

BID FAQs

What is the legal authority for the Downtown Business Improvement District (BID)?

- The existing Downtown BID was created by Ordinance No. NS-1715 adopted by the City Council in 1984 as authorized by State law. The State law was updated in 1989, prescribing additional procedures for levying BID charges including the requirement for an Advisory Board and the requirement for the City Council to hold two public hearings annually prior to levying the BID charge.

What is a business improvement district?

- A business improvement district is a type of special assessment distribute in which business owners collectively choose to be assessed, with the assessment proceeds then used by local business organizations to improve and promote the business district.

Who collects the BID charge?

- The City collects the BID charge in conjunction with collection of the business license tax. BID revenues received by the City are place in a special account and can only be used for BID activities.

How much will businesses pay for the BID charge?

- The 1984 approval of the BID established the following BID charges:
 - BID charge is 1.5 times the annual business license tax for the following businesses –
 - Amusement services
 - Pawnbrokers
 - Service Stations
 - Classification “A” businesses which include (but are not limited to) retail sales, hotels, motels, theatres and food establishments
 - BID charge is .25 times the annual business license tax for the following businesses –
 - Commercial rental property
 - Rental property
 - Residential and rooming house
 - BID charge is 1 times the annual business license tax for the following businesses –
 - All other businesses, including professions, trades and services

How many businesses will pay?

- There are currently 620 businesses in the Downtown BID area that would pay the BID charge.

Who serves as the BID Advisory Board?

- In 2003, the City Council appointed the Community Housing and Redevelopment Commission as the BID Advisory Board. In this role, they make annual recommendations to the City Council regarding operating agreements and budgets for the expenditure of BID revenues.

Does every business in the district pay?

- The BID charge is collected from every business that pays the City a business license tax. There are some businesses or organizations in the Downtown which have a business license but which are not required to pay the City business license tax due to State law or other regulations. These businesses, therefore, would not pay the BID charge.

Is the PBID still in existence? Do property owners pay?

- Effective March 6, 2013, the PBID is no longer in existence, including the annual PBID assessment charged to property owners.
- Property owners will pay the BID charge only if they are also paying a business license tax.

What is the process to reactivate the BID charges?

- The process requires two public hearings before the City Council.
 - The first City Council hearing will declare its intent to consider levying the BID charge.
 - At the second public hearing, the City Council will consider all protests. If protests equal less than 50% of the total BID charge valuation, the City Council will then consider levying the BID charge. If protests are greater than 50% of the total BID charge valuation, the BID charge cannot occur.

What is the estimated revenue should the BID be reactivated?

- Based upon current business license activity, the City estimates that the BID charge revenue will be approximately \$250,000 per year.

When were BID charges last collected?

- The Downtown BID charges were last collected in 2007.

Who will determine how the BID revenues are spent?

- If the City Council levies the BID charge, the City Council will also approve operating agreements with Downtown organizations. The operating agreements will define how the BID charge revenues can be spent for the year.

Why will Downtown, Inc receive 50% of the BID revenues?

- As a part of the elimination of the PBID, the City Council approved a Settlement and Release Agreement with Downtown, Inc. As part of that agreement, the City Council agreed that should the BID be reactivated, Downtown, Inc would receive 50% of the BID revenues for programming for three years. The specific use of the funds will be outlined in an operating agreement, which the City Council will consider concurrent with the BID reactivation.

What group will receive the other 50% of the revenues?

- The group that has indicated interest in programming the other half of the BID revenues is the Santa Ana Business Council. The City Council, at their meeting of January 22, 2013, directed staff to work with Downtown, Inc and the Santa Ana Business Council to develop operating agreements for consideration concurrent with the BID reactivation.

What types of activities can the BID charges fund?

- Per the Santa Ana municipal Code, BID charge revenue can fund the following activities:
 - Decoration of any public place in the BID area;
 - Promotion of public events which are to take place in the BID area;
 - Furnishing of music in any public place in the BID area; and
 - The general promotion of business activities in the BID area.
- For many years, the BID charge revenues were programmed by the Downtown Santa Ana Business Association (DSABA). DSABA generally utilized the BID funds for sidewalk cleaning, security, special decorations, events, and marketing.
- For the next three years, due to the City's agreement with Downtown, Inc, the City will fully fund the Clean & Safe program for the Downtown. Cost for these services is \$400,000 per year.
- With the Clean & Safe program funded, it is anticipated that the operating agreements with Downtown, Inc and Santa Ana Business Council to program BID revenues will focus on events and marketing activities.

How do I show support for reactivating the BID?

- If you support the reactivation of the BID, you are encouraged to make your support known to the Santa Ana Business Council, Downtown, Inc. and /or the City Council.

What do I do if I am not in favor of reactivating the BID?

- If you oppose the reactivation of the BID, you may file a protest with the City Council on or before the date of the public hearing to approve the BID charge. The City will make available protest forms prior to the public hearing.

How are protests counted – one business/one vote or proportional?

- Per State law, a business' protest vote value is based upon the total BID charge paid by the business. In other words, businesses paying a higher BID charge have a more highly weighed vote than those businesses which pay less.

Do residential properties pay?

- Residential rental properties pay a business license tax and therefore, would be subject to the BID charge.

What is the BID boundary?

- The BID boundary was established in 1984.

