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# COLUMBIA SPECIAL BUSINESS DISTRICT

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## Moving Toward A Community Improvement DISTRICT

### What is a Community Improvement District?

A CID is essentially a “super-sized” Special Business District (SBD) with the ability to raise more types of revenues, such as sales taxes or user fees. This allows the district to better meet the needs of its members. CIDs across the state typically use their additional revenue for services such as increased maintenance, safety patrols, marketing and other pressing needs, which directly benefit businesses, property owners, residents and customers.

In early 2008, the SBD started working with consulting firm Progressive Urban Management Associates (PUMA), which conducted an organizational assessment of the SBD and the Central Columbia Association (CCA). One restructuring option PUMA presented was to shift the SBD

to a CID. Created in the late 1990s, a CID is designed to be an improvement over the decades-old SBD model. Most downtowns in Missouri, including Springfield, Lee’s Summit and St. Louis, have already made the shift.

### CID Programs & Services

Specific programs and services are determined by members and limited by the total revenues of the district. Our recent member surveys showed that most members are interested in business recruitment, increased cleanliness, more beautification projects, additional marketing, public safety programs and increased advocacy. Although new programs and services options seem endless, it’s important to note that any new programs and services must be funded through an increase in revenue.

CIDs in Missouri and across the nation provide services such as:

### Cleaning & Maintenance

Many have teams of uniformed workers, providing up to 12 hours of services daily. Duties throughout the year vary, with sidewalk snow removal during the winter and sweeping during warmer weather. Additionally, some maintenance teams also handle graffiti removal.

### Public Safety Programs

Due to high costs, most CIDs do not hire their own armed security force. Instead, they look at other ways to increase public safety. One option is to place security cameras in key areas to deter crime and vandalism. The cameras are monitored by the police but the CID helps fund the equipment. Another option is a team of trained community service representatives, or “ambassadors,” providing public safety, hospitality and outreach every day. Problems are quickly reported to the responsible city department, ensuring that downtown is a welcoming place where crime and vandalism are low.

### Marketing

The Columbia SBD has no marketing budget. All District advertising and promotions are carried out by the CCA with a yearly budget of \$17,000—not nearly enough to fund necessary event promotion and advertising. A CID could handle the marketing of downtown to customers, tourists, new businesses, developers, residents and more. This could include maintaining a strong brand identity, planning public outreach activities, coordinating and managing special events, disseminating a wide range of publications, and maintaining cooperative relationships with partner organizations. A CID can also fund marketing studies or track changes in consumer perceptions about the downtown area to aid in economic development programs.

## Capital Improvements & Beautification

With combined SBD and city funding, new sidewalk amenities, street lights, banners and wayfinding signs have all been installed in recent years. However, funding for attractive pedestrian corridors connecting new development areas will become more important as we move forward. A CID can fund these and other necessary improvements.

### Did You Know?

- Business owners within the SBD pay a 50% business license fee each year.
- 44% of business owners pay less than \$20 per year and 15% pay only \$7.40 per year, raising \$19,000 each year.

## The CID Process

A CID is essentially a contract between the district and its members. First, a strategic plan is created through a petition signed by property owners with more than 50 percent of the assessed value of the real property, and more than 50 percent per capita of all owners of real property within the proposed CID. Although the law does not require businesses to sign the petition, they will still be an important part of the planning process. After a series of public hearings, the plan is voted on by the Columbia City Council.

The CID plan includes:

- Purpose of the CID
- Programs and services to be provided
- Estimated costs of programs and services
- Budget, including proposed revenue sources

The actual funding mechanisms—sales taxes, property taxes, business license fees or other user fees—must be approved by the residents of the proposed district in an official election, requiring a majority to pass. As you can see, this is a long process with many opportunities for input.

If the CID plan passes, the current SBD would cease to exist. All current assessments collected through the SBD would transfer to the CID—there would be no duplicate taxing.

## Funding CID Programs

Increasing programs and services in The District, including clean and safe programs, beautification projects, and business recruitment, will benefit everyone whether they're property owners, business owners, employees, residents or

customers. It's important that one group isn't bearing the entire funding burden.

The Columbia SBD is currently funded by business license fees and property taxes. Businesses currently pay 50 percent over and above the normal license fee—averaging about \$60 a year. Property owners currently pay 47.78 cents per \$100 of assessed valuation—averaging about \$446 per year per property. Other than that, our SBD's ability to generate revenue is limited.

In contrast, a CID has more revenue options. A CID can establish special assessments—essentially user fees—to help fund particular programs and services. For instance, Westport in Kansas City has a special assessment levied on bars and other entertainment venues. The funds are then used for public safety programs, weekend crowd control and cleaning services. The result is a better customer experience and thus increased business for the bars themselves.

A CID can also assess a sales tax to help fund additional services and programs. A sales tax would mean that everyone enjoying The District would see a benefit for a very small investment. A half-cent increase, for instance, would add an additional 40 cents to the price of an \$80 dress and only 15 cents to

### Did You Know?

- Nine other retail centers in Columbia have higher sales taxes than downtown.
- Raising our sales tax just a half-cent would bring us into parity with these and other shopping and dining centers.



the cost of pizza and sodas for a family of four.

Most other major retail centers in Columbia already charge an extra half-cent sales tax: Columbia Mall; the Shoppes at Stadium; Wal-Mart and others at Broadway and Fairview; Wal-Mart, Kohl's and others at Grindstone Plaza; Bass Pro and others at CenterState; Wal-Mart, Lowe's and others at Broadway Marketplace; Best Buy, Hobby Lobby and others on Stadium; and stores at both Lake of the Woods and Northwoods.

Because of the sheer number of businesses in Columbia that are already charging extra sales tax, a CID could raise the sales tax and still maintain parity with other shopping and dining areas in Columbia. The District would remain competitive in terms of prices, and could better compete with other shopping and dining areas because of additional CID funded services and programs.

## CID Steering Committee

The SBD board of directors has appointed a CID Steering Committee to explore the possibility of a CID and determine if it is the best option for us. The committee will review member surveys, prioritize programs and services, approve a budget and explore all revenue options. Ultimately, they will make a recommendation on the CID to the SBD board.

Once the SBD board determines the best option for us, they will begin reaching out to members for input. To learn more about the process, CIDs or the CID Steering Committee, visit [www.downtown.org](http://www.downtown.org) to download our entire Strategic Plan.

This is a lengthy undertaking and we will keep you informed as we move along. Thank you for your continued support throughout this process.

# GROW