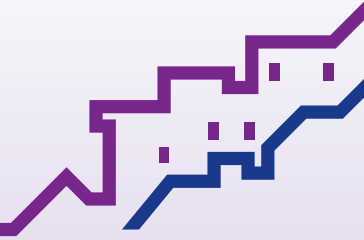


Tourism and Visitor Businesses

Benefiting from Business Improvement Districts







What is a BID?

A Business Improvement District (BID) is led by business for business and delivers a sustainable financial model to fund local improvements, services and management.

A BID, which is funded by the private sector, allows the private sector to work in partnership with statutory authorities within a flexible mechanism to deliver a wide variety of projects

and services to improve the local economy. It also gives local businesses a unified voice and provides an arena for businesses



and local authorities to increase their understanding of each other's priorities.

A BID can cover almost any project or service that local businesses agree would be of benefit as long as these are additional to services provided by the statutory authorities.

BID projects can tackle issues such as:

- **access**
- **safety and security**
- **cleansing and waste**
- **environmental improvements**
- **marketing, hospitality and events**
- **improved asset management**
- **and give a strong and unified voice for business.**

More innovative projects and services can develop as each BID evolves and matures. Some, for example, are developing projects around waste management, utilities, collective purchasing and cross-selling. Examples include:

- **local procurement**
- **business development**
- **independent business assistance and succession plans**
- **renewable energy**
- **zero waste – recycling, reuse, reduce**
- **European funding.**

“To achieve the target of tourism growth of 50% by the year 2015, it is crucial that businesses work together to improve the product on offer to the visitor. VisitScotland has identified that businesses who work together in their local area not only bring physical benefits to the tourism offering but also bring in significant financial benefits to the area. This business strategy (a BID) helps businesses to do this and undoubtedly can help to reinforce the reputation Scotland has as a safe, clean and environmentally friendly destination.”

Barbara Clark, Head of Communications for VisitScotland



How is a BID established?

Normally, a working group develops the initial BID project and consults with other groups and the local authority to gauge support. It also ascertains whether financial, in kind and secondment support will be provided by the local authority.

After this a wider, more representative steering group is established, made up of predominantly private sector individuals and some public sector representatives.

After consultation with local businesses, a steering group will identify the proposed BID area to be covered, the issues to be addressed and projects to be included in the business plan. The business plan will also set out the BID's delivery mechanisms and performance indicators, as well as the BID governance and management structures.

A BID is not a substitute for central or local government services, but is a way additional funding can be raised. The businesses then decide how the additional funds are spent to

strengthen their local business economy.

A BID is developed, managed and paid for by the business sector by means of a compulsory BID levy which the businesses within the proposed BID area must vote in favour of before the BID can be established. Each business liable to contribute to the BID will be able to vote on whether or not the BID goes ahead.

Levy contributions could be made by a combination of occupiers and property owners, or by occupiers alone.

The interests of both large and small businesses are protected through a voting system that requires a majority in the numerical votes cast and the rateable value of votes cast. A BID proposal in Scotland will only go ahead if more than half the businesses vote in favour and they represent more than half of the rateable value – of those businesses that vote.

A BID has maximum duration of five years after which the BID is required to seek a new mandate from the businesses in the BID area.



How can a BID benefit tourism businesses?

The tourism and visitor market in Scotland is facing very challenging times with the global effects of the recession and public sector cuts which will create pressures on funding. Scotland enjoys an enviable reputation as a world-class visitor destination, but ever-increasing international competition and economic pressures will mean that tourism and visitor businesses will have to explore new funding models to deliver on escalating demands.

A key challenge is the ability to secure sustainable sources of finance.

The BID sustainable financial model delivers a funding mechanism over a maximum period of five years which allows local businesses to address issues and concerns that are affecting the performance of their business by delivering projects and services that make a difference.

A BID can provide security of finance to tourism and visitor organisations and bodies. The BID model used as a bolt-on to an existing tourism and visitor organisation, such as a Destination Management Organisation or tourism association will secure their financial base and ensure that all who benefit from the BID also contribute.

This will allow the organisation to better plan and manage its operation, delivering positive benefits for the businesses whilst making certain that they have a fundamental role in the development and improvement of the tourism and visitor market in Scotland.

The consultation on BIDs in 2003 made clear that BIDs should NOT be restricted to large towns and cities, to allow more innovative projects to be developed. A BID can also benefit:

- **tourism and visitor areas**
- **rural areas**
- **agriculture**
- **single business sectors.**

A BID can also benefit single business sectors such as:

- **golf courses and food producers**
- **areas such as the West Highland Way and other tourism routes.**

BIDs can help to:

- **provide clarity of vision, leadership and strategic focus to an area**
- **harness the drive, initiative and involvement of the private sector**
- **act as a catalyst for private sector investment by raising investor confidence**
- **deliver additional investment and funding**
- **speed up the pace of project and service delivery**
- **maximise the use of public sector assets**
- **ensure that budgets work harder and smarter, delivering on local issues and concerns whilst contributing to the growth of the tourism and visitor market nationally.**



“The message is out that BIDs are moving. We need to gear up to work with Business Improvement Districts Scotland, to broadcast the fact that the process is working and, if more business districts work together to improve themselves, we will take it even further. I want BIDs to boost the local economy, create more employment, create a feel-good factor, reinvent civic pride and trust locally and boost tourism. I also want them to boost mentoring, with people helping other businesses to come forward.”

Jim Mather MSP, Minister for Enterprise, Energy and Tourism





BIDs in action

San Francisco Tourism Improvement District (SF TID)

Tourism is San Francisco's largest industry, generating more than \$8 billion in annual direct spending, which directly benefits San Francisco residents and businesses.

The San Francisco Tourism Improvement District (SF TID) ensures that funding for the San Francisco Travel Association's selling, marketing and promotion of San Francisco as a visitor destination, and the renovation and expansion of Moscone Center (San Francisco's leading large scale meeting facility), is maintained at competitive levels.

San Francisco's hotel owners and operators approved the Tourism Improvement District (TID) in December 2008 and it came into effect on 1st January 2009.

The TID has duration of 15 years and is funded by an assessment of 1% or 1.5% (depending on proximity to the main San Francisco tourism infrastructure) which is levied on gross hotel room revenue.

The maximum total assessment for the first five years of the TID is \$182,043,000. While the assessment formula will remain constant, actual assessments collected are expected to fluctuate annually, depending on market conditions. Although actual dollar amounts collected may vary, the proportionate allocations to SF Travel component and to the Moscone Convention Center component are expected to remain approximately the same for all five years (two-thirds to SF Travel, one-third to Moscone Convention Center).

During years 6-15 of the TID, it will generate a maximum total assessment of \$735,085,395



for hotel-specific marketing programs and associated operational costs of the SF Travel, and the operational and administrative costs of the TID.

Without the establishment of the TID, the SFCVB and Moscone Center could have faced major budget challenges, which would have led to reduced services for convention and meeting customers, indefinite postponement of Moscone Center improvements and ultimately reduced economic impact for the city.

"The approval of a Tourism Improvement District was a landmark for the future of San Francisco and a breakthrough for the travel industry," said Joe D'Alessandro, president and CEO, SF Travel. "For San Francisco to remain competitive, it was crucial that we develop a long-term strategy that would ensure a steady revenue flow necessary to continue to promote San Francisco as one of the world's premier destinations."



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