the BID Association and for no other purpose.

Where the Council has serious concerns with performance of a specific BID Association, the BID targeted rate may be withheld until specific improvements or alterations have been made by the BID Association.

In accordance with the provisions of the Local Government Act 2002 and the Local Government (Rating) Act 2002, the Council will make the final decisions on what BID targeted rates, if any, to set in any particular year (in terms of the amount and the geographic area to be rated).

6. Alignment with City Strategies

BID's have been identified as important elements that can contribute towards delivering Wellington City Council's strategic objectives including those identified in the Economic Development and Urban Development strategies and the Centres Policy. They can also play an important part in the Wellington Towards 2040: Smart Capital strategy.

The strategic goals underpinning these strategies include:

- *Attracting, retaining and growing investment, creating jobs, and supporting sustainable economic growth in Wellington City; and*
- *Strengthening the vibrancy and multi-functional nature of centres, including their role as social and community foci, public transport hubs, places where people live and work, and centres for entertainment, recreation and local services.*

The business plan of each BID will clearly set out how it supports the priorities underpinning these strategies. The planning of the BID programme should take account of key Wellington City Council planning and policy documents.

7. Establishing a Business Improvement District

The following steps must be taken by any group proposing to establish a Business Improvement District:

1. Undertake initial consultation with the business community on the potential range of services a BID could undertake to determine its level of support for forming a BID. If there is sufficient interest (indicatively >25% support) then the following steps would be undertaken.
2. Confirm the district boundaries where the targeted rate would apply.
3. Develop a business plan outlining the proposed activities that will be funded by the targeted rate and which comply with BID policy.
4. Agree the level of targeted rate required to support the BID budget and the basis for its collection.
5. Agree a constitution and established a legal entity to administer the BID. The Council should be consulted on the constitution.
6. Develop a voting register of eligible businesses with the district.
7. Undertake full consultation on the targeted rate and the planned activities and complete an Establishment Vote with a majority vote supporting the BID.
8. Undertake an initial AGM, adopting the constitution, appointing board members and officers and approving the business plan.
9. Apply to the Council for a targeted rate, with the following supporting documents:
 - Evidence of a mandate from voters;
 - A business plan which is aligned with Council priorities; and
 - An approved constitution for the entity.

10. Gain approval of the targeted rate for the BID in the Council Annual Plan process. Note that the previous steps need to be completed in sufficient time so that steps 9 and 10 can be completed to meet the Annual Plan timelines. This would be expected to be submitted to Council before November of any year to be included in the following years Annual Plan process.

7.1 Considering A Business Improvement District

Discussions to explore the possibility of establishing a BID may be initiated at any time by any interested party. A key factor to support these discussions will be evidence that there is sufficient support from the community to sustain the challenge of establishing and operating a BID.

7.2 Initial Consultation

One of the first steps is to undertake initial consultation with key stakeholders within (and potentially outside) the proposed area. These stakeholders might include, for example, owners of businesses, land owners and ratepayers, local or central government agencies within the proposed BID, or interested community groups.

This consultation could include a public meeting to communicate the proposal to establish a BID, the area that it is proposed to cover, and its potential objectives and activities.

Following this initial consultation, the group proposing the BID will give feedback to Council on the response received, and whether they wish to proceed with the establishment of a BID.

7.3 BID boundaries

In the first instance, the Council will allow those proposing a BID to determine the boundaries within which the targeted rate will be collected. However, should the Council disagree on the proposed boundaries; the Council's decision is final, as it is the Council who takes responsibility for the targeted rate.

7.4 Setting the Targeted Rate

The Local Government (Rating) Act 2002 gives the Council authority to set a targeted rate for an activity such as a BID. The level of the rate needs to be sufficient to support the BID programme of activities. The BID must agree the total budget required for the programme with its members (at an AGM), and advise the Council that the BID targeted rate be included in the Annual Plan of the Council.

7.4.1 Rating Options

There are three options for calculating the targeted rate collection. Targeted rates can be established by the:

- Proportional Value method;
- Flat Rate method; or
- Hybrid method (which is a combination of both the proportional value and flat rate methods).

Council officers will work through the different options with BIDs on a case-by-case basis.

Proportional Rate Method

Under the Proportional Value method, the total amount of the targeted rate to be collected is divided by the capital value of the properties within the collection area. As a result, larger capital value properties pay a greater proportion of the targeted rate. Every property will therefore be paying a different BID targeted rate amount.

This method is preferable where owners owning or renting more valuable areas of land or businesses will gain significantly more from the BID programme than owners with less valuable areas of land or businesses.

Flat Rate Method

Under the Flat Rate method, the Council applies a flat rate for every rateable business within the BID programme area. This method is used where there is little difference between the size of the businesses within the boundary or the likely benefits from the BID programme.

Hybrid Rate Method

The Hybrid method involves setting a flat rate per business and then above this amount, applying a proportional rate based on capital value.

This method is most appropriate where there are a large number of small businesses balanced by a smaller number of large businesses operating within the BID area. The advantage of this approach is that it evens out the impact of the targeted rate across all businesses and ensures the larger businesses pay a higher amount proportional to their value.

The Hybrid rating method is often the preferred approach for a BID targeted rate.

7.5 Constitution of a Legal Entity

Before a BID can be set up, a legal entity to administer the BID must be established and registered. In many cases an incorporated society structure is used. The Council will not set a rate without evidence that the BID Association has been legally constituted and a constitution has been developed in consultation with the community. The Council should be consulted on the BID Association's constitution prior to registration.

7.6 Developing a List of Owners and Occupiers

A list must be compiled of owners and occupiers within the agreed boundaries of the BID. Businesses occupying, but not owning property, will need to be identified. The Council will assist in compiling property owner details. The list will form the basis of the voter register.

The following are not covered under this policy, will not be on the voter register and will not become liable for the targeted rate

- Private (non-business) residents;

- Properties owned by either local or central government (wholly or proportionally) including educational facilities, government offices and any property not attracting a commercial rate;
- Business owners who operate their businesses from residentially rated property within the BID; and
- Business owners who give a business address which is a commercial property within the BID, but who do not physically run their businesses from that address (for example businesses who use their accountant's address, or businesses who have mail delivered to a relative or friend running a business within the BID).

Those proposing the BID have the final decision over eligibility, in consultation with Council.

New properties or redeveloped properties that will be liable to pay the BID targeted rate appearing in the BID area during any financial year will not be rated until the following financial year. These properties have the impact of redistributing the existing total BID targeted rate collected.

7.7 Creating the Voter Register – Eligible Voters

Those proposing a BID must contact every owner and occupier within the proposed district to determine who will be registered as a voter on the final voter register.

This policy is based on the principle of 'one person, one vote'.

If the owner and/or occupier is an individual, that person should be registered as the voter unless they nominate someone else to act on their behalf. All future communication from those proposing the BID or the eventual BID Association must be addressed to that nominated individual, unless the owner or occupier subsequently communicates a desire to nominate a different representative to the BID Association.

If the owner and/or occupier is not an individual, those proposing a BID must communicate with the owner's management and request the name of a nominated representative to register as a voter.

All registered voters automatically qualify to become members of the BID.

Once established, it is the responsibility of the BID to maintain and update the membership register.

8. Polling in a Business Improvement District

8.1 Types of Polls

Those proposing a BID should consult with Council on the timing of BID voting. Polls must be completed in sufficient time so that they can be ratified by Council and any changes included in the Annual Plan process (refer to section 7 of this policy).

BID polls must be run in the following circumstances.

8.1.1 Establishing a BID.

A poll is held when the BID is being established to ensure that the rateable businesses within the district boundaries support the proposal.

8.1.2 Increasing or decreasing the boundary.

A BID may be expanded to include adjoining areas not included in the original proposal.

Where the BID is to be expanded, the BID Association can apply to the Council for a list of property owners in the new area, and arrange for a poll to be conducted in the expansion area only. In the event of a BID boundary being reduced, a poll is conducted for the whole BID area because this change implies a reduction in budget for the whole programme.

8.1.3 Dissolving a BID programme.

This may be called by the BID Association at any time however the Council does not need a disestablishment poll to stop setting a targeted rate.

8.2 Informing voters

The BID Association must inform all registered voters of any poll and ensure voters are aware of the key issues to be decided. Such issues include, but are not limited to:

- The boundaries of the proposed BID;
- The total budget and approximate targeted rate to be assessed;
- The objectives of the BID strategic and business plans; and
- The contacts for those proposing the BID.

To achieve these aims, those proposing a BID must:

- Advise and hold at least one information meeting, open to all interested parties, no less than 10 days prior to the poll closing; and
- Place at least two advertisements about the upcoming poll in local newspapers, at least seven days apart, with the last advertisement a minimum of three days prior to the poll closing.

Additional methods may be used to inform eligible voters of the upcoming vote, such as face-to-face meetings, email, fax or newsletters.

8.3 Sending out the ballots

The Council will provide the services of its Returning Officer or recommend one for the group to use. They will contact the Returning Officer as soon as the voter register has been finalised to enable the election service to begin preparing for the poll. Material prepared for the poll will include:

- A copy of the register of voters;
- A copy of an easy to understand information sheet outlining the BID proposal;
- A copy of a ballot form approved by the independent election service;

- A copy of a contact update form which includes the name of the nominated representative of the business; and
- Boundary information if the poll includes an increase or decrease of the BID boundary area.

Council's Returning Officer will send out an envelope including the information sheet, the ballot form, the contact update form and a prepaid return envelope.

8.4 The goals of the Poll

It is a goal of the BID poll to achieve a high voting return from the eligible voters for that poll; and with the majority of those votes (a majority by both number of eligible voters voting in the poll and that those voting in favour also represent the majority of valuation of those voting) being in favour of the proposition. This ensures that the vote has a high level of participation and has majority support by both larger and smaller entities within the district.

The higher the level of the voting return achieved by the poll will indicate the level of assurance for the Council in any decision to support, or not support, a targeted rate.

8.5 Proxy and absentee voting

Proxy voting is not permitted for BID polls. Registered voters who will be absent from their registered addresses during the period of the poll but who wish to vote, should provide a forwarding address to the BID.

8.6 Non-registered eligible voters

Those proposing a BID should attempt to ensure all eligible voters in a BID area are registered. In the event that an individual believes he or she is entitled to vote, but does not appear on the register of voters, the returning officer shall determine the status of the individual and whether a ballot should be issued to that individual.

8.7 Confirming the result

The independent election service will receive, count and verify all returned ballot papers. It will then report the result of the poll to those proposing the BID/Association and the Council.

8.8 Final Decision on BID changes to be made by the Council

The final decision about whether to establish, extend, reduce or disestablish a BID shall be made by the Council because, under the Local Government (Rating) Act 2002, it is the Council alone who can set the targeted rate. In making that decision, the Council will take into account, but will not be bound by, the poll result.

9. Annual General Meeting Process

9.1 Notification of the Initial AGM

The initial AGM will follow a successful establishment poll. At each AGM, the BID or Executive Committee must notify registered voters of the:

- Details of the AGM time and venue;
- Opportunity to nominate individuals to the Executive Committee;
- Proposal to change any part of the BID Association constitution; and
- Proposed BID Association budget, strategic and business plans.

9.2 Timing

The initial AGM should be held at least two weeks after the poll, to allow for nominations for the election of officers, and consideration of the draft constitution and draft strategic and business plans. Subsequently AGMs should be held annually and within four months of the start of the new financial year.

9.3 AGM Process

The Constitution will contain the procedures for conducting the AGM. This will include setting the nomination and election procedures, the minimum and maximum numbers of members on the Executive Committee, the processes for appointment of officers, and any meeting procedures.

The Council may nominate an Elected Representative to be appointed annually to the Executive Committee, in consultation with the Committee Chairperson. The Elected Representative will have voting rights but will be ineligible to hold officer positions such as Secretary, Treasurer or Chairperson.

The AGM should include a discussion and ratification of the documents and decisions made by those proposing a BID or the standing Executive Committee. This will include the draft BID Association constitution, the strategic and business plans (including key performance indicators); and the draft budget.

Acceptance of these documents and any amendments are subject to the majority vote of the assembled BID Association members.

9.4 Changes to the committee and constitution

Following the AGM, the BID secretary must register the approved BID Association constitution with any agreed changes. The Council must be advised of any changes to constitutions and the contact details of elected officers and committee members.

9.5 Application for the Targeted Rate

Once confirmation of legal incorporation has been received, the BID Association can apply to the Council for a targeted rate in its area. To be successful in its application, the BID Association must present the following information to the Council:

- Evidence of a mandate;
- Evidence of incorporation;
- The agreed BID boundaries;

- The budget that has been ratified at the AGM; and
- The business plan that has been ratified at the AGM.

10. Operating a Bid

10.1 Membership Rights and Responsibilities

Membership of the BID Association is automatic for any eligible voting business within the boundary area and entitles the individual member to:

- Attend and vote at all annual and special general meetings;
- Attend all meetings of the Executive Committee (but not vote);
- Stand for election to the Executive Committee;
- Receive regular communications about BID activities; and
- Receive notification of upcoming meetings and agenda items.

Membership of a BID requires agreement to abide by the association's constitution and follow all rules.

10.2 Associate Membership

Organisations outside of the boundary area or non-related members of the community are eligible to apply for associate membership. Associate members may join the committee if accepted by a majority vote of the Executive Committee. Their position is a purely advisory or liaison role, and they have no voting rights within the committee or at AGMs. Where appropriate, an annual membership subscription can be determined by the committee, and associate members are required to pay this subscription.

10.3 Executive Committee

The Executive Committee will be responsible to the BID Association for running the BID programme in accordance with the approved strategic plan and budget. The roles of the Executive Committee include: recommending projects and priorities; managing staff and contractors; overseeing the spending of approved budgets; and monitoring work progress against budgets and performance measures.

10.4 BID Manager's activities

Once the Council has released funds to the BID Association, the Association can implement the BID programme. This may include appointing a BID Manager to implement the programme, liaise with Executive Committee members, BID Association members, and council staff as appropriate. The BID Manager will report to the Executive Committee on progress against the BID Association's business plan and quarterly on KPIs.

10.5 Council – Executive Committee Relationship

The BID Association and Council will at all times communicate with each other in such a way as to most effectively further the strategic objectives of the stakeholders and to protect and enhance the partnership relationship between the BID Association and the Council.

Any Elected Representative of the Council appointed to the Executive Committee will have a role to facilitate this relationship and to provide Council input into BID programme development and decision making.

The Council officer assigned to the BID may attend Executive Committee meetings in an advisory role but does not have voting rights.

The Executive Committee will act as the BID Association's interface with the Council.

10.6 Budgets

The Executive Committee is responsible for preparing annual budgets. The annual budget may be increased as required but is subject to approval by the Council of any rating increase. Any increase over 10% or \$10,000 (whichever is the greater) must be approved by special resolution at a general meeting. A draft budget breakdown and indicative rate in the dollar increase must be circulated with meeting notification prior to the AGM or Special General Meeting.

In addition to the targeted rate, Executive Committees may raise funds through other mechanisms, including sponsorship, advertising and grants.

Any payment to the BID Association from the targeted rate will be by way of a conditional BID Funding Grant under the Local Government Act 2002.

Consistent with the Local Government Act 2002, the grant must be separately accounted for in the BID Association's financial records.

10.7 Financial Management

The financial year of any BID shall be 1 July to 30 June. The funding generated from any BID targeted rate will be paid to the BID Association after the end of each financial quarter.

10.8 Strategic and business plans

The strategic and business plans are the guiding documents for the proposed BID. These documents should reflect a representative view of the needs of the BID members and should be aligned with Council's strategies and relevant policies.

The strategic plan should be updated every three years and the business plan annually.

The strategic and business plans will include performance measures for the BID Association (its committee and management) and the performance of the BID.

One of the outcomes of the planning process is the preparation of a detailed budget that translates the BID objectives and priorities into a financial budget. The budget will be used to determine the overall level of the targeted rate.

10.9 Programme benchmarks and key performance indicators (KPIs)

Performance measurement for the BID programme is essential to identify success and to provide opportunities for learning, rewarding success, correcting failure and winning support.

These benchmarks will provide baseline measures against which progress can be objectively measured. Benchmarks could include factors such as:

Total retail sales	Pedestrian activity	Local employment rates
Business turnover increase	Visitor numbers	Type and number of businesses
Commercial rents	Vacancy rates	Perceptions of safety
Street cleanliness	Shopper/visitor satisfaction	

Benchmark information must be collected by the BID annually and should be monitored, reported on and communicated to members. The information should be made available to the Council within the partnership relationship.

BID Associations should develop key performance indicators for BID management processes. These could include factors such as:

Production of financial information, strategic and annual plans	Frequency and quality of communication with members
Attendance at meetings and minutes	Number of business development initiatives

10.10 Annual Review and Performance Measurement

The Council's Annual Plan and budget process provides a mechanism for reviewing BID budgets and existing programme boundaries.

Each year, eligible voters must be given an opportunity to review and comment on the business plan, budget and any proposed boundary change.

In order for the Council to change the targeted rate, the Executive Committee must submit a detailed programme and budget. This must include performance reporting against KPIs and the business plan.

By the end of November each year, the Executive Committee must provide the Council with the following information:

- A copy of the audited accounts and annual report for the previous financial year (including statements that the association has acted in compliance with its constitution and all other relevant laws and regulations); and
- Any proposed changes to the boundaries.

In January each year, the Executive Committee must provide the Council with a detailed programme and budget for the period 1 July to 30 June (the next financial year).

Eligible voters have a further opportunity to raise issues and concerns or to express support for the BID programme and budget through the Council's Annual Plan consultation process.

10.11 Council Review

Council will review the performance of the BID annually against the stated strategic and business plans, KPIs, audited accounts and annual report.

Where the Council has concerns with the progress or success of a BID, the targeted rate may be withheld until specific improvements or alterations have been made to business, communication or strategic plans, or implementation processes.

In accordance with the provisions of the Local Government Act 2002 and the Local Government (Rating) Act 2002, the Council will make the final decisions on what targeted rate, if any, to set in any particular year (in terms of the amount and the geographic area to be rated).

The Council may initiate a review of all or any particular BID programme outside the annual and three yearly reviews. Such a review will be funded via general rates.

10.12 Three Yearly Performance Survey

Every three years, the Council will commission a BID performance survey. The results of the survey will be used to analyse the performance of individual BIDs as well as the success of the BID programme on a citywide basis.

The survey process and delivery will be formulated in collaboration with all of the BID programmes to ensure a high rate of return and clarity of objectives. An approach of continuous improvement will be used for the survey to ensure that latest technology and best practice methods are considered and utilised where possible.

The cost of the survey will be funded proportionally (based on BID programme budgets) by the city's BIDs via the targeted rate.

The primary focus of the survey will be on the business community's perception of the effectiveness of the BID programme in each district. The survey will cover such aspects of the BID programme as: overall satisfaction; the ability of eligible voters to influence the programme; the results achieved; the communication processes used; and other such matters agreed between the Council and the associations administering BID programmes.

11. Dispute Resolution

11.1 Resolution between the Council and the BID Association

Any decisions about whether or not to set a targeted rate, the amount of that rate, to provide for an additional rate or alter the boundaries of the area subject to the rate, and whether or not to establish, disestablish, reduce or extend the BID, are within the discretion of the Council to make as part of its annual funding and rating decision-making process.

Any other disputes between the BID Association and the Council will be settled in accordance with the following procedure:

- Having exhausted normal means of resolving a dispute or difference (by engaging in a process of good faith negotiation and information exchange), either party may give written notice specifying the nature of the dispute and its intention to refer such dispute or difference to mediation;
- If a request to mediate is made then the party making the request will invite the chairperson of the New Zealand Chapter of Lawyers Engaged in Alternative Dispute Resolution ('LEADR') to appoint a mediator to enable the parties to settle the dispute;
- All discussions in the mediation will be without prejudice and will not be referred to in any later proceedings. The parties will bear their own costs in the mediation and will equally share the mediator's costs;

- If the dispute is not resolved within 30 days after appointment of a mediator by LEADR, any party may then invoke the following provisions;
- The dispute will be referred to arbitration by a sole arbitrator in accordance with the Arbitration Act 1996; and
- The award in the arbitration will be final and binding on the parties.

11.2 Resolution between owners and BID Associations

Disputes between owners or their nominated representatives (ONR) and the BID Associations will be settled in accordance with the following procedure:

- Unless matters can be resolved quickly and informally, ONR are obliged to bring their concerns to the attention of the BID Association's Executive Committee in writing. An initial written response is required within seven working days, outlining the manner and the time frame in which the concerns will be addressed. Council as major fund provider should be made aware of any such issues.
- Having exhausted reasonable means of resolving the dispute, the BID Association may approach the New Zealand Chapter of Lawyers Engaged in Alternative Dispute Resolution ('LEADR') to appoint a mediator to enable the parties to settle the dispute. All discussions in the mediation will be without prejudice and will not be referred to in any later proceedings. The parties will bear their own costs in the mediation and will equally share the mediator's costs.
- If the dispute is not resolved within a further 30 days after appointment of a mediator by LEADR, any party may then invoke the following provisions:
- The dispute will be referred to arbitration by a sole arbitrator in accordance with the Arbitration Act 1996.
- The award in the arbitration will be final and binding on the parties.