

# Business Improvement District (BID) Policy



Approved by: Timaru District Council

Date approved: TBC

## 1. Purpose and definitions

1.1. The purpose of this policy is to:

- a. provide guidance for prospective and established BID programmes and explain the requirements and responsibilities of the Timaru District Council BID programme;
- b. be "enabling" rather than "requiring". Any initiation of a BID programme will come from a business community rather than being initiated by Council;
- c. provide clear guidance but also be flexible enough to enable innovative solutions to local requirements to be explored and implemented.

1.2. This policy addresses:

- a. Roles and responsibilities of relevant parties;
- b. Objectives that a BID programme must meet;
- c. Processes required to establish a BID programme;
- d. General operation requirements of a BID programme;
- e. Monitoring and reporting of performance of a BID programme.

1.3. The policy will be reviewed at least every five years to ensure it continues to meet the needs of the business community, relevant other stakeholders, and Council.

1.4. In this policy:

- a. BID means Business Improvement District;
- b. BID Association means a legal entity constituted to administer the BID.

## 2. Background

Business Improvement District (BID) programmes enable businesses within a defined geographic area to work with their local community, the Council, and other key stakeholder organisations to improve the local business environment.

Working together can create stronger town centres and business districts that are better positioned to take advantage of economic opportunities and are resilient to economic shocks and disruptions.

Town centres are about people and their needs; they are places with a history and a community story and connectivity. They provide convenience, choice, value, comfort, leisure, entertainment, connectivity and cohesion. Centres are about place-making and place-making is about communities having ownership, a sense of belonging, and pride.

This policy provides direction on how to establish a BID programme and Council's expectations of how a BID programme should function.

Council can assist with the establishment of a BID programme and support the implementation of the programme to leverage the contribution local communities make to the economic wellbeing of the district as a whole, while remaining cognisant of the social, environmental, and cultural drivers.

The BID programme also provides a mechanism to advocate to Council for appropriate infrastructure, facilities and services to support business activity and to have a business perspective to inform Council policies and initiatives.

A BID programme is a public / private partnership. It can develop projects that attract assistance and may be in partnership with Central Government and / or Council or other agencies and organisations.

A key feature of the BID programme is the ability to secure sustainable funding through non-residential properties within a defined BID programme area paying a targeted rate. The rate is collected by Council and passed onto the organisation running the BID programme to fund its work programme.

A BID programme should, however, be more than a purely financial relationship between the parties; it should provide opportunities to develop collaborative approaches to achieve mutual development goals and outcomes.

Establishing a BID programme takes time and engagement and requires considerable effort, resources and commitment. A successful BID programme is characterised by the willingness of members to get involved in the development of their area, of which they have a thorough and intimate understanding, along with a belief in the philosophy of self-help.

While it is expected a BID programme will be operated by a business association, Council will consider alternative organisations to be the BID programme operator. An example is where a new entity may be established with representation from the business association and other local key business interests.

### **3. BID Programme Purpose and Value**

A BID programme creates a partnership enabling Council, the relevant community board where appropriate, and a BID programme operator to develop, formalise, and enhance relationships between local businesses and Council. This relationship is a key element for successful local economic development and enhancing business prosperity.

The value of a BID programme can accrue to the partners involved in a variety of ways, including:

#### **3.1. For the BID Association**

- a. Increases business prosperity for members, through the provision of services, support, advocacy and initiatives that enhance the local business environment.
- b. Provides regular and sustainable funding. This enables delivery of initiatives identified in the operator's strategic and business plans and provides value to members over a longer period than is usually possible when operating on a voluntary basis.
- c. Is aimed at growing business returns, leading to increased business turnover, increased profit, increased property values, ability to reinvest for further growth.

The requirements and expectations of a BID Association are covered in this Policy.

### **3.2. For Community Boards (where applicable)**

- a. Community Boards and local businesses have a common interest in a particular place and share similar goals. Working collaboratively is likely to promote better local outcomes for businesses and for the local community.
- b. Enables a Community Board to engage with the local business sector in a coordinated way. It encourages local business investment, promotion and local economic development.

### **3.3. For Council**

- a. Enables Council to engage with local business sector in a coordinated way. It encourages business investment, promotion and economic development.
- b. The BID programme promotes outcomes Council is seeking in its relevant strategies and plans.

Council's role and expectations are covered by this Policy.

## **4. Alignment with Council Strategies and Plans**

**4.1.** BIDs can be an important element in contributing towards delivering Council's strategic objectives, including those identified in economic and urban development strategies. These objectives and strategies will be reviewed from time to time to ensure the direction of Council is aligned with both legislative and community need therefore balances the required demands of economic, social, environmental and cultural outcomes as these may vary. BID proposals must remain conscious of operative strategic objectives, along with the consequence of changes to these as signalled through Council's consultative processes.

**4.2.** The strategic goals underpinning these strategies include:

- a. Attracting, retaining and growing investment, creating jobs, and supporting sustainable growth in the Timaru district.
- b. Strengthening the vibrancy and multi-functional nature of centres, including bolstering their role as social and community focal points; public transport hubs; integrated places of living and working; entertainment centres; recreation hubs; and a general focal point for local services.

**4.3.** The business plan for any BID will clearly set out how it supports the priorities underpinning these strategies and plans. The planning of the BID programme should be cognisant of the key Timaru District Council planning and policy documents, including but not limited to the following:

- a. **Long Term Plan:** Any BID process will impact on Council's Long Term (LTP), and Annual, planning process and cycle. Both a BID proposal and the LTP require consultation. It is possible for both consultation processes to operate in parallel with the LTP signalling a potential targeted rate, and the BID consultation supporting or otherwise the setting of that rate along with the implementation of the resulting programme. Any BID proposal will need to demonstrate alignment to the proposed LTP strategy and direction.
- b. **Timaru District Plan:** The Timaru District Plan details the objectives, policies and rules that manage land use and subdivision activities in the district. Any BID proposal must align with the operative District Plan.
- c. **City Hub Strategy:** A City Hub Strategy is being developed to define the vision and identify the various elements that contribute to the vitality of the Timaru Central Business District (CBD). The City Hub Strategy is intended to:
  - 4.3.c.1. Define the vision of the City Hub;
  - 4.3.c.2. Identify elements that contribute toward achieving the vision through community and stakeholder engagement;
  - 4.3.c.3. Develop the objectives and methods to achieve each element acting as a guide to Council, stakeholder groups including owners, developers and infrastructure providers.

#### **4.4. Timaru townships master planning (where applicable)**

Any current or proposed local town plan or (re)development initiative concerning the areas of Geraldine, Pleasant Point and Temuka, along with their environs may be considered a future BID potential. This policy is intended to provide scope for the possibility of a BID programme initiated in these Community Board precincts.

#### **4.5. Strategic Priorities and Community Outcomes**

Council's strategic priorities and community outcomes or community wellbeing outcomes are statements in its Long Term Plan describing how Council sees Timaru both now and in the future. The community outcomes/community wellbeing outcomes cover the full range of community well-beings and, as with all plans, strategies and objectives, these will be reviewed by Council from time to time. Any BID programme should align with Council's strategic priorities and community outcomes/community wellbeing outcomes in its Long Term Plan.

## **5. Objectives and Programme Scope**

**5.1.** All BID programmes should develop an in-depth understanding of the particular needs of their business community. The BID policy allows for a wide range of activities that could be undertaken with the provision that the activities:

- a. Align with Timaru District Council strategic objectives and priorities including community outcomes/community wellbeing outcomes;

- b. Are relevant for the business community;
- c. Are not already being undertaken as part of Council's responsibilities under the general rating provision.

**5.2.** BID Associations must prepare a Strategic Plan (three to five year) and an Annual Business Plan that detail the priorities, work programme and projected budget. A BID Association can choose to focus their initiatives in any direction that best supports the aims and objectives of the BID programme members.

### **5.3. Programme Activities**

Activities that a BID Association may choose to undertake within their local area could include, but are not limited to:

- a. Advocating to local and central government and agencies.
- b. Promoting their area to prospective new businesses.
- c. Collective marketing and promotion.
- d. Enhancing the street environment (for example, providing additional cleaning services, beautification projects, promoting safety and security).
- e. Business development, mentoring, networking and training.
- f. Sustainability and resilience planning.
- g. Enhancing the urban form (for example, heritage projects or improving the accessibility of businesses).
- h. Collective purchasing agreements.
- i. Running or hosting events.
- j. Providing services to members or wider - cutting costs for members and/ or generating revenue.

**5.4.** Council will provide details of the capital projects and levels of service it has committed to deliver through its existing work programme and funded from rates. This information is available through Council's Annual / Long Term Plan consultation process.

**5.5.** There may be opportunities for Council to advise the business association or other organisation of enhancements to planned capital projects or increased levels of service that are prioritised by the community but not budgeted in Council's existing work programme that the business association or other organisation may wish to consider as a BID project.

**5.6.** While Council will always negotiate in good faith, any change to the levels of service or service delivery approach will be at Council's discretion as it must always consider the interests of the wider community and maintain its ability to deliver cost-effective services.

**5.7.** Where a project proposed by a BID programme operator impacts the public realm, the BID Association will first consult with the affected community on the proposed project.

Following consultation, Council will consider whether to approve the proposed project, following any required consultation.

### **5.8. Memorandum of Understanding**

A Memorandum of Understanding (MOU) between the Council and the BID Association defines the relationship between the parties as they work towards the establishment of a BID programme. The MOU is a precursor to an eventual Partnering Agreement and when the BID is established may remain in parallel with the Partnering Agreement. The MOU may have an agreed timeframe and can be varied by agreement between the parties.

### **5.9. Partnering Agreement**

A Partnering Agreement between Council and the BID Association is required. It formalises the agreement to work together within Council BID policy framework (to be established) and details the fixed aspects of the relationship.

The Partnering Agreement has a defined lifespan and is signed by both Council and the BID Association.

## **6. Establishing a BID**

**6.1.** A minimum threshold is established to determine provisional acceptance from the relevant business community. For the purposes of this policy, the minimum threshold is nominated as typically 25% of ratepayers likely to be impacted. However, the proposed BID operator will recommend an assessment threshold in their proposal and Council will determine that threshold relative to each BID proposal. The potential BID proposer will undertake initial consultation with the relevant business community on the potential range of services a BID could undertake to determine its level of support for forming a BID. If there is sufficient support, greater than the minimum threshold agreed by Council, then the following is required to be undertaken by the BID Association to establish a BID (however note as the rating authority, Council will be guided in its decision-making by the ballot result but is not bound by the ballot result).

- a. Confirm the district boundaries where the targeted rate would apply.
- b. Develop a business plan outlining the proposed activities that will be funded by the targeted rate and which comply with BID policy.
- c. Agree the level of targeted rate required to support the BID budget and the basis for its collection.
- d. Agree a constitution and establish a legal entity to administer the BID. Council should be consulted on the constitution.
- e. Develop a voting register of eligible businesses within the district.
- f. Undertake full consultation on the targeted rate and the planned activities and complete an establishment vote with a majority vote of all potential rated parties supporting the BID.
- g. Undertake an initial Annual General Meeting, adopting the constitution, appointing board members and officers and approving the business plan.

- h. Apply to Council for a targeted rate, with the following supporting documents:
  - 6.1.h.1. Evidence of mandate from voters;
  - 6.1.h.2. A business plan which is aligned with Council priorities;
  - 6.1.h.3. An approved constitution for the entity.
- i. Gain approval of the targeted rate for the BID in the Council Annual or Long Term Plan process. Note that the previous steps need to be completed in sufficient time so that steps 8 and 9 can be completed to meet the Annual / Long Term Plan timelines.

## **6.2. Considering a BID**

Discussions to explore the establishment of a BID may be initiated at any time by any interested party. A key factor to support these discussions will be evidence that there is sufficient support from the community to sustain the challenge of establishing and operating a BID.

## **6.3. Initial Consultation**

One of the first steps is to undertake initial consultation with key stakeholders within, and potentially outside, the proposed area. For example, these stakeholders might include owners of businesses, land owners and ratepayers, local or central government agencies within the proposed BID, or interested community groups.

This consultation could include a public meeting to communicate the proposal to establish a BID, the area proposed to cover, and its potential objectives and activities.

Following this initial consultation, the group proposing the BID will give feedback to Council on the response received, and whether they wish to proceed with establishing the BID.

## **6.4. BID Boundaries**

In the first instance, Council will allow those proposing a BID to determine the boundaries within which the targeted rate will be collected. However, should Council disagree on the proposed boundaries, Council's decision is final, as it is Council which takes responsibility for the targeted rate.

## **6.5. Setting the targeted rate**

The Local Government (Rating) Act 2002 gives Council authority to set a targeted rate for an activity such as a BID. The level of the rate needs to be sufficient to support the BID programme of activities. The BID must agree the total budget required for the programme with its members at an AGM and advise Council that the BID targeted rate be included in the Annual / Long Term Plan of Council.

General consultation occurs as a consequence of Council's LTP or annual plan process and reflected in the rating policy and draft budgets. The BID consultation may occur in parallel with the LTP or annual plan process as noted in Council plan and strategy alignment.

## **6.6. Rating Options**

Council staff will work through the different rating options on a case by case basis. The BID proposer should first recommend to Council their preferred methodology along with the supporting rationale, based on the following options. Council staff will assess the options based on the following, with that recommendation informing the LTP/annual plan and BID consultation processes.

The three options for calculating the targeted rate collection are:

a. **Proportional value method:**

Under the proportional value method, the total amount of the targeted rate to be collected is divided by the capital value (rather than land value) of the properties within the collection area. As a result, larger capital value properties pay a greater proportion of the targeted rate. Every property will therefore be paying a different BID targeted rate amount.

This method is preferable where owners (or their tenants) with more valuable areas of land or businesses will gain significantly more from the BID programme than those with less valuable areas of land or smaller businesses.

b. **Flat rate method:**

Under the flat rate method, Council applies a flat rate for every rateable business within the BID programme area.

This method is used where there is little difference between the size of the businesses within the boundary or the likely benefits from BID programme.

c. **Hybrid method:**

The hybrid method involves setting a flat rate per business and a proportional rate based on capital value.

This method is most appropriate where there are a large number of small businesses balanced by a smaller number of large businesses operating within the BID area. The advantage of this approach is that it evens out the impact of the targeted rate across all businesses and ensures the larger businesses pay a higher amount proportional to their value.

The hybrid rating method is often the preferred approach for a BID targeted rate.

## **6.7. Minimum targeted rate revenue**

This policy is able to apply district-wide and is therefore flexible enough to accommodate the aspirations of all business districts to enter into a BID Programme.

To encourage the participation of business districts, regardless of size, this policy does not include a minimum rate revenue requirement. Council will consider all proposals to establish a BID on the basis of the benefits to be delivered to business and property owners who will pay the targeted rate being sufficient for them to agree to a BID programme being established and a ballot being held that delivers the required mandate.

## **6.8. BID Term**

The term of the BID will be agreed by Council based on the BID proposal including the programme of works or initiatives to be undertaken. This term is initially established via the Partnering Agreement. This is subject to Council resolving to set a targeted rate for the BID each year beyond the initial year.

The continuation of any targeted rate will be a consideration through Council's Annual and LTP consultation processes, and the on-going effectiveness of the BID programme itself.

#### **6.9. Limit to BID targeted rate increase**

Once a BID is established, the maximum increase or decrease in the total targeted rate requirement compared to the previous year is generally 10 per cent of the existing targeted rate amount. Council will agree this rate movement when approving a BID considering such factors as the value, likely project timeframe and number of participants in the BID area.

Council may agree to a change outside these parameters and in so doing may also require a ballot as part of the decision-making process.

#### **6.10. Additional revenue**

BID programme operators are encouraged to generate additional income to supplement targeted rate funding. Examples of additional revenue streams include grants, sponsorships, business ventures and providing services to paying customers.

#### **6.11. Constitution of legal entity**

Before a BID can be established and approved, a legal entity to administer the BID must be established and registered. In many cases, an incorporated society structure is used. Council will not set a rate without evidence that the BID Association has been legally constituted and a constitution has been developed in consultation with the community, Council should be consulted on the BID Association's constitution before registration.

#### **6.12. Developing a list of owner and occupiers**

A list must be compiled of owners and occupiers within the agreed boundaries of the BID. Businesses occupying, but not owning property, will need to be identified as interested or affected stakeholders. Council will compile property owner details and the list will form the basis of the voter register. As the rated party, the land, or property owner will be the party initially recorded on the voting register. The owner may delegate voting rights to the occupier or business operator through formal notification to Council.

Business owners who operate their businesses from residentially rated property within the proposed BID area will be identified for Council to determine whether or not they will be rated under the BID.

The following are not covered under this policy, will not be on the voter register and will not become liable for the targeted rate:

- a. Private (non-business) residents.

- b. Properties owned by either local or central government (wholly or proportionally) including educational facilities, government offices and any property not attracting a commercial rate.
- c. Business owners whose registered office is within the BID but who do not own a property or operate a business within the BID (for example, businesses who use their accountant's address, or businesses who have mail delivered to a relative or friend running a business within the BID).
- d. Business owners who lease, rent or hire a very small area of commercial property (i.e. less than 10 square metres) within the BID area, who do not permanently run their businesses from that address, and who appear to have taken on the liability primarily in order to gain BID membership and voting rights.
- e. The owners of any property that, under the Council's Rate Remission Policy, will not pay the targeted rate.

New properties or redeveloped properties liable to pay the BID targeted rate and appearing in the BID area during any financial year will not be rated until the following financial year. These properties have the impact of redistributing the existing total BID targeted rate collected.

### **6.13. Creating the voter register – eligible voters**

Every owner within the proposed district must be contacted to determine who will be registered as a voter on the final voter register.

This policy is based on the principle of 'one rating unit one vote'. An individual or entity owning multiple properties will be entitled to one vote for each rating unit.

If the owner is an individual, that person should be registered as the voter unless they nominate someone else to act on their behalf. All future communication from those proposing the BID or the eventual BID Association must be addressed to that nominated individual, unless the owner or occupier subsequently communicates a desire to nominate a different representative to the BID Association.

If the owner is not an individual, those proposing a BID must communicate with the owner's management and request the name of a nominated representative to register as a voter.

All registered voters automatically qualify to become members of the BID.

Once established, it is the responsibility of the BID to maintain and update the membership register.

## **7. Balloting, or Polling, of affected parties**

Before agreeing to impose a BID programme targeted rate, Council requires evidence of an appropriate level of support for the BID programme and the targeted rate from those affected. This is sought through a formal ballot for key BID programme decisions, outside the Local Electoral Act 2001.

**7.1. Types of Polls:** A ballot must be held in the following circumstances:

- a. **Establishing a BID**

Affected property owners are balloted when a BID programme is proposed to be established to ensure there is appropriate support for the proposal and in particular for the levying of a targeted rate. This is known as the Establishment Ballot.

**b. Change to the BID boundary**

When a BID area is proposed to be expanded, the BID Association can apply to Council for a list of property owners in the additional area, and arrange for a ballot to be conducted in the expansion area only.

In the event of a BID area being reduced, a ballot is conducted over the whole BID area because this change will result in a reduction in targeted rate revenue and/ or an increase in targeted rate per remaining property.

When BID areas are proposing to amalgamate a poll is conducted over the whole proposed BID area.

**c. Dissolving a BID**

This may be called by the BID programme operator or its members according to the constitutional rules of the organisation or any process included in the Memorandum of Understanding or Partnering Agreement with the Council. The Council does not need a disestablishment poll to stop setting a targeted rate.

**d. Change to the rating mechanism**

In the event of a proposal to change the rating mechanism, a ballot is conducted over the whole BID area because this change will result in changes to the targeted rate per property.

**7.2. Eligible voters**

Refer to 6.12 Creating the Voter Register

**7.3. Parties ineligible to vote**

The following will not be on the list of eligible voters and will not be able to vote in a BID ballot include those listed in the bullets under paragraph 6.11.

[Owners of properties that, under the Council's Rate Remission Policy, will pay a portion of the targeted rate will be included on the list of eligible voters.]

**7.4. Ballot process**

The BID Association is responsible for the cost of running a ballot process. Ballots will be coordinated either by an appointed election services provider approved by Council, or if able and agreed to by Council the Council's electoral officer.

Voting will be by postal and/ or online ballot. The method of voting is at the Council's discretion.

The electoral officer, or independent election service provider, will provide the following material to all eligible voters:

- a. information outlining the BID proposal;
- b. information on the proposed BID area if the poll is to establish a new BID or an increase or decrease of an existing BID area; it must include a map of the proposed BID area;
- c. ballot form approved by Council;
- d. contact update form including the name of the current nominated representative of the business.

The period between the sending of ballot papers, and close-off for return of ballots shall be at least three weeks.

The electoral officer or independent election service will place at least two advertisements about the poll in local newspapers, at least seven days apart, with the last advertisement a minimum of three days before the poll closes.

### **7.5. Informing voters**

The BID proponent group BID Association must inform eligible voters of the key issues to be decided. Information provided must include, but is not be limited to:

- a. a map showing the proposed BID area
- b. the cost of the targeted rate to be set and assessed per year and an indication of the cost for example properties
- c. the objectives of the BID as detailed in their strategic and business plans
- d. the benefits expected to be provided by the BID programme
- e. the names of the BID proponents
- f. any reasons for a proposed change to an existing BID area

The BID proponent group or BID Association must advise of and hold at least one information meeting, open to all interested parties, no less than 10 days before the ballot closes.

Additional methods should be used to inform eligible voters of the vote, such as face-to-face meetings, email or newsletters.

A BID proponent group or BID Association must consult with the Council on the timing of a BID ballot. Ballots must be completed in sufficient time so they can be ratified by the Council and any changes included in the Council's Long Term Plan or Annual Plan process.

### **7.6. Proxy and absentee voting**

Proxy voting is not permitted. Eligible voters who will be absent from their registered addresses during the period of the ballot, but who wish to vote, should provide a forwarding address to the BID proponent group or BID Association to enable voting papers to be sent.

### **7.7. Non-registered eligible voters**

The BID proponent group or operators should use their best endeavours to ensure all eligible voters in the BID area are on the eligible voters list. In the event that an individual believes they are entitled to vote, but are not on the eligible voters list, the Council's electoral officer shall determine the status of the individual and whether a ballot should be issued to that individual.

### **7.8. Mandate**

It is a goal of the BID poll to achieve:

A 25% voting return from eligible voters for that poll; and with the majority (51% or more) of those votes to be in favour of the proposition. (This majority must be by number of eligible voters voting in the poll, and those voting in favour must also represent the majority of rating valuation of those voting). This ensures that the vote has a high level of participation and has majority support by both larger and smaller entities within the district.

The higher the level of the voting return achieved by the ballot, the greater the level of assurance for Council in any decision to support, or not support, the introduction of a BID programme and therefore a targeted rate.

As the rating authority, Council will be guided in its decision-making by the ballot result but is not bound by the ballot result.

### **7.9. Confirming the result**

The electoral officer or independent election service will receive, count, and verify all returned ballot papers. It will then report the result of the ballot to the BID proponent group or operator and Council officers.

### **7.10. Failure to secure a mandate**

In the case of an establishment poll there is a minimum two year stand down period, commencing from the ballot date, before a new establishment poll can be held. The BID proponent group or operator may continue to build support but cannot hold a ballot.

In the case of a poll to alter an existing BID boundary or to dissolve a BID there is a minimum stand down period of one year before a new poll can be held.

In a situation where unusual or unexpected circumstances may be considered to have influenced the ballot result, Council officers, Community Board members where applicable, and BID proponent group or operator should work together to formulate the most appropriate way forward.

## **8. Success and accountability**

### **8.1. Success Factors**

Council will help support BID programmes to successfully meet their goals and objectives. Council sets the policy framework for the programme but it is the responsibility of the BID Association to ensure their BID programme is a success.

BID programme success is dependent on three key factors.

#### **a. Effective governance**

Providing vision, strategy and decision making is critical and the responsibility of the BID programme executive committee. The committee is responsible for setting the strategic direction of the BID programme, accountability, and for ensuring that the management of the BID programme is effective and setting key performance indicators which are realistic and measurable.

**b. Good management**

This is usually carried out by a BID manager, business management consultancy or other agency. The BID manager is responsible for developing strategic relationships, advocacy, and ensuring delivery of the goals identified in the BID strategic and annual plans. They are also responsible for the accountability and reporting requirements for the BID programme activities.

**c. Sufficient resources**

The BID programme must have adequate resources to enable its vision and strategies to be implemented, achieve the BID programme goals and make a real difference to the local business environment.

## **8.2. Reporting requirements**

Planning, budgeting and performance reporting enables the transparent operation of a BID programme, provides assurance that the rates funding is being used appropriately and the programme is progressing toward desired outcomes. The requirements below are explained in more detail in the BID Policy Operating Standards manual (to be developed).

The timing of fulfilling accountability requirements must enable Council to meet its own accountability requirements through its Annual Report and reporting to the Council, including its Committees. Details of compliance requirements including timelines will be detailed in the partnership agreement with each BID Association.

The BID Association and Council will at all times communicate with each other in such a way as to most effectively further the strategic objectives of the stakeholders and to protect and enhance the partnership relationship between the BID Association and Council.

Council's Annual / Long Term Plan and budget process provides a mechanism for reviewing BID budgets and existing programme boundaries. In order for Council to change the targeted rate, the Executive Committee must submit a detailed programme, budget (which should not generally be more than 10% of the budget for the prior year), and performance reports to enable these to be factored into the Annual / Long Term Planning processes.

## **8.3. BID Association**

The BID Association must prepare and provide to the Council the following plans and reports:

- a. Strategic Plan covering a three to five year period.
- b. Annual Plan including a detailed work programme and budget detailing forecast income and expenditure.

- c. Audited or formally reviewed annual financial accounts (within 4 months of the end of the financial year). The required compliance will be tailored to be appropriate to the level of funding and turnover of the BID programme and level of risk the Council believes exists.
- d. Annual Report detailing the previous year's activities and financial performance and performance against performance goals and/ or measures included in the Strategic Plan and Annual Plan (within 4 months of the end of the financial year).

The BID Association will also have reporting requirements under the Incorporated Societies Act (1908) and associated Regulations. These and reporting obligations to members and all property and business owners in the BID area should be set out in constitutional documents.

#### **8.4. Failure to comply with accountability requirements**

If a BID Association does not comply with its accountability requirements Council will not budget for a targeted rate for the following year unless revised compliance requirements are approved by Council resolution.

Council may also withhold rate funding or not budget for a targeted rate for the following year if it has serious concerns about the way the BID programme is being run or how the BID Association organisation is performing. Details on processes to resolve issues and concerns Council may have are detailed in the BID Policy Operating Standards manual (to be developed) that will accompany this policy.

#### **8.5. Council reporting**

The Group Manager Commercial and Strategy, for Timaru District Council, will report to Council and its relevant Committee(s) annually on each BID Programme. The report is based on key performance indicators agreed by Council and the BID Association and detailed in the BID Association's strategic plan and/ or annual plan. The BID Association will provide all information and reports required to enable such reporting to Council.

### **9. Dispute Resolution**

It is expected that all parties will act with integrity, good faith and with professionalism. Most common causes of problems, issues or serious concerns arise due to a lack of transparency, inadequate communication, governance and management practices and conflict of interest situations. The impact of these situations on the BID programme is of most concern to Council.

The Business Improvement District Policy Operating Standards manual (to be developed) will provide examples of problem, issues or serious concerns and the interventions likely to be used to resolve these.

#### **9.1. Dispute between Council and the BID Association**

Any decision about whether or not to set a targeted rate, the amount of that rate, to provide for an additional rate or alter the boundaries of the area subject to the rate, and whether or not to establish, disestablish, reduce or extend the BID, are within the discretion of Council to make as part of its annual funding and rating decision-making process.

Any other dispute between a BID Association and the Council will be settled using the following procedure:

- a. Having exhausted normal means of resolving a dispute or difference (by engaging in a process of good faith negotiation and information exchange), either party may give written notice specifying the nature of the dispute and its intention to refer such dispute or difference to mediation.
- b. If a request to mediate is made then the party making the request will invite the chairperson of the New Zealand Chapter of Lawyers Engaged in Alternative Dispute Resolution (LEADR) to appoint a mediator to enable the parties to settle the dispute.
- c. All discussion in the mediation will be without prejudice and will not be referred to in any later proceedings. The parties will bear their own costs in the mediation and will equally share the mediator's costs.
- d. If the dispute is not resolved within 30 days after appointment of a mediator by LEADR, any party may then invoke the following provisions:
  - 9.1.d.1. The dispute will be referred to arbitration by a sole arbitrator in accordance with the Arbitration Act 1996.
  - 9.1.d.2. The award in the arbitration will be final and binding on the parties.

## **9.2. Exceptional circumstances**

Exceptional circumstances involve serious risk to the BID programme resulting in interim direct management by Council

This section of the policy will be used only in the following exceptional circumstances:

- a. If all mechanisms to resolve have been exhausted; and/or
- b. If new information comes to light during the process to resolve that poses a serious risk to the viability of the BID programme.

Council may withhold the BID programme targeted rate payment as an immediate measure. If BID programme funds are withheld, the funds (or part thereof) will be held in a separate account by Council and used to fund existing BID programme commitments. In the event there is a shortfall to pay for existing commitments, Council can recoup costs from BID Programme members, through future targeted rates.

If interim management does not lead to the rebuilding of an independent and sustainable organisational structure, Council will disestablish the BID programme.

Council has no power to intervene in the operation of an organisation operating a BID programme (as distinct from a BID programme itself) and will not impose sanctions outside the scope of a BID programme.