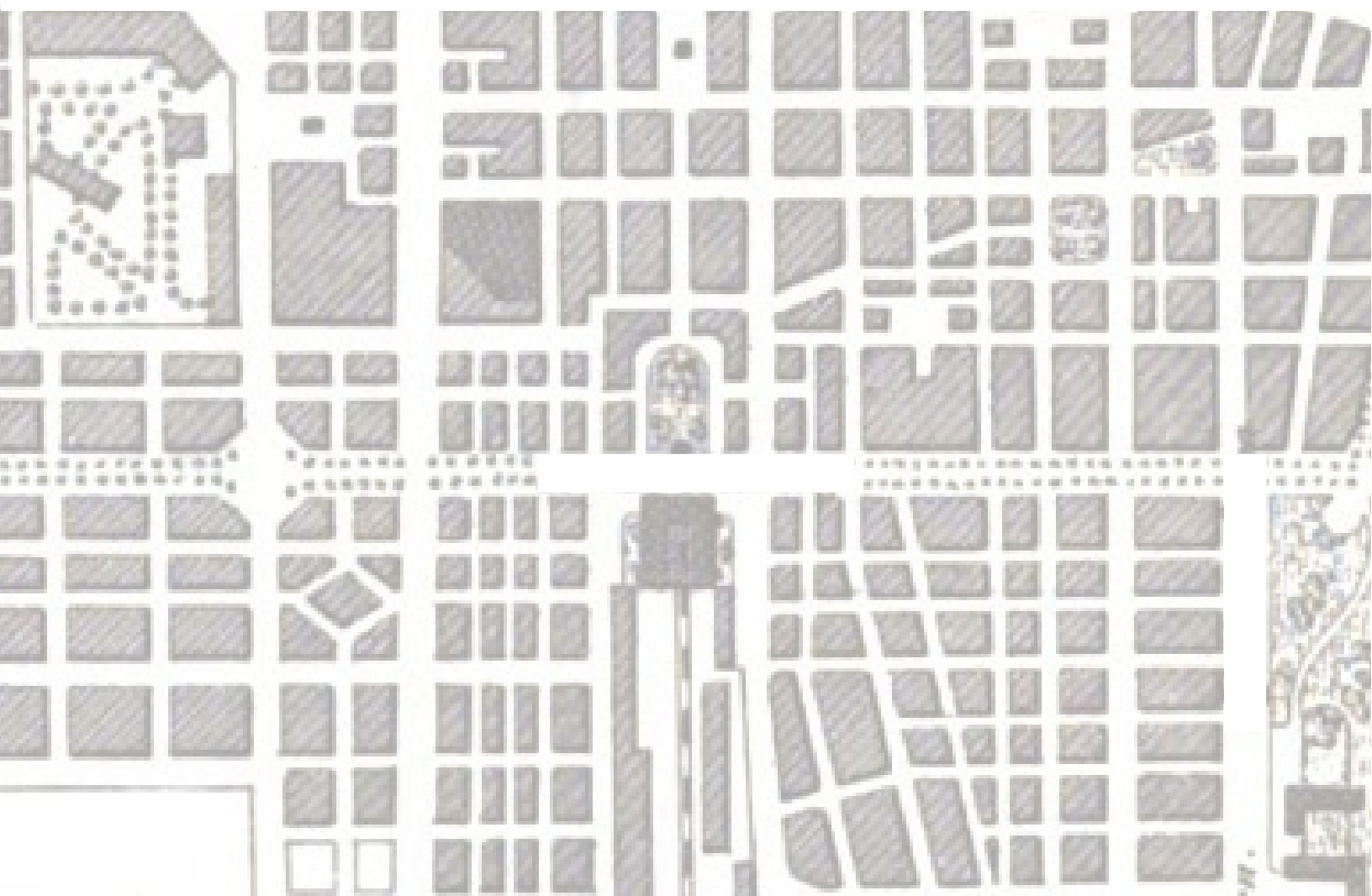




SSMID

A step-by-step guide for practitioners



Introduction

Under the auspices of the Iowa Initiative for Sustainable Communities, this report has been prepared as part of a capstone project for completion of the School of Urban and Regional Planning master's degree program at the University of Iowa. This report is an abbreviated version of *Self-Supported Municipal Improvement Districts: A Toolkit for Planning, Implementation, and Evaluation*, which is available through the Iowa Downtown Resource Center.

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Acknowledgements

The SSMID toolkit was a collaborative effort with contributions from the following people and their respective organizations.

We extend special thanks to Jennifer Pruden, Executive Director of the Czech Village/New Bohemia Main Street District for her commitment as our project partner and constant support.

Nick Benson, Iowa Initiative for Sustainable Communities

Sarika Bhakta, Cedar Rapids Metro Economic Alliance

Nancy Bird, Iowa City Downtown District

Lijun Chadima, Thorland Company

Ragen Cote, Downtown Partners

Jim Engle, Main Street Iowa

Brian Fagan, Simmons Perrine Moyer and Bergman PLC

Wendy Ford, City of Iowa City

Seth Gunnerson, City of Cedar Rapids

Karen Kubby, Beadology Iowa

Bob Josten, Dorsey and Whitney LLP

Susan Matthews, Main Street Iowa

Amy Lego, Downtown Community Alliance

Carol Lilly, Cedar Falls Community Main Street

Glenn Lyons, Downtown Community Alliance

Marc Moen, Moen Group

Jennifer Pratt, City of Cedar Rapids

Carroll Reasoner, University of Iowa

Bob Rose, Spencer Main Street

Darlene Strachan, Main Street Iowa

Michael Wagler, Main Street Iowa

Faculty and staff with the University of Iowa's Urban and Regional Planning program provided significant assistance throughout the creation of this report. Special thanks to Chuck Connerly and Phuong Nguyen for continued guidance and expertise.

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Czech Village/New Bohemia Main Street District
Source: InlowaWater.org



Street Scene, Czech Village/New Bohemia Main Street District
Source: Czech Village/New Bohemia Strategic Revitalization Plan

SSMIDs: An Overview

What is a SSMID?

A Self-Supported Municipal Improvement District (SSMID) is a mechanism for property owners and businesses in a defined area to fund district-specific improvements and services. Under SSMIDs, commercial and industrial property owners in a district formally organize and pay a fee along with their regular property taxes for services, projects, and district operations in order to improve a defined area. Generally, SSMIDs are established to deliver a variety of services above and beyond the level of existing municipal services, and can serve as an economic development tool to revitalize neighborhoods and spur business growth and retention.

Through a petition process, commercial and industrial property owners voluntarily agree to form a district and pay property taxes at a higher rate. Once established, the district obtains the additional levied funds, and uses them to pay for projects and services aimed at keeping the district economically competitive.

What can a SSMID do?

SSMIDs can provide a sustainable funding source that groups can rely on for a set period of time. All funds provided by the SSMID levy are invested within the district. The exact use of SSMID funds is dependent upon the needs of an individual district and available funds. However, uses generally fall under two categories: maintenance or improvements. Examples of common SSMID maintenance projects include snow removal, street cleaning, or security. Improvements are projects that add to the appeal of the district, such as sidewalk planters or signage. Often, SSMID funds are also used to cover a portion of the district's administrative costs and fund district events.

SSMIDs in Iowa

SSMIDs were first allowed in Iowa beginning in 1977. Iowa conceived of SSMIDs as a way for areas experiencing blight or expecting growth to finance projects that could create positive conditions for businesses. The state viewed the improvement district legislation as a way to encourage high levels of local involvement in the development and urban renewal process. The original intent of the district carries over to present day. Cities continue to encourage districts to help create sustainable funding sources for area projects and maintenance, as well as to supplement other financing mechanisms. Cities and property owners in Iowa continue to utilize this tool as a mechanism to create desirable environments for businesses, investors, and citizens.



Iowa City Pedestrian Mall Public Art

Source: Iowa City Downtown District

Timeline

Feasibility (1-2 months)

- Determine if a BID is appropriate
- Communicate with city council and appropriate departments

Planning and Organization (2-4 months)

- Form steering committee
- Hold initial committee meetings
 - Set district goals
 - Encourage stakeholder participation
- Develop budget
- Determine management structure
- Evaluate need for Memorandum of Agreement
- Select fund manager
- Compile list of property owners
 - Determine taxable and non-taxable properties
 - Identify non-profits
- Write petition

Community Outreach (3-6 months)

- Prepare and distribute informational materials
- Facilitate one-on-one conversations between steering committee members and stakeholders
- Meet with non-profits/non-taxable owners for voluntary contributions
- Hold open forums
- Create website
- Collect petition signatures
- Estimate support
 - By percentage of property owners
 - By percentage of assessed value

Establishment (3-6 months)

- Board of directors
- Gather baseline data for evaluation

This timeline shows steps to complete for each segment of the SSMID process. The number of months indicates about how long each segment should take to complete. While the timeline provides a basic outline for expectations of the entire process, it is recommended a timeline be adapted for each community's specific needs and situation. The full process of SSMID creation generally takes between 1-2 years.

1

Planning & Organization

» SSMID Feasibility

Several considerations should be assessed when deliberating using a SSMID as a mechanism to fund improvements to an area. This will ensure the SSMID is the proper funding mechanism for an area. It is important to communicate with the city council and appropriate city departments during this stage to establish lines of communication for discussing and planning SSMID creation efforts.

- **Property Composition**
 - A majority of the properties in the area should be commercial or industrial. This ensures a substantial base for levy collection, as commercial and industrial properties are the only property types subject to the levy. In Iowa, residential property may be included if the district is located within a designated historical district.
- **Anticipated Fund Uses**
 - The needs of the area should be considered. The SSMID often helps carry out projects or services that will occur over an extended period of time. If the needs of the area are limited in scope and could be addressed by one or two projects, other funding sources may be a more appropriate approach. A SSMID should not be used for crisis funding due to a potentially lengthy approval and implementation processes.
- **Process Commitment**
 - The SSMID approval and implementation process involves a large time commitment and considerable effort. There should be a core group of dedicated property or business owners willing to put in the time and effort to oversee and champion the planning and implementation process.

» Steering Committee Formation

The steering committee should be representative of the businesses, property owners, non-profits, community organizations, and residents within the district to guide the SSMID creation effort. Depending on the size of the district, 12-20 members would be an appropriate committee size. This allows various interests to be represented while still allowing committee members to actively participate. Members selected for the committee should be strong advocates for the SSMID, as they will be reaching out to undecided individuals throughout the SSMID process. For a diversity of perspectives, committee members should be from the following groups:

- Large and small property ownership (by square footage, number employees, assessed value)
- Diverse business types and sizes (service, retail, restaurant)
- Representatives from non-profit organizations
- Representatives of district residents

During this initial phase, the steering committee has four main actions to complete:

1. Agree on a vision (or use an already-existing vision provided by recent planning efforts) for the district. This provides a direction and goals for the SSMID to follow.
2. Tentative boundaries should be defined for the district. These boundaries may be subject to change, but they provide a place to begin discussions and provide assessment estimates.
3. Identify what resources will be required for the planning process.
4. A project timeline should be set with target dates for specific actions.

» District Goals

Introduction

Articulating the goals of the SSMID is important when developing a vision for the district. Steering committee members, utilizing stakeholder input, should discuss and determine goals at the outset of the SSMID planning process. These goals will assist in several steps of the SSMID creation and implementation process, such as developing the budget, and evaluation. Communicating goals throughout the planning and outreach phases will help property and business owners in the proposed district conceptualize the benefits of their investment.

Key considerations

- **Opportunities for stakeholder participation**
 - Community engagement should start early in the planning process. Stakeholder input and participation will help the steering committee define appropriate goals for the district.
- **Objectives for multiple phases**
 - The steering committee should determine short, medium, and long-term objectives that will guide the planning process.
- **Goals and evaluation**
 - Once the SSMID is established and operating, district goals should be used in the evaluation process. The importance of goals in SSMID evaluation is discussed further in the *Evaluation* section of this toolkit.

Set district goals

A good starting point for goal setting is reflecting on reasons the SSMID is needed. Goals may be general improvements or specific projects. Breaking goals into short, medium, and long-term objectives may be helpful.

- **Short-term objectives:** These projects should have an immediate and discernible impact on the district. They may be basic improvements and services, such as maintaining streetscapes, or installing banners. These projects are important because they give property owners a sense that the SSMID is working, and their investment is being used efficiently.
- **Medium-term objectives:** These likely require more planning, but do not require large expenditures. For example, planning annual events in the district to attract traffic to the area, or arranging continuing education for business owners to help improve their operations.
- **Long-term objectives:** These have the potential to have a large impact on the area, but may require a significant planning and investment. Examples of these projects include infill construction or façade improvement for buildings.



Czech Village/New Bohemia Main Street District

Source: Czech Village/New Bohemia Strategic Revitalization Plan

» Boundary Planning

Introduction

Boundary determination is important when proposing a SSMID. The boundary will determine which properties in the area are assessed the additional levy and consequently receive the benefits of SSMID funds.

Key Considerations

- **Contiguity of parcels**
 - In most states, contiguity of parcels is required by legislation. It helps define a cohesive area for implementation of services and improvements.
- **Number of commercial and industrial parcels and total assessed value**
 - More assessed value equates to more revenue generated through the SSMID levy, translating into more services and improvements for the area.
- **Number of tax exempt parcels**
 - Tax-exempt parcels cannot sign the petition in support of the SSMID effort to count towards the legislative requirements to create a SSMID. Some tax-exempt properties and organizations may voluntarily contribute funds to the budget, but are not required to do so.
- **Location and use of property**
 - Location and use of property are as important as property type when considering benefits of the SSMID in relation to the boundary. For example, an industrial building falls under a property type that would pay the SSMID levy. However, typical uses of SSMID funds such as basic maintenance and security may not provide much benefit to the property owner of an industrial facility if the property is located outside of the central business district.

- **Level of service expected from property owners included within SSMID boundary**
 - Communication with property owners about their expectations of the SSMID services is very important and should be discussed throughout the planning phases and lifetime of the SSMID.
- **Pre-existing organizational structure for managing area in different capacity**
 - Developing and assessing various structures of management is recommended. Pre-existing organizations, such as a Main Street District provide services to the proposed district and may be able to assume SSMID management duties.
- **Input regarding proposed boundary**
 - The boundary may be contentious and will need ample time for discussion. The steering committee should seek input from all property owners included within the boundary, local stakeholders, and local government officials.

Types, Location and Uses of Property

In Iowa, residential parcels are exempt from the SSMID levy, and are not required to contribute to a SSMID.¹ Residential structures located within an historic district can be assessed the additional levy for a SSMID, but their inclusion is not mandatory. The parcels included in the boundary should make sense given the services and improvements the SSMID expects to provide. It is possible for a SSMID levy to be capped for specific property types so large industrial or commercial parcels may not pay above a specified amount, regardless of their assessed value. This helps to reduce the burden on property types that may not benefit the same as others due to their use and size.

Existing overlay zones in a district should also be taken into consideration. If all or parts of a district will be overlapped by a Tax Increment Financing (TIF), district management or steering committee should open a dialogue with the city to discuss how the SSMID levy will be applied to TIF properties. Within a TIF district a SSMID levy may only be applied to the frozen base value set by the TIF. However, through negotiation with the city the SSMID may be able to receive funds at the higher increment value in the TIF district. Examples of such cases may be found in the *Case Studies* section of this report.

Tax-Exempt Parcels

Like residential structures, non-profit organizations are exempt from the SSMID levy. However, in many cases, non-profit organizations located in or near the SSMID provide voluntary contributions because they benefit from the services that the SSMID provides. It is important to assess the involvement and interest of the non-profit organizations within the proposed boundary to determine whether it is appropriate to approach the non-profit about voluntary contributions. Other properties that are tax exempt, such as government-owned and vacant land, should comprise a small portion of the total parcels included within the boundary.

» **Budget Planning**

Introduction

Through the district goal development process, the steering committee should be well informed about the needs of the target area and level of property owner support. A basic outline for items included in the budget should come from the district's short, medium, and long-term goals. Budget items should align with the purpose of the SSMID, and should be feasible given the expected funding level available through the SSMID.

Key considerations

- **Goal-driven uses of funds**
 - The use of funds should match the needs of the district. This creates a nexus between the additional taxes paid and the improvements within the boundary.
- **Appropriate SSMID levy rate**
 - Levy rate should be appropriate for the community, and property owners must be willing to pay that level of fee for the expected services. Extensive discussion with property owners and local stakeholders about the SSMID levy rate is recommended.
- **Short, medium, and long-term budget projections and uses of funds**
 - Short-term uses of funds should be project- or activity- specific so property owners will understand the near-term benefits of inclusion within the SSMID.

Longer-term goals may be driven by broad ideals such as “increase marketing of attractions within the SSMID.”

- **Expected use of SSMID funds**

- Defining the expected use of SSMID funds helps property owners determine if their needs align with the purpose and expectations of the SSMID.

Compose the budget

The steering committee should compile cost estimates per project, service, or activity needed to achieve the goals, detailing information regarding materials and labor for each budget item. It is recommended that the steering committee create a budget for different intervals of the SSMID (i.e., first year budget, second through fourth year budget, etc.).

The budget may include any projected revenues from planned events or expected changes that affect SSMID revenues. Budgeting may include growth in revenues from increases in assessments on property values and projected revenues from planned events. Revenue estimates should be carefully calculated and conservative. Funds contributed from sources outside of the levy should be specified. These sources may include investment from public or private organizations including non-profit entities in the area, or contributions from a capital fundraising campaign. Finally, any potential tax assessment laws that would affect property values should be taken into consideration.



New Bo Books,
Czech Village/New Bohemia Main Street District
Source: Czech Village/New Bohemia Strategic Revitalization Plan

Sample budget

A New York City SSMID compiled a list of common budget items for consideration in the planning process such as salary, sanitation, and security. See Figure 1. Budget items must be related to the needs identified within the target area and should be specific for each community.

Supplemental Services	\$
Security	
Sanitation	
Promotion/Advertising	
Holiday Lighting	
Capital Projects	
Total Supplemental Services	
General & Administrative	
Staff Salary	
Staff Fringe Benefits	
Rent	
Telephone	
Printing/Postage	
Office Supplies	
Insurance	
Audit/Legal	
Payroll Services & Bank Charges	
Total General & Administrative	
Total Program Cost	
CONTINGENCY	
TOTAL BUDGET	

Figure 1. Common SSMID Budget Items

Source: New York City Small Business Services

Determine the levy rate

In Iowa, the levy rate is generally calculated as a fee per \$1,000 of assessed value, see Table I. The proposed budget may be helpful in determining an initial levy rate by showing funds needed to complete potential projects. It is at the discretion of the steering committee where to set the initial levy rate, and it should discuss whether this option is appropriate for the community. Assessed property values on a per property basis may be found with the county assessor's office or website.

Table I. Sample Levy Rate Projection Based on Budget Needs

Assessed Value in SSMID Boundary	Projected SSMID Budget Needs	SSMID Levy Rate
\$20,000,000	\$50,000	\$2.50 per \$1,000 of Assessed Value

The levy rate stated in the petition is a maximum rate that may be assessed to each parcel in the district. This gives the steering committee, with city council approval, the ability to adjust the levy rate if needed. Any adjustments would go no higher than the petition levy rate. This could allow for a SSMID budget to be kept at a consistent level whether to adjust for changes in taxing requirements or an increase in property values.

» Operating Procedure

Introduction

SSMIDs are unique collaborative efforts between the private and public sectors working to accomplish goals that either entity may not be able to achieve alone. A SSMID should incorporate the interests of business, government, and the general public in the way it operates; SSMIDs that seek to be independent of outside influences are perceived to be less effective.² Clearly defined operational roles are an important aspect of creating an efficient and effective SSMID.

Key considerations

- **Operations management**
 - A board of directors develops a mission for a SSMID and guides general operations.
 - An executive director or board-appointed group generally carries out the mission and oversees day-to-day operations.
- **Memorandums of agreement**
 - A memorandum of agreement (MOA) should be drafted to ensure a city and the SSMID clearly understand which entity is responsible for a particular service and to ensure both parties follow through on specifics of the agreement.
- **Fund management**
 - SSMID funds can be managed by the local government collecting the tax, by an outside group or organization, or by the SSMID itself. Having a local government manage the funds may be inefficient if a city council must approve SSMID expenditures. An outside group managing the funds may save time, but will come with additional administrative costs. Self-management will require additional staff time.

Determine management structure

A board of directors should be chosen following SSMID approval and establishment. A SSMID board of directors oversees the general operations of the SSMID and uses of funds, and governs in accordance with district goals. Recommendations regarding the SSMID board of directors follow in the *Establishment* section.

The Board may appoint an executive director to oversee day-to-day operations of the SSMID. This person(s) performs operational duties as delegated in the by-laws, such as keeping track of fund usage and performing outreach activities. Alternatively, the board members may decide to do these tasks themselves. Because of the amount of work running a SSMID entails, this is rare, but may be preferable for small SSMIDs with a limited funds.

Evaluate need for Memorandum of Agreement (MOA)

An MOA is a document that binds two or more parties to cooperate on a project or objective. MOAs are useful for delineating the structure between the SSMID and the local government, identifying services that each group will provide, and detailing voluntary contribution agreements from supportive businesses and organizations. Also, the MOA should state what, if any benefits the organization will receive as a result of its contribution.

Select appropriate fund manager

The SSMID levy is obtained when the governing body collects property taxes, and later separated out for the SSMID's use. The SSMID board of directors must decide which group or organization will keep track of the funds and, essentially, act as the SSMID's bank. Dependent upon local circumstances, SSMIDs may be able to switch between various fund management options during its lifetime.

1. The City: This option does not require transferring the funds to another intermediary organization after tax collection. The fee for the city handling funds will likely be less than using an independent, private organization. While having the city handle funds may be a good cost saving measure in a SSMID's infancy, a disadvantage of this option is that fund uses must be approved through city council action.

2. Third Party Fund Management: Funds are still collected by the governing body, but are transferred to the fund manager, such as a management firm, who manages SSMID money. Typically, the costs of using an outside organization are higher, but SSMID funds may be more easily accessible.

3. Internal Management: Here, the board of directors chooses how to use the funds, and all fund management is administered in-house. This may be difficult in situations where a SSMID managing organization has limited fiscal or human resources, or the projects are complex and/or require special expertise.



Historic Fire Station, Czech Village/New Bohemia Main Street District
Source: Katie Gieszler

» Petition

Introduction

All items outlined in this section pertain to the state of Iowa; information below may be found in section 386.3 of the Iowa Code. The 2013 edition of Iowa Code section 386 may be found in Appendix B.

State of Iowa legislation stipulates six items that must be included in the SSMID petition. It is recommended that each steering committee obtain legal counsel to check the legality of the petition language in addition to the signature requirements of its local government before acquiring signatures.

Key considerations

For a city council to consider a SSMID petition, it must include the following items:

- **Signatures**
 - The petition must include signatures of 25% of all commercial or industrial property owners within the proposed SSMID, and signatures representing 25% of the assessed value of all applicable (commercial and industrial) property types within the proposed SSMID.
- **Boundary description**
 - The petition must include a description of the proposed SSMID boundary. The inclusion of a map is not mandatory, but beneficial.
- **District name**
 - The official name of the district must be stated. The name must include the phrase, “Self-Supported Municipal Improvement District.”
- **Levy rate**
 - The petition must include the levy rate. This must be shown as the rate for debt service, operations, and capital improvement, or as a combination of the three.
- **Sunset period**
 - The period of life of the district, or “sunset” period must be listed in the petition.

- **Statement of purpose**
 - The petition must include a statement of purpose explaining the reason for SSMID establishment. This section should include the district goals.

Signatures

For a city council to consider approval of a SSMID, signatures in the petition must represent a minimum of the following:

- 25% of all owners of eligible property within the proposed SSMID, and 25% of the value of all eligible property within the proposed SSMID.

The signatures must be obtained from the property's deed holder(s). If there are multiple property owners listed or if a group with multiple signatories owns the property, then all of the signatures of the property owners are required to be collected. A city may have specific requirements for information needed for a petition signature to be valid, such as property value, or tax identification number. Consult your local government to ensure all necessary information is included.

At minimum, the signature page of the petition should include:

- The name of the property owner or owners.
- The address of the property or properties.

District property owners who oppose the SSMID may create a counter petition to increase city council approval requirements, or to block the proposal altogether.

- Unanimous approval of the district is required of the proposal if a counter petition signed by 25% of all owners of eligible property within the proposed SSMID, and represent 25% of the assessed value of all eligible property within the proposed SSMID.
- The proposed SSMID may be blocked from council consideration if a counter petition signed by 40% of all owners of eligible property within the proposed SSMID, and represents 40% of the assessed value of all eligible property within the proposed SSMID.

Boundary description

- A description of the proposed district boundary must be included in the petition. The description may be of the boundaries of the proposed district, or a consolidated description of the property within the district. This may be a description of the boundary of a district, or a listing of all property inside by parcel number or other legal denotation.
- The description should define the roads or lot lines the district boundary follows. Lot lines should be noted if the boundary intersects a block at any point.
- A map of the boundary and property within the district is not required for petition approval. However, including a boundary map may help to explain the district when talking to property owners or presenting the petition to a city council.

District name

Iowa requires that the petition include a district name, which must include the phrase “Self-Supported Municipal Improvement District.” The name may include the organization managing the district, or be descriptive of the area

Levy rate

The proposed levy rate for the district must be stated in the petition. The rate may be presented as separate rates for operations, capital improvement funds, and debt service. Alternately, the rate may be presented as a combination of all three.

- **Operations Tax:** Monies collected for the operations fund would strictly go towards paying the administrative costs of the district. It may support all expenses reasonably related to the administration of the district, such as personnel salaries, legal fees, or maintenance.
- **Capital Improvement Tax:** Monies collected for the capital improvement funds could be used for financing various improvements to the district.
- **Debt Service Tax:** If a city were to issue bonds on behalf of the district for the funding of projects, the debt service fund would serve as the money to repay bond debt.

Sunset period

This section of the petition will state the date when the district will terminate if not renewed prior to termination. This duration is commonly referred to as the “sunset” period. Generally, the beginning of the period will coincide collection of the first SSMID levy.

Statement of purpose

The purpose of the district must be stated in the petition. The district could have a single purpose or several purposes. Following are three examples of district purposes.

- **In terms of the relationship of the properties within the district**
 - An example may be the redevelopment or revitalization of properties in a district.
- **In terms of the interests of the owners of property within the district**
 - An example may be creating an agency to advocate for collective stakeholder interests.
- **In terms of proposed improvements to the district**
 - This may be presented as general categories of improvements to be pursued, or as specific improvements slated for this district. These should be defined in district goals.



Sykora Bakery, Czech Village/New Bohemia Main Street District
Source: [Rye for Health](#) by [Pete Zarria](#) is licensed under [CC BY-NC-SA 2.0](#)

2

Community Outreach

Introduction

During the initial district goals development process, it is important to engage stakeholders and integrate them into the planning process. After a steering committee has discussed district goals with stakeholders, those goals should be used to formulate a more complete SSMID plan, which may be shown to potential petition signatories. The community outreach phase of SSMID formation entails developing informational materials and communicating with stakeholders through a variety of methods to gain support and receive additional input.

Through the outreach process, the steering committee may find that it must tailor aspects of the SSMID to better reflect stakeholders' needs. Using a variety of community outreach strategies can heighten awareness of, and increases support for, the proposed SSMID, while providing numerous opportunities for constructive feedback on proposed SSMID elements. In Iowa, creating a SSMID requires petition signatures and, ultimately, city council approval. Open communication between the steering committee, members of the community, and elected officials is crucial to gaining SSMID approval.

Key considerations

- **Purpose of outreach**
 - The purpose of community outreach is to increase awareness of the SSMID, to gain support for the SSMID, and to get feedback on the SSMID.

- **Informational materials for property owners and local stakeholders**
 - From the outset of outreach phase, information about the SSMID should be articulated clearly and communicated to all stakeholders. Defining the monetary impact of the SSMID levy on a per property basis may be helpful for property owners to better understand how their inclusion affects their annual expenses.
- **Public forums**
 - Throughout the public outreach phase, the steering committee should hold at least one open forum to introduce the SSMID creation effort and to invite community feedback.
- **Individualized outreach**
 - Direct communication to property owners through a network of invested supporters can help address unique concerns and gain support. Steering committee members should identify contacts and document support.
- **Online presence**
 - A website with information about the proposed SSMID should be used to increase awareness and facilitate communication.

Compile district data

Compiling a list of property deed holders in the proposed area is helpful for communication efforts. Both municipal offices and county assessors have public information on properties including the property deed holder, deed holder contact information, property value, the name of lease contract holder, and use designation. This information may be found online through city or county geographic information systems (GIS) sites, or through a request to the local assessor.

This information may be useful to create tables to help determine how many signatures will be needed to meet property owner and property value signature requirements for the petition. It is also useful for learning where to contact property deed holders. Finally, property value information can help with budgeting and understanding the level of funds that may be raised at different levy rates.

Develop informational materials

The steering committee should prepare an informational handout for distribution that describes the key features of the proposed SSMID. The handout serves to inform property and business owners in the district of the SSMID creation effort and to invite feedback and participation in the SSMID’s formative stage. The planning process should be open and transparent, and providing material to the public and local governing body explaining the budget and use of funds is a crucial element of the planning process.

The informational handout should include a sample budget to convey the intended uses of funds. When introducing the SSMID to property owners in the proposed district, an examination of case studies indicates that using a sample budget that defines how much the SSMID levy will impact an individual property owner has a positive impact for gaining buy-in. Using the sample budget allows property owners to better understand their individual impact and how they will contribute to and benefit from increased services and improvements within the district. Providing charts or tables to show how the levy rate will affect business owners based on various levels of assessed valuation may be helpful. Table 2 below provides an example.

Table 2. Sample Estimated Tax Impact of SSMID

If your commercial property value is:	Your current property tax bill is:	Your SSMID tax bill would be:	Your total tax bill would be:
\$50,000	\$1,913	\$150	\$2,063
\$100,000	\$3,827	\$300	\$4,127
\$150,000	\$5,740	\$450	\$6,190
\$250,000	\$9,567	\$750	\$10,317
\$500,000	\$19,134	\$1,500	\$20,634

Send information packet to district property and business owners

An information packet should be distributed to all property and business owners located within the proposed SSMID boundary. Along with the informational handout, this packet should include material about dates for open community forums, and a timeline for the entire SSMID planning and implementation process.

Facilitate one-on-one outreach

Directly communicating with individuals through one-on-one outreach extends the realm of SSMID proposal awareness, and is one of the most effective ways to disperse information about the SSMID formation effort. Steering committee members should select property owners in the proposed district to contact, and should document whether each contact supports the district to help gauge current and needed support.

Meet with potential voluntary contributors

Many SSMIDs contain non-profits or other tax-exempt groups who may benefit from the improvements or services that the district provides, giving these exempt groups contribute voluntarily to the SSMID. Meeting with potential contributors and securing their commitments early in the outreach process could give the steering committee the opportunity to build on that momentum and gain further support.

Hold open forums

The steering committee should hold at least one open forum to introduce the SSMID proposal to the community. This setting allows community members to voice their thoughts and the steering committee the opportunity to incorporate public comment into the SSMID process. This will ultimately assist the steering committee in gaining support for the SSMID.



Welcome Mural, Czech Village/New Bohemia Main Street District
Source: Katie Gieszler



Establishment

» Board of Directors

Introduction

A board of directors generally governs SSMID activity and consists of local stakeholders such as property and business owners. Several examples of board structures can be found in the *Case Studies* section. SSMID leadership, such as a steering committee, should carefully consider potential board members, as the board will guide the SSMID's activities and expenditures; individuals selected for board membership may affect the level of support from the community. SSMIDs have faced criticism for blurring the lines between private and public spheres; some people conceive of SSMIDs as private governments that lack accountability.³ Keeping perceptions of accountability in mind during the process of choosing board members, and selecting respected district members, can alleviate some of these concerns. Iowa's SSMID enabling legislation does not directly address, or create requirements for governing body. However, we recommend considering the following guidelines when creating a SSMID board of directors.

Key considerations

- **Board representation**
 - As representatives of the SSMID, a board of directors should include diverse interests.
 - Diverse representation reflects the interests of SSMID stakeholders and creates a sense of ownership.
 - The size of the board of directors should be based on district needs.

- **Board selection**
 - The approach to selecting a board of directors can vary depending on state legislative stipulations.
 - Some states require election by peers for the board of directors; in many states, the board of directors is government-appointed.
- **Board operations**
 - Boards often meet monthly to discuss SSMID-related business.
 - The board can form committees to focus on particular issues, projects, or events.

Board representation

It is important that the board represent the myriad interests found within the proposed SSMID boundary. Diverse representation creates a sense of ownership in the process, allowing effective outreach to the community.⁴ The board of directors should consist of members from the following groups:

- Commercial and industrial property owners representing small and large property assessments
- Commercial and industrial property owners representing a diversity of businesses
- Business owners representing both small and large number of employees or square footage
- Residents (if included in the SSMID taxation)
- Representatives from voluntary contributors such as non-profit organizations
- A city representative

Board size

Large and small boards have different qualities and attributes that need to be considered when designing a board of directors. Small boards often require highly engaged members to accomplish its tasks, but can be more efficient and simpler to manage. Large boards can allow for a higher level of diversity, added opportunity for expertise, and a shared workload.⁵

Board selection

When selecting the board members to govern a SSMID, one of two approaches is generally used: election by peers or appointed by government.

Elected by peers

In this scenario, SSMID taxpayers can nominate themselves or other participants to be potential board members. From the generated list of nominees, the SSMID taxpayers elect the new board members by ballot.

Appointed by government

In this scenario, the government appoints members from the community to serve as board members. In some cases, the SSMID members may present a list of potential candidates for the government to approve or modify.



Tulips by the street

Source: [Tulips in the Street](#) by [Chad Kainz](#) is licensed under [CC BY 2.0](#).

4

Evaluation

Introduction

Program evaluation helps ensure that SSMID initiatives are relevant to the district's goals, while providing a process to gauge the district's impacts. Evaluation also gives the SSMID an opportunity to convey its impacts to stakeholders. Diverse groups of stakeholders will be interested in a wide range of program areas. These stakeholders will want to know whether programs are working as promised, and whether resources are allocated optimally. Effective evaluations look at the overall impact of SSMID activities in relation to its goals, rather than assessing each individual function of a SSMID.⁶

» Formative and Summative Evaluation

Key Considerations

- Formative evaluation seeks to improve the implementation process, while identifying short-term progress on long-term goals.
- Summative evaluation seeks to assess broad, overall impacts of a SSMID.
- All evaluation questions should be simple to understand.

Formative and Summative Evaluation

One of the most widely used approaches for evaluation is the formative-summative method. Under this two-pronged approach, evaluation is completed over the course of a program, in addition to analyzing the overall impact at the end of the program. Summative evaluation seeks to define the broad impact achieved by the initiative, from its inception to project closeout.

Formative evaluation is used at all stages of program implementation to assess incremental progress toward program goals; this form of evaluation also analyzes components of program implementation and organizational capacity. In short, formative and summative evaluation types have been identified as elements to improve (formative) and prove (summative) the effects of a program. Table 3 shows the benefits of both types of evaluation.

Table 3: Benefits of Formative and Summative Evaluation⁷

Formative Evaluation – Improve	Summative Evaluation – Prove
Provides information that helps you improve your program. Generates periodic reports. Information can be shared quickly.	Generates information that can be used to demonstrate the results of your program to funders and your community.
Focuses most on program activities, outputs, and short-term outcomes for the purpose of monitoring progress and making mid-course corrections when needed.	Focuses most on program’s intermediate-term outcomes and impact. Although data may be collected throughout the program, the purpose is to determine the value and worth of a program based on results.
Helpful in bringing suggestions for improvement to the attention of staff.	Helpful in describing the quality and effectiveness of your program by documenting its impact on participants and the community.

Source: Kellogg Logic Model Development Guide, Page 35

Example Formative Questions Commonly Used for SSMIDs

Formative evaluation should grow out of the specific goals and objectives defined during a strategic planning process and should be unique to each SSMID. Below is a list of commonly used questions for SSMID formative evaluation:

- Is the program achieving its intended impacts?
- Are indicators moving in a positive direction to achieve goals?
- Is the district receptive to programs?
- What are the strengths and weaknesses inherent within the SSMID that aid or harm program success?
- What external factors are prohibiting successful implementation of projects?

- What external opportunities exist that the SSMID can capitalize on to enhance program effectiveness?
- What elements of program design or management seem to be working well and which need improvement?

Example Summative Questions Commonly Used for SSMIDs:

Summative evaluation should grow out of the specific goals and objectives defined during a strategic planning process and should be unique to each SSMID. Below is a list of commonly used questions for SSMID summative evaluation:

- Did the program achieve its goals?
- What impact did the program have in the target area?
- What impact did the program have in the community at-large?
- What unintended consequences resulted because of this program?

» Evaluation Audience

Key Considerations

- Defining the audience for evaluation is important in determining which questions should be asked in the evaluation process.
- The audience's questions help determine which indicators should be assessed to best answer the status of the program's goals.

Defining the audience and purpose of evaluation is central to an effective evaluation process. *Who* will be interested in outcomes and impacts of the SSMID and *what* outcomes and impacts will they be interested in?

Determining the audience for evaluation provides a focus for the outcomes and impacts that the district should assess. To identify the evaluation audience, consider who benefits from or is affected by the SSMID. For each broad goal that the SSMID has defined, evaluators should ask two questions:

- Who will have questions about the success of this goal?
- What key questions will this key audience have?

Once the audience’s questions are identified, indicators, or data, that will reasonably answer those questions should be identified. Table 4 below shows a basic list of common SSMID stakeholders that could be part of the evaluation audience and questions that each group of stakeholder may have.

Table 4. Evaluation Questions from Common SSMID Stakeholder Groups

Audience	Typical Questions
Property and Business Owners	Is the SSMID delivering the services it promised? How have the SSMID activities benefitted me?
Community Members	What has the SSMID accomplished? Have SSMID programs improved or benefited the community?
Public Officials	Who is benefiting from the SSMID? What improvements has the SSMID made to the community?
District Visitors	In what ways has the SSMID improved the visitor experience?

Source: Adapted from Kellogg Logic Model Development Guide, Page 40

Evaluators can ask stakeholders which questions they would like answered, or these questions can be derived from the district goals. Once the questions have been answered, indicators, or data, that will reasonably answer the audience’s questions should be identified.

» Indicators and Data Collection

Key Considerations

- Indicators should be linked to the questions that the evaluation audience has about SSMID performance.
- Data associated with the indicators should be obtainable within the SSMID's time and budget constraints.
- Locating existing sources of data is valuable for efficient data collection.
- Data collection methods should be chosen on the basis of likelihood to secure information, appropriateness of the method to the context of the district, and the district's time and monetary resources.

Indicators are data used to measure the status of the SSMID's programs. When identifying indicators, it is important to choose indicators that are easy to understand and provide information that answers the audience's questions. Indicators for which data is accessible within the SSMID's means are important to identify. Common indicators for SSMID evaluation include:

- Change in property value assessments
- Change in sales tax revenue
- Change in percentage of vacant space
- Change in attendance to district events
- Change in district crime-related incidents

It is important to document conditions in the SSMID prior to or at the beginning of the district's formation. That documentation will serve as a baseline from which to compare district changes, and will remind stakeholders of the conditions at the time of the SSMID's creation.⁸ In addition to comparing indicators to baseline data, the same indicators can be collected for the city or region. A comparison of district data to city or regional data will help determine whether changes in district conditions are merely a reflection of city or regional patterns, or if they are unique to the SSMID. Determining the scale for comparison is important and is dependent upon the context in which the SSMID is located.

Data Collection Method

Several criteria should be considered when determining which type of data collection method to use. Asking these questions will help determine an appropriate method:⁹

- Which method is most likely to secure the information?
- Which method is most appropriate given the values, understandings, and capabilities of those who are being asked to provide the information?
- Which method is least disruptive to the program and to its clientele? (Asking questions can be intrusive, time-consuming and/or anxiety-provoking.)
- Which method can the program afford and use effectively?



Taste of Iowa City

Source: [Taste of Iowa City](#) by [Alan Light](#) is licensed under [CC BY 2.0](#).

Listed in Table 5 are common data collection methods for SSMIDs. All of these instruments can be effective when used properly and appropriately; benefits and drawbacks to each method are described.

Table 5. Benefits and Drawbacks of Common Data Collection Methods

Method	Benefits	Drawbacks
Survey	<ul style="list-style-type: none"> • Can reach a large audience • Wide range of topics can be covered 	<ul style="list-style-type: none"> • Time consuming to develop, administer, and analyze • Unclear results are possible
Interview	<ul style="list-style-type: none"> • Allows for tailored follow-up questions 	<ul style="list-style-type: none"> • Small sample size could lead to skewed conclusions • Interviewee may not feel encouraged to provide accurate answers
Focus Group	<ul style="list-style-type: none"> • Allows for conversations that could generate new thoughts 	<ul style="list-style-type: none"> • Important perspectives may be absent • Time commitment may discourage potential focus of group participants
Observation	<ul style="list-style-type: none"> • Low time and cost requirements • Detailed observations can reveal information not available elsewhere 	<ul style="list-style-type: none"> • Lack of documentation may make this unreliable • Preconceptions may alter accuracy of observations
Photograph	<ul style="list-style-type: none"> • An image may have a greater impact than text description 	<ul style="list-style-type: none"> • Narrow scope of usefulness • Unrelated contextual factors may alter intent of photo
Document Review	<ul style="list-style-type: none"> • Large amounts of information and data can be accessed 	<ul style="list-style-type: none"> • Dependent on reliability of secondary data • Time consuming to research and analyze

Data Sources

Identifying and locating existing data is valuable for efficient data collection. Much of the information that a SSMID would likely need is public record and can be accessed in city or county offices. Additionally, qualitative methods of analysis should be employed. People, photos, and observation can provide a wealth of information, much of which may be qualitative data that is crucial to SSMID evaluation. Listed in Table 6 are a variety of common data sources useful for many SSMIDs.

Table 6. Common Data Sources

Data Source	Data Type
U.S. Census Bureau	Demographics, economic characteristics
Municipality	Business name registrations (business starts), building permits, sales tax collected, vacant property status
People (surveys, focus groups, observation)	Stakeholder perceptions, opinions, behaviors
Photos	Program events, activities, changes in appearance
Tax assessor	Assessed property values
Management companies	Occupancy/lease rates
Observation	Noticeable changes in behavior, changes in use of space

5

Logic Models

» What is a Logic Model?

Logic models provide a framework for program evaluation. By describing logical linkages between resources, activities, outputs, outcomes, and impacts, a logic model allows an organization to tell its “performance story” and better manage for results.¹⁰ The “story” unfolds with a listing of planned activities that demonstrate a logical path to realizing the intended outcomes. The recommended logic model framework represents a simplified model utilizing five commonly recognized components of logic models.¹¹

Key Considerations

- Logic models provide an integrated framework for conducting formative and summative evaluations of a program.
- Logic models provide a process and a roadmap for communicating a program’s rationale and intended results to stakeholders.
- Logic models are beneficial for consensus building, effective planning and management, and for providing a strong case for funding applications.

Why Use Logic Models?

Logic models are a suitable evaluation framework for SSMIDs, and give organizations a roadmap for reaching their objectives and sharing their performance story. The logic modeling process develops indicators to track performance of district’s progress, and the models allow for logical connections to be made between actions and goal achievement. These logical connections

are important because it's difficult to isolate the SSMID's direct influence measures like property value or vacancy rates. The model resulting from the process gives a SSMID a visual representation and activities, and allows stakeholders to easily understand the connection between the district's activities and its overall impact.

Benefits of Using Logic Models for SSMID Evaluations

Consensus Building

- The logic modeling process allows stakeholders to state their beliefs about how the program works, and through a collaborative process, a common vision may be developed.¹²

Effective Planning and Management

- By identifying the logical linkages between model components, organizations have a tool for increasing efficiency of planning and managing activities and resources towards achieving their intended outcomes.¹³
- Logic models allow for the identification and assessment of assumptions related to the program and its mission, which may reveal gaps in the program logic, and ultimately lead to program refinement.¹⁴

Improved Case for Funding

- Logic models provide a visual representation of the program's rationale and demonstrate a thorough examination and understanding of how the program will achieve its stated outcomes and impacts.
- Logic models may provide funding agencies an accountability mechanism (i.e., checklist) for evaluating the district's programs and activities and whether they were implemented as outlined in the funding proposal logic model.¹⁵

Logic Model Components

Resources

Resources are the inputs available to an organization in carrying out its mission. Examples of resources include community resources such as a unique cultural identity or attraction, human resources such as staff and volunteer support, and financial resources such as a SSMID levy or grant funding.

Activities

Activities are actions that are completed utilizing the available resources. For example, a SSMID with an historic character and available funding could develop a regional marketing campaign to capitalize on the district's historic attributes.

Outputs

Outputs are the direct results of the completed activities. Using the marketing campaign, the output could be the number of materials distributed regionally. Outputs are generally measurable and describe the scale of an activity.¹⁶ Often, the outputs in a logic model may also be performance indicators.

Outcomes

The model's outcomes are differentiated into short- and medium-term categories. Outcomes are changes in individual behaviors affected by the activities and outputs of the program.¹⁷ A short-term outcome associated with the marketing campaign would be an individual's increase in knowledge and support for the historic district. A medium-term outcome associated with the marketing campaign would be the district has a readily identifiable brand.

Impacts

Impacts are the overall systemic changes associated with the program.¹⁸ An impact associated with the marketing campaign would be the community developing a sense of identity and participating in making improvements in the neighborhood historic character. The impacts should reflect the goals developed for the SSMID, with the model identifying a path to achieving these goals.

Performance Indicators

Performance indicators measure specific areas of interest, such as whether activities were completed on time and within the stated scope, or if there was an increase in the percent of sales tax revenues within a district.

Assumptions

Clearly stating the assumptions underlying a logic model is an effective way to convey transparency to stakeholders. The assumptions should highlight the rationale used for the linkages of activities, outputs, and outcomes found in the model.

Reading a Logic Model

Flow

Logic models are a graphic depiction of a program's activities and outcomes. There is a general flow to logic models, starting with resources and moving towards impacts (i.e., left to right). As shown in Figure 2, resources are listed on the left with a progression through activities, outputs, and outcomes arriving at impacts, which are listed on the right.



Figure 2. Logic Model Flow

Relationships

There may be a one-to-one, one-to-many, or many-to-many relationship found between the model components. For example, available resources will dictate the type of program activities that may be completed, but each resource may connect to more than one activity.

Indicators

The data needed for evaluation will be derived from the model's outcomes. The data, or indicators, will provide the information necessary for assessing the achievement and impact of the outcomes. Each indicator should directly answer one or more evaluation questions.

Logic Model Process

Developing a logic model is a process that requires diligent and patient efforts of program managers, staff, and stakeholders in order to reach a shared understanding of the program rationale and its intended results. The following section provides a brief outline of the logic model process. For detailed instructions on conducting a logic model process, the W.K. Kellogg Foundation's *Logic Model Development Guide* is recommended as a resource.

Stakeholder Inclusion

It is essential that stakeholders are involved in the process to ensure that different perspectives are included and developed in a collaborative process. The inclusion of different perspectives will lead to a broader understanding of the situation and a more thorough examination of potential components, their linkages and the proposed outcomes.

Goal Identification

Focusing a logic model on a specific grouping of goals allows for simple identification of key components that are related to the goals. This will help provide clarity and an ease of understanding for evaluators and the evaluation audience. For example, a SSMID could develop several logic models each focusing on a specific topic such as economic development or communication and advocacy.

Component Identification

When conducting the logic model process, it is important to start with intended outcomes and work in reverse through the model, from outcomes to outputs to activities. Ask, "What needs to be done?" rather than "What is being done?"¹⁹ Starting with outcomes may lead to thinking "outside the box" and developing new activities that are more effective in achieving the program's desired outcomes and impacts.

Performance Indicator Identification

A logic model will help an organization develop a set of performance indicators for measuring results. The model's outputs will provide a set of measures for tracking the organization's success in delivering on its activities (e.g. were quarterly meetings held or was a maintenance reporting system established as planned). Measurable performance indicators should be identified for each outcome. For example, if a SSMID had an expected outcome of increased property owner support, a performance indicator could be an increase in property owner

signatures during a SSMID's renewal process.

Iterative Process

The logic model process is not done once the model is complete; it is an iterative process that should be completed when new information becomes available or if district circumstances change. When used in a formative evaluation process, the model may be used as a checklist to ensure that the process is implemented as planned and allows changes to improve performance.

Suggested Resources

- W.K. Kellogg Foundation Logic Model Development Guide
- United Way Outcome Measurements
- University of Wisconsin Extension: *Welcome to Enhancing Program Performance with Logic Models* online course



From Modeling to Evaluating

Key Considerations

- The outcomes and outputs of the model may be used as a checklist to track progress.
- Model outcomes may be used to create a detailed timeline of when projects or programs need to be evaluated.
- Disseminate results promptly so they can be incorporated into daily practices to maximize efficiency.
- Formally reporting evaluation results is a crucial component of the SSMID renewal process. Clearly associating changes within the district to SSMID programs and activities demonstrates impact and communicates the value of the funding mechanism to key stakeholders.

A framework and theoretical base for evaluation is created through the logic modeling process. Creating a model helps determine indicators and identifies a process for achieving district goals. Once a logic model is complete, evaluators can use it to assess the district's level of success. The model can work as a checklist of what has been accomplished, a tool for creating an evaluation timeline, and an instrument for disseminating results. Moving from the modeling process to the evaluation process takes time, but the model already holds much of the information that is needed for evaluation.

Model as a Checklist

The model itself can be a checklist for the objectives an organization aims to accomplish. Whether it be monthly, quarterly, or yearly, an organization may sit down and look at the model to see what has been accomplished. Progress is measured in outputs or outcomes that can be checked off as they are achieved. If an intended outcome has not occurred, evaluators can work backwards to see if activities or outputs were not completed or did not yield the intended results.

Evaluation Timeline

The model may also serve as the gateway to creating a timeline for evaluation. The model already indicates short-term and medium-term outcomes that break down the activities, outputs, and outcomes that need to be completed first. From these delineations, an organization may decide on a more specific timeline for executing activities. Specifying what needs to be accomplished to specific years or quarters can help with understanding how a program is progressing and what formative changes may need to be made during the course of the project.

Dissemination of Evaluation Results

Once a timeline has been created and data is gathered, evaluators should promptly analysis and disseminate the evaluation results. Reports analyzing the impact of the program on desired goals and objectives should be available publicly to formally communicate and highlight to contributors, funders, the public, and the local municipality the difference the SSMID is making on an incremental or annual basis.

For a funding mechanism such as a SSMID, it is important to convey its impact to those paying the increased tax rate in order to demonstrate how their money is being used to advance the goals of the district. Additionally, communicating the results will aid in the petition renewal process and should also help garner additional support from city council, non-profit organizations, and other voluntary contributors.

» Czech Village/New Bohemia Main Street District Logic Models

Introduction

In the fall of 2013, the Czech Village/New Bohemia Main Street District adopted a strategic revitalization plan, which is the guiding document for District activities. Extensive community input informed the plan, and it outlines many goals for the Main Street District. The SSMID focuses on five key areas for improvement. The petition specifically identifies these precise uses of funds, aligned with the goals from the strategic revitalization plan:

- Economic Development Programs
- Communications and Advocacy
- Capital Improvements
- Enhanced Maintenance
- Parking Management

With these logic models, the shared goals are tied to specific actions, and linkages are made to methods for measuring outcomes and impacts of the goals. It is important to note that the logic model provides a framework in which the SSMID can operate, but should not be viewed as prescriptive. Assumptions of and limitations to the logic models are identified to increase transparency. Indicators are provided as ways to gauge broad success over the lifetime of the SSMID, and should provide a framework for SSMID management to understand the direction the district may move in as a result of the activities listed. If the indicators do not occur within the lifetime of the SSMID, the SSMID is not definitively a failure. Rather, an analysis of short-term outcomes should help aid in gauging incremental progress toward achieving the SSMID's expected impact.



Lion Statue in the Czech Village/New Bohemia
Main Street District
Source: InIowaWater.org

Logic Model for: Advocacy & Communication

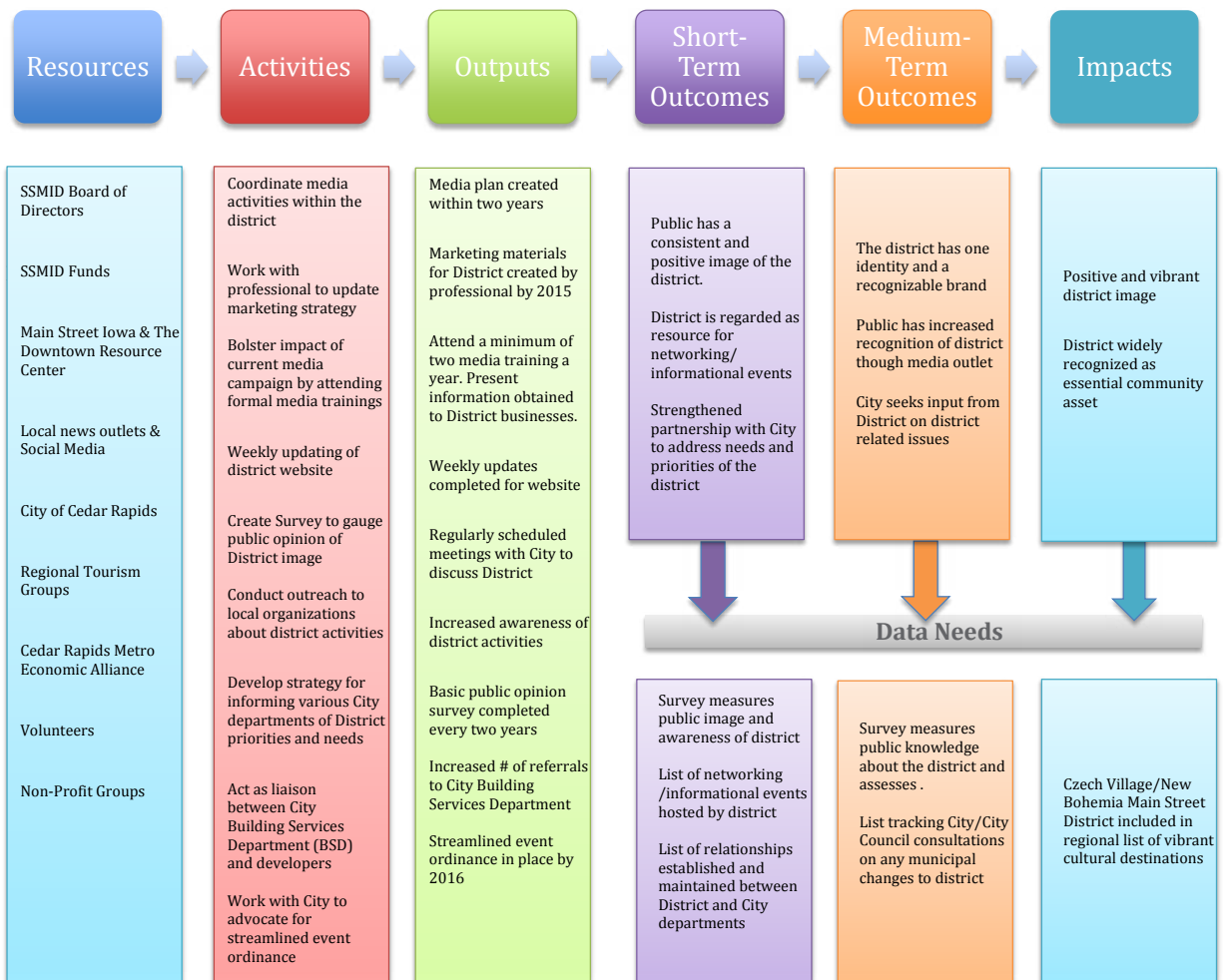
Priorities identified in the petition for Advocacy and Communication include:

- Develop a branding and marketing campaign for district
- Manage media relations to project a positive image
- Promote a positive image with public relations initiatives
- Advocate to advance policies and attract additional resources to improve district

In developing this logic model, the priorities defined above guided the process to ensure that all elements of the logic model pertain to the goals set forth by the Steering Committee, which are a result of a public input process.

Assumptions:

- Media are receptive to and interested in events and businesses located in District.
- Capacity exists to complete market survey; it is completed and analyzed regularly.
- Media trainings are available and provide useful content, which supports a successful media plan. Main Street District/SSMID has capacity to attend trainings.
- Opportunity to present quarterly in front of City Council exists.
- Media coverage positively portrays the District.



Advocacy and Communication Logic Model, Proposed Czech Village/New Bohemia Main Street District SSMID

Logic Model for: Economic Development

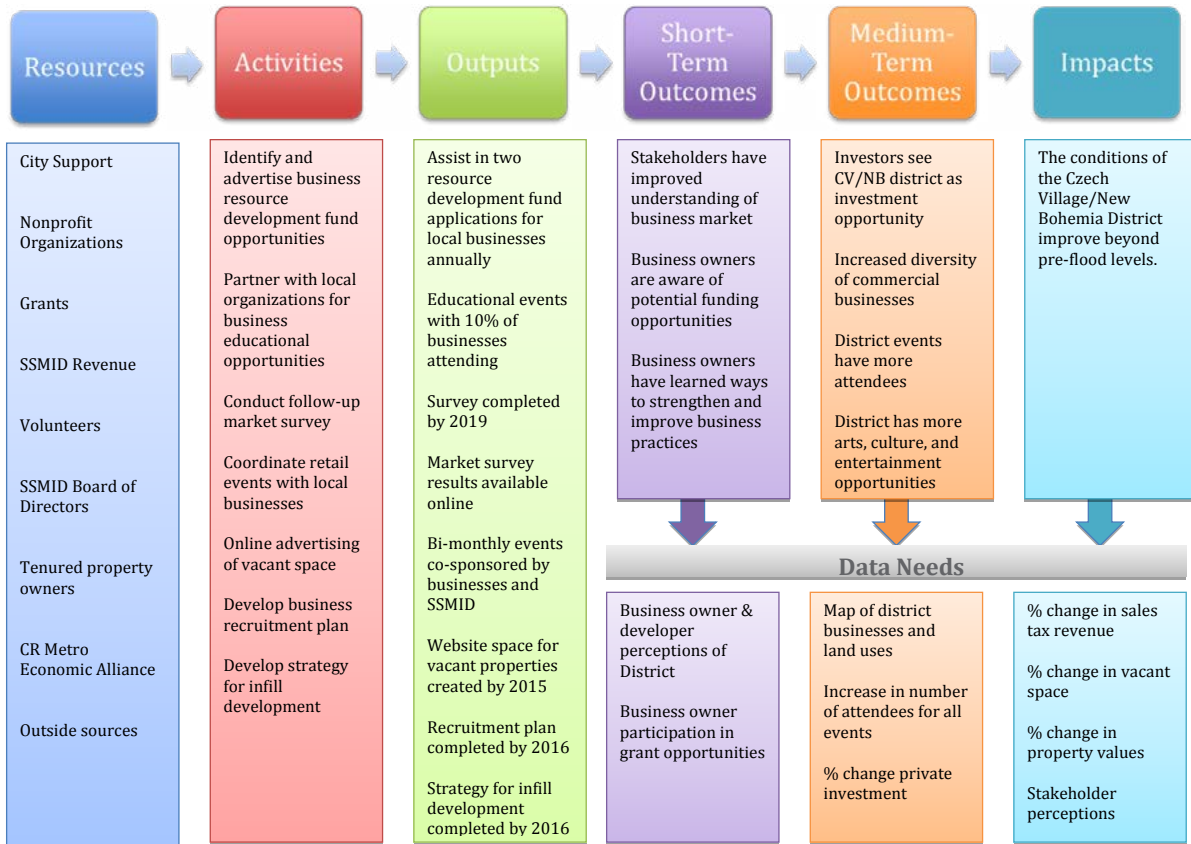
Priorities identified in the petition for the Economic Development Programs include:

- Retain, attract, and incubate businesses
- Support existing businesses and help them grow
- Attract new investment and appropriate development
- Create investor marketing information specific to district
- Market research
- Consumer marketing, promotions, and special events

In developing this logic model, the priorities defined above guided the process to ensure that all elements of the logic model pertain to the goals set forth by the Steering Committee, which are a result of a public input process.

Assumptions

- SSMID management has experience with grant applications.
- Grant funding opportunities exist for local businesses.
- Opportunity to partner with Small Business Development Centers exists.
- Capacity exists to administer and analyze the market survey on a regular basis.
- Historic buildings exist for redevelopment opportunities.
- Resources/expertise are available to create marketing materials.



**Economic Development Logic Model,
Proposed Czech Village/New Bohemia Main Street District SSMID**



Case Studies

Introduction

This section discusses a selection of BIDs in Iowa. To inform the group's research, a series of informational interviews was held with five cities containing SSMIDs in Iowa: 1) Cedar Falls, 2) Des Moines, 3) Iowa City, 4) Sioux City, and 5) Spencer. These sites were chosen to represent different aspects of SSMIDs, including Main Street funding approaches, long-running examples, and the planning and formation process. The districts have varying conditions, needs, and visions, in addition to budgets ranging from tens of thousands of dollars to more than one million dollars. The cities in which these SSMIDs exist represent a range of economic structures and population sizes. The interview tool consisted of four broad categories with fourteen questions. The tool's categories were: overview of the process, overview of governance, marketing, and financing.

Notes from these interviews, along with additional follow-up and Internet research, contributed to the information found in the following case studies. The case studies discuss the various attributes of each SSMID, including SSMID accomplishments, and provide key findings. The key findings inform the group's approach in assisting with the development of the Czech Village/ New Bohemia SSMID and also serve as a resource for other communities interested in SSMID implementation. To ensure accurate information, the executive director of each SSMID reviewed the case study that features his or her respective district.

Key considerations

A broad examination of the case studies showed five primary elements of successful SSMIDs, and characteristics of accomplishment for each element.

Establishment & Renewal: Case studies indicated strongly that well-planned establishment or renewal processes contribute greatly to the success of implementing a SSMID. The most common trait of success for this element was frequent, informed, and open communication between a steering committee, city council, and area property and business owners.

Budget & Use of Funds: An element of success for all cases was the creation of a clear budget that defines short and long term goals aligned with the district's mission. Important components of the budgeting process were creating and following established visions and projects for the district, and ensuring transparency in the budgeting process and use of funds.

Governance Structure: Setting up a governing board or organization that represents local property and business owner interests was important to successful SSMIDs. A key to this element was making sure that board members represented diverse interests in the district and the community. Diversity in board members could be achieved through a mix of business or property owners of different sizes of establishments, non-profit organizations in the area, city officials, or even citizens at large.

Evaluation: Assessing the impacts of a SSMID through formal evaluation is important. Evaluation helps demonstrate to property and business owners the degree to which their dollars are working to improve their area, and can help the SSMID leadership adjust strategies to better use SSMID funds. SSMID evaluations should show tangible impacts to the district, such as completed projects or increases in property value. To best guide SSMID operations, evaluations should be conducted regularly. See the *Evaluation* section of this report for additional information.

Accomplishments: The ability to convey accomplishments is an important component of a successful SSMID. This allows a district to show property owners the benefits they received from their investment. The evaluation process may be part of conveying accomplishments, but the ability to communicate these improvements to stakeholders is important. Successful SSMIDs showed the capacity not only to measure, but also communicate their successes to local stakeholders.

» Cedar Falls Community Main Street, Cedar Falls, Iowa

Characteristics

2010 Population:	39,260
SSMID Created:	1987
SSMID Renewals:	4
SSMID Properties:	192
2012 Levy:	\$125,000

Significance

The Cedar Falls SSMID provides an example of a SSMID funding mechanism that supports a Main Street District, similar to the proposed Czech Village/New Bohemia SSMID. Further, the Cedar Falls SSMID has been in place for over 25 years, providing an example of a long-established district.

Establishment and Renewal

The Cedar Falls SSMID formed in 1987 as a funding mechanism for the Cedar Falls Community Main Street District to encourage historic preservation and economic development in the downtown.


Communication with Stakeholders

Due to the many years since initial district establishment and subsequent changes in SSMID staff, historical information regarding communication with stakeholders could not be obtained.

Levy Term and Rate

The levy term is set at five years with a levy rate of \$3.50 per \$1,000 of assessed value. However, the maximum levy rate is capped at \$5.83, accounting for potential tax law changes. If changes to the tax law take place, the higher maximum rate will allow the SSMID to adjust the levy to maintain the same revenues. In addition, the SSMID is located within a Tax Increment



 - Main Street SSMID Boundary

Cedar Falls Community Main Street District Boundary

Source: Peter Jordet

Financing (TIF) district. The City Council voted to allow the SSMID to obtain revenue on the current assessed value, rather than the TIF's baseline value, allowing for growth in the SSMID budget.

Managing Organization

The Cedar Falls Community Main Street District manages the SSMID.

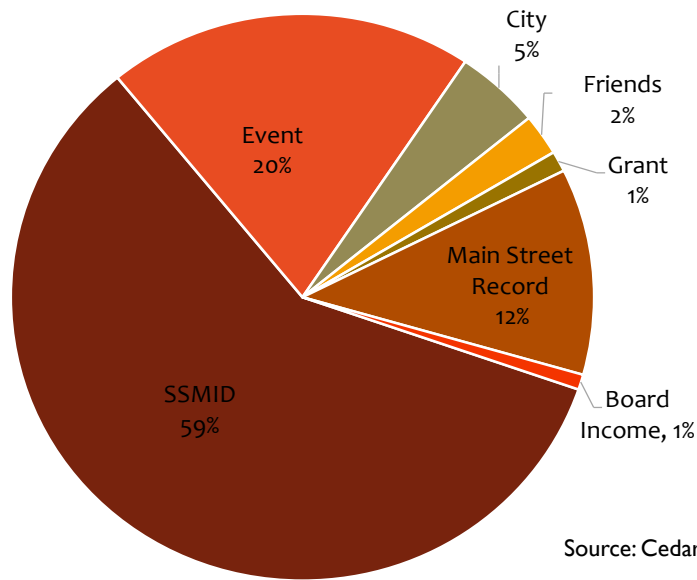
Renewal

The SSMID has been renewed four times since 1987 with no boundary extensions. As part of its preparation for renewals, the SSMID attempts to quantify its impacts and continuously share those results with stakeholders. Informational materials used for stakeholder outreach rely on visual aids such as charts to easily convey information. Due to the SSMID's long period of existence and proven history, the SSMID allocates less than a year to actively campaign for district renewal. The most recent renewal period in 2012 saw 58% petition approval with no counter petitions presented.

Budget and Use of Funds

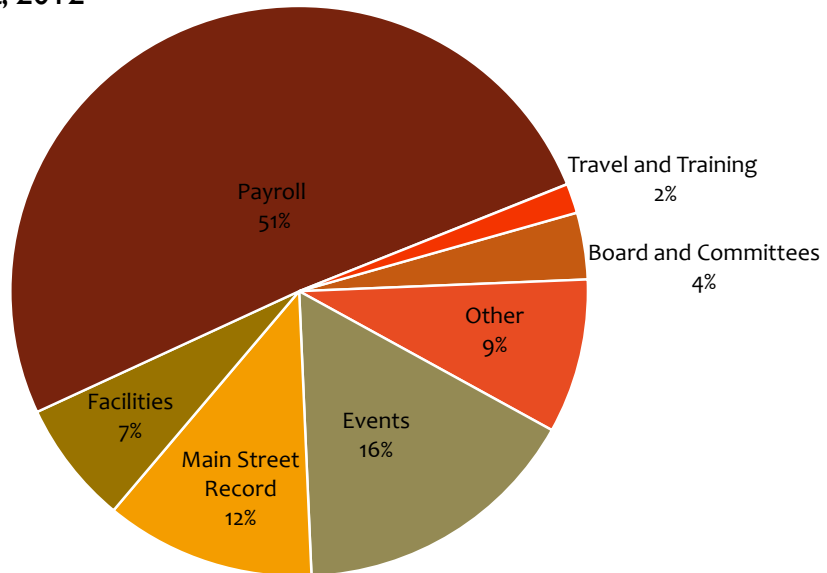
The current levy rate is set at \$3.50 per \$1,000, which generated approximately \$125,000 in 2012. This represented 59% of the District's total budget, as shown in Figure 3. District events are a large revenue source (20%). Figure 4 shows that payroll is the largest single expense for the District (51%), followed by events (16%). Accounting for events expenses, the City is the second largest funding source for the District (\$10,000). The District spends modestly on streetscaping and beautification projects (\$7,000).

Figure 3: Cedar Falls Downtown SSMID Revenue Sources as Percent of Total Revenue, 2012



Source: Cedar Falls Main Street District

Figure 4: Cedar Falls Downtown SSMID Expenditures as Percent of Total Budget, 2012



Source: Cedar Falls Main Street District

Voluntary Contributions

Fundraising efforts, including corporate contributions, are conducted to maintain flower and garden plots. Further, an annual “Friends” campaign raises additional revenues from businesses and the public.

City Support

The City provides \$10,000 in grants to the District each year.

Governance Structure

A Board of Directors consisting of 15 local property owners, business owners, city officials, and other local stakeholders governs the SSMID. An executive director and one events and promotions coordinator implement the Board’s decisions.

Board of Directors

Members of the Board of Directors serve three-year terms and may serve no more than two consecutive terms. There is no specific property size or other requirements to serve on the Board. Potential board members nominate themselves or are nominated by others; following the nomination process, District property owners vote on the board members. The board meets monthly to discuss District business.

Evaluation and Communication

The SSMID believes it is important to show the added value of the SSMID funds to their stakeholders using a number of performance indicators. Several of the major indicators tracked include property value change, jobs changes, improvements made, and volunteer hours spent on SSMID activities. In addition, the SSMID tracks value added to the City and school district through increased property taxes associated with the SSMID. The SSMID creates informational materials that include graphs and charts to convey the SSMID’s benefit to the stakeholders. Further, the SSMID holds annual meetings, to which it invites all property owners and businesses to comment on operations.

Accomplishments

Designations

The District has capitalized on its funding to improve its branding and identity as a unique destination. This branding effort led to the District receiving designation as a cultural district from the State of Iowa, and two awards from the National Trust for Historic Preservation, the *Great American Main Street* and the *2010 Dozen Distinctive Designation*.²⁰

Historic Preservation

The District has maintained its historic character through careful planning, including a set of design guidelines for renovations and new construction.²¹ The Design Review Board, appointed by the Board of Directors, provides recommendations to the City's Planning and Zoning Commission regarding construction requests.

Economic Impact

The District tracks its considerable economic impact attracting large private investments since its inception in 1987, as shown in Table 7.²²

Table 7: Community Main Street Economic Impact 1987-Present

Net gains in business starts, relocations, expansions	131
Net gain in new jobs	410
Buildings rehabilitated, renovated	493
Private \$\$ invested in rehabilitation	\$17,665,299
Buildings sold	102
Private \$\$ invested in property acquisition	\$15,852,134
Total volunteer hours	38462

Source: Cedar Falls Main Street District

Conclusions

The Cedar Falls SSMID provides an example of a long-established SSMID that assists in funding a Main Street District. Several of the key findings from this case study follow.

1. The District receives a majority of its funding from the SSMID levy. It uses these funds to pay for staff to promote the District as a destination that attracts private investment, as shown in Table 7.
2. The District negotiated with the City regarding its local TIF district to obtain the incremental property tax increase each year rather than the increase going solely to the TIF district. This will assist the SSMID budget's growth over time.
3. The Cedar Falls SSMID exemplifies a successful SSMID implementation. Prior to creation, the district had been declining and was marginalized as an important part of the city. Since implementation, not only have the property values increased, but also the district has once again become a vibrant part of the city.



Cedar Falls Community Main Street District
Source: Cedar Falls Tourism

» Operation Downtown, Des Moines, Iowa

Characteristics

City 2010 Population:	203,433
SSMID Created:	1998
SSMID Renewals:	5
SSMID Properties:	~700
2014 Levy	\$1,300,000

Significance

The Des Moines Downtown SSMID provides an example for analysis of a dense, urban and long-established SSMID.

Establishment and Renewal

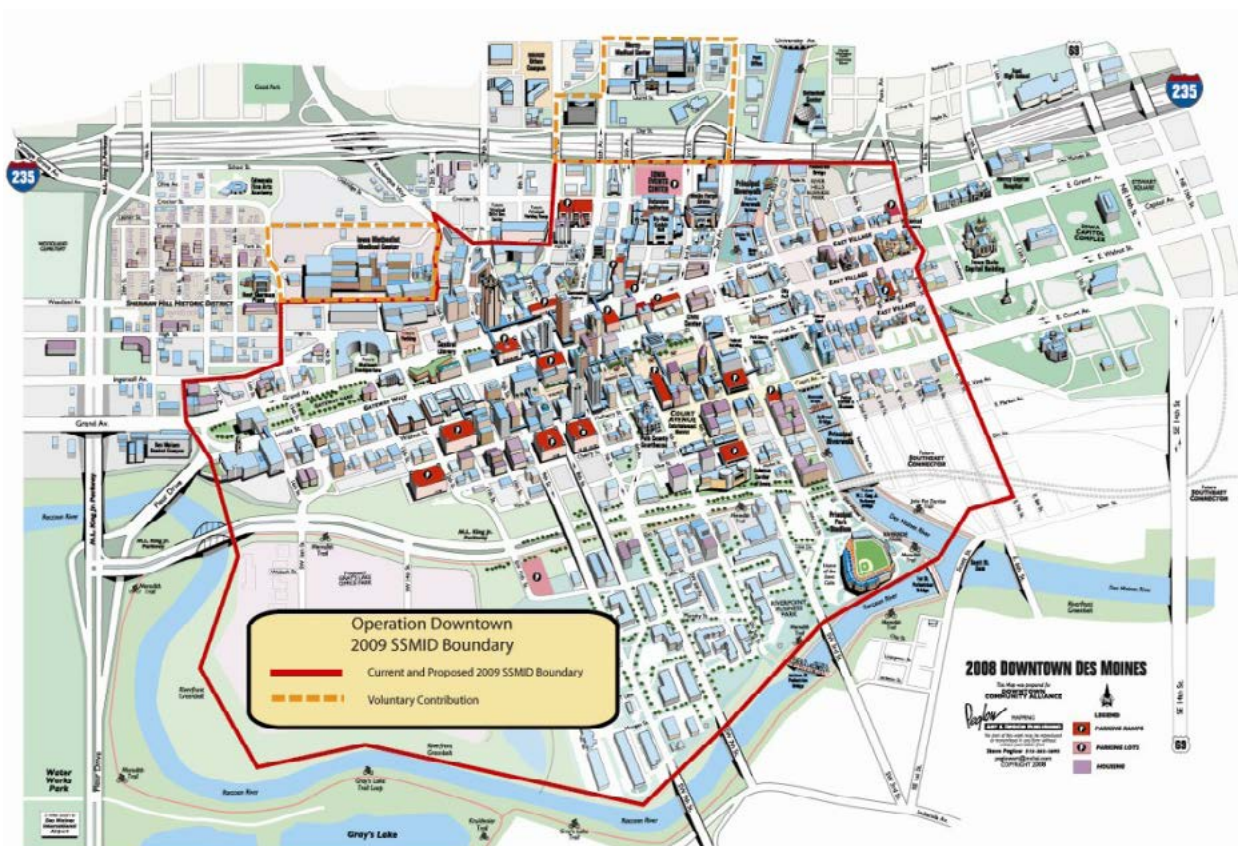
The Des Moines Downtown SSMID was formed to provide a higher level of service than the city was delivering. Providing clean public areas, flower planter installation, and maintenance, as well as marketing and event support, were several of the SSMID's initial services.

Communication with Stakeholders

Due to many years since initial district establishment and subsequent changes in SSMID staff, historical information regarding communication with stakeholders could not be obtained.

Levy Term and Rate

Initially, the SSMID required a three-year levy term. The current levy term is set at five years with a maximum levy rate of \$2.00 per \$1,000 of assessed value. In 2013, the levy rate increased to \$1.15 per \$1,000 of assessed value, marking the first time that the rate has been set above \$1.00.



Operation Downtown SSMID Boundary, Des Moines
Source: Operation Downtown

organization managed by the Downtown Community Alliance and operates under the larger organization of the Greater Des Moines Partnership, the local organization promoting development in Des Moines and the surrounding areas.

Renewal

The SSMID has been renewed five times since 1998, with the latest renewal occurring in 2013. About three months before the latest renewal period, the SSMID began an outreach campaign to gather support for the district's renewal. The SSMID boundary has expanded three times since its initial establishment. In 2013, the petition was "signed by 39.25% of property owners representing 77.23% of assessed value."²³ City Council passed the ordinance 6-1.

Budget and Use of Funds

Operation Downtown's total budget for FY 2014 is \$2.2 million dollars with \$1.3 million (60%) from SSMID funds.²⁴ Figure 5 shows the different revenue sources for Operation Downtown. Operation Downtown has been able to leverage the SSMID funds to obtain additional funding to improve the downtown. For example, in FY14 SSMID received \$123,000 from "corporate contributions for specific beautification projects." Figure 6 shows Operation Downtown's projected expenses with 86% spent on programs and 12% on management and administration. The program expenses consist of maintenance (56%), cleaning (15%), and beautification projects (14%) within the district.

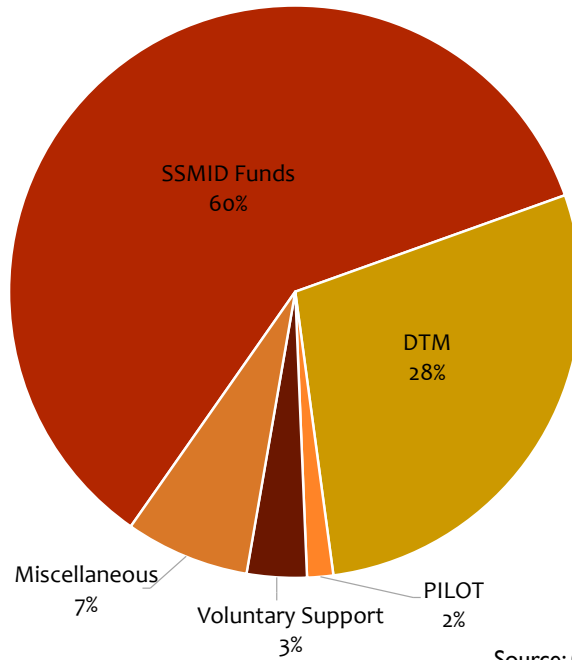
Voluntary Contributions

The SSMID receives a total of \$75,000 annually from two hospitals bordering the SSMID.

City Support

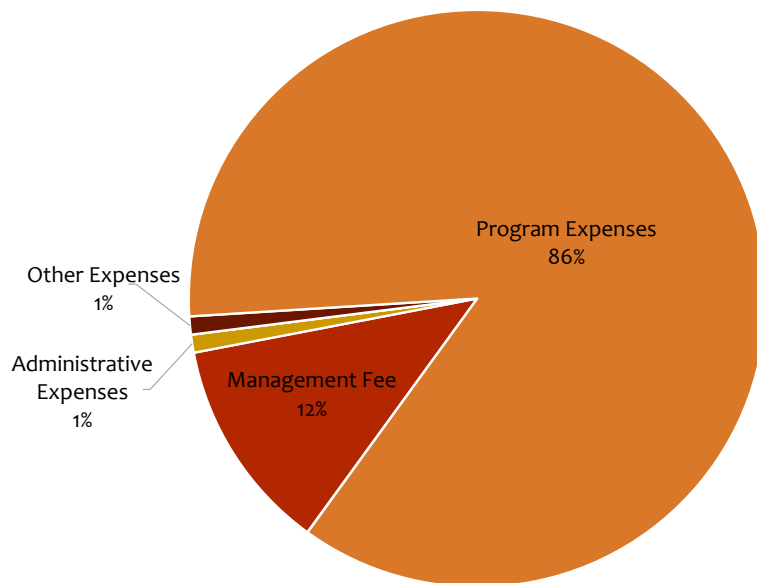
The SSMID procured a MOA with the City to ensure a continual level of city services.

Figure 5: Downtown Des Moines SSMID Revenue Sources as Percent of Total Revenue, FY 2014



Source: Operation Downtown Des Moines

Figure 6: Downtown Des Moines SSMID Expenditures as Percent of Total Budget, FY 2014



Source: Operation Downtown Des Moines

Governance Structure

The Board of Directors consists of thirty-one members. Four members of Operation Downtown management implement the Board's decisions.

Board of Directors

The Board members must have property or businesses located in the downtown and meet the requirements defined in the organization's by-laws. The current Board of Directors appoints new Board members. The Board requirements are outlined as follows.²⁵

- One Director for every \$50 million in taxable value for any property or property group valued at greater than \$50 million
- One Director for any property or property group valued at greater than \$15 million, but \$50 million or less
- Four Directors representing property valued at greater than \$5 million, but \$15 million or less
- Four Directors representing property valued at \$5 million or less
- One Director representing leasehold tenants of property of at least 25,000 square feet
- Two Directors representing leasehold tenants of property of less than 25,000 square feet
- One Ward Councilperson or other designated City representative (non-voting)
- One City Manager or designated representative (non-voting)
- One representative from Polk County (non-voting)
- One representative from at least one voluntarily contributing non-profit

Evaluation and Communication

Operation Downtown believes it is important to show the value of the SSMID to stakeholders. The group develops and tracks performance indicators to measure success. Examples of these indicators include counts of graffiti tags removed, pedestrians assisted, and pounds of trash removed, which represent instances of visually demonstrating the SSMID's value. Such cleaning

and assistance efforts contribute to the SSMID's goal of providing a safe, clean, and attractive downtown.

Annual Report

The District provides an annual report that contains results from surveys and quotes regarding the value the SSMID provides to the downtown.

Website

Operation Downtown maintains a website designed to convey the value of the program to district stakeholders. The website provides information on the range of programs offered by the SSMID, such as off-duty police officers, controlling crowds, streetscape enhancements, and quality of life improvements.

Innovative Communication

The SSMID leaves messages on post-it notes on the doors or windows of properties in the District to inform property owners when they perform tasks such as snow removal, which conveys the individual benefit that a property owner receives.

Accomplishments

Operation Downtown determines its success by evaluating its efforts to create a clean, beautiful, and safe environment. The SSMID tracks performance indicators and conveys their achievements to stakeholders. In fiscal year 2012 for example, the *Community Report* states 173 block faces washed, 1,919 graffiti tags removed, and 490,436 pounds of trash removed.²⁶ Furthermore, they have been successful based on survey responses such as the following taken from the *Community Report*:

1. 92% of respondents view downtown positively.
2. 65% of respondents gave downtown a good or excellent rating (4 or 5 on a 5 point scale).
3. 77% of respondents gave downtown beautification a good or excellent rating.

In addition, Operation Downtown has continued to evolve its relationship with the City to provide additional services. In 2006, Operation Downtown began working with the City to provide assistance in maintaining public parks and trails in the downtown.

Conclusions

The Des Moines Downtown SSMID provides an example of a long-well established SSMID. Key findings from this case study follow.

1. The SSMID tracks a number of performance indicators to evaluate its success in achieving its goals of a clean, safe, and beautiful downtown while actively promoting their accomplishments through an easy-to-use website, visually impactful annual reports, and personal communication through post-it note messages. Operation Downtown's success in achieving their goals has resulted in the district being renewed five times.
2. The SSMID has been able to leverage their activities to receive additional money from the City for downtown maintenance as well as corporate contributions for beautification projects.
3. The SSMID employs innovative communication techniques such as post-it notes after completing a job.



Wayfinding signs, Des Moines
Source: John Pemble Iowa Public Radio

» Downtown District, Iowa City, Iowa

Characteristics

2010 Population:	67,862
SSMID Created:	2011
SSMID Renewals:	0
SSMID Properties:	~275
2013 Levy:	\$280,000

Significance

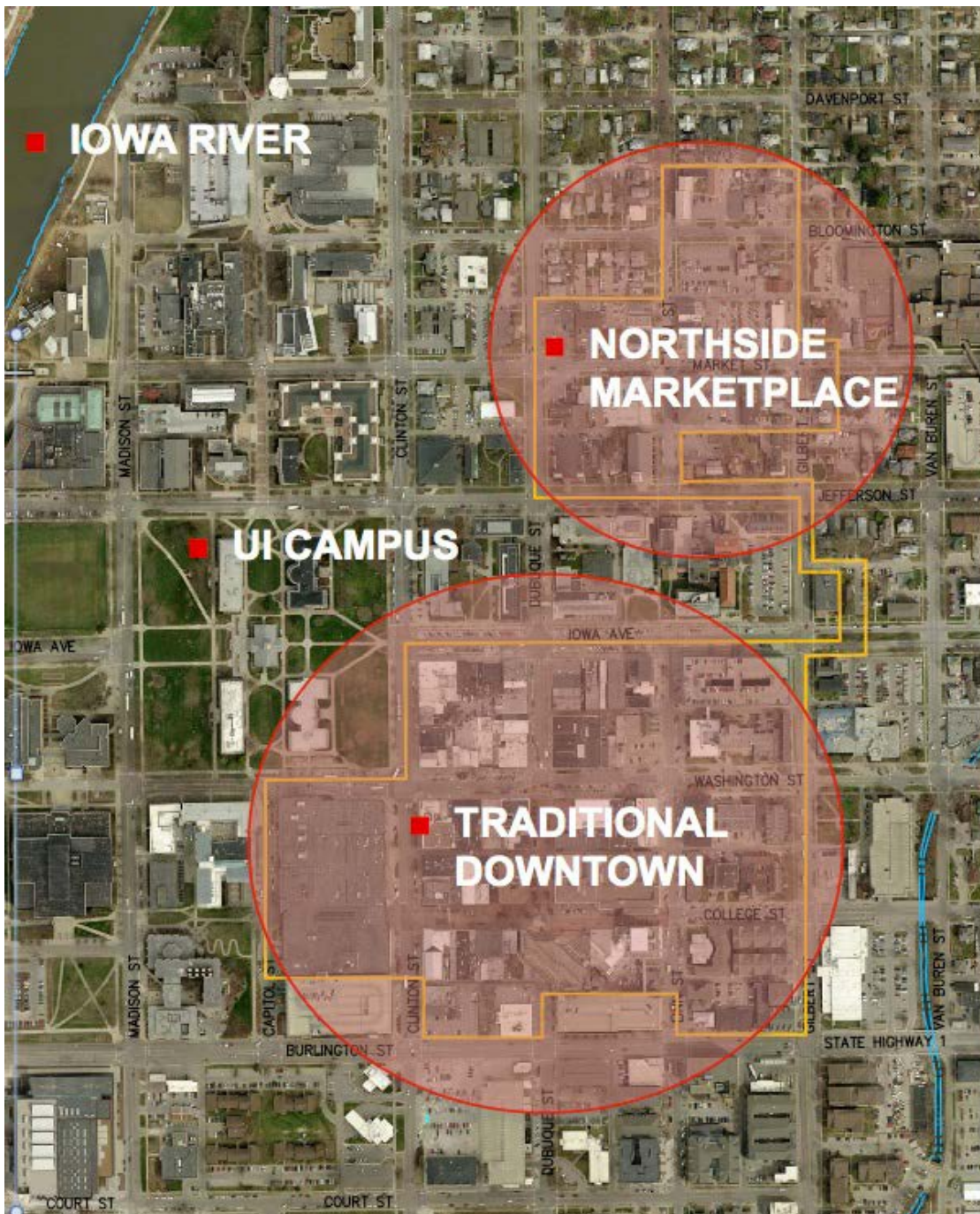
The Iowa City SSMID provides an example of a current district planning process and recent implementation period for a SSMID.

Establishment and Renewal

In 2004, property owners in downtown Iowa City failed to implement a SSMID with a sunset period of 20 years. In 2011, SSMID organizers and the City of Iowa City felt the timing was right to revitalize the Downtown in response to changing market conditions, outdated infrastructure, and competition from other regional commercial nodes. This process resulted in SSMID establishment in 2012.

Communication with Stakeholders

Accountability and transparency were critical to gathering support from local property and business owners. The SSMID organizers spent one year developing support through local contacts, open forums, and utilizing influential people to advocate for the SSMID. The organizers found that a projected budget outlining revenue and expenditures was helpful for showing transparency regarding use of funds. In addition, a prospective job description for the executive director assisted in demonstrating the purpose and goals of the SSMID. Informational materials were equally important. A *Frequently Asked Questions (FAQ)* provided detailed answers to many common questions and was available online. In addition, tables showed expected cost for various property values, creating perspective on the additional tax liability for an economically diverse range of property owners. Another vital component to gathering support was an annual \$100,000 voluntary contribution from the University of Iowa (UI), effectively leveraging the SSMID funds to gain additional value for the district's property owners.



Downtown District, Iowa City, Iowa
Source: Downtown District

Levy Term and Rate

The levy term is four years and the levy rate is set at \$2.00 per \$1,000 assessed value.

Managing Organization

The Iowa City Downtown District manages the SSMID as a 501(c) 6 non-profit organization.

Renewal

The SSMID was established in 2012 and will undergo a renewal process in 2016. The district's sunset period is four years, and the SSMID's leadership intends to spend at least one year prior to the first renewal period showing the value that it has created for the district and gathering support for renewal.

Budget and Use of Funds

Figure 7 depicts the SSMID's budget for FY 2014, which totals approximately \$585,260 with \$280,000 originating from the SSMID levy, \$100,000 from the University of Iowa, and \$205,260 from sponsorships and other sources. The SSMID has been successful in leveraging the SSMID funds to obtain additional funding for downtown improvements.

Figure 8 shows that roughly three-quarters of the budget is spent on the following three categories: Programs and Initiatives (28%), Events (28%), and District-Wide Marketing (23%). These expenditures indicate that the SSMID is active in improving downtown aesthetics, promoting and organizing downtown events, and promoting the downtown as destination spot. In addition, the SSMID has dedicated almost \$12,000 (2%) to support legislative advocacy on the downtown's behalf.

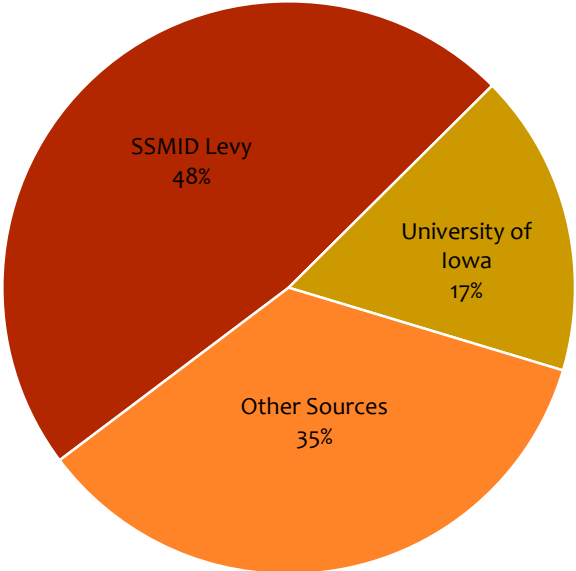
Voluntary Contributions

The largest voluntary contribution to the downtown SSMID comes from the University of Iowa, which makes an annual \$100,000 contribution. The University is adjacent to the downtown and rents or owns several properties in the district, giving it reason for an interest in a strong downtown. The District was able to use the University's contribution to leverage support of other property owners, whose added levy was magnified by the University's contribution.

City Support

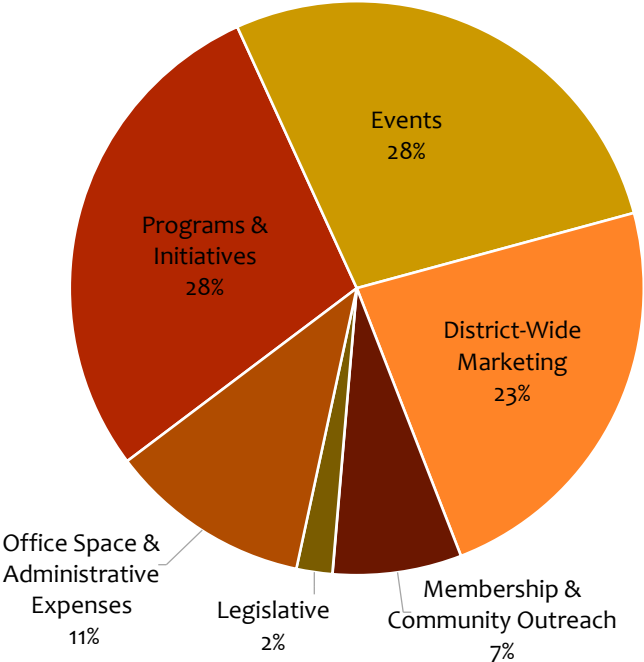
The SSMID has an MOA with the City of Iowa City to ensure a continual level of services.

Figure 7: Downtown Iowa City SSMID Revenue Sources as Percent of Total Revenue, FY 2014



Source: Iowa City Downtown District

Figure 8: Downtown Iowa City SSMID Expenditures as Percent of Total Budget, FY 2014



Source: Iowa City Downtown District

Governance Structure

The Board of Directors consists of 19 members from stakeholders within the SSMID boundaries. An executive director and operations director implement the Board's decisions.

Board of Directors

The Board members serve four-year terms, must have businesses or property located in the downtown, and meet the requirements defined in the organization's by-laws. Potential Board members were identified through an open nomination process with the final Board members chosen by a small steering group. The Board of Directors meets monthly to discuss SSMID affairs. The requirements to be a Board member follow.²⁷

Board membership shall consist of voting members:

1. Two from property owners or their representatives from a single property within the Proposed District that has an assessed value in excess of 1.0% of the total assessed value of property within the district boundaries as of January 1, 2011.
2. Two from property owners or their representatives from a single property within the Proposed District that has an assessed value less than of 1.0% of the total assessed value of property within the district boundaries as of January 1, 2011.
3. Two from business owners within the Proposed District that lease more than 3,000 square feet of commercial space.
4. Two from business owners within the Proposed District that lease less than 3,000 square feet of commercial space.
5. One from a business in the Northside Marketplace area.
6. One from the University of Iowa.

Board membership shall consist of ex-officio non-voting members from:

1. Iowa City-Coralville Area Convention and Visitors Bureau.
2. Iowa City Area Chamber of Commerce.
3. Iowa City Area Development Group.
4. City of Iowa City.

Evaluation and Communication

The SSMID wants to demonstrate value to its stakeholders, and is currently developing an evaluation component, including performance indicators on cultural vibrancy and economic impacts. Several of the specific indicators tracked include change in number of retailers, change in apartment vacancy rate, and change in hotel vacancy rate. The results will be highlighted in Downtown District brochures and the SSMID's website.

Accomplishments

Aesthetics

The District has undertaken the Benchmarks program, a public art project decorating benches; has provided additional lighting within the District through hanging grapevine and sphere lighting; and has implemented a policy of power washing sidewalks three times per year.²⁸

Advocacy

Part of the District's role is informing the City Council of downtown activity, and advocating for improvements to the area. The District's advocacy has resulted in first-hour free parking, a matching grant program for building renovations, and allowing dogs in their pedestrian plaza.²⁹

Business Support

The District has created a system for small business owners to cooperate in bargaining group rates on common expenses such as core services, essential goods, marketing, and joint investments.³⁰ Further, the District advocated for first-hour free parking to assist businesses in attracting customers to the downtown and increase accessibility to businesses.³¹

Marketing

The District "acts as a clearinghouse for marketing businesses and special events" through their website.³² The website provides information on local businesses and activities providing users with detailed information.

Public Safety

The District worked with the City to assign a police officer whose sole responsibility was to

patrol the downtown in addition to the police department's normal patrol schedule.³³

Conclusions

The Iowa City SSMID provides an example of a newly established SSMID going through its formative process. Several of the key findings from this case study follow.

1. The SSMID created a number of informational pieces to use in gathering support for the SSMID with property and business owners including an FAQ, a mock budget, and job descriptions for proposed staff. The SSMID utilized a yearlong process to recruit support for the petition, using influential property owners to market the SSMID. Extensive preparation and outreach was paramount to gaining property owner support.
2. The SSMID successfully leveraged voluntary contributions from the University of Iowa and other sources to gain support for the initial SSMID effort. Broad, voluntary financial support helped build momentum for additional contributions.
3. The SSMID has been able to show success in a number of projects in a short period. This demonstrates value to its stakeholders, providing additional support for the SSMID and assisting in upcoming renewal efforts.
4. The SSMID has taken a proactive approach in advocating for downtown at City Council, dedicating funds towards this effort and achieving several results as noted previously.



Friday Night Concert Series, Iowa City
Source: Denise Hamlin

» Downtown Partners, Sioux City, Iowa

Characteristics

2010 Population:	82,684
SSMID Created:	1993
SSMID Renewals:	5
SSMID Properties:	484
2013 Levy:	\$268,000

Significance

Like Cedar Rapids, Sioux City is one of Iowa's largest cities and had an active Main Street District at the time of SSMID implementation. The Sioux City SSMID is no longer an active Main Street District, but the SSMID has been in place for 20 years, providing an example of a long-standing SSMID.

Establishment and Renewal

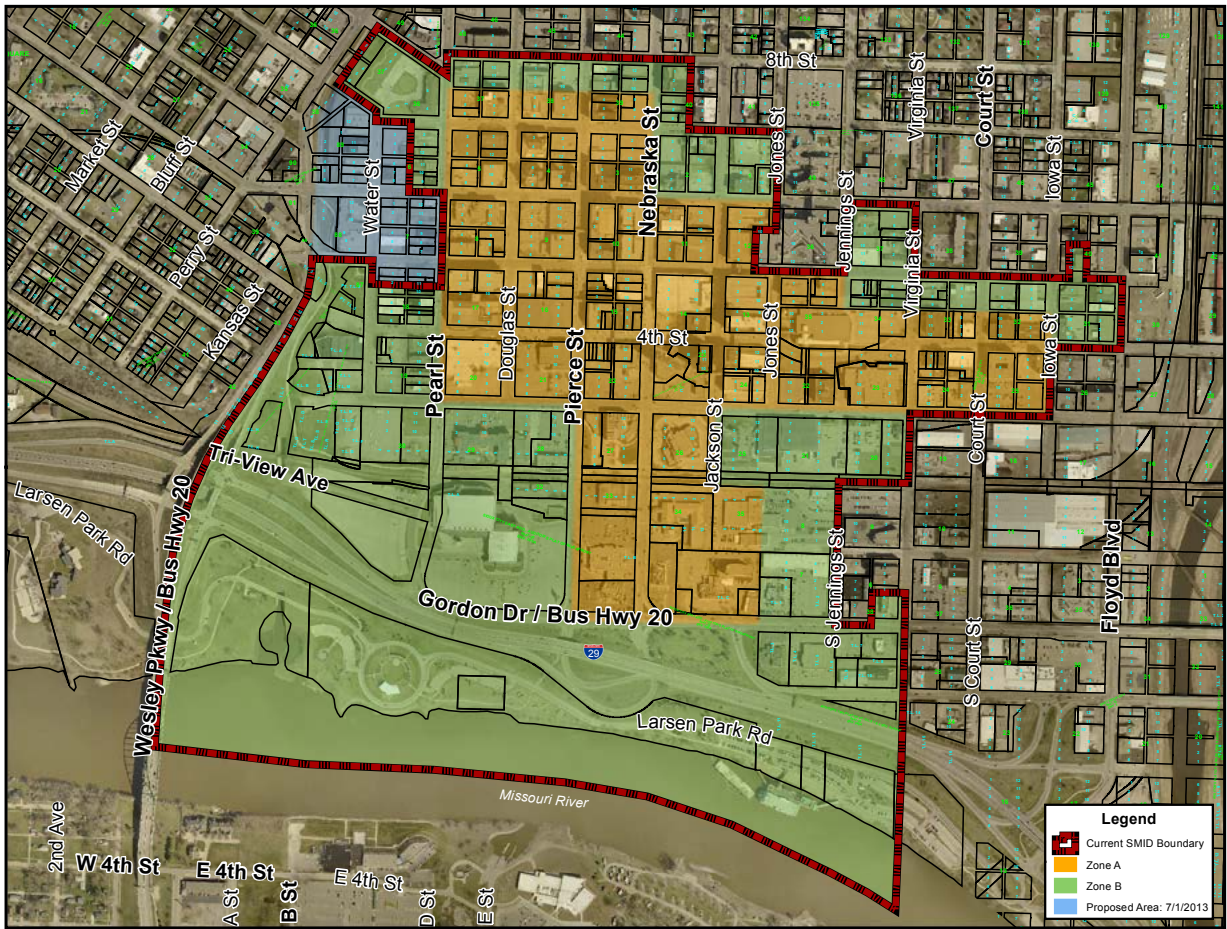
The Sioux City SSMID formed in 1993 as a funding mechanism for the Sioux City Main Street District to encourage historic preservation and economic development in the downtown. The District formed the SSMID to create a reliable funding mechanism, allowing a shift away from fundraising activities.³⁴

Communication with Stakeholders

Due to the many years since initial district establishment and subsequent changes in SSMID staff, the group did not obtain historical information regarding communication with stakeholders.

Levy Term and Rate

Initially, the SSMID required a two-year levy term. Following a successful first term in which the SSMID demonstrated value to district property and business owners, the SSMID board was confident in the prospects for district renewal and chose to extend the levy term to five years, which is the duration of the current term. The current levy rate is \$2.25 per \$1,000 of assessed value. The SSMID formerly used two different levy rates, one for the central business district



Downtown Partners SSMID, Sioux City, Iowa
 Source: Downtown Partners

and one for the outlying areas; all areas now pay the same rate so that, “there was no perception of discrimination between services provided to one area over another.”³⁵

Managing Organization

The Sioux City Main Street District originally managed the SSMID. Downtown Partners, a non-profit organization supporting downtown revitalization, succeeded the Main Street District in operating the SSMID. Downtown Partners continues to practice the Main Street approach for economic development.³⁶

Renewal

The District has been renewed five times, with an expansion of the boundary occurring four times. The District maintains a full year process for campaigning when the SSMID faces renewal. The District provides informational materials using charts that show the value that SSMID funding provides. The City Council passed the latest renewal 5-0.

Budget and Use of Funds

The current levy rate is set at \$2.25 per \$1,000 of assessed value. At this rate, the projected revenue is \$268,000 consisting of the entire budget. Projects, streetscaping, marketing, and promotions are the focus of the current budget. This is in contrast to 2009 when the District spent \$183,670 on payroll, which caused vocal opposition to its renewal attempt.³⁷ Figure 9 shows the FY 2013 budget, and Figure 10 shows the dramatic shift in budget priorities from FY 2010 to FY 2012, with the focus moving from payroll to projects. For instance, in FY10, payroll consisted of 71% of the budget as compared to 39% of the budget in FY12.

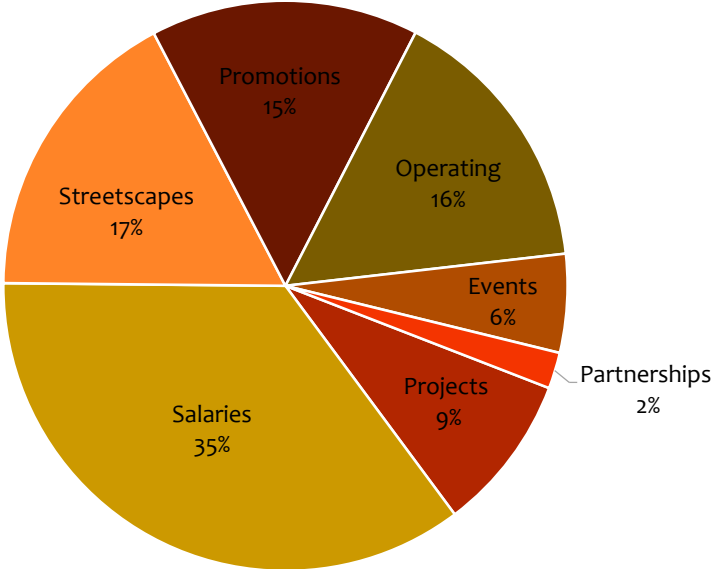
Voluntary Contributions

The SSMID does not obtain any voluntary contributions from businesses or the community.

City Support

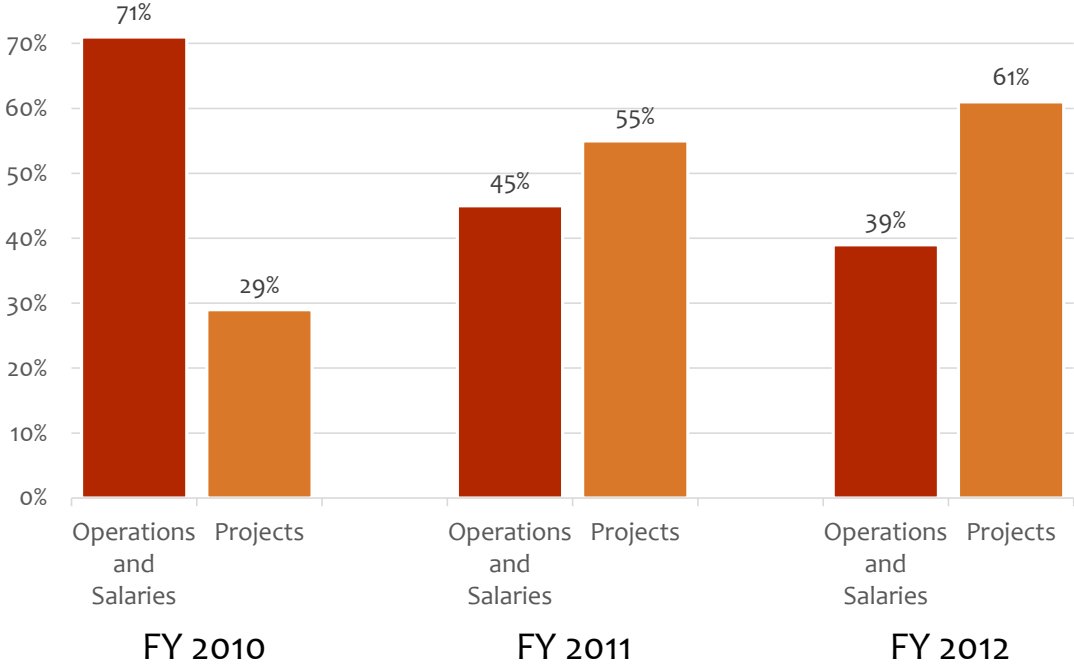
Downtown Partners does not receive any monetary support from the City nor does it maintain a MOA with the City.

Figure 9: Sioux City SSMID Expenditures as Percent of Total Budget, FY 2013



Source: Sioux City Downtown Partners

Figure 10: Sioux City SSMID Budget Priority Changes, FY 2010 to FY 2012



Source: Sioux City Downtown Partners

Governance Structure

A Board of Directors consisting of 15 local stakeholders and city representatives governs the SSMID. One executive director and one administrative assistant implement the Board's decisions.

Board of Directors

The Board consists of 15 members from the SSMID boundary that represent the district's characteristics and interests. For example, with the advent of market-rate housing in the downtown, the Board added two new condominium owners. Board members serve 3-year terms with three positions available each year. New Board members are nominated through ballot and voted on by property owners each year. The Board of Directors meets monthly to discuss SSMID priorities and tasks.

Evaluation and Communication

The District maintains ongoing communication with property owners and businesses located within the district; however, there is no formal evaluation component for the District. District staff makes individual contact with stakeholders to assess how the District may provide value to that stakeholder. In addition, the District employs periodic surveys to gather input from the property and business owners.

Accomplishments

Advocacy

The District has been able to successfully lobby on behalf of downtown businesses and property owners resulting in decreased skywalk maintenance costs, modifications to a City signage ordinance, and the creation of the Downtown Casino Overlay District, which may allow for entertainment facilities to be built, potentially adding to property on which a SSMID tax may be levied.

Financing

The District assists businesses in financing development opportunities in the downtown. Several of the activities include a targeted revitalization fund to "enhance the quality and overall appearance of Sioux City's downtown streetscapes; financing for development of vacant lots;

and financing assistance for building rehabilitation.³⁸

Marketing

The District focuses primarily on marketing the district and businesses within the district. Their efforts include a website displaying local businesses, available properties, and assistance with starting a business downtown. To advertise to tourists, informational materials regarding the district can be found in every hotel room in the city.³⁹ Further, in collaboration with the City of Sioux City, the District conducted a market survey to determine the area's economic characteristics.⁴⁰

Conclusions

The Sioux City SSMID provides an example of a long-running SSMID that was originally developed to fund the local Main Street District. Several of the key findings from this case study follow.

1. The SSMID has lobbied for downtown interests at City Council leading to economic and financial gains for local property owners and business owners.
2. The SSMID has been successful in branding downtown Sioux City as a destination for businesses and tourists through their marketing efforts.
3. The SSMID has been successful in economic development efforts through partnerships with over 20 organizations, completing over fourteen economic development projects, and working on eight different streetscape projects to improve downtown aesthetics.
4. The SSMID adapted its Board structure to reflect the changing composition of its downtown, including two positions for Board members to be filled by condominium owners following the addition of market-rate housing in its downtown.
5. The SSMID conducts personal outreach to stakeholders to inform how it provides value to members of the District. Further, the SSMID conducts periodic surveys to gather input from business and property owners.
6. The SSMID experienced vocal opposition when spending a high percentage of revenues on payroll, suggesting that SSMIDs should be aware of possible backlash related to the proportion of expenditures allocated to this category.

» Spencer Main Street District, Spencer, Iowa

Characteristics

2010 Population:	11,233
SSMID Created:	1987
SSMID Renewals:	0
SSMID Properties:	~200
2013 Levy:	\$57,000

Significance

The Spencer SSMID provides an example of a SSMID funding mechanism to support a Main Street District, similar to the proposed Czech Village/New Bohemia SSMID. Further, the SSMID has been in place for over 25 years, providing an example of a long-established SSMID.

Establishment and Renewal

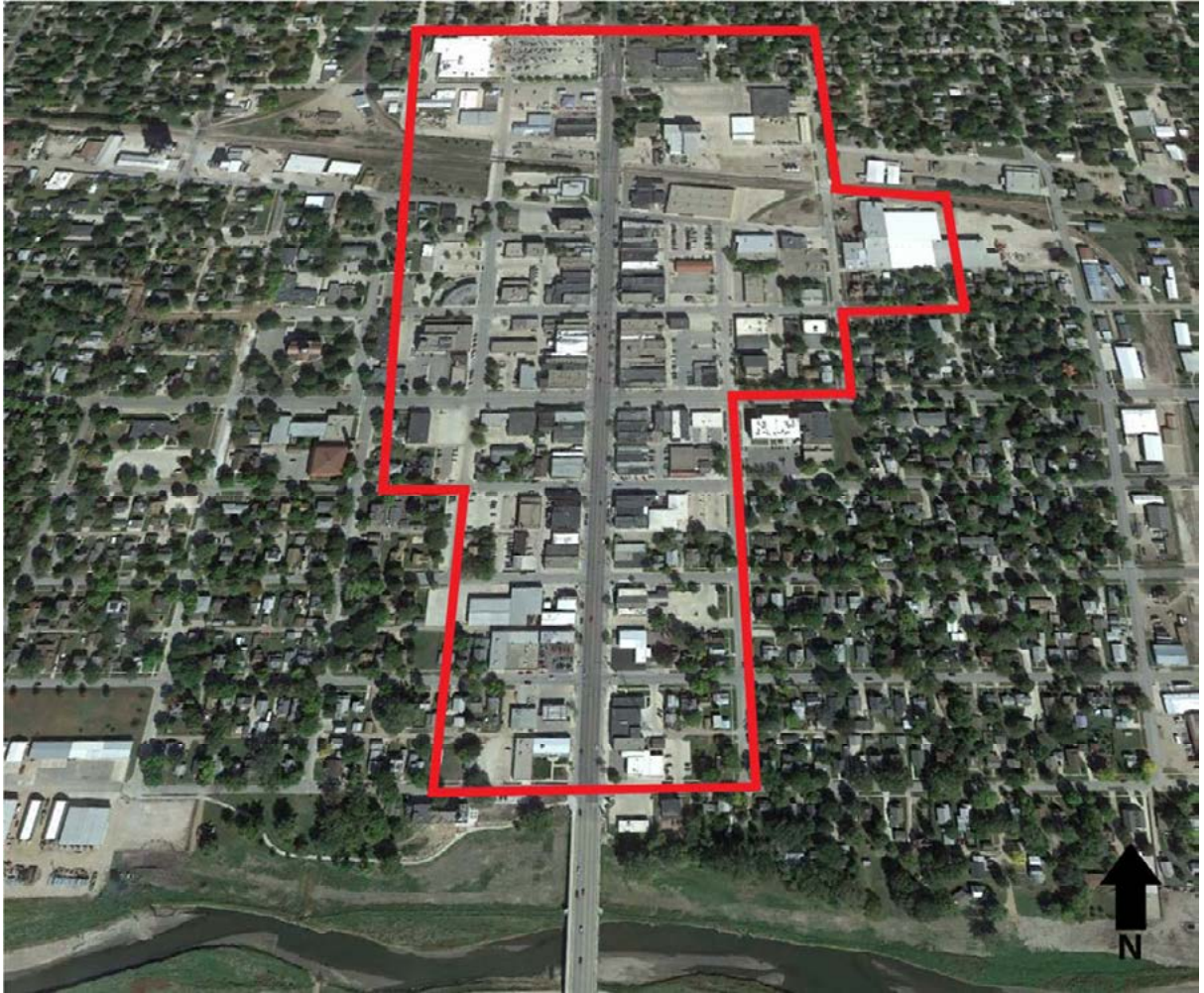
The Spencer SSMID formed in 1987 as a funding mechanism for the Spencer Main Street District to encourage historic preservation and economic development in the downtown. The SSMID provided the Main Street District with a reliable funding mechanism, allowing a shift away from membership fees and fundraising.

Communication with Stakeholders

A group of local businesses owners convened to promote the downtown. In 1987, this group's efforts led to the formation of the Spencer Main Street District. Later that year, the Main Street District received funding after the business owners organized to work toward implementing the SSMID.⁴¹ From the beginning, active business owners drove the formation and implementation of the SSMID.

Levy Term and Rate

The SSMID has no sunset period and will continue indefinitely. The SSMID is separated into two districts with the core area (i.e. Grant Avenue) rate at \$4.00 per \$1,000 of assessed value



 - Spencer Downtown District SMID

Spencer Main Street District, Spencer, Iowa
Source: Peter Jordet

and the remaining area's rate at \$2.00 per \$1,000 of assessed value. The District formed in this fashion because it believed that most benefits would be seen in the core area, making a higher levy rate for the area logical. Further, the levy rate was capped for existing businesses at the 1987 assessed value to incentivize investment without penalty; however, new businesses in the District are taxed at their current assessed value.

Managing Organization

The Spencer Main Street District manages the SSMID.

Renewal

Since the SSMID has no sunset clause, the district has not undergone a renewal period.

Budget and Use of Funds

The current levy rate is either \$2.00 or \$4.00 per \$1,000 assessed value, depending on the property's location, resulting in a total levy of \$57,000. The SSMID provides approximately 88% of the Main Street District's budget, with the City contributing \$5,000 annually; the remainder of the budget is generated through promotions and activities as shown in Figure 11. The SSMID's largest expense categories are payroll (46%), events (27%), and marketing (13%) as shown in Figure 12. The budget shows the importance of events and marketing for the SSMID.

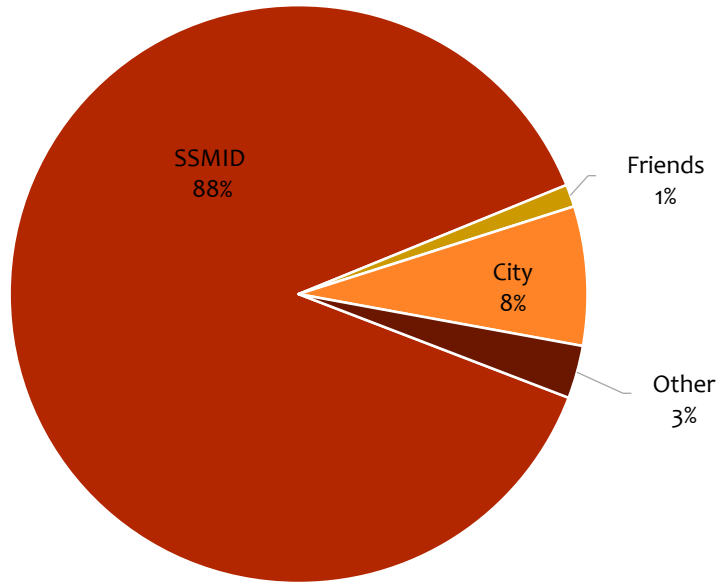
Voluntary Contributions

The SSMID does not receive voluntary contributions; however, it does receive sponsorships for events and activities.

City Support

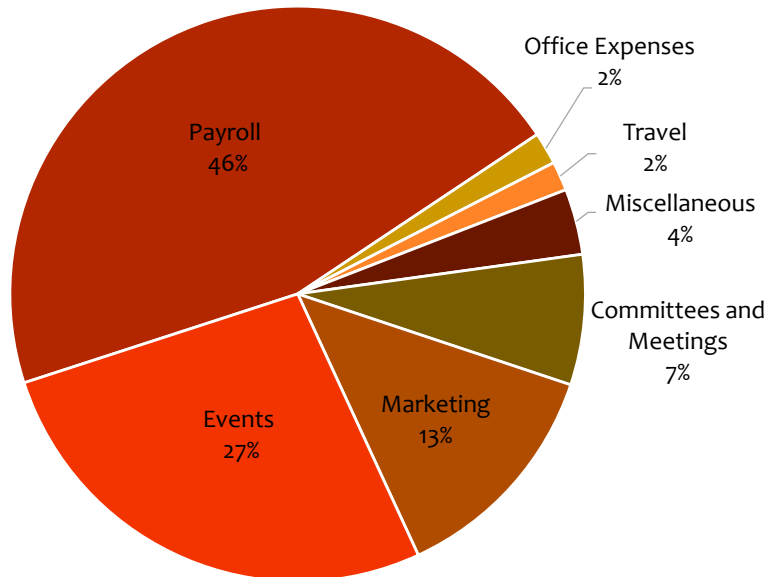
The City provides an annual contribution of approximately \$5,000.

Figure 11: Spencer SSMID Revenue Sources as Percent of Total Revenue, FY 2014



Source: Spencer Main Street District

Figure 12: Spencer SSMID Expenditures as Percent of Total Budget, FY 2014



Source: Spencer Main Street District

Governance and Structure

A Board of Directors consisting of 12 local property owners governs the SSMID. One executive director implements the Board's decisions.

Board of Directors

Board members serve three-year terms; each year, the District holds an election and Main Street members vote on four board members to replace outgoing members. The only requirement to serve on the Board is that the member own property within the district.

Two non-voting members, one each from the Chamber of Commerce and the City Council, are appointed by their respective organizations; these organizations also determine the length of term that they serve. The Board meets monthly to discuss District business.

Evaluation and Communication

The SSMID does not have a formal evaluation component and does not conduct regular surveys with stakeholders. However, gauged from informal conversations, the Director estimates that there is approximately an 80% approval rating.

Accomplishments

Aesthetics

The District contributed \$100,000 to a \$3 million streetscape improvement project and invested \$25,000 in new holiday decorations.

Community Engagement

The District maintains a large public outreach effort that provides the driving force behind implementing collaborative programming with community organizations and businesses. This collaboration assists with promotions and events sponsorship, efforts to achieve district designations, and development of additional financing mechanisms for business improvement within the district.

Designations

The District worked with the City to establish a cultural and arts district, assisted with the City's Blue Zone designation (a community-based health and wellness initiative), and was the driving force behind the addition of three blocks to the National Register of Historic Places.⁴²

Financing

The District assists businesses in financing development opportunities in the downtown. Two of the activities include collaborating with a local utility to fund storefront improvements with \$1 million in grants and \$1 million in 10-year, no interest loans since its creation and assisting in the development of a revolving \$15,000 loan fund program to finance retail starts or expansions.⁴³

Parking

The District invested \$150,000 in constructing a 35-space parking lot on an abandoned service station.

Conclusions

The Spencer SSMID provides an example of a long-running SSMID that assists in funding a Main Street District. Several of the key findings from this case study follow.

1. The SSMID provides a substantial portion (88%) of the Main Street District's annual budget with the city providing annual support as well.
2. The SSMID provides a unique example of a levy rate capped at a pre-determined value based on the year 1987. This mechanism hinders the SSMID's ability to increase their budget annually.
3. The SSMID functions as a two-tiered system with different levy rates for each tier. This system leads to a disparity in tax levies between tiers with similarly sized properties, possibly making it difficult for the SSMID to justify expenditures in particular areas.
4. The SSMID has no sunset period. If stakeholders in the district wish to change aspects of the SSMID, they are required to file petition for the district's dissolution and then must file a petition to reform the district.



Financing Alternatives

Introduction

While this toolkit focuses on implementing a SSMID to finance improvements and development in an area, alternative financing mechanisms should also be considered in the process of finding funding. When examining a funding option, it may be determined that a SSMID is not appropriate or feasible choice for a project, or that another mechanism may be effectively used to supplement SSMID funds and further strengthen economic revitalization efforts within a district.

The majority of the section focuses on four categories of financing that could be used by cities or organizations to fund improvements or development including fundraising, grant funding, tax credits, and municipal financing tools.

» Tax Increment Financing

Description

Tax increment financing (TIF) has become an important financing tool for municipalities. The original intent of TIF was to finance urban renewal in blighted areas. Over time TIF has evolved to include promoting economic development throughout a city, not just in blighted areas. To encourage development, a TIF district creates a base level of assessed property value to which it assesses taxes for a given period. For the life of the TIF, growth in property value taxation above the base level (i.e., the increment) flows to the TIF fund to finance development in the district.

Funding Suitability

TIF is flexible and may finance a wide variety of needs. TIF funds may be used to finance infrastructure and other activities related to improving economic growth within a designated area. For example, the City of Cedar Rapids has 18 TIF districts that have been used to provide \$20 million in incentives to refinance an underutilized retail mall and construct an \$8 million parking garage.⁴⁴ Further, the Davenport school district boundary contained 59 TIF districts in 2011.⁴⁵ The large scope allowed by TIF has allowed other communities to use the funds to retire debt and bond obligations not directly related to economic development projects.⁴⁶

Additional Information

The [Iowa Legislative Services Agency](#) provides a detailed description of Tax Increment Financing.

» Tax Abatement

Description

Tax abatement is a financing mechanism cities may use to encourage development by exempting a portion of property taxes on new development or rehabilitation projects. There are two different Iowa Code provisions authorizing tax abatements: Chapter 427B (Industrial Property Exemption) and Chapter 404 (Urban Revitalization Act).⁴⁷ Each Chapter has specific eligibility requirements that may be found in each Code chapter.

Funding Suitability

Tax abatement is best suited for targeted development in cities. It may be used to encourage all forms of development including industrial, commercial, and residential. By reducing tax obligations for a set period of time, the tax abatement increases the economic feasibility of a project in the short-term. Further, it may be used to encourage historic preservation of residential properties. For example, Des Moines, Iowa, has utilized tax abatement to spur residential development in their downtown converting a commercial building to market rate condominiums promoting a ten-year tax abatement.⁴⁸

Additional Information

The [Iowa League of Cities](#) provides a detailed questions and answers document regarding tax abatement in Iowa.

» Special Assessment

Description

A special assessment is a one-time tax levied on properties within a certain area to pay for all or part of a public improvement project.

Funding Suitability

Iowa statutes require that any special assessment be used for public improvements. The definition of public improvement is broad and consists exclusively of what most would consider capital improvements. Examples of allowed uses for special assessment funds are: sewers improvements, streets and lighting, sidewalks, plazas, parking facilities, and traffic control.⁴⁹ Urbandale, Iowa has used a special assessment program aimed at improving pedestrian accessibility. The funds from the assessment are used to build sidewalks and connect existing walkways.⁵⁰

Additional Information

The [State of Iowa Code – Chapter 384](#) outlines requirements for special assessments.

» Local Option Sales Tax

Description

Local option sales taxes (LOSTs) are a widely used funding mechanism for communities, ranking second in terms of revenue sources for municipalities.⁵¹ In Iowa, 865 of 936 Iowa cities had a LOST in June of 2013.⁵² LOST in Iowa is a countywide funding mechanism voted on by county residents to increase the county sales tax collection by up to one percent, generally to fund local projects. The Iowa Department of Revenue states, “The election is countywide, but the tax only applies in the incorporated areas (city) and the unincorporated area of the county where a majority vote in favor of the local option tax.”⁵³

Funding Suitability

LOST has the capacity to fund a wide range of projects for a municipality as determined by the language of the ballot proposal. LOST has been a successful funding mechanism for large infrastructure improvements such as transportation upgrades or flood mitigation. For example, the Cedar Rapids, Iowa metro area approved a ten year LOST to fund road improvements in 2013, while the Iowa City area passed a LOST in 2008 to assist with flood recovery projects.

Additional Information

The [Iowa Department of Revenue](#) maintains a website on LOSTs in Iowa.

» Debt Financing

Description

Cities can take on three types of debt including general obligation debt, special assessment debt, and revenue debt. This section will focus on general obligation debt, as it is the lowest risk to a city and can be used for a wide range of projects.⁵⁴

In Iowa, two types of general obligation debt are used: Essential Corporate Purpose Debt (ECP) and General Corporate Purpose debt (GCP). Before a city may take on these debts, a public hearing must be held, and debt sale must be approved by a majority of city council members.⁵⁵

GCP funds differ from ECP funds in that to have the debt approved city residents must vote on its approval. The vote to approve this debt issuance may take place during a general or special election.

Funding Suitability

ECP funds can be used for essential functions of the city, which can include improvements to sidewalks, street lighting, financing for urban renewal projects, and other functions deemed essential to the city.⁵⁶

Uses for GCP funds are defined differently because in general these funds are used to construct new public structures such as a library, park, or city hall. The key difference is whether a structure is new or if it is not an essential corporate purpose.⁵⁷

Additional Information

The [State of Iowa Code - Chapter 384](#) and [Region XII Council of Governments](#) provide information about using debt financing.

» Excise Tax

Description

Excise taxes can take many forms, but at their most basic level an excise tax is levied on purchases of a specific good.⁵⁸ In Iowa excise taxes exist on goods including alcohol, tobacco, hotels, roads, and several other goods. Excise taxes are also a type of benefit tax. For a benefit tax, the revenue is earmarked for a specific purpose relating to the good being taxed, which creates a benefit for the taxpayer.⁵⁹ For example, revenue from a gasoline tax may be earmarked for road maintenance and construction.

While excise taxes for goods such as gas and alcohol may not be applicable to economic development objectives, others for hotels and food may be.

In Iowa, the state levies a 5% tax on hotel stays. The taxation enabling statute also allows individual cities and counties to levy their own tax on hotels and motels up to an additional 7%, for a maximum total of 12%.⁶⁰ Currently five counties and 150 cities in Iowa take advantage of this additional stream of revenue.⁶¹

Taxing food is slightly more complicated than hotels and motels. Not all foods are subject to the tax, but those that are “prepared” foods can be taxed.

Funding Suitability

Being a benefit or earmarked tax means any revenues raised have a specific purpose. For the Iowa hotel tax, at least fifty percent of revenues must be spent on, “... recreation, convention, cultural, or entertainment facilities; or for the promotion and encouragement of tourist and convention business in the city or county and surrounding areas.”⁶² Any remaining revenue after at least fifty percent of the revenue has been spent may be spent as the city or county sees fit. For example, Clarion, Iowa uses their hotel/motel tax revenues to fund a grant program which provides funds to promote tourism, enhance quality of life for its residents, or bring new residents to the city.⁶³

The tax allowed on food does not specify uses. However, issues with undue taxation are avoided more often when the tax is tied to a related purpose, such as improvement of entertainment or shopping districts.

Additional Information

The State of Iowa Department of Revenue provides information about the [Hotel & Motel Tax](#) and on the [Prepared Foods Tax](#).

» Revolving Loan Fund

Description

Revolving Loan Funds (RLFs) are used to help finance many projects including housing improvement, natural resources conservation, and economic development.⁶⁴ This description will focus on economic development RLFs. An RLF generally is used as a gap financing mechanism, which means that it provides the needed funds between what is required for a business to develop or expand, and what the private sector will lend that business.

The goal of these funds is to encourage the development of business and entrepreneurship in the administering region. The “revolving” part of the fund describes how it is maintained. Once a fund is started, the interest gained from loans help to increase the fund and allow for more

loans to be dispensed to businesses.

Funding Suitability

An RLF is suited for helping to expand existing businesses or encourage the development of new businesses. In general, the funds loaned to a business or entrepreneur are usually aimed at creating operating capital, helping with new construction, building construction or renovation, or buying machinery and equipment.⁶⁵ An example of an RLF is the Limestone Bluffs Resource & Conservation Development Area, Inc. in Maquoketa, Iowa. Their RLF is aimed at providing loans for companies that promote recreation and tourism, natural resource based companies, alternative agriculture businesses, and businesses that provide for the needs of the elderly, low-income, and underemployed populations.⁶⁶

Additional Information

For more complete details of the Limestone Bluffs Resource and Development Council RLF, please visit their [Revolving Loan Fund](#) page. The Council on Development Finance also provides information on RLFs, which can be found [here](#).

» Enterprise Zones

Description

Enterprise Zones (EZ) are designated areas where state and local governments provide tax incentives for economic development in an economically distressed⁶⁷ or blighted area.⁶⁸ There are detailed requirements for being classified as an economically distressed or blighted area for both counties and cities as defined in the Iowa Code (please refer to Iowa Code, Chapters 15E.194 and 403.17 for more information). Once an EZ has been proposed, a local enterprise zone commission is formed to recommend projects to receive incentives. The tax incentives are designed to attract developers who will invest in the area and promote employment opportunities. In addition to targeting business development, incentives for housing development are available as well.

Specific requirements must be met for a business to receive the credits. Requirements for both business and housing development may be found through the Iowa Economic Development Authority.

For businesses, the requirements generally revolve around amount of private investment, jobs created, job salary and benefits, and business type. The benefits received, if eligible can be extensive. Generally, they pertain to property tax exemption, funds to train employees, tax refunds for equipment or improvements, and tax credits for additional development.

For housing, the requirements generally revolve around number of homes built or rehabilitated, meeting HUD requirements, and timeframe for completions. The benefits may be a refund of state sales tax for construction materials, and a tax credit for some of the private investment in the project.

Funding Suitability

Enterprise zones are best suited for targeted development in distressed areas through tax incentives. The program allows for flexibility in allocating resources for both business and housing development through tax incentives.

Additional Information

The State of Iowa Code 15E.192 describes [Enterprise Zone](#) requirements. The Iowa Economic Development website provides additional information on enterprise zones.

- [Business Enterprise Zones](#)
- [Housing Enterprise Zones](#)

» Tax Incentives

Description

Tax incentives are used to reduce taxes for individuals and businesses in order to encourage desirable behavior or outcomes from those individuals or businesses. Any level of government that engages in taxation can offer tax incentives. Two common forms of tax incentives are:⁶⁹

- **Tax Deductions:** Eligible expenses can be subtracted from taxable income. Tax deductions reduce taxable income; therefore, taxes are based on a smaller amount, and taxes payable are lower.
- **Tax Credits:** Eligible expenses can be subtracted from taxes payable. Tax credits do not

affect the taxable income amount, but the taxpayer pays a lower tax amount as a result of the direct subtraction, or credit, to his taxes payable.

Funding Suitability

Tax incentives can help fund a wide variety of community development projects. For example, the Iowa Economic Development Authority awarded \$1 million in tax credits to the Brownfield and Grayfield Redevelopment Tax Credits program to support redevelopment of a former manufacturing site in Cedar Rapids, which is slated to be the headquarters for Geonetric, Inc., a health company.⁷⁰

Additional Information

The [Iowa Economic Development](#) website provides an overview of many tax incentives available in Iowa.

» Grant Funding

Description

Grants are funding provided to an organization without expectation of repayment and are often provided by federal, state, and local government, and large, private businesses.

Benefits of using grant funding include:

- Funding does not require repayment
- May address a specific need in the community
- Information about grant opportunities is widely available and easily accessible
- Political climate in general doesn't preclude application

Drawbacks of using grant funding include:⁷¹

- Oftentimes administered on a reimbursement basis; therefore, funding must be available upfront to pay costs
- May be time consuming

- Application costs
- Maintenance and reporting costs
- Time lag exists between application and award notification
- Competitive process
- Uses of funds can be very specific, especially if government-funded. For more information on fund use specifics, visit the sources provided in the Additional Information section.
- Typically a one-time funding opportunity

Funding Suitability

Grants can fund a variety of community development efforts, including historic preservation, facade improvements, workshops and seminars, recreational facilities, and a multitude of other projects and programs.

Additional Information

To find grants available in your area, refer to state and federal agencies relevant to your program, local community foundations, and corporate foundations.

» Fundraising

Description

Fundraising can be used for a variety of purposes ranging from covering an organization's operating costs to funding specific projects. This can be an effective tool for helping to fund an organization's activities, but may not be recommended as the exclusive source of funds. Fundraising can and should be used to complement other mechanisms. In the five SSMID case studies in this report, most must rely on more than one funding mechanism including the following examples showing the percent of revenues from sources beyond SSMID or city support:

- Cedar Falls: 22% from events and friends (see below)

- Des Moines: 10% from voluntary support and other sources
- Iowa City: 35% from other sources not including the University of Iowa
- Spencer: 4% from friends and other sources

Funding Suitability

Fundraising can be done by any organization, but it is typically associated with non-profits. However, an effective non-profit organization will utilize fundraising as a fundamental part of its operations.⁷² If your organization is a tax exempt 501(c)(3), donors can take a tax deduction,⁷³ a consideration that should be noted in your approach to donors.

The National Main Street Center is one example of an organization that uses fundraising as a key component of its operations. Main Street programs aim to revitalize downtown and neighborhood commercial districts.⁷⁴ Fundraising is aimed at businesses, residents, and organizations within these districts as well as other organizations or individuals who would benefit from Main Street's work.⁷⁵ In other organization's fundraising campaigns, no matter the organization type, it would be wise to plan which groups and individuals to solicit for funds and how to explain why the organization's work would matter to them.

Providing benefits for donating is one approach that can help influence individual donors to contribute to an organization. The Cedar Falls Main Street District "friends" group is open to anyone and, for any size of donation, members of the group receive exclusive benefits such as the Main Street newsletter, invitations to the Main Street annual meeting, and a listing in the Main Street Record as a donor.⁷⁶

Another approach suggested by the National Main Street Center is for an organization to utilize its existing donors to reach out to businesses and vendors who may not be established within its district, but provide services to businesses and residents served by the organization.⁷⁷ The key message in these two examples is that having someone from outside the organization telling their associates about the organization's work can go a long way in finding new donors. Hearing success stories from someone who has benefited from the organization's efforts can better influence a potential donor's decision to contribute than a phone call from a volunteer or organization staff.

Additional Information

The [National Main Street Center](#) provides advice for fundraising strategies.

Endnotes

- 1 Iowa Code 386
- 2 Grossman, 2010
- 3 Morcol and Patrick, 2008
- 4 City of Philadelphia, 2012
- 5 Council on Foundations, 2010
- 6 Reenstra-Bryant, 2010
- 7 W. K. Kellogg Foundation, 2004
- 8 Reenstra-Bryant, 2010
- 9 Powell, Steele and Douglass, 2006
- 10 McLaughlin and Jordan, 1999
- 11 W.K. Kellogg Foundation, 2004
- 12 Helitzer, et al. 2010
- 13 Smith, 2010
- 14 Kaplan and Garrett, 2005
- 15 Smith, 2010
- 16 W.K. Kellogg Foundation, 2004
- 17 W.K. Kellogg Foundation, 2004
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- 19 Millar, Simeone and Carnevale, 2001
- 20 Cedar Falls Community Main Street, 2013
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- 23 City Manager's Office, 2013
- 24 City of Des Moines, 2012
- 25 Operation Downtown, 2013
- 26 Operation Downtown, 2013
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- 28 Iowa City Downtown District, 2013
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- 31 Iowa City Downtown District, 2013
- 32 Iowa City Downtown District, 2013
- 33 Iowa City Downtown District, 2013
- 34 Knoblach, 2004
- 35 Cote, 2013
- 36 Downtown Partners, 2013
- 37 Zerschling, 2013
- 38 Downtown Partners, 2013
- 39 Gifford, 2003
- 40 Cote, 2012
- 41 Spencer Main Street, 2013
- 42 Main Street Iowa, 2012
- 43 Main Street Iowa, 2012
- 44 Smith, 2014
- 45 Nguyen, P, Working Paper
- 46 Fisher, 2011

- 47 Iowa Code 427B, Iowa Code 404
- 48 III City Lofts, 2007
- 49 Iowa Code,384
- 50 City of Urbandale, n.d.
- 51 Brunori, 2007
- 52 Hennigan, 2013
- 53 Iowa Department of Revenue, 2010
- 54 Callahan, 2010
- 55 Callahan, 2010
- 56 Iowa Code 384
- 57 Iowa Code 384
- 58 United States Internal Revenue Service, 2014
- 59 Fischer, 1996
- 60 Iowa Code 423
- 61 Iowa Legislative Services Agency, 2014
- 62 Iowa Code 423
- 63 City of Clarion, 2013
- 64 Council of Development Finance Agencies, 2014
- 65 Council of Development Finance Agencies, 2014
- 66 Limestone Bluffs RC&D, 2014
- 67 Iowa Economic Development, 2011
- 68 Iowa Code 403
- 69 Work Group for Community Health and Development n.d.
- 70 The Gazette, 2013
- 71 Kabbage Inc n.d.

72 Renz, 2010

73 Nolo, n.d.

74 National Main Street Center, n.d.

75 La Plante, 2013

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