

**THE CITYWIDE BUSINESS IMPROVEMENT DISTRICT  
PROGRAM  
FREQUENTLY ASKED QUESTIONS (AND ANSWERS)**

**WHAT ARE THE DIFFERENCES BETWEEN A MERCHANT BASED AND A  
PROPERTY BASED BID?**

The three main differences are: (1) the type of assessable parties, (2) the forms of required ratification, and (3) the lifespan of the districts.

(1) **ASSESSABLE PARTIES.** Merchant based BIDs allow improvement assessments to be charged to business owners, defined as engaged in any type of business. Property based BIDs allow assessments to be levied upon property owners, defined as any person shown as the owner of the land on the last equalized assessment roll or otherwise known to be the owner of the land by the City Council.

(2) **RATIFICATION.** Both types of business improvement district require a ratification procedure to be completed; however, the procedure to calculate the support level differs between the two BID types.

Merchant based BIDs are established through a process which involves public hearings before the City Council and the opportunity to protest against district establishment. Experience has demonstrated that greater community involvement with formation of the district results in less opposition to the project. Establishment ratification occurs by tabulating the opposing/protest documents filed with the City. The district may be established if protest level does not equal fifty percent of the assessment value. Merchant based BIDs must also be ratified or "reconfirmed" annually after each funded operating period in order to receive funds to continue operations. The City Council reviews the BID operations as described on the BID Annual Report and receives any suggestions, complaints, public comments or requests for changes to the district's activities. If a majority protest does not occur the City council, subject to approval by the Mayor, may then authorize the next year's assessment to be levied, thereby providing funding for the operation of the district.

Property based BIDs are also established through a process involving public hearings before the City Council and written protest levels are tabulated as well. However, prior to tabulating the value of any protests received and in order to establish a property based BID, the project's supporters must collect petitions which support district establishment and which have been signed by a majority of the affected property owners. Property based districts may be authorized by the City to operate for between one and five years after which time the "reconfirmation" process, which is similar to the original establishment process, must be completed. If "reconfirmed", the district may operate for up to ten years.

If a majority protest does not occur the City Council, subject to approval by the Mayor, may authorize establishment of the district and the levy of the assessment. In addition, the California Constitution requires that the City conduct and certify results of an assessment ballot procedure prior to the establishment or the reconfirmation of any property based BID.

(3) DISTRICT LIFE. Merchant based BIDs technically have a one year lifespan and property based BIDs operate over a ten year maximum lifespan.