

**REPORT 2**  
(1215/52/IM)

**REPORT BACK ON CONSULTATION ON THE BUSINESS  
IMPROVEMENT DISTRICTS DRAFT POLICY**

**1. Purpose of report**

On 18 October 2012 the Strategy and Policy Committee (SPC) agreed that consultation would be undertaken on the Business Improvement Districts draft policy. This paper reports back on the public consultation and recommends that the Committee agree to the changes to the policy in section 8.4 as detailed in Appendix 2.

**2. Executive summary**

As reported in October 2012, 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 enable business communities to be more actively involved in local development. BIDs enable local businesses to fund local initiatives themselves and promote vibrancy in suburban areas.

Consultation on the BID policy drew a small number of responses, all in favour of the policy. There was support for a relatively high voting threshold to enable any BIDs to be established. There were a number of operational issues raised which reflects that to establish this initiative will require Council support to work through the details with any business groups that want to progress this initiative.

**3. Recommendations**

Officers recommend that the Strategy and Policy Committee:

1. *Receive the information.*
2. *Note the summary of submissions attached as Appendix 1, which are in support of this policy.*
3. *Agree to amend section 8.4 of the draft policy attached as Appendix 2, to state that it is a goal of the Business Improvement District poll to achieve a 75% voting return from the eligible voters for that poll; and for 75% of those votes to be in favour of the proposition.*
4. *Recommend to Council that it agree to the Business Improvement District Policy, attached as Appendix 2.*
5. *Recommend that the Council engage further with the interested parties on the Business Improvement District establishment process.*

## **4. Background**

Business Improvement Districts (BIDs) involve a local business community developing projects and services that support local economic development. BIDs are intended to support small to medium sized businesses in suburban centres. 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.

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

A paper was presented to SPC on 18 October recommending consultation on the draft BIDs policy. SPC agreed to the consultation.

This paper reports back on the consultation.

## **5. Discussion**

### ***5.1 Consultation and Engagement - summary of public submissions***

There were only five written submissions received by Council on this issue. The submissions are summarised in Appendix 1. Copies of the written submissions have been provided to Councillors.

A public notice was placed in the Our Wellington Page in the Dominion Post, and the draft policy, questionnaire and summary information were available at the Customer Service Centre, Central Library and online.

The consultation period ran for two months from 11 December to 11 February.

All five submitters were in favour of the draft BIDs policy. Three of the five submitters said the policy must ensure that for a BID to be established it must have an extremely strong mandate. The mandate would be achieved through:

- a) a high participation rate in the establishment pole, and
- b) a high percentage of participants in favour of establishing the BID.

The policy sets the establishment pole participation rate at 75%, and the percentage in favour of establishing the BID at 75%.

All other submitter suggestions were in regards to operational matters relating to the setting up of BIDs.

### ***5.2 Financial considerations***

The level of resource will depend on the uptake of this policy and the successful development of BIDs by the community. It is expected that this will be met within existing resources. In many cases there are existing relationships with these groups in place already.

### ***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.

## **6. Conclusion**

BIDs 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. Council has consulted on a draft BIDs policy. All submitters were in favour of the policy.

Contact Officer: *Nelson Sheridan, Senior Advisor and Geoff Lawson, Principal Programme Advisor.*

## 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.*

### **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**

*Council has consulted existing community groups that are likely to have an interest in establishing a BID. A public notice was also placed in Our Wellington and on the Council website.*

#### **b) Consultation with Maori**

*Mana whenua were 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.*

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## **Summary of Submissions**

A total of five written submissions were received, with two of them partially completing the feedback form.

All five submissions were in favour of the draft BIDs policy.

**Table 1. Summary of Submissions**

#	Name	Submission summary and comments	Officer comments
1	Wellington Employers' Chamber of Commerce	<p>Supports “the thrust” of the draft BIDs policy. However, several issues need to be addressed and clarified.</p> <ul style="list-style-type: none"> <li>▪ For an establishment vote to be binding there must be a significant majority of support for the draft policy, “i.e. much more than the 50% proposed”.</li> <li>▪ It needs to be clear that “businesses generally will benefit... and not just a select few”.</li> <li>▪ More clarity is needed on how the views of business tenants and rateable businesses will be taken into account and how the levy will be collected from both groups.</li> <li>▪ In setting the rate, the hybrid rate method is preferred as it still allows either of the other methods to be used.</li> <li>▪ There is scope to use the BIDs policy to refine the accountability of other targeted rates such as the downtown levy.</li> </ul>	Submitter offers general support for the draft policy.
2	Paula Warren, Thorndon	<p>Is interested in know how the BIDs policy would be integrated with other changes controlled by the Council – e.g. changes to footpaths and street crossings by WCC.</p> <p>50% of businesses should participate in the establishment poll.</p> <p>60% of property owners should be in favour of a BID.</p>	Submitter supports the draft policy.
3	Roger Tweedy, Enterprising People	<p>The policy is “sound”, but Council will need to work to engage local SMEs to gain their trust, as WCC is perceived as “business unfriendly”.</p> <p>Clarification is needed to define a ‘business, on how funds are distributed, and on defining a BID area.</p>	Submitter supports the draft policy.
4	David Fraser, Kilbirnie	BIDs must be long term and sustainable financially.	Submitter supports the draft policy.

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#	Name	Submission summary and comments	Officer comments
5	Allan Probert, Enterprise Miramar	<p>Is interested in exploring the option of becoming a BID.</p> <p>Suggests option of an “opt-out” clause so all areas move towards this mechanism unless a percentage of businesses opt out”.</p> <p>Specific skills, such as marketing, could be resourced through existing organisations like Grow Wellington and PWT. Also defines what he sees as the roles for Grow Wellington, PWT and WCC in relation to BIDs.</p>	Submitter supports the draft policy.

# APPENDIX 2



## BUSINESS IMPROVEMENT DISTRICT POLICY

**February 2013**

# **APPENDIX 2**

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# APPENDIX 2

## 1. Definitions

BID	Business Improvement District
BID Association	a legal entity constituted to administer the BID
Council	Wellington City Council
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 authority's 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.

There is no minimum size for a BID, however any proposed BID must demonstrate that it is viable and fit for purpose.

## 3. Purpose of this policy

This policy provides guidance for prospective BIDs, and describes 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 that a BID must meet
- the process to establish a BID
- the operation of a BID
- 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
- monitor and review the performance of BIDs.

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## **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
- 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
- are relevant for their business community
- are not already being undertaken as part of the Council's responsibilities under the general rating provision. There is no prohibition of BIDs within the Downtown Levy area where a particular business group wishes to provide services additional to those provided by the Council through general rates or through the Downtown Levy.

### **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, production of 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

BIDs 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*
- *strengthening the vibrancy and multi-functional nature of centres, including their role as social and community focal points, 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 percent 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 establish a legal entity to administer the BID. The Council should be consulted on the constitution.
6. Develop a voting register of eligible businesses within 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:
  - o evidence of a mandate from voters
  - o a business plan which is aligned with Council priorities
  - o 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 the Council before November of any year to be included in the following year's Annual Plan process.

## **7.1 Considering a Business Improvement District**

Discussions to explore the establishment of 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 the 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 which 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.

## **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
- hybrid method (which is a combination of both the proportional value and flat rate methods).

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

## **Proportional value 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 before 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
- 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 the Council.

New properties or redeveloped properties liable to pay the BID targeted rate and 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 the 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.

### **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.

## **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.

## **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
- 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 before the poll closes
- place at least two advertisements about the poll in local newspapers, at least seven days apart, with the last advertisement a minimum of three days before the poll closes.

Additional methods may be used to inform eligible voters of the 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. The group 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
- boundary information if the poll includes an increase or decrease of the BID boundary area.

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The 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 75% voting return from the eligible voters for that poll; and for 75% of those votes to be in favour of the proposition. (This majority must be by number of eligible voters voting in the poll, and those voting in favour must also represent the majority of rating valuation of those voting). 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, the greater 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 which 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. Accountability processes of the BID Association**

The BID Association will be required to have processes in place to ensure that it can demonstrate accountability to the levy payers.

This will include having:

- an appropriate constitution including membership rights for any eligible voting business within the boundary area (and any associate membership types) and entitlements of the individual member
- meeting processes including for the initial annual general meeting following a successful establishment poll and subsequent annual general meetings

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- processes for the appointment of any officers and Executive Committee and their rights and responsibilities
- processes for the development, approval and updating of the BID Association budget, strategic and business plans, and performance measures.

The Council must be advised of any changes to the constitution and the contact details of elected officers and committee members.

## 10. The relationship with the Council

### 10.1 Applying for the targeted rate

Once confirmation of legal incorporation has been received, the BID Association can apply to the Council for a targeted rate. 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
- the business plan that has been ratified at the AGM.

Any payment to the BID Association from the targeted rate will be by 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. The funding generated from any BID targeted rate will be paid to the BID Association after the end of each financial quarter.

### 10.2 Council – Executive Committee relationship

The BID Association and the 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.

The Council's Annual Plan and budget process provides a mechanism for reviewing BID budgets and existing programme boundaries. In order for the Council to change the targeted rate, the Executive Committee must submit a detailed programme, budget and performance reports.

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)
- 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).

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### **10.3 Council review**

In the Council's planning processes, it will review the performance of the BID against the stated strategic and business plans, KPIs, audited accounts and any reporting.

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 through general rates.

### **10.4 BID Performance Survey**

The Council may 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 used where possible.

The cost of the survey will be funded proportionally (based on BID programme budgets) by the city's BIDs through 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),

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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.
- 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 timeframe in which the concerns will be addressed. The 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.