



How to Start a Business Improvement District

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Business improvement districts have improved many neighborhoods in Washington DC, and they continue to make things better for city residents, workers and visitors. Seeing this success, several other neighborhoods have considered starting a business improvement district (BID). The DC BID Council has put together this list of steps as a guide for anyone considering starting a BID. Some steps are required by law; others (such as raising money) are recommended but not required. The DC Code, DC ST § 2-1215, lays out the requirements. Below is a short overview of the steps, followed by a more detailed list explaining each step.

Overview

1. Form exploratory committee.
2. Decide on BID area and assess interest.
3. Incorporate as a nonprofit.
4. Raise funds.
5. Research BID properties.
6. Decide BID tax rate.
7. Write business plan.
8. Work with Councilmember to get legislation introduced.
9. Collect signatures from property owners and tenants.
10. Submit application to the Mayor.
11. Mayor's hearing on the BID.
12. Start billing and services.

Washington DC BIDs

[Adams Morgan Partnership BID](#)

Anacostia BID

[Capitol Hill BID](#)

[Capitol Riverfront BID](#)

[Downtown DC BID](#)

[Georgetown BID](#)

[Golden Triangle BID](#)

[Mount Vernon Triangle BID](#)

Steps for Starting a BID

1. *Form a committee* of property owners, tenants, and other interested groups (merchants' associations, civic groups, ANCs, Councilmembers.) Not all of these people will be on the committee, but it is worthwhile to reach out to as many people as possible in the early stages.
2. *Decide on the area for the BID; assess interest in starting a BID:* Decide what the boundaries for the BID will be. Some BIDs are organized by blocks, others only include the commercial properties along certain corridors. Then see if there is interest in a BID for that area. Some BIDs have conducted a needs assessment survey to determine interest, others have organized informational meetings with property owners, tenants and other affected parties.
3. *Incorporate as a nonprofit and establish a board:* The BID law calls for a nonprofit “for the purposes of establishing a BID.” The nonprofit should be a 501(c)6 corporation. (visit <http://dcra.dc.gov/DC/DCRA/For+Business/Corporate+Registration> for instructions on setting up a nonprofit in DC and <http://www.irs.gov/charities/nonprofits/article/0,,id=169366,00.html> for information from the IRS.)
4. *Raise funds for the committee:* Getting a BID started takes considerable effort. It is useful to raise funds to pay for staff time to:
 - a. research area properties
 - b. write a business plan
 - c. outreach to property owners and businesses
 - d. collect petition signatures
 - e. prepare and mail the first BID bills

Some of these funds can be paid back out of BID revenue once the BID is formed (how much is to be paid back must be specified in the application to the Mayor).

5. *Research what properties would be in the BID and their assessed value and/or square footage:* The DC Office of Tax and Revenue hosts an online database of properties in DC which may be helpful:
<http://otr.cfo.dc.gov/otr/cwp/view,a,1330,q,594345.asp>. CoStar

BID Services

Cleaning: daily street sweeping and litter clean up, emptying trashcans

Maintenance: graffiti removal, tree trimming, minor sidewalk repairs

Safety: ambassadors on the street, coordination with DC police department, federal and private security services

Visitor information: ambassadors answering questions and give directions

Marketing: branding, promotional campaigns, banners, ads, social media

Homeless services: connecting homeless individuals with services

Beautification: planting trees and flowers, installing street furniture

Planning: participating in area planning efforts

Special events: organizing and supporting events, including concerts, farmers' markets, outdoor movies and yoga, festivals

Economic development: business recruiting and retention, research

Transportation: supporting innovative transportation, including the Circulator and Bikeshare

(www.CoStar.com) a subscription research service, also has information on commercial properties.

6. *Decide on a BID tax rate:* BID assessments are derived in different ways. Some BIDs have a rate per square foot, others use assessed value. For a list of BID tax rates, see DC BID Profiles, a publication of the DC BID Council that shows rates for each BID (there is a summary table at the end of the document):
<http://www.dcbidcouncil.org/storage/Profiles%202012%20April%2019%20final%20condensed.pdf>.
7. *Write a business plan:* The business plan should say what the BID wants to accomplish in the first five years of operation and should include a proposed budget. For information about what is included in a BID budget and what services cost, look at the annual reports from other BIDs. Most BIDs have their annual reports on line. Annual reports contain the audited financials from the previous year. These can help in determining expense categories and costs for various services.
8. *Work with Councilmember(s) to have legislation introduced:* The Councilmember responsible for the area where the BID is located should introduce the legislation. For samples of the legislation, the DC Council maintains an online database of legislation at <http://dcclims1.dccouncil.us/lims/>. Searching under the keywords “business improvement district” pulls up the bills that established the 9 current BIDs.
9. *Collect signatures from property owners and tenants:* The BID law requires that the application include signatures from “at least 51% of the number of commercial tenants (or their authorized representatives) occupying nonexempt real properties in the geographic area of the proposed BID, owners (or their authorized representatives) who own at least a 51% interest in the most recent assessed value of the nonexempt real properties in the geographic area of the proposed BID as a whole, and owners (or their authorized representatives) who own at least 51% in number of the individual nonexempt properties of record in the BID area as a whole.” All the BIDs formed to date have had the first provision (regarding commercial tenants) waived, and the last provision modified to 25% rather than 51%.
10. *Submit an application to the Mayor:* The notification should be in the form of a letter to the Mayor, copied to the Deputy Mayor for Planning and Economic Development (DMPED) and the Department of Small and Local and Business Development (DSLBD). The application should include: business plan, budget, articles of incorporation, bylaws, procedures for voting and for updating the bylaws, list of initial Board members, list of commercial tenants, the name and location of the bank that the BID will use, signed petitions, map, list of properties (including lot, square, street address, address of property owner and assessed value)
11. *The Mayor will hold a hearing on the BID:* After the hearing, the Mayor will either approve or reject the BID application. The hearing must be publicly noticed in the *DC Register*, either the *Washington Post* or the *Washington Times*, and a community newspaper serving the BID area.

All BID members must be mailed hearing notices, as well as the Council, the ANC, and any major citizens' association covering the BID area. The notice must be sent out 21 days before the hearing. The Mayor puts the notice in the *DC Register*; the BID is responsible for the other notices.

12. *Start billing and services*: BID tax bills are mailed out at the same time as city property tax bills in August and February (due October 1 and April 1). BIDs can start billing at any time with a prorated bill; however it is easier to start on the regular billing cycle if possible. The DC Office of Tax and Revenue (OTR) prepares the bills, but the BIDs are responsible for providing a list of square and lot numbers (SSLs) to be taxed, and for calculating the amount of BID tax due. The BIDs are also responsible for reviewing and mailing the bills. OTR collects the taxes and then transfers the funds to the BIDs. There can be a substantial delay between collection and transfer, especially if property owners don't pay the tax correctly, so that should be included in the timeline for startup.

Timeline of BIDs in Washington DC

1996 DC Council passes Bill 11-242 establishing BIDs in Washington DC

1997 Downtown DC BID created

1997 Golden Triangle BID created

1999 Georgetown BID created

2002 Capitol Hill BID created

2004 Mount Vernon Triangle BID created

2005 Adams Morgan Partnership BID created

2007 Capitol Riverfront BID created

2007 NoMa BID created

2009 DC BID Council is formed

2012 Anacostia BID created

This paper was produced by the DC BID Council, an association of the business improvement districts (BIDs) in Washington. More information about the DC BID Council is available at www.dcbidcouncil.org.