

Proposed Arts District BID FAQ

What is a BID (Business Improvement District)?

A business improvement district (BID) (also known as a special improvement district or a business improvement area) is a public/private sector partnership in which property and business owners of a defined area elect to make a collective contribution to the maintenance, development and marketing/promotion of their commercial district.

BIDs typically provide services such as street and sidewalk maintenance, public safety officers, park and open space maintenance, marketing, capital improvements, and various development projects. The services provided by BIDs are a supplement to the services already provided by the municipality.

The proposed Arts District BID is a property-based BID, which means that the BID is funded through special assessments collected from the property owners in the defined boundaries of the district. If the BID is approved, this assessment will appear on your property tax bill. This assessment is passed from the County Assessor to the Los Angeles City Clerk, who distributes funds to your BID.

What does this petition mean?

BID formation requires two steps:

1. Petition process – this surveys property owners to gauge interest in BID formation. Property owners representing 50% + \$1 of the total BID District assessment must vote yes in order to move on to step 2.
2. Ballot process – ballots are sent to all property owners within the proposed BID boundaries. Property owners may vote “yes” or “no.” The City calculates the total assessment for the ballots received. Property owners representing 50% + \$1 of that total must vote “yes.”

If the proposed Arts District BID is approved, it will have a 5-year life, after which it must be renewed by a new vote of the district property owners.

What is the BID budget?

The proposed Arts District BID budget is approximately \$1 million:

\$811,831	Safe and Clean programs (security and maintenance)	80%
\$70,594	Advocacy/Administration	7%
\$65,552	Communications/Development (marketing/promotion)	6.5%
\$40,339	Reserve fund (to cover slow or delinquent taxpayers)	4%
\$20,170	City Fee	2%

Why should I pay for a BID?

- The City is unable to provide the level of clean and safe services that this area needs.
- The BID can create and maintain a consistently cleaner and safer public-right-of-way for your employees, visitors and customers. 78% of the BID budget goes directly to maintenance and security.
- Physical blight (trash, debris, graffiti, encampments) and perceived blight (negative impressions of an area) adversely affect your property value. A BID can improve the overall perception of a community through maintenance, security, advocacy and marketing.
- Central City East faces many problems with public urination and defecation, narcotics, prostitution, property crimes/vandalism/graffiti, gangs, panhandling and encampments. The proposed Arts District BID area is the only substantial portion of Downtown that has not established a BID. Without the security, maintenance and advocacy that a BID can provide, there is every reason to expect problems to worsen in the Arts BID area.
- BIDs have clout. BIDs have significant political strength because they advocate for hundreds of property owners in the District. For example, the City of Los Angeles routinely consults with BIDs in order to make policy decisions for a community. BIDs also lobby at the state and federal levels.
- BIDs can help you solve problems in your community and identify resources for your business.
- Unlike many taxes, the BID assessment provides direct, known services to your area. You have the opportunity for input and control over how these tax dollars are spent.
- The Arts District BID must be renewed every five years by a new vote of the assessed property owners. CCEA currently operates two BIDs, Toy District and Central Industrial District, which were formed in 1998. In 2003, both were successfully renewed by a majority of property owners who are pleased with BID services. During renewal, Central Industrial expanded its boundaries at the request of property owners who wanted to become part of the BID.