



Redland
CITY COUNCIL

MINUTES

CLEVELAND CBD REVITALISATION SPECIAL COMMITTEE

Thursday, 18 April 2013

**Council Chambers
1st floor Administration Building
Bloomfield Street Cleveland. Qld 4163**

Table of Contents

Item	Subject	Page No
	DECLARATION OF OPENING	1
	RECORD OF ATTENDANCE AND LEAVE OF ABSENCE	1
	APOLOGY.....	1
	PUBLIC PARTICIPATION AT MEETING	1
	DECLARATION OF MATERIAL PERSONAL INTEREST OR CONFLICT OF INTEREST ON ANY ITEMS OF BUSINESS	1
	MOTION TO ALTER THE ORDER OF BUSINESS	1
1	ORGANISATIONAL SERVICES	2
1.1	BUSINESS IMPROVEMENT DISTRICT	2
2	COMMUNITY & CUSTOMER SERVICES.....	12
2.1	CLEVELAND CBD REVITALISATION WORK PROGRAM.....	12
3	MEETING CLOSURE	15

DECLARATION OF OPENING

The Mayor declared the meeting open at 9.06am

RECORD OF ATTENDANCE AND LEAVE OF ABSENCEMembers Present:

Cr K Williams	Mayor
Cr C Ogilvie	Councillor Division 2
Cr M Edwards	Councillor Division 5
Cr J Talty	Councillor Division 6

APOLOGY

Cr M Elliott	Councillor Division 7
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Committee Manager:

Mrs L Rusan	General Manager Community & Customer Services
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Officers:

Mr B Lyon	Chief Executive Officer
Mr L Wallace	Acting General Manager Governance
Mr G Photinos	Manager City Planning & Environment
Mr D Hunt	Principal Advisor Economic Development
Mr B Macnee	Group Manager Development Assessment

Observers:

Cr W Boglary	Councillor Division 1
Cr A Beard	Deputy Mayor and Councillor Division 8
Cr P Bishop	Councillor Division 10

Minutes:

Mrs E Striplin	Corporate Meetings & Registers Officer
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PUBLIC PARTICIPATION AT MEETING

Nil

DECLARATION OF MATERIAL PERSONAL INTEREST OR CONFLICT OF INTEREST ON ANY ITEMS OF BUSINESS

Nil

MOTION TO ALTER THE ORDER OF BUSINESS

Nil

1 ORGANISATIONAL SERVICES

1.1 BUSINESS IMPROVEMENT DISTRICT

Datworks Filename: ED Planning – Cleveland CBD - Business Improvement District

Responsible Officer: Nick Clarke
General Manager Organisational Services

Author: Douglas Hunt
Principal Adviser Economic Development

PURPOSE

The purpose of this report is to provide background information on the nature of Business Improvement Districts (BID) with the aim of establishing a BID in the Cleveland CBD. The report will outline a brief overview of BIDs, notably the governance structures that inform their existence. It will then provide a synopsis of Redland City's only BID, CBID (Capalaba Business Improvement District), with a recommendation on how to proceed in the development of a Cleveland BID.

This report will also be supplemented by a presentation from Mr James Brockhurst – Capalaba Business Improvement District.

BACKGROUND

A BID is a publicly sanctioned, but privately directed, organisation that supplements public services to improve shared, geographically defined trading areas. Such organisations tend to function on a self-help doctrine, normally relying on a self-taxing mechanism to generate a revenue stream, normally via a levy, or business improvement tax. They operate as a form of public private partnership, with the role of the public sector normally limited to a facilitation role and the majority of the operational activities being undertaken by the private sector.

A BID operates within a flexible governance framework that allows participants to develop solutions to a range of issues affecting a geographically defined trading area in a manner that takes into account the local context, and where local and state government funding is limited. The BID model allows multiple stakeholders the ability to operate autonomously, and develop and manage programs designed to improve the economic, social and environmental condition of a particular geographical jurisdiction. They allow for the promotion of their particular area through marketing and promotion campaigns that are commercially oriented and directed by the governing structure of the BI District. Other activities that can be directed by a BID include:

- Improving security measures;
- Graffiti control;
- Beautification projects;
- Events and tourism initiatives;
- Maintenance;
- Business recruiting;
- Signage;
- Research for the area
- Seeking additional grants and funds from other levels of Government;
- Coordination of precinct (e.g. appointing someone to coordinate all activities);
- Retail improvements.

A BID can deliver:

- A cleaner, safer and more attractive business district;
- A steady and reliable funding source for supplemental services and programs;
- The ability to respond quickly to changing needs of the business community;
- The potential to increase property values, improve sales and decrease commercial vacancy rates;
- A district that is better able to compete with nearby retail and business centres.

The programmes offered by a BID should not replicate the services provided by Council. Rather, they should utilise the resources and knowledge of the private sector to achieve common goals and outcomes. There is no one particular model for a successful BID, other than the requirement for commitment from the private sector partners to oversee the governance and operational aspects.

It is estimated there are approximately 1500 Business Improvement Districts throughout the world, with Australia estimated to have 185 of those¹. The formation of a BID varies from country to country, with different naming conventions and definitions, varying legislative requirements permitting their formation and financial structures ranging from not-for-profit organisations to quasi-government entities. The operating budgets for these organisations vary from a few thousand dollars into the millions of dollars, depending on the fee structure and level of government support².

¹ British BIDS, 2012, *BIDS Around the world*, retrieved from <http://www.britishbids.info/AboutBIDS/BIDSaroundtheworld.aspx>

² Hoyt, Lorlene, 2007, *The Business Improvement District: An internationally diffused approach to revitalization*, retrieved from http://web.mit.edu/dusp/dusp_extension_unsec/people/faculty/lhoyt/Hoyt_IDA.pdf

ISSUES

Capalaba Business Improvement District

At present there is one Business Improvement District in the Redlands. The Capalaba Business Improvement District (CBID) is a not-for-profit organisation with a committee committed to the development and sustainability of the commercial and retail businesses in the Capalaba area to create a business district that is well known for its sustainable business principles. CBID was incorporated as a not-for-profit organisation in April, 2010 and currently meets on a monthly basis. Prior to that it was known as the Redland Bay Road Committee and was in operation from 2005.

The CBID offers the following benefits to members:

- Improve profitability and sustainability of local businesses in Capalaba;
- Support and promote Economic Development and Marketing services;
- Improve conditions for business, employment, and the quality of life for those who work, shop and live in Capalaba;
- To develop a 'green' workforce to meet the needs of industry;
- To encourage young people to become agents of positive social change;
- To gain government grants to assist in the provision of training programs.

Other successful outcomes from CBID have included the introduction of a staff loyalty card, referral directory, networking events and CBID editorials.

The CBID membership has grown from an initial five in 2010 to 84 today, comprising Capalaba business representatives, the Bayside Bulletin, Council's Economic Development Coordinator and Redland City Council's Business Grow consultant. There are 65 associate and 19 full members.

The revenue stream for CBID is derived from memberships and consolidated revenue transferred from the previous Redland Bay Road Committee. The current operational revenue for CBID is approximately \$15,000 for the current financial year. Council does not contribute financially to CBID, but does offer support through the Business Grow service. The main operational expenditure for CBID is through event sponsorship, special membership offers, membership packs, printing and stationery.

Capalaba Business Improvement District Initiatives

The following successful initiatives have been implemented by the Capalaba Business Improvement District:

- Provide support for The Cage - an organisation committed to providing a freely available service of direct assistance and support, catering directly to the needs of youth/young adults and their families;
- Promote a positive and sustainable precinct;
- Promote sustainable business practices;
- Organise events, most recent one was early March (Networking event);

- Promote collective marketing.

The CBID Model, since its establishment in 2010, has implemented a number of initiatives that have assisted Capalaba businesses. The CBID has proved to be a low cost, sustainable model, requiring little in the way of resources from Council, aside from the attendance of a Council Officer at monthly meetings. The CBID model could be applied to the Cleveland CBD, as it represents a successful model being used within the boundaries of the city and is overseen by businesses, with Council playing a facilitative role in the process.

Establishing a BID

Business Improvement Districts in Australia have mostly been formed through a desire by business owners in a particular region to make their area clean, safe and prevent social issues associated with economic decline and vacant commercial space. This compares with their establishment in North America in particular, where they are often established through enabling legislation, with clearly defined aims and outcomes. In Australia, the key to the success of these groups is the ability to have a call to action or a common vision which identifies the need to and engages in their business community³.

To operate in a sustainable manner and maintain financial viability, a successful BID needs to have sufficient working capital to be able to achieve outcomes. Therefore, establishing funding priorities that demonstrate value for money is the first step to ensuring the success of the BID. To do this, BIDs require a strategic business plan which demonstrates engagement with members and outlines priorities for council endorsement. One of the requirements of the business planning process is a detailed budget which translates the BID's objectives into a financial plan detailing income sources and expenditure commitments.

There should be no limit or restriction on the activities the BID can propose to undertake, other than to avoid duplication of services already provided by Council through general rates. However, the development of a strategic business plan will be an important component in convincing businesses to support a proposed BID.

BID Funding Sources

In Australia, there is no one structure, or legislative requirement that can be used to define the governance model and support mechanisms for a BID. While a BID model can be developed that relies solely on government funding, or private funding, it is more common for a model to consist of a mixture of public and private funding. Some have only council funding, some have both public and private funding: for example a special levy, plus sponsorship, plus membership. In accounting for these funds, some organisations break their spending into public versus private expenditure.

³ Hoyt, Lorlene, 2007, *The Business Improvement District: An internationally diffused approach to revitalization*, retrieved from http://web.mit.edu/dusp/dusp_extension_unsec/people/faculty/lhoyt/Hoyt_IDA.pdf

The imposition of a special rates and levy system as a source of income for a BID can be used to ensure that the 'free rider' issue does not occur, whereby resources are allocated for the benefit of all (in this case through the BID), but not all beneficiaries contribute to supplying the resources.

This can be the case if the only source of funding for a BID is through the private sector. The imposition of a special rate or charge is one option available to local governments to assist in the public funding of BIDs. This process involves establishing a rateable value for each property owner. The two main ways of doing this are:

1. **Proportional Value Method** – Here targeted rates are calculated on the basis of the Unimproved Capital Value (UCV) for example, if a District has 600 rateable properties, with an average rateable land value of around \$1,000,000. Through a business case a suitable funding base for the BID may require around \$600,000. A levy based on 0.001% (\$1000 for properties valued at \$1,000,000) of land value will achieve a revenue base of approximately \$600,000. In the proportional value method this rate is applied uniformly across all businesses in the designated area. This has a tendency to ignore the differences in value for money of the program to individual businesses.
2. **Differential Rating Zones** – *In a differential rating zones system there may be sub areas within the overall BID which are rated at different levels, to ensure equity of 'value for money'. For example, the BID district might be broken down into three distinct zones:*
 - Zone A – Shopping centres, businesses in this area might be almost exclusively retail-oriented, and will therefore potentially be the prime beneficiaries of any BIDs program.
 - Zone B – Shopping region, not in a shopping centre. Whilst again primarily retail related they are also specialty stores. Their value from the BID will be dependent on the activities of the BID, but could potentially be different from Zone A.
 - Zone C – This might include sub-areas which are not necessarily retail-based. These areas could include some retail but also manufacturing and warehousing. This zone might be less advantaged by the BID and consequently their levy should be less.

Whilst the calculation of the levy in a differential rating zone would be based on the unimproved capital value, the actual percentage applied would vary across the different zones. This results in what is known as a Pareto improvement within these zones, whereby improvements are made to the direct beneficiaries, without impacting negatively on the indirect beneficiaries (Zones B and C). It should be noted that the only BID that operates in Redland City, the Capalaba Business Improvement District, does not rely on any local government financial support and on that basis there is no need for a special rates levy to be applied to support the establishment of a BID.

Advantages of a BID

- The establishment of BID in Cleveland may result in a more attractive business district as local business owners can influence improvements at a business level;
- A steady and reliable funding source for supplemental services and programs;
- The ability to quickly respond to the changing needs of the business community
- The potential to increase property values, improve sales and decrease commercial vacancy rates;
- Develop a district better able to compete with nearby retail and business centres;
- A supplemental service provider from Council for businesses.

Disadvantages of a BID

- BID's can be seen as undemocratic, as they concentrate the power of a geographic area into the hands of a few;
- In some instances small businesses that fall below a BID levy threshold (if one is introduced) can be priced out of an area, as BID's tend to increase rental values (this has been a problem experienced overseas in North America and the UK in particular);
- There has been some criticism (overseas based) regarding the impact BID's can have on homeless people and the poor who tend to congregate around certain businesses;
- BID's in North America and the UK have been criticised for their opposition to street vendors that attempt to establish a presence in a BID district. This is an important consideration for Cleveland, as one of the possible short-term actions for the CBD is to investigate the establishment of a street vendor program; and
- Unless a strong leadership team is established, there is potential for a BID to be unsustainable over the long-term.

STRATEGIC IMPLICATIONS

Legislative Requirements

In Queensland, there is no one structure, or legislative requirement that can be used to define the governance model and support mechanisms for a BID and therefore no guidelines on the establishment of a BID. It is at the discretion of a local government to determine the structure of a BID, including the revenue source.

Risk Management

Opportunities

- The establishment of BID in Cleveland may result in a more attractive business district as local business owners can influence improvements at a business level;
- A steady and reliable funding source for supplemental services and programs;
- The ability to quickly respond to the changing needs of the business community
- The potential to increase property values, improve sales and decrease commercial vacancy rates;
- Develop a district better able to compete with nearby retail and business centres;
- A supplemental service provider from Council for businesses.

Risks

- Failure to find a business leader who will champion the BID process;
- The possible failure of the BID if a secure and regular income source is not derived;
- Lack of ownership of BID by local business owners.

Financial

The imposition of a special rates system would provide Council with an additional income source to fund the BID, however this would need to be redistributed to the BID to be used by them as a supplemental income source. It would therefore, not prove to be a general revenue stream option for Council.

People

Undertaking the implementation of BID in Cleveland will require the devotion of the Economic Development unit in Council, working in conjunction with the following organisations outside Council:

- Redland Chamber of Commerce;
- Cleveland Traders Association;
- Capalaba Business Improvement District.

Environmental

The environmental benefits associated with the establishment of a BID could be related back to the Master Plan, with the BID working in conjunction with Council to oversee the implementation of the plan. Elements of the Master Plan that a BID could assist with by working conjunction with Council Officers include:

- Improved open space and public amenity;
- Town Square development;

- Improved pedestrian and cycling routes;
- Improved transport use, with less reliance on the use of private vehicles; and
- Improved environmental requirements to buildings associated with the Master Plan, using best practice design elements. Some examples would include use of building materials that are used sustainably, building locations and height, use of recycled water, passive and active solar designs, street shading and building overhang, ensuring that embodied energy is minimised reducing utility usage.

Social

The establishment of a Business Improvement District with the Cleveland CBD has the potential to result in a more varied mix of uses within the CBD (both commercial and residential) and this increases the potential to increase activity within Cleveland outside of the traditional business hours, contributing to a more vibrant centre.

Alignment with Council's Policy and Plans

The recommendation primarily supports Council's strategic priorities of delivering a supportive and vibrant economy, strong and connected communities.

The establishment of a Cleveland Business Improvement District address these strategic priorities through:

- Promoting an active town centre through opportunities for retail, commercial and residential redevelopment connected with high quality public spaces including green and shaded streets and boulevards;
- Providing opportunity for business investment and local employment; and
- Strategic Implications.

CONSULTATION

The preparation of this document has been a collaborative effort between Officers from across the organisation including; Governance, Environment, Planning and Development. The people consulted in the preparation of the report include:

- Principal Adviser, Local Area and Strategic Planning
- Senior Strategic Planner
- Councillor Division Two
- Mayor

OPTIONS

In order to effectively undertake the establishment of a sustainable Business Improvement District it will be necessary to commence some initial scoping work. This initial work will assist in deciding the options available to Council, should it decide to proceed with the establishment of a BID for Cleveland. The options could include:

1. That the Cleveland CBD Revitalisation Special Committee resolve to accept the Officers recommendations to commence the process of scoping support for a Business Improvement District for Cleveland and progressing this further, should the model be deemed appropriate for Cleveland; and
2. If there is little interest from local businesses in the process, discontinue the process and continue to work with the Redland Chamber of Commerce and Cleveland Traders Association in assisting with the revitalisation strategy for Cleveland CBD.

OFFICER'S RECOMMENDATION

That Council resolve as follows:

1. To nominate a Cleveland CBD Revitalisation Special Committee ("the Committee") representative to meet with the Executive Leadership Group of the Capalaba Business Improvement District (CBID) to gain an understanding of the operational aspects of CBID and its applicability to Cleveland. The Capalaba model would represent a no cost option to Council;
2. That the nominated representative reports back to the Committee on the outcomes of the meeting with CBID and its applicability to the establishment of a Cleveland Business Improvement District;
3. That if this is deemed an appropriate model by the Committee, the nominated committee representative will commence discussions with the Redland Chamber of Commerce and the Cleveland Traders Association for the formation of a Business Improvement District in Cleveland;
4. That through discussions with these groups and in consultation with members of the Committee, the nominated committee member will determine a local business leader who would drive a Cleveland BID establishment process;
5. That following consultation with the aforementioned bodies, Council will determine the appropriate funding model and revenue source for a Cleveland BID;
6. That if a Cleveland BID is established, Council will ensure that the focus of a Cleveland BID is specifically on issues relevant to Cleveland and that it does not duplicate services provided by Council at present through general rates; and
7. That if it is deemed an appropriate option for Cleveland, Council will ensure that the formation of a Cleveland Business Improvement District is used as a vehicle to unite Cleveland businesses to promote Cleveland and work in tandem with the work currently being undertaken by Council's Cleveland CBD Revitalisation Special Committee.

COMMITTEE RECOMMENDATION

Moved by: Cr C Ogilvie
Seconded by: Cr M Edwards

That Council resolve as follows:

1. Committee to nominate Cr Ogilvie to lead and be empowered to commence discussions with the Redland Chamber of Commerce and the Cleveland Traders Association for the formation of a Business Improvement District in Cleveland;
2. To commence discussions to facilitate the revitalisation of Cleveland and investigate place-making options within existing funding arrangements; and
3. That following consultation with the aforementioned bodies, options will be brought back to Council to expedite the revitalisation and determine the appropriate funding model and revenue source for a Cleveland BID.

CARRIED

2 COMMUNITY & CUSTOMER SERVICES

2.1 CLEVELAND CBD REVITALISATION WORK PROGRAM

Datworks Filename: LUP Projects - Cleveland CBD Project

Attachment: [Cleveland CBD Revitalisation Strategy Work Plan](#)

Responsible Officer: Gary Photinos
Manager City Planning & Environment

Author: Brett Hookway
Strategic Planner

PURPOSE

The purpose of this report is to present the draft Cleveland CBD Revitalisation Work Plan for formal Council endorsement.

BACKGROUND

Council has recently established the CBD Revitalisation Committee. The Charter for the Committee indicates that the committee's role is to:

- Prioritise, coordinate, manage and implement short term initiatives identified in the Cleveland Master Plan;
- Introduce measures to encourage business confidence, investment activity and momentum within the CBD; and
- Pursue partnerships with private enterprise to utilise Council land holdings as catalyst sites to drive revitalisation of the CBD.

Followings its commencement the Cleveland CBD Revitalisation Committee has:

- Finalised and implemented the introduction of a Development Incentives Package for Cleveland CBD;
 - Supported recent amendments to Redlands Planning Scheme to better align with the Cleveland CBD Master Plan;
 - Made further submissions and presentations to Economic Development Queensland regarding application for Priority Development Area status;
 - Participated in presentations on the Master plan, opportunities for Public /Private Partnerships and potential options for Council land holdings; and
 - Supported continued negotiation to resolve easement issues over Council land.
-

To further progress and guide the work of the Cleveland Revitalisation Committee a draft Cleveland CBD Revitalisation Work Plan has been prepared [see Attachment 1]. It is intended that the draft Cleveland CBD Revitalisation Work Plan will assist with delivering short, medium and long term outcomes for the Committee.

The draft Cleveland CBD Revitalisation Work Plan was workshopped with Council on the 25 March 2013 and is now presented for formal Council adoption.

ISSUES

Draft Cleveland CBD Work Plan

The draft Cleveland CBD Revitalisation Work Plan proposes 4 key work program areas which will assist with delivering outcomes for the Cleveland CBD Revitalisation Committee. The four work programs are:

- A. Master Plan Implementation – short term actions;
- B. Management of Cleveland CBD Development Incentives Program;
- C. Economic Analysis incorporating Council land investigations and Council land requirements; and
- D. Project Management and Governance.

Full detail on the activities and tasks within each of the work programs is provided in the attached Cleveland CBD Revitalisation Work Plan. Within each work program the activities and tasks to be completed are listed. For each task the work program assigns responsibility to appropriate areas of Council, provides timeframe for activities and tasks and allocates priorities to tasks along with an indicative cost estimate.

The draft Cleveland CBD Revitalisation Work Plan seeks to balance the need to deliver short and medium term improvements in the CBD (for example streetscape improvements) while undertaking further technical and feasibility studies to facilitate the long-term future release of Council land (valued at \$20m).

As well as defining key work programs, the draft Work Plan also identifies a range of events and facilities that are currently held within or are in close proximity to the Cleveland CBD. As part of the Cleveland CBD Revitalisation Committee and Project there is scope to consider how Council can assist with attracting more people to these events and encouraging greater use of these facilities.

Nomination of Priority Development Area

As Cleveland CBD has been nominated as a Priority Development Area, the nomination and management of Priority Development Areas is listed as a task in the Cleveland CBD Revitalisation Work Plan. At the time of writing on-going discussion and meetings were occurring with State Government Officers regarding Council request for Priority Development Area designations.

An update on Council's request for Priority Development Area designations will be provided to Council in the Cleveland CBD Revitalisation Committee.

STRATEGIC IMPLICATIONS

The revitalisation of the Cleveland CBD is recognised as a strategic priority of Council. Implementation of the Cleveland CBD Revitalisation Work Plan will guide future work related to the revitalisation of Cleveland CBD and assist with delivering the short, medium and long term outcomes of the Cleveland CBD Revitalisation Committee.

Financial

It is likely that savings in the 12/13 financial year budget will be able to fund high priority tasks proposed to be commenced in the short term. These work tasks are estimated at \$135,000.

Funding for work to be undertaken in the next and 14/15 financial years will be subject of budget requests and budget deliberations. Tasks proposed to undertaken in 13/14 and 14/15 are currently estimated at \$120,000.

People

The implementation of the Cleveland CBD Revitalisation Work Plan and associated work programs will require work to be undertaken across a range of departments and groups within Council. The draft Cleveland CBD Revitalisation Work Plan assigns responsibility to appropriate areas of Council for each of the activities and tasks. Recognising the significance of the Cleveland CBD Revitalisation Project it is expected that Council groups will work collaboratively to implement the plan.

Alignment with Council's Policy and Plans

The recommendation of this report and the Cleveland CBD Revitalisation Work Plan support a range of Council strategic priorities including green living, wise planning and design, a supportive vibrant economy, strong and connected communities and embracing the bay.

CONSULTATION

The draft Cleveland CBD Revitalisation Plan was work shopped with Council on the 25th March 2013.

Through the preparation of this report and the draft Cleveland CBD Revitalisation Work Plan officer from a range of departments and groups have been consulted. Consultation has been undertaken with Economic Development, Communications, Sustainable Assessment and City Planning and Environment.

OPTIONS

1. Council resolve to endorse the Cleveland CBD Revitalisation Work Plan subject to budget deliberations. Council adoption of the draft Cleveland CBD Revitalisation Work Plan will provide a detailed work program to deliver on the revitalisation of the Cleveland CBD.
2. Council provide further direction regarding the Cleveland CBD Revitalisation Work Plan and associated work programs including any changes to activity and task priorities and timings.

OFFICER'S RECOMMENDATION

That Council resolve to endorse the Cleveland CBD Revitalisation Work Plan subject to budget deliberations.

COMMITTEE RECOMMENDATION

Moved by: Cr C Ogilvie
Seconded by: Cr M Edwards

That Council resolve to:

1. Endorse the Cleveland CBD Revitalisation Work Plan subject to budget deliberations and ongoing monitoring and review;
2. Add to current work program:
 - a) Outcomes of Item 1.1 (CBID);
 - b) In current events, consideration of the Black Swamp
3. Bring back to all future Cleveland CBD Revitalisation Committees, the work program including scorecard tracking and progress reporting.

CARRIED

3 MEETING CLOSURE

There being no further business, the Chair declared the meeting closed at 10.48am.

Signature of Chairperson:

Confirmation date:
