

## Downtown Asheville Business Improvement District: Operational Plan

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| <p><b>BID Introduction</b></p>     | <p>Business Improvement Districts (BIDs) are a common tool used throughout the country to provide enhanced services above and beyond what a municipality provides within a defined geographical commercial district. A BID does not replace city services, but rather is a supplement to existing services to enhance and fund services and improvements in a given district.</p> <p>There are more than 1,000 BIDs in the United States and approximately 50 in the state of North Carolina. Asheville is one of the larger markets in the region without any BIDs.</p> <p>A BID is a financing mechanism, authorized by state and local law, that receives its funding via a self-imposed property assessment from property within its boundaries. In North Carolina, BIDs are created under the Municipal Service District Act (G.S. Ch. 160A, Art. 23), and referred to officially as Municipal Service Districts (MSDs).</p>   |
| <p><b>BID Process Overview</b></p> | <p>A Downtown BID has long-been discussed in Asheville. It has been mentioned or identified as a recommended tool in several past city planning efforts and studies. In 2012, there was an attempt to form a BID in Downtown Asheville, resulting in a district that was created but not funded via assessment.</p> <p>The process that led to this Operational Plan included the following key components:</p> <ul style="list-style-type: none"> <li>• A BID Feasibility Study was conducted in the first half of 2023. Three commercial districts were evaluated as part of this study, including Downtown, River Arts District, and West Asheville. The Feasibility Study consisted of fieldwork in each district, stakeholder outreach, property data analysis, and a recommendation of BID readiness for each district. It was concluded that Downtown was BID-ready. The Study was conducted by Progressive Urban Management Associates, and funded by the Asheville Area Chamber of Commerce.</li> <li>• A BID Steering Committee was formed for the BID preparation work and Operational Plan development. A list of Steering Committee members can be found in the Appendix.</li> <li>• BID preparation and planning took place between September and December 2023. More than 450 community voices contributed to the plan, including interviews, meetings, committees, and an online survey distributed throughout the downtown community and beyond. Public officials, including city staff and elected officials, were consulted to establish the groundwork for how the public and private sectors could best collaborate on the BID.</li> <li>• BID Operational Plan development took place between December 2023 and February 2024. This work consisted of detailed scoping for potential BID services and operations, stakeholder workshops and meetings, the development of a base level of services agreement with City staff, and</li> </ul> |

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|  | <p>multiple iterations of a plan driven by this stakeholder feedback leading to a finalized version presented here. More than 150 community members participated in meetings to review the draft Operational Plan.</p>   |                               |           |                            |           |              |           |                                   |           |              |                    |
| <p><b>BID Objectives</b></p>             | <p>The Downtown Asheville BID is intended to be a private sector led and managed district improvement program pursuant to N.C. Municipal Service District Act (G.S. Ch. 160A, Art. 23). The BID has the following principal objectives:</p> <ul style="list-style-type: none"> <li>• To provide services, leadership, and advocacy that improve the downtown experience and quality of life, such as improving public safety and hospitality, enhancing cleanliness, and beautifying public spaces.</li> <li>• Be intentional about creating a downtown environment that is welcoming to all, with a focus on engaging Asheville residents.</li> <li>• To collaborate and align downtown stakeholders and be able to speak with a single unified voice on behalf of downtown.</li> <li>• To increase business activity and attract new investment, with intention to support small independent businesses.</li> <li>• To enhance property values, increase sales and occupancies.</li> <li>• To offer accountability to ratepayers through a property owner, business owner, and resident managed governance structure.</li> <li>• To create a mechanism for championing and sustaining downtown improvement efforts for the long-term.</li> </ul> |                               |           |                            |           |              |           |                                   |           |              |                    |
| <p><b>BID Boundaries</b></p>             | <p>The Downtown Asheville BID will encompass a large area of the downtown, as illustrated in Exhibit A.</p>  |                               |           |                            |           |              |           |                                   |           |              |                    |
| <p><b>Estimated Operating Budget</b></p> | <p>For the initial year of BID operation, an annual operating budget of \$1,250,000 is projected, generally allocated as follows:</p> <table border="1" data-bbox="397 1230 1078 1430"> <tr> <td>Safety &amp; Hospitality Services</td> <td>\$700,000</td> </tr> <tr> <td>Enhanced Cleaning Services</td> <td>\$300,000</td> </tr> <tr> <td>Contingency*</td> <td>\$100,000</td> </tr> <tr> <td>BID Management and Administration</td> <td>\$150,000</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>\$1,250,000</b></td> </tr> </table> <p>This budget would allow for the establishment of 15-18 FTE, with some variation by season, broken down into the service categories detailed in the following section.</p> <p>* The Asheville Area Chamber of Commerce has provided funding for BID feasibility and plan development. If formed, the Chamber would seek reimbursement from the BID for a share of these expenses. The reimbursement amount and schedule is proposed as \$50,000/year over the course of four years (\$200,000 in total). This would be allotted from the Contingency line item.</p>  | Safety & Hospitality Services | \$700,000 | Enhanced Cleaning Services | \$300,000 | Contingency* | \$100,000 | BID Management and Administration | \$150,000 | <b>TOTAL</b> | <b>\$1,250,000</b> |
| Safety & Hospitality Services            | \$700,000  |                               |           |                            |           |              |           |                                   |           |              |                    |
| Enhanced Cleaning Services               | \$300,000  |                               |           |                            |           |              |           |                                   |           |              |                    |
| Contingency*                             | \$100,000  |                               |           |                            |           |              |           |                                   |           |              |                    |
| BID Management and Administration        | \$150,000  |                               |           |                            |           |              |           |                                   |           |              |                    |
| <b>TOTAL</b>                             | <b>\$1,250,000</b>   |                               |           |                            |           |              |           |                                   |           |              |                    |

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| <p><b>BID Services</b></p> | <p>The BID will enhance services and support improvements as determined through an annual plan approved by the BID board of directors (the “BID Board”). Initial services will fit within the following general categories, with the general goal of enhancing the safety, cleanliness, and overall appearance of Downtown Asheville. Specific examples of services are provided within each category.</p> <p><b>Safety &amp; Hospitality Services</b><br/> Direct, provide, manage, and/or enter into contracts for dedicated uniformed patrols trained in hospitality and proactive engagements. Services provided by these patrolling uniformed staff include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>• <i>Hospitality and continual public engagement:</i> Providing a highly visible presence continually circulating through the district on foot, bike, or vehicle; and proactively engaging the public and responding to opportunities to provide directions, recommendations, or assistance; offer safety escorts on an on-call basis.</li> <li>• <i>Observing and reporting issues:</i> Continually circulating through the BID to provide high visibility and to address and/or report any activities deemed to be out of the ordinary; reporting crimes, disturbances, or code violations to the Police or Code Enforcement Departments as appropriate; proactively engaging with people in violation of pertinent ordinances or unacceptable public behavior.</li> <li>• <i>Business engagement:</i> Making business contacts to gather information about possible issues and concerns, distribute materials as needed, and report upon strategies and successes.</li> <li>• <i>Engaging with members of the street and unhoused population:</i> Noting anti-social behaviors and situations, and reporting to appropriate agencies for follow-up; directing individuals experiencing homelessness to connect with appropriate service providers.</li> </ul> <p><i>300-400 hours of average weekly service are estimated, with service 7 days/week, across two shifts (morning through midnight); however, this number is likely to change due to seasonality, special events coverage, and other considerations as the program develops.</i></p> <p><b>Enhanced Cleaning Services</b><br/> Direct, provide, manage, and/or enter into contracts for enhanced cleaning and maintenance within the district. Services provided by cleaning staff include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>• <i>Litter removal:</i> While circulating the BID, collecting and disposing of litter on sidewalks, at crosswalks, in landscaping beds, and along the curb line; topping off trash receptacles as needed; and reporting larger cleaning/dumping issues that require a greater response.</li> <li>• <i>Debris sweeping:</i> Removing dirt and debris from throughout the streetscape, sidewalks, and crosswalks.</li> <li>• <i>Graffiti abatement:</i> Removing graffiti, stickers, and handbills from all public fixtures.</li> </ul> |
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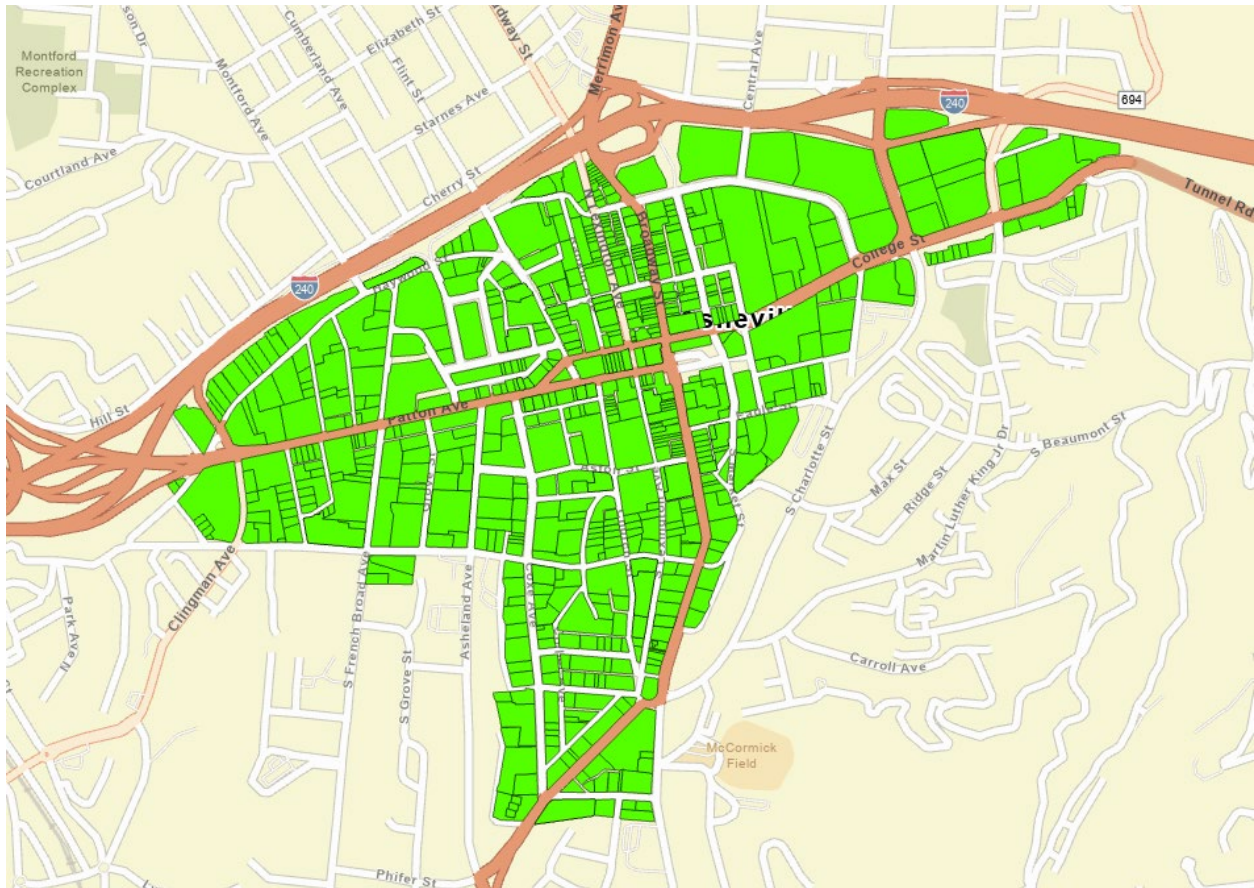
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|   | <ul style="list-style-type: none"> <li>• <i>Pressure washing:</i> Power washing and/or scrubbing of hot spots and high traffic areas with special equipment.</li> <li>• <i>Street furniture cleaning:</i> Wiping down benches, trash and recycling receptacles, bike racks, and other street amenities.</li> <li>• <i>Weed removal:</i> Eradicating major weeds growing in sidewalk cracks and around streetscaping.</li> </ul> <p><i>200-250 hours of average weekly service are estimated, with service 7 days/week, across two shifts (morning through evening); however, this number is likely to change due to seasonality, special events coverage, and other considerations as the program develops.</i></p> <p><b>Contingency</b><br/> The contingency fund is intended to give the BID stability and flexibility with a portion of its funds. This will help compensate for the uncertainty and unpredictability inherent in downtown management and will allow the BID board of directors to adapt to changing dynamics downtown. It can also be viewed as a flex fund that allows the BID to place additional emphasis on either enhanced safety or cleaning services in any given year.</p> <p><i>In the BID’s initial four years, the Contingency line item will be utilized for start-up cost payback to the Chamber of Commerce, at a schedule of \$50,000/year. The board will then have the option to rollover or spend the remaining \$50,000 for the initial four-year term. Therefore, Chamber reimbursement will have no impact on safe and clean service delivery levels, as discussed above.</i></p> <p><b>Management &amp; Administration</b></p> <ul style="list-style-type: none"> <li>• Administrative support, including resources for a qualified BID manager and program management expenses (i.e. office, services, audit, etc.), BID program insurance, bookkeeping, and administrative support to ensure that BID initiatives are managed effectively and maximize accountability to ratepayers.</li> <li>• Strategic planning and professional development to make sure that BID “best practices” are employed in Asheville.</li> <li>• Reserve for delinquencies and operations.</li> </ul> |
| <p><b>Estimated Assessment Method and Rates</b></p> | <p>In North Carolina, a BID (legally, a municipal service district) is a property tax district. Under state statute, the city may levy an ad valorem (property) tax within the BID in addition to the citywide ad valorem property tax, the proceeds of which finance additional services or projects provided in the district.</p> <p>The BID tax rate must be uniform throughout the BID, and BID assessments are calculated using Buncombe County taxable values and property classifications.</p> <p>The BID operating budget is distributed on a cost allocation basis to a database that contains taxable values for parcels within the district.</p>  |

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|  | <p>Estimated annual assessment for eligible properties within the BID is as follows:</p> <table border="1" data-bbox="397 268 1404 306"> <tr> <td data-bbox="397 268 954 306"><b>Downtown BID Annual Assessment Rate</b></td> <td data-bbox="954 268 1404 306"><b>0.0919 per \$100 of taxable value</b></td> </tr> </table> <p><i>The above rate was calculated using 2023 assessor data. The BID will be established using 2024 assessment rolls. Therefore, the final assessment rate will be re-calculated in June-July 2024 with updated property assessments, using the total budget of \$1,250,000.</i></p> <p>Under state statute, tax exempt properties are not compelled to pay a BID assessment. However, exempt properties—including governmental buildings—within the boundaries can voluntarily contribute. Once the BID is formed, a structure will be developed for voluntary contributions, but common practices from other BIDs include the following. Annually, when assessments are generated, the BID management entity will deliver letters to each exempt property owner in the district, outlining BID services, accomplishments, and the given property owner’s parcel data, including its market value as defined by the Assessor (different than taxable value). This market value will be used to estimate a voluntary contribution amount, factoring in appropriate discounts related to property classification (religious properties, social services, low-income housing, etc.). This request will be made on an annual basis in coordination with the overall assessment calendar, but will be undertaken separately by the BID management entity as opposed to Buncombe County Tax Assessor’s Office.</p> | <b>Downtown BID Annual Assessment Rate</b> | <b>0.0919 per \$100 of taxable value</b> |
| <b>Downtown BID Annual Assessment Rate</b> | <b>0.0919 per \$100 of taxable value</b>   |  |  |
| <b>City Services</b>                       | <p>The City of Asheville (the “City”) has established a documented base level of pre-BID City services. By law, the BID will not replace any pre-existing basic City services. Instead, BID services are supplemental, and intended to enhance overall service delivery within its boundaries.</p>   |  |  |
| <b>Collection and Enforcement</b>          | <p>BID assessments will appear as a line item on annual property tax bills and will carry the same lien authority for enforcement as property taxes.</p>   |  |  |
| <b>Term of the District</b>                | <p>The BID will be established with an initial term of 10 years. In Year 5, the BID will undergo a formal evaluation to determine that the services and assessment methods are consistent with the needs of the district. To extend the BID beyond the initial 10-year term, a new operating plan will be developed and presented to property owners, with the BID Board determining if the BID should continue in existence or pursue dissolution before City Council.</p>  |  |  |
| <b>Annual Adjustments</b>                  | <p>The BID Board shall develop annual budgets, which shall be submitted to City Council for approval. The BID Board may determine annual adjustments in assessment rates consistent with increases in program services, costs, and CPI (Consumer Price Index) increases; however, in no event shall annual assessments increase by more than five percent (5%) over the prior year. The BID assessment roll will be updated annually to incorporate new development.</p>   |  |  |

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| <p><b>District Governance</b></p> | <p>The BID will be governed by the BID Board comprised of property owners, business owners, business tenants, and residents, representing a wide variety of geographic sub-areas and use-types within the Downtown Asheville BID. A 14-member BID Board (plus 4 ex officio members) is anticipated with the following considerations:</p> <ul style="list-style-type: none"> <li>• A mix of small and large properties or businesses</li> <li>• Sensitivity to diversity of all kinds</li> <li>• Use-type representation, such as office, retail, dining, hospitality, residential, and non-profit (if a voluntary contributor)</li> <li>• Geographic representation</li> <li>• Representation from tenants that are not property owners</li> </ul> <p>Given the above considerations, a suggested composition for the BID Board is as follows:</p> <ul style="list-style-type: none"> <li>• Three (3) major commercial property owners (combined taxable value over \$4 million)</li> <li>• Two (2) large commercial property owners (combined taxable value between \$1.5 million and \$4 million)</li> <li>• Two (2) small commercial property owners (combined taxable value of less than \$1.5 million)</li> <li>• Two (2) residents (who own a dwelling within the district that is the primary place of residence)</li> <li>• One (1) resident tenant (who rents primary place of residence within the district)</li> <li>• One (1) retail tenant</li> <li>• One (1) food &amp; beverage tenant</li> <li>• One (1) office tenant</li> <li>• One (1) at-large</li> </ul> <p>Ex officio/non-voting seats include:</p> <ul style="list-style-type: none"> <li>• City Manager or designee</li> <li>• County Manager or designee</li> <li>• Representative of the Downtown Commission</li> <li>• Representative of Explore Asheville</li> </ul> <p>Board members will serve staggered three-year terms and can serve a maximum of two successive terms.</p> <p>When vacancies on the BID Board occur, a Nominating Committee consisting of the BID Executive Committee, it's past president, and two non-board members who are also downtown stakeholders will initiate a call for nominations. Nominations will be sought from the segment that the vacancy is coming from (i.e., retailers will identify a retailer nominee), and anyone qualifying via the composition requirements above will be able to submit qualifications during the nominating window. After the Nominating Committee makes recommendations, the board nominations for vacancies will be</p> |
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|                             | <p>submitted to the City Council by the BID Board. The City Council may accept nominations, or request that the BID submit alternative nominees.</p> <p>The BID Board will also be supported by a non-voting Community Council. The Council will be made up of representatives from key community partners and other downtown-oriented membership organizations, including:</p> <ul style="list-style-type: none"> <li>• Asheville Downtown Association (ADA)</li> <li>• Asheville Area Chamber of Commerce</li> <li>• Downtown Asheville Residential Neighbors (DARN)</li> <li>• Asheville Independent Restaurant Association (AIR)</li> <li>• Hotel Association</li> <li>• The Block Collaborative</li> <li>• Asheville Grown</li> <li>• ArtsAVL</li> <li>• Downtown Social Service provider representative</li> <li>• Other business and community groups within the district</li> </ul>  |
| <b>Management Structure</b> | <p>By North Carolina statute, a management entity for the BID must be secured through a competitive request for proposals shortly after BID formation. It is common that BIDs are managed by business-based non-profit organizations.</p>  |
| <b>District Formation</b>   | <p>There are a series of procedural steps required by State Statute to establish the BID. There is no petition or referendum requirement. The goal is to establish the BID so that it takes effect at the beginning of fiscal year 2025 (July 1, 2024), with BID assessments levied for the 2025 tax year. Steps leading to this are summarized as follows:</p> <ul style="list-style-type: none"> <li>• This Operational Plan will serve as the BID Report that will be completed and finalized in partnership with the Steering Committee, and submitted to City Council. <i>Final possible date for submittal: May 13</i></li> <li>• The Report, once finalized, must be available for public inspection for 4 weeks in the office of the City Clerk before a public hearing is held.</li> <li>• Not earlier than 29 days after the completion of the report, the City Council must hold a public hearing on the BID. Notice of the hearing must be mailed out 4 weeks prior to the scheduled date of the hearing. This can be done contemporaneously with making the report available with the Clerk. <i>Final possible date: June 11</i></li> <li>• Passage of a BID ordinance requires two readings and affirmative votes. This must take place at separate meetings of the City Council, so two weeks will pass between, from the initial to the final vote. <i>Final possible date: June 25</i></li> <li>• The BID must then go into effect no later than July 1, as it must be initiated with the start of a new fiscal year. This will occur no earlier than one week after the last Council vote.</li> <li>• A City procurement process would then follow for a third-party vendor to run the BID.</li> </ul> |

## EXHIBIT A: BID Boundary Map



### APPENDICES (to come)

- A. Steering Committee Members
- B. Survey Summary
- C. Priorities Handout Survey Results
- D. Base Level of Service Agreement
- E. Petition-Support Signatures/Letter