

Council Agenda Memo

From: Jake Losinski, Assistant to the City Manager

Meeting: April 16, 2018

Subject: Resolution Establishing Boundaries of a Proposed Business Improvement District and Creating Business Improvement District No. 2 Board

Presenter: Jake Losinski

Background: State law 9-55-4 allows municipalities to create Business Improvement Districts (BID) to carry out various projects and tasks including improvement of public places and promotion of the community. The City of Vermillion has already created BID No. 1 which consists of the hotels in the community and levies an occupation tax per occupied room. BID Board No. 1 makes recommendations to the City Council on how these funds should be spent and has typically focused on events that would draw visitors to the community.

City Staff identified the creation of a second Business Improvement District centered around Downtown Vermillion as a potential source of funding to contribute towards the Downtown Streetscape Plan. BID No. 2 would potentially assess property owners within the district boundary for their share of improvements made as part of the Downtown Streetscape Project. The City Council allocated \$1 Million of 2nd Penny Funds towards the Downtown Streetscape project in the 2018 Budget and a new Business Improvement District would help to raise funds towards this project.

Discussion: The Resolution before the Council sets the boundaries of a proposed Business Improvement District. Staff used the Central Business District boundaries as a model for the proposed boundaries. The Resolution would also create BID Board No. 2. At a future meeting, the Mayor and Council could appoint members to the Board, who would then study the issue of a Downtown Business Improvement District.

The steps to create a Business Improvement District, set out in State law, include:

1. City Council adopts a resolution designating boundaries of a proposed business improvement district. SDCL 9-55-4 & 9-55-5 (the current resolution fulfills this step).
2. City Council adopts resolution establishing a business improvement board of directors. SDCL 9-55-5 & 9-55-6 (the current resolution fulfills this step).

3. Mayor with approval of City Council appoints business improvement district board of directors. SDCL 9-55-5.
4. Board of Directors recommends plan for improvements in the district to City Council. SDCL 9-55-5.
5. City Council adopts resolution of intent to create business improvement district, SDCL 9-55-7
6. Notice of Hearing is mailed 30 days prior to the hearing to each owner of taxable property for the proposed district along with a copy of the resolution of intent to create the business improvement district. SDCL 9-55-8.
7. Public Hearing and adoption of ordinance establishing the business improvement district SDCL 9-55.
8. Publish Notice of Adoption of Ordinance.
9. Effective Date of Ordinance.

It is important to note that approving this resolution would not commit the City Council to creating a Business Improvement District and would not place any assessments upon property owners. If approved, this action would create the BID Board No. 2, which would then study the issue and make a recommendation to City Council.

Staff believes that a contribution from the Downtown property owners would be the most equitable way to pay for the Downtown Streetscape Project. Without a Business Improvement District or an assessment on property owners, the rest of the community will end up paying for improvements that would normally be paid by Downtown property owners, such as sidewalks.

Financial Consideration: None for this step other than publication of the resolution.

Conclusion/Recommendations: Administration recommends adoption of the resolution defining the boundaries of the proposed business improvement district and the creation of BID Board No. 2.