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Testimony of the Boston Municipal Research Bureau

Before the

Boston City Council's Committee on Economic Development and Planning

August 2, 2010

Regarding: Docket #0997, In Support of a Downtown Boston Business Improvement District

Mr. Chairman, my name is Sam Tyler, President of the Boston Municipal Research Bureau and I am here today to testify in support of Docket #0997 to authorize creation of the Downtown Boston Business Improvement District. The Research Bureau's office on Washington Street is situated in the middle of Downtown Boston and we firmly agree that the mix of commercial, retail, hospitality, nonprofit institutional and residential property in the area and the foot traffic of over 200,000 people daily demand a higher level of services than the City now provides. We believe that the supplemental services that a BID will offer beyond the City's baseline services will help revitalize Downtown Boston and support long-term enhanced maintenance of the area.

The Downtown Boston BID will encompass an area from the top bound by Tremont Street between Government Center and Boylston and Essex Streets and at the bottom by Congress and High Streets.

The Research Bureau has been involved with evaluating plans to create a Downtown Boston BID since the first effort in 1998 and later in 2002. We originally raised concerns that the City of Boston does not provide services commensurate with the service needs of this district or the taxes generated in the area. We noted that business properties already pay a disproportionate share of property taxes because of the City's application of classification. However, since 1998 we have come to recognize that the City of Boston's baseline services in this district do not meet the full extent of services required in this important economic area. We believe that the property owners in the district should have the opportunity to decide to raise additional resources to be privately managed to provide supplemental services and create an attractive destination area.

The process followed in presenting this Petition to the City Council in 2010 differs from the approaches taken in 1998 and 2002 in that the authorization to create the BID is based on state legislation (Chapter 400) rather than a home rule petition. One significant distinction between the two approaches is that under Chapter 400 property owners who choose not to participate in the BID are able to "opt-out" and not pay the assessment fee but also not receive any of the benefits. It should be noted that a residential parcel occupied by the owner is not subject to the BID assessment fee but the owner can choose to become a member. Residential properties include one-family to four-family properties and residential condominium units. Tax-exempt institutions, colleges, universities, hospitals and cultural organizations, can enter into voluntary support agreements and contribute to improvements in the district.

Four other cities in Massachusetts have established BIDs through the Chapter 400 process. BIDs in Springfield and Hyannis have been in operation since 1998 and BIDs were established in Westfield in 2007 and in Northampton in 2009. Boston is the only major city in the country without a business improvement district. BIDs have been established in cities since 1970 when the first BID was formed in Toronto. BIDs are increasingly used as an economic development tool to provide supplementary services to an area and multiple BIDs have been created in many cities. For example, over sixty BIDs now operate in New York City.

Downtown Boston was once touted as the third largest retail area in the Commonwealth as measured by gross sales and it remains an important element of the City's economy. The supplemental services provided by the BID will enhance the district and establish it as a destination location in Boston. The area will be enhanced through added cleaning and maintenance services, upgrading streets and sidewalks, adding landscaping and street furniture to distinguish the District. BID Ambassadors will provide information and guidance and serve as a watchful presence and communicate with the appropriate city officials when required. The results of this effort should promote business activity and enhance property values for BID members as has been experienced in other BIDs similar to the Downtown Boston plan.

The Petition to create the Downtown Boston BID is before the City Council because it was signed by at least 60% of the property owners in the district representing at least 51% of the assessed valuation of all taxable real property in the district. The purpose of the public hearing is for the City Council to determine whether the Petition satisfies the intent and establishment criteria of Chapter 400. After the hearing at a regular meeting within the specified time, the City Council can vote to declare the district organized and describe the boundaries and service area of the district. After the City Council's vote, the BID Steering Committee can begin to organize the governance and operation of the BID. Also, each owner of real estate in the district will be mailed a notice about the organization of the BID and an explanation of the process by which a property owner may elect not to participate in the BID. After the fifth anniversary of the creation of the BID, the BID Corporation Board will meet to evaluate the performance of the BID and determine whether to continue or discontinue the BID Corporation.

Based on an Improvement Plan that outlines the supplemental services for the BID district, the BID Corporation will establish annually the BID fees to be collected from participating property owners. The fees on each tax parcel owned by a participating property owner will be based on the parcel's assessed value and use with a distinction made for properties valued at \$70 million or less and those valued at over \$70 million. Bid fees will be billed and collected by the City and paid to the BID Corporation no later than 30 days after the BID fees are due.

The creation of the Downtown Boston BID will require city and BID officials to work collaboratively on an ongoing basis. Critical to the success of the BID will be the principles of agreement reached between the City and BID Corporation that ensure that the BID district continues to receive the type, level, quality and frequency of municipal services from the City subsequent to the establishment of the BID as it would otherwise receive if the BID were not established. The agreement should also describe the relationship and mutual responsibilities of the City and BID Corporation. The agreement should be in sufficient detail by department to allow for an accurate evaluation of the level of basic city service delivery. Preliminary draft agreements for a few departments are not yet at the level of specificity that will be required when the BID becomes operational. Further discussions are needed after the City Council approves the Petition before the final principles of agreements are set.

Forty years after the first BID was established in Toronto in 1970, the City Council should approve Docket #0997 to establish the City of Boston's first BID where it is needed most in Downtown Boston.