Planning with Improvement Districts

By Erica Heller, AICP

The city government of Colorado Springs, Colorado, is famously lean, and many of its citizens like it that way. But when downtown stakeholders wanted an updated downtown master plan, limited city funding and staffing meant that the plan would not be updated for nearly another decade. Enter the Colorado Springs Downtown Partnership (DTP), which includes several types of improvement districts.

Knowing how much its members wanted an updated plan, the DTP Downtown Development Authority (DDA) board of directors offered to fund professional planning consultants and have its staff oversee the process. With regular city staff participation, the two agencies worked together to develop a plan that set out clear and coordinated implementation priorities for both the city and DTP, as well as other stakeholders. It was adopted and embraced by the DTP and DDA boards and the city council.

The Colorado Springs example is one of an increasing number of cases where cities and local improvement districts are collaborating on planning and implementation with greater rewards for all. This PAS Memo describes the variety of improvement district types to help planners understand how different districts may be capable of — or constrained from — participating in planning and implementation activities. It explains the growing trend of local government–improvement district collaboration and explores partnership possibilities. Case studies offer examples of such partnerships, including a closer look at how in Colorado Springs the city and the districts overcame differences in perspective, style, and mission to complete the downtown master plan.

Districts Overview

There are many types of improvement districts, and within each type, there are many specific names and subtypes. District formation is enabled at the state level, and the specific structures, capabilities, and limitations of each are defined in state law. Districts vary by many factors, including governance structure, formation requirements, the funding type or mechanism, and the allowed uses of funds. The vast majority of states authorize business improvement districts and tax increment financing districts, and many authorize other types of special assessment and improvement districts as well.

This article provides some generalizations that may not apply to a particular district type in every state. Planners should consult state enabling legislation for certainty and detail about the district types, powers, authority, and requirements in their states. The differences between the formation and purposes of the types of improvement districts, and which types of districts are authorized in each state, matter greatly when determining how to collaborate with planners. For an example, see Table 1 (see pp. 2–3), which describes six of the authorized improvement district types in Colorado.

Two main district types that are increasingly involved in planning and plan implementation are business improvement districts (BIDs), and tax increment districts (TIDs). Other district types, such as general improvement districts (GIDS) and special improvement districts (SIDs), also sometimes serve as plan implementation tools. GIDs and SIDs typically finance specific infrastructure installation and maintenance that are closely defined when the district is formed, and as such they are rarely engaged as partners in a broader planning process.

Business or Property Improvement Districts

Business improvement districts (BIDs) are called by many names, including property improvement district (PID), property-based improvement district (PBID), economic improvement district (EID), and community benefit district (CBD). While the formal legal name of the district is enabled in state legislation, some choose to go by monikers that may not include these words. The financing mechanism in these districts is an additional mill levy or special assessment that property owners vote to impose on themselves for the economic betterment of the district. In some cases, only commercial property owners pay into the district, while in others, residential property owners also pay. There are over 1,000 BIDs in the U.S., and the number continues to grow.

BIDs are usually governed by a board of directors selected from among the rate payers in the district. While many
## Colorado Improvement Districts

<table>
<thead>
<tr>
<th></th>
<th>Business Improvement District (BID)</th>
<th>Downtown Development Authority (DDA)</th>
<th>Urban Renewal Authority (URA)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Background/ Summary</strong></td>
<td>Quasi-municipal organization is a subdivision of the state. All property assessed in a BID must be commercial. Boundary may or may not be contiguous.</td>
<td>Quasi-municipal corporation which is intended to halt or prevent deterioration of property values or structures in Central Business District.</td>
<td>Established to eliminate blighted areas for development or redevelopment by purchasing, rehabilitating and selling land for development.</td>
</tr>
<tr>
<td><strong>Formation Steps</strong></td>
<td>Approval by petition of property owners representing 50% of acreage and 50% of value of proposed district; Council ordinance; TABOR election.</td>
<td>City ordinance subject to vote by affected property owners. TABOR election.</td>
<td>Finding of blight; Petition by 25 electors; Council resolution. Separate approval for projects within the authority.</td>
</tr>
<tr>
<td><strong>Assessment Method</strong></td>
<td>Assessment or mill levy on commercial property.</td>
<td>TIF on property and/or sales and 5 mill property tax for operations.</td>
<td>TIF on property and/or sales tax.</td>
</tr>
<tr>
<td><strong>Pros/Cons</strong></td>
<td>Very flexible entity that can finance improvements and provide services. Can issue bonds.</td>
<td>Ability to finance improvements and provide services; can have a mil levy and TIF.</td>
<td>Can generate sales and/or tax increment to finance future development. Can be controversial.</td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td>Very flexible for both infrastructure and operations. Board independence can be a concern.</td>
<td>5–11 member board appointed by City Council.</td>
<td>5–11 member commission appointed by City Council.</td>
</tr>
<tr>
<td>Condemn property?</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Operate facilities?</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Levy property tax w/ Voter Approval?</td>
<td>Yes</td>
<td>5 mill property tax for operations. No, but can use TIF.</td>
<td></td>
</tr>
<tr>
<td>Levy sales tax with voter approval?</td>
<td>No, but may create SID w/in BID.</td>
<td>No, but can use sales tax TIF</td>
<td>No, but can use TIF.</td>
</tr>
<tr>
<td>Assess costs?</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Issue GO bonds w/ voter approval?</td>
<td>Yes</td>
<td>Bonds secured by tax increment.</td>
<td>Bonds secured by tax increment.</td>
</tr>
<tr>
<td>Issue revenue bonds?</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Issue special assessment bonds?</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>CO Revised Statute Cite</td>
<td>31-25-1201 et seq C.R.S.</td>
<td>31-25-801 et seq C.R.S.</td>
<td>31-25-101 et seq C.R.S.</td>
</tr>
</tbody>
</table>

Table 1. Authorized improvements districts in Colorado. Prepared by P.U.M.A. and Spencer Fane Britt and Browne LLP. Courtesy P.U.M.A.
# Colorado Improvement Districts

<table>
<thead>
<tr>
<th></th>
<th>General Improvement District (GID)</th>
<th>Special Improvement District (SID)</th>
<th>Metropolitan District</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Background/ Summary</strong></td>
<td>Quasi-municipal corporation which is subdivision of the state. Can provide a wide range of services.</td>
<td>An assessment district is not a subdivision of the state, nor is it separate from the municipality.</td>
<td>Quasi-municipal corporation is a subdivision of the state. Boundary may or may not be contiguous. Often used in large scale new developments.</td>
</tr>
<tr>
<td><strong>Focus</strong></td>
<td>Capital Improvements, Public Facilities, Maintenance.</td>
<td>Capital Improvements, Infrastructure.</td>
<td>Infrastructure finance, construction and operation. Can and usually does issue bonds for capital improvements.</td>
</tr>
<tr>
<td><strong>Formation Steps</strong></td>
<td>At least 200 or 30% of, whichever is less, electors of the proposed district must sign petitions. If all taxable property owners in the district sign a petition, public hearing can be waived.</td>
<td>Need petitions from property owners who will bear at least 50% of the cost of the improvement; Ordinance forms district.</td>
<td>Approval of service plan by city or county; Petition as in GID; election.</td>
</tr>
<tr>
<td><strong>Assessment Method</strong></td>
<td>Property tax and income from improvements.</td>
<td>Assessments on property.</td>
<td>Property tax. Can also collect fees and charges for services and facilities. Special assessments possible.</td>
</tr>
<tr>
<td><strong>Pros/Cons</strong></td>
<td>Only those in the district can authorize and pay for improvements. Requires Petition and Election.</td>
<td>Equitable: only those who benefit pay. Difficult to form; requires election. City constructs improvements.</td>
<td>Very flexible for both infrastructure and operations. Board independence can be a concern.</td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td>Governing of the City is ex-officio board.</td>
<td>City Council</td>
<td>5 or 7 member board elected by District voters.</td>
</tr>
<tr>
<td><strong>Condemn property?</strong></td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Operate facilities?</strong></td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Levy property tax w/ Voter Approval?</strong></td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Levy sales tax with voter approval?</strong></td>
<td>No</td>
<td>No</td>
<td>Yes, but for streets, street safety, transportation only.</td>
</tr>
<tr>
<td><strong>Assess costs?</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
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<td><strong>Issue GO bonds w/ voter approval?</strong></td>
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<td>Yes</td>
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<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>CO Revised Statute Cite</strong></td>
<td>31-25-601 et seq C.R.S.</td>
<td>31-25-501 et seq C.R.S.</td>
<td>32-1-101 et seq C.R.S.</td>
</tr>
</tbody>
</table>
BIDs focus their efforts on cleaning, maintenance, safety, and marketing, they have wide scope in determining activities and priorities for their funds. Priorities may evolve over time as conditions in the district change. In some cases, property owner and city priorities are closely aligned; in others they operate quite independently of one another. Generally, the intent of BIDs is to supplement standard city services, bringing them up to a higher level. There are many cases, however, in which cities have sought to help property owners establish a BID to replace city services and reallocate limited funding to other areas.

**Tax Increment Districts**

Tax increment districts (TIDs) are another type of improvement district; these include urban renewal districts (URAs), tax allocation districts (TAD), tax increment reinvestment zones (TIRF), and some redevelopment agencies (RDAs). These improvement districts are distinguished by authorization to utilize a financing mechanism called tax increment financing (TIF). TIF does not impose a new tax in the district. Rather, it allows the future increases in property and/or sales taxes (the "increment" above the existing "base" level) to be pledged to a development project to ensure that the project is built (Figure 1). For this reason, the focus of TIDs is necessarily public-private development participation. Over time, if redevelopment succeeds in catalyzing further private investment and raising property values district-wide, the resulting TIF funds can be used for a wide range of activities that enhance the district.

Most types of TIDs must demonstrate the presence of adverse conditions in the district to be established. Formation requires municipal approval as well as a vote of property owners within the district. TIDs are governed by an elected or appointed board, often the city council. A controversial characteristic of some types of TIDs is that they are authorized to use eminent domain power to acquire property and to then transfer it to a private party for redevelopment. When a TIF district is formed, typically a plan must be adopted by the municipality providing policy guidance for the purposes and uses of financing. This planning requirement is an opportunity for planners to coordinate the TID priorities and tools with goals and priorities of adopted city plans.

**Layering Districts**

While TIDs and BIDs are described separately here, these two kinds of districts can be layered together over the same area to increase their power because they use different financing mechanisms. Many of the organizations described in the case studies below manage more than one organization or financing stream with overlapping boundaries and purposes, such as a TID; BID; general improvement district; or a not-for-profit charitable, advocacy, or merchants’ membership group. One type of improvement district authorized in a few states, the downtown development authority (DDA), is structured as a hybrid that is typically authorized to collect both TIF revenues and a mill levy. Many improvement districts begin as just one type of organization and expand to include others as new needs and expectations arise.

**Driving Trends**

There are a number of trends driving municipalities and improvement districts to increasingly collaborate on planning and plan implementation. From the municipal side, the first trend is financial. Local municipal budgets are growing tighter as sales tax revenues decline and costs increase. Meanwhile, federal programs that transfer funds to cities have been shrinking over the last decades. This combination creates overall belt tightening and budget shortfalls that drive cities to look for other revenue sources to provide the services that citizens expect.

Another large-scale trend that has been noted widely in recent years is a growing atmosphere of mistrust of government responsibility and efficiency. In many localities, this plays out as citizens scrutinizing local government spending, including as it relates to tax incentives for redevelopment or any programs that apply within a targeted area rather than city wide. This may cause cities to reduce funding for programs that assist business interests, even where they might impact city revenues positively in an indirect or long-term manner.

Within the planning profession, there is increasing emphasis on demonstrating that plans are directly resulting in implemented projects and tangible change. Modern plans identify quick wins and list potential implementation tools. However, in the context of shrinking budgets, most planning department implementation budgets have been greatly reduced or eliminated. The ability of improvement districts to fund public realm and other investments that are immediate and visible holds significant appeal. In many cases, cities begin exploring the establishment of one or more improvement districts after adopting an area plan that calls for action.

Improvement districts are often seen by the general public as representing private interests. This may mean they are seen favorably by those who would like government to be run with more private-sector sensibility, giving them more clout to influence planning efforts than ever before. Current trends that create market support for urban areas are broadening the base of support for and expectations of improvement districts. This trend is broadening districts’ purview from cleanliness and safety to placemaking and increasingly into planning.

Others are wary that improvement districts may give away too much tax revenue to private-sector actors. For this reason,
many districts are increasingly eager to clearly demonstrate how their activities align with and advance adopted plans that show community desire for and public benefit of investments within the district boundary. The level of community engagement that cities conduct for planning often exceeds what improvement districts have the resources or mission to accomplish regularly; thus cities offer districts a conduit to understanding citizen (not just district member) desires for their district.

For both parties, the ability to match and leverage funds, and to allocate funds to the types of expenses to which they are better suited, is also bringing them together. Cities can bring in federal grant dollars and can make capital improvements that may be out of reach for improvement districts’ smaller budgets. Meanwhile, many improvement districts can fund targeted programs, ongoing maintenance, and other ongoing costs.

Other types of improvement districts can leverage improvement to jump start catalytic redevelopment that would not otherwise be feasible. They may not be subject to some procurement and contracting requirements that can add time and expense to city-led projects. In short, both types of agencies can benefit by coordinating priorities and financial resources.

**Partnering Potential: Differences and Limitations**

There are a range of ways that districts can support and partner with local governments in planning and plan implementation.

An existing BID may find that its priorities align with priority plan objectives — such as support for local business owners, enhancing downtown vibrancy, maintenance, and beautification — and be able to lead these efforts. Or a TID may be able to create incentives and act as a catalyst for the type and quality of development that a plan envisions or help direct the path of desired future growth by installing infrastructure up front rather than waiting for development to deliver it project by project.

TIDs are most often involved in implementing community plan goals, such as attracting new development where market conditions are not favorable. However, TIDs do lead or partner on funding and implementation of district public investment plans such as for parking, wayfinding, or public space improvements (Figure 2). A TID may create a master plan for land that it controls prior to seeking developer(s) through an RFP. Broader planning for the district as a whole is also in the public benefit and can in most cases be an eligible use of TIF.

Often districts and cities pool resources to achieve shared aspects of their visions. For example, within an improvement district, it is typical and appropriate for a city to continue to provide or fund a base level of services offered elsewhere in the city, while an improvement district pays for desired extra services such as more frequent trash and graffiti removal, late-night police foot patrols, sidewalk sweeping, or beautification.

While various driving trends make districts and planners natural allies, it is also important for planners to understand some of the limitations of districts in planning and plan implementation. These include mission, boundaries, culture, and funding mechanism.

**Mission**

The mission of an improvement district is typically outlined in state statute and confirmed or refined in its establishing local ordinance. There may be explicit limits to the type of work that the district has been authorized to perform. Planners should be aware of and carefully observe the limitations of improvement districts. Table 1 (pp. 2–3) includes summary purposes of different district types in Colorado.

However, planning and policy adoption can help improvement districts link their mission to specific tasks and programs they would like to support. For example, TIDs are generally limited to spending TIF funds on projects with a public benefit. An adopted city plan document that reflects community desires can help to define what offers public benefit in a specific community. For example, if neighborhood residents call for diversification of restaurant offerings, and restaurant attraction is codified as policy in an adopted plan, then it can be understood that there is public benefit to an improvement district using its funds to provide rent assistance to new restaurants that open in the plan area. Without that documented desire and policy, it is easier to question whether rent support has a general public benefit or is simply a private benefit to specific property owners and restaurateurs.

**Boundaries**

Most improvement district boundaries are established based on a set of criteria and through a voting process that requires the support of a majority, and often a supermajority, of stakeholders. The process and practical realities of district boundary definition is different than establishing planning area boundaries, where planners may follow major physical features such as roadway or railways, or include areas anticipated for future growth.

A desirable feature of special district formation for owners is that the revenue collected by the district must be spent to benefit the area within the boundary. This means that an improvement district that includes, for example, two-thirds of

![Figure 2. TIF-funded improvements in Belmar Plaza, Lakewood, Colorado. Courtesy P.U.M.A.](image-url)
the land area within a neighborhood plan area can provide services to only those two-thirds of the properties within the district, or support only two-thirds of the cost of a program that benefits the entire neighborhood plan area.

Figure 3 illustrates how plan areas and district boundaries do not always match. In this situation, if a city desires to extend a program in the entire neighborhood, it should be prepared to find the balance of funds, either in cash or in kind, from its own budget or a third party.

As discussed above, some district management organizations manage more than one type of revenue, such as membership or charity revenues. These district organizations may be able to combine funding streams to serve a larger geographic area than only the BID or TID boundary, but they must do so with attention to the boundaries, purpose, and benefits of each revenue source.

Culture
The more autonomous the governing board and staff of a district is, the more likely that its leaders come from a different operational culture than local government planning departments. BIDs and some TIDs are led by independent boards of directors that come primarily from the private sector. In some cases, improvement district leaders may lack interest or time to participate in months-long community engagement and consensus-building processes that are a critical aspect of city planning. Many types of districts must be renewed by a vote of members as often as every five years, so the pacing of their efforts must show results rapidly.

Another aspect of BID culture is that, within their organizations, members may place highest value on the opinions of the largest rate payers, who are critical to district formation and renewal. This may conflict with the culture of planners who are expected to engage those who are disenfranchised and weight all community voices equally. Additionally, dissatisfaction with the level of services a city offers may spur property owners to form a district. It may then be necessary to build trust and understanding to work together on planning and plan implementation.

Funding Mechanism
One other major limitation of districts to engage in planning and plan implementation may be its funding mechanism. In
general, district budgets are related to property value or property characteristics. As property value grows over time or new development occurs, so can the special district budget and the amount of funding available.

Districts that use TIF have no available funding unless or until value is created through redevelopment. In early projects, generally all TIF funds must be pledged to the project that is creating the value in order to enable the project to occur. It can take a decade or more before successful catalytic projects spur enough other investment in a TIF district to generate a significant amount of unpledged TIF money. Districts can help bring about that day, while planning can help prioritize what investments to make when the time arrives.

Examples: Plan Implementation

There are many examples of districts helping to implement activities that align with the vision of a city’s overlapping area plan. Sometimes, this is simply a natural outcome of fit between the vision and mission of the two organizations, as has occurred in Uptown Oakland, California, for more than a decade and is evident in Downtown Oakland as well. Other times, it is a concerted effort by a district to adhere to and advance a plan, such as has occurred in Denver. These examples are briefly described below.

Uptown & Downtown Oakland, California

Uptown is Oakland’s arts and entertainment hub offering restaurants, bars, beer gardens, art galleries, and local and independent retail. The district’s designation more than a decade ago, along with redevelopment efforts, has brought some much-needed money and foot traffic into the area, helping to stabilize businesses and improve safety.

The city of Oakland’s Uptown neighborhood plan envisioned an activated, vibrant area. In support of this vision, the Uptown and Downtown Oakland Associations (both CBDs) began to host events and support the arts organizations and culture in these two districts to create a safer, more prosperous environment for businesses. Over time, the city and districts have come to see a number of shared priorities. The work of the city and districts together contributed to Uptown being recognized by APA as a Great Neighborhood in 2014.

The city and districts continue to collaborate, bringing their different tools, funding streams, and skill sets together. For example, an area containing a historic fountain in Downtown Oakland had long experienced some persistent nuisance behaviors and crimes. The site was cut off from use by several major streets. In 2016, the city was able to leverage major intersection improvements with a state grant to transform the public space and create a new public plaza, Latham Square. This was a significant infrastructure investment that the CBD could not have shouldered but for which the city was eligible for grant assistance. However, the city does not have funds to activate the plaza, nor to provide the higher level of maintenance it will require. The Uptown & Downtown districts are stepping up in 2017 with events and activities to ensure that this new asset is a gathering space for the neighborhood that increases both

Figure 4. Viewers in Latham Square watch programming organized by the Uptown and Downtown Oakland Associations. Courtesy TR Proz.

the perception and reality of safety while creating a community focal point (Figure 4).

Denver

The city of Denver has long collaborated with the Downtown Denver Partnership (DDP; a family of organizations that includes a BID, a GID, and several other entities) to implement the 2007 Downtown Denver Master Plan.

The consultant team for the project included both a national planning firm as well as a local firm specializing in districts and downtowns. The team helped the city and DDP bring a wide array of stakeholders, including DDP’s constituency, into the planning process. The plan represented an aligned vision between the city and DDP and provided clear priorities and specific transformational implementation actions to bring about the vision. Both the city and DDP embraced the result, and DDP consulted it heavily to prioritize its investment and align the organization’s structure and resources.

Many of the transformational investments in downtown Denver in the last decade have been jointly funded by the city and DDP. One recent example was the installation of protected bike lanes along a key commuter and employment corridor in the downtown in 2015.

Protected bike lanes for Arapahoe Street were in the city’s plan, but based on prior investments in the downtown area and citywide prioritization, funding would not have been available for years to come. Denver’s downtown employers near the corridor realized that the skilled talent they wanted to attract and retain placed a high value on having protected bike lanes close to work. They wanted to accelerate the installation on the corridor. The city’s plan for the area acknowledged the importance of supporting employers and attracting talent, but struggled to advance this over other, equally important priorities.

Brokering these two positions, DDP offered a portion of the cost from its revenues and secured a major grant from a local foundation. The city agreed to accelerate the project and cover the remaining costs if additional donations could be raised to
cover the design cost. DDP then set up a crowd-sourcing cam-
paign; individual bike enthusiasts and major employers alike
stepped forward with pledges. Within a year, the new protect-
ed bike lanes were installed (Figure 5).

DDP is not the only district in Denver, and not the only one
that the city has partnered with. As in nearly every city, there
are vastly more worthy project ideas from existing neighbor-
hood, parks, transportation, and other plans than implementa-
tion funds to complete them all. And like many cities, Denver is
conscientious about installing streetscape enhancements that
can be costly to maintain.

One way that the city has prioritized and leveraged its
streetscape funds is by adding a factor to project prioritization:
the commitment of a property owner district (a BID, in Colora-
do) to bear the extra cost of maintenance. In practice for the
last several years, most streetscape enhancements have been
allocated where there is an existing district willing to make
such a commitment. Several new districts have been formed
in Denver’s commercial areas to partner with the city in this
manner, among other purposes.

**District Creation**

In addition to partnering with existing districts, in a range of
cases, the city plan may identify and spur district creation.
These plans follow a modern planning practice of identifying
implementation tools and funding sources, and call out the
creation of a district as among the possibilities. City staff may
then be authorized to help stakeholders organize to pursue a
district or even take the lead in district formation.

Two such examples are Evansville, Indiana, where the down-
town plan identified the need for the formation of a BID, which
is in progress; and Golden, Colorado, where the East Neighbor-
hood Plan called for redevelopment tools in a commercial area
which met the criteria for, and eventually became, an urban
renewal project area (a TID).Listing improvement districts as
implementation tools in a plan can pave the way for creation of
and long-term collaboration with a district.

**Examples: Collaborative Planning**

While collaborative plan implementation has been occurring
for some time, districts are increasingly partnering with cities
on the planning process. Several such examples are Rapid City,
South Dakota; Norfolk, Virginia; and Colorado Springs, Colora-
do, where this article began.

**Rapid City, South Dakota**

During outreach for the 2014 update to its comprehensive plan,
Rapid City learned that the vibrancy, walkability, and accessibility
doing downtown had become increasingly important to the entire
community. As a result, the city sought to update the downtown
area plan, which dated from the 1990s. The city had limited re-
sources for such a plan, but found a partner in Destination Rapid
City (DRC), an organization that folds together the downtown
BID and several related organizations, manages events in the
downtown, and performs many related functions. The business
and property owner leaders of the DRC saw enormous value in
creating a downtown plan to encourage redevelopment and in
updating the zoning designations in the downtown.

DRC raised funds from its membership and partners to
match city funds for the plan. The city planning staff and
DRC executive director co-led the project management, and
both the district and city participated in every element of the
project, including project selection, community engagement,
and goal and strategy selection. The Downtown Master Plan
was officially adopted by the city in 2016. Rapid City has since
initiated implementation of major actions identified in the
plan, including significant changes to zoning designations,
development of a parking plan, and street improvements that
serve downtown businesses, property owners, and visitors as
well as residents citywide.

**Norfolk, Virginia**

In Norfolk, a BID built upon city planning efforts to identify up-
dated community priorities and then partner with the city on
re-prioritized implementation investments. In 2015, the Down-
town Norfolk Council (DNC), a BID and membership organiza-
tion, was seeking to refine and redefine its role in downtown
with a strategic plan for the DNC. The executive director of the
DNC, unlike her predecessor, had previously served in the city
planning department and thus was very familiar with the ex-
isting adopted downtown plan and bike and pedestrian plan,
as well as several planning initiatives that had been sidelined
when they became controversial.
The DNC district leaders knew that to advance their strategic plan, they would need the city as an implementation partner on major capital investments. They expected to find many areas of alignment, but anticipated that the order of priority might differ between the city plan and the DNC strategic plan. 

Using planning practices similar to a local government, DNC undertook an unprecedented level of community engagement. In addition to its traditional constituency, it reached out citywide and to all nearby neighborhood organizations, asking community members what improvements to downtown would best serve them. In doing so, it built broad support for the plan and priority improvements.

The result was a plan that provided more specifics and somewhat different priorities than the older city plan. The DNC was able to demonstrate widespread public support and convince the city to reprioritize some funds for capital investments. Together, by showing alignment, the DNC and city have leveraged further funds to make significant physical improvements in downtown that advance both entities’ plans and the community’s vision (Figure 6).

**Colorado Springs, Colorado**

In Colorado Springs, the Downtown Partnership (DTP, introduced earlier in this Memo) had long championed a range of improvements in downtown that were envisioned in adopted city plans, and had provided implementation funds for some of them. When the Downtown Development Authority (DDA) offered to provide all of the funding for a new downtown master plan, the DDA directors also wanted the improvement district to be at the helm of the planning process. The DDA wished to ensure that the plan would reflect the interests of their stakeholders and account for market realities as well as community aspirations.

While the city welcomed the offer to fund the planning, professional planning staff had reservations about ceding control over certain areas: which planning consultants would be selected and how they would be managed; how the community would be engaged in planning; how city staff expertise would be incorporated into the plan; and how to ensure the plan eventually would be acceptable for adoption by city officials.

Eventually, the two entities agreed that the city urban planning manager would sit as a member of the project steering committee alongside DTP staff and members, while city staff would make up a large portion of a technical advisory committee that would regularly advise the consultant team. The city thus provided an in-kind contribution of data and staff time, all the while ensuring that the plan would meet expectations. In fact, the fresh approaches brought by the consultants and DTP resulted in significantly more participation and stakeholder engagement than was typical, satisfying both organizations.

Figure 6. Downtown Norfolk street lighting improvements. Courtesy Downtown Norfolk Council.
Action Steps for Planners

If you do not have an improvement district in your area, the first step is to understand the types of districts authorized in your state. Most states include district enabling legislation in the same title as other municipal powers and functions such as planning. Your city attorney or state municipal association should be able to point you to the enabling legislation as well as summary information that may be easier to understand.

If you are writing a plan that identifies formation of an improvement district as a plan implementation tool, learn about examples in your state by reaching out to other planners and their district partners.

If you do have an existing improvement district in your jurisdiction, the following suggested actions apply:

Make a connection before you ask the district for help:

• Learn about the mission, purpose, and history of the district(s) in your area. Why did it form? What brought the group together? What does it see as its biggest successes and most pressing challenges? Identify shared concerns and issues.

• Explain how existing city plans, policies, and regulations that apply in the improvement district help support the district’s objectives.

• Offer to send a city representative to regular meetings of the district. Staff typically participates in a liaison role, while elected or appointed officials may be invited to sit as an “ex officio” board member.

• Quantify the level of services and support the city is providing in the district, and the level of services the district is providing above that baseline.

• If the improvement district has concerns about city regulations (such as signage restrictions) or procedures (such as event permitting), help them meet with the right city staff to voice concerns and troubleshoot problems.

• If possible, establish a planner who serves as a point-of-contact to help the district members understand and navigate the departments and processes at the city.

In a city planning process that overlaps the district boundaries:

• Invite the district stakeholders to participate. Hold a focus group for the district’s board; provide a briefing to the membership; ask to conduct outreach at an event in the district; ask to circulate a survey to their membership, etc.

• Ask the district for any data it may have that can inform the planning process, such as real estate, retail sales, tenanting, maintenance cost, or other trends.

• Explain that planners cannot advocate for any one group and that during the planning process, community members need to hear each other’s knowledge, concerns, and perspective. Ask the district leadership to attend as many of the public engagement meetings as practicable.

• Understand that the culture of districts is time constrained.

Consider displaying an informational board prepared by the district at community meetings.

• Identify the existing improvement district, and other types of improvement districts as applicable, in the planning document as a potential implementation partner.

• Seek support for the plan from the district in advance of adoption hearings. Councils generally take notice of board action in favor of the plan and representation by the district at hearing.

If the district identifies a need for a new or updated plan:

• Explain when and how the city allocates planning resources and when the desired plan can be initiated.

• Discuss if and how the district can contribute to the plan budget. Lay out an explicit agreement about the effect the contribution will have. Be sure to clarify who will manage which aspects of the project and how much influence the district will have on the plan timing, process, goals, priorities, etc.

• Explore how the district can mobilize its resources to fund or procure items that aren’t in the city budget, such as food, child care, or translation at meetings; giveaways for survey participation; 3-D scenario modeling; and more.

• Look to leverage third-party funding. Some grants may only be awarded to local government or only to a not-for-profit, but almost all funding programs look favorably on partnerships.

Seek out implementation collaborations:

• Approach the district to help implement projects where its funding source and priorities are a strong fit. For example, BIDs often support supplemental “clean and safe” programs, marketing for a district or area, and events. TIDs typically lead redevelopment initiatives through land acquisitions and financing support.

• Don’t expect the district to replace city services or investments. Baseline city services such as tree trimming or police patrols should continue. Cities typically continue to be the primary funder of major capital improvements.

• Use the city and district skills and powers to the best advantage of both. For example, allow the district to pay the differential for extra trash removal services to the city or its waste hauler rather than negotiate a separate contract. Or have the city annually contribute the cost of standard street light replacement and maintenance toward the cost of the district installing and maintaining upgraded lighting.

• Collaborate to leverage third-party funding. Don’t forget the appeal of the collaboration and fund matching between the city and district.

• Considering adding district support or matching funds as a criterion when prioritizing city investment allocations. For example, install new trees first on streets where the BID agrees to maintain them.
Conclusion
Cities and improvement districts have always been closely related. TIDs require local government action for formation and many key activities. Increasingly, however, the roles of cities and improvement districts in not only plan implementation but planning itself have become more explicitly coordinated. As planners are expected to demonstrate rapid and meaningful outcomes from their plans, improvement districts have become an increasingly desirable source of implementation funding. An understanding of the different types of improvement districts and their powers and limitations can help planners understand how to approach their counterparts at districts to match priorities and resources. Meanwhile, planners can help improvement districts by demonstrating community desires and setting out policy direction that districts can point to demonstrate the benefits of their work to the public at large. When they plan together, cities and improvement districts are conducting planning processes that bring wider participation, creating plans that address more constituencies’ needs, developing action-focus plans, and making quicker, better strides in implementation. There is every reason to plan for this trend to continue.

About the Author
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