Entrepreneurial Urban Revitalization



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Abstract Business Improvement Districts (BIDs) in north-America were used during the last two decades as instruments capable of making communities more attractive for residents and visitors. The purpose of this chapter is to discuss the application of this revitalization mechanism in downtown Stockton (California). The argument is that BIDs can provide an answer to many of the livability problems faced by city centers (Balsas, Planning Practice and Research 19(1):101–110, 2004). The key finding is that the proactive implementation of this urban revitalization mechanism can increase the livability of communities and their economic development opportunities in part because of its entrepreneurial perspective. The chapter closes with a series of recommendations for the successful implementation of an entrepreneurial urban revitalization strategy.

Keywords Entrepreneurial management · Urban revitalization · Business improvement district—BID · Stockton—California · North-America

1 Introduction

Business Improvement Districts (BIDs) in north-America were used during the last two decades as instruments capable of making communities more attractive for residents and visitors. The purpose of this chapter is to discuss the application of this revitalization mechanism in downtown Stockton (California). The argument is that BIDs can provide an answer to many of the livability problems faced by city centers (Balsas 2004). The key finding is that the proactive implementation of this urban revitalization mechanism can increase the livability of communities and their economic development opportunities in part because of its entrepreneurial perspective.

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Table 1 Importance of city center revitalization

| Improves image | The center is the area that usually gives visitors their first impressions of a community |
|---|---|
| Makes use of existing buildings | Assists communities in managing growth through reuse of property |
| Develops a sense of community | Provides central location for community-wide projects |
| Provides variety of retail options | The more stores there are in an area, the more people will gather and shop |
| Prevents blight and abandonment | Reduces health and safety costs and concerns; discourages vagrancy and vandalism |
| Perpetuates community character and history | Visible signs of the past can be retained and stories can be passed on to the next generation |
| Encourages new and complementary businesses | Businesses want to be where people are and money is being spent, so it strengthens an existing building cluster |
| Expands the tax base | Generates local revenues to pay for community services |
| Increases employment opportunities | Replaces jobs lost through natural attrition and encourages entrepreneurs |
| Regains status as central shopping district | Pulls in shoppers from a radius beyond the city limits |

Source: Adapted from Community Assistance Center (1999)

In the United States, the first activities of city center revitalization started shortly after the end of World War II. They started probably more intensely during the 1960s when cities started to be affected by the growing processes of suburbanization and when retail activities relocated to out-of-town locations. If initially those revitalization activities only involved signs and billboards to attract customer's attention that retail was still located downtown, in the 1970s and 1980s they evolved to better organized and better financed revitalization interventions (Gratz and Mintz 1998; Gibbs 2012; Balsas 2017a).

These interventions have been aggregated into four main areas (Robertson 1997). First, the pedestrianization of main streets. Second, the conversion of historical buildings in specialty retail, restaurants and entertainment centers. Third, the construction of downtown shopping centers. And fourth, the construction of mixed-use complexes ranging from hotels to convention centers and transportation hubs. Besides these four main types, there is still a set of more eclectic interventions. Among these there is the designation of the downtown area as a historic district, the establishment of a Main Street Program, tax increment financing, and strategies aimed at centralized retail management (Frieden and Sagalyn 1991; Francaviglia 1996; Grodach and Ehrenfeucht 2016).

The most recent trend in commercial development in the United States is that city centers are regaining their traditional role as centers of commerce and shopping (Ford 2003; Gibbs 2012). Even though this development includes a great variety of commercial formats and solutions, the main goal is to take advantage of the urban context and of its sense of place. Table 1 shows the importance of city center revitalization.

2 Business Improvement Districts (BIDs)

The Business Improvement Districts are important instruments in the commercial revitalization of city centers in the United States and Canada (Houstoun 2003). BIDs can have different names depending on the state and cities where they are developed. They can be called Special Improvement Districts, Business Improvement Zones and Special Services Districts. Even though there is no consensus about their exact number, projections indicate that the number of BIDs in existence throughout the United States has surpassed more than 1500.

A BID is a financial instrument that allows property owners in a certain geographical area to have several supplemental services through the payment of a property fee. BIDs are formed and controlled by the property owners in a specific area. After being legally approved, all property owners in that pre-defined area have to pay an additional fee to have additional services in their area. These services include maintenance, safety and marketing among others. Even though there are residential and industrial BIDs, the great majority targets commercial properties.

The need for these services resulted from the increased competition from the new shopping malls in out-of-town locations and the decrease in the volume of sales by the merchants in traditional downtowns. On the other, hand BIDs can be an alternative way to pay for new infrastructures and new common services such as maintenance and safety.

In general, BIDs are created in areas that suffered or are in risk of urban decline. Even though they can be criticized by some who do not want to pay any more fees, BIDs are efficient ways to increase safety, cleanliness, attract customers back and to increase the value of commercial properties.

The establishment of a BID is preceded by state legislation. Past experience has demonstrated that many merchants are skeptical at first before knowing the fee structure and the program of additional services to be proposed. But the legislation that authorizes the creation of BIDs also contains rules about its dissolution and frequent revision and monitorization after an initial period of about 5 years. As long as property owners give their support the BID can be in place. Once established, BIDs can charge an agreed fee to all property owners in the intervention area. This possibility to charge a compulsory fee in an area previously defined makes sure that there is no "free rider" since all property owners who benefit from the services of the organization have to contribute to its costs. The city normally collects the fees and gives the money to the organization in charge of managing the BID.

BIDs have several key elements in common: (1) the initiative comes from business leaders who seek common services beyond those that the city can provide; (2) the city determines the boundaries, approves the annual budget and the financing strategy, and determines what services may be provided; (3) business leaders shape the annual budget, hire staff, led contracts, and generally oversee operations (Table 2).

This financing mechanism is being used and is even proposed as a useful structure that allows property owners, merchants and local authorities to achieve common

Table 2 Benefits provided by BIDs in north-America

| Supplementary government | Hiring uniformed security personnel |
|---------------------------|---|
| services | Cleaning and maintaining parks and other public spaces |
| Non-governmental services | Sidewalk cleaning |
| | Snow removal |
| | Marketing, promotions, and advertising |
| | Business retention and recruitment |
| Advocacy | Speak collectively |
| • | Develop and promote unified positions |
| | • Help government services through performance and monitoring |
| Cooperative enterprises | Joint advertising |
| | Purchase of services |
| | Special needs common to many but not all businesses |
| Capital improvement | Allow BIDs to borrow to pay for streetscaping programs under |
| financing | applicable state laws |
| Research and planning | Collect and analyze economic and demographic data |
| services | Monitor progress |
| | Set and revise goals |
| | Develop multi-year redevelopment programs |

Source: Houstoun (2003)

goals. This unifying characteristic allows them to solve common problems but above all makes sure that entities that otherwise would not work together do have a shared forum to solve common problems. The main lesson one can learn from the BID implementation seems to be that merchants are using these organizations to make city centers more competitive. The key to their success seems to be the entrepreneurial perspective that is being applying to the creation and maintenance of livable urban areas (Eisinger 1988).

3 Case Study: Stockton

Stockton is a regional city and county seat located on Interstate Highway I-5 in California's San Joaquin Central Valley, almost halfway between San Francisco and the state's capital of Sacramento. This area is one of the most fertile agricultural areas in the country but it is suffering tremendous urbanization pressures due to its proximity to San Francisco bay area and the Silicon Valley. With a population of 291,000 people in 2010, the city grew and developed as a result of its privileged location in the middle of a very fertile agricultural hinterland irrigated by the San Joaquin River and its intricate canal system. In recent decades, a considerable amount of land has been converted to new subdivisions to the north and northwest, in many cases according to unscrupulous land use development practices, which look, feel, and function more like car-dependent suburban sprawl than sustainable urbanism neighborhoods.

The city's growth and dispersal have impacted the downtown area negatively reducing it mostly to institutional uses, limited retail, some entertainment offerings, and almost no residential structures (Balsas 2017b). Stockton also has an inland port and a high quantity of derelict available land from light industry uses in the southern and eastern districts, just a few blocks from downtown. Fortunately, urban revitalization programs implemented since the 1990s have led to the rehabilitation of historic buildings with architectonic significance, the construction of a new multimodal transit station in the mid-2000s according to federal Transit Oriented Development (TOD) station area guidelines, and the improvement of the waterfront Weber Point Park, which now constitutes a central lively public space for many cultural and sports events (Lyndon 2005).

The designation of Stockton as an "All America City" by the National Civic League in July of 1999 was the result of years of joint work by the city's different institutions and local residents. This designation shows that civic and pro-active participation, together with a governmental action that incorporates volunteerism and shares information to generate a strong vision, can bring many benefits to all citizens. The strategy for the city center included the creation of a new private organization to promote, develop and maintain the city center area. Besides the funds coming from the compulsory fee to all property owners, in a range of 65 blocks, the establishment of many partnerships and other collaborations with private and public organizations have been critical to the success of the city center revitalization activities.

4 Discussion

Table 3 presents a synthesis of the entrepreneurial urban revitalization BID in Stockton. Downtown Stockton Alliance is a new private non-profit organization with an autonomous staff and an intervention area well delimitated, with a specific budget and with a relatively high number of representatives on the board of directors. These members are representatives from the local community. Usually, there are several working groups that have to meet frequently to analyze, coordinate or simply to assess the progress obtained in the implementation of a certain project.

The great majority of these revitalization organizations are created for a period of 3–5 years. In the case of the business improvement districts there is a need to re-authorize their existence every 5 years. The intervention area in Stockton comprises approximately 65 blocks. The main objective of this organization is not only the revitalization of the commercial component of the city center but also the encouragement of residential living downtown, the preservation of historical buildings, the implementation of streetscape improvements, the coordination of parking and the promotion of the area through cultural events and city marketing campaigns (Speck 2012). Many of these organizations initially start by improving the cleaning and safety of the intervention area. Only after improving these basic services, they broaden their scope to also include economic development activities and the attraction of new economic activities and technical support to the existing ones.

Table 3 Synthesis of the entrepreneurial urban revitalization BID in Stockton

| | Stockton (CA) |
|------------------------|--|
| Type of organization | Downtown Stockton Alliance—private nonprofit organization |
| Partnership objectives | Promotion, development, and maintenance of the Stockton city center |
| Juridical structure | Board of directors; executive team |
| Geographical area | 65 blocks in the city center; population: 18000 residents and about 2000 economic activities |
| Type of management | One executive director; one secretary (part-time); three marketing and economic development technicians; one coordinator of events; one coordinator of hospitality; seven local guides; eight cleaning and maintenance employees |
| Main activities | Maintenance; hospitality and safety; economic development; marketing, promotions and special events |
| Budget structure | Maintenance (25%); hospitality and security (23%); marketing and economic development (27%); organization (20%); others (5%) |
| Funding nature | Variable compulsory levy on property depending on the property's location within the BID precinct |
| Website | https://www.downtownstockton.org/ |

The revitalization activities in Stockton included maintenance, hospitality and safety, economic development, marketing, promotions and special events. These activities were very similar to the revitalization activities in other downtowns. It is important to mention that property owners in different areas of the BID pay different amounts depending on their location. The funds to finance the activities of these organizations have two different sources. The revitalization funds come directly from the application of the compulsory fee to the properties within the district. But these organizations can also ask for loans and establish funding collaborations. Even though what these organizations can do is always limited by their budgets (Gelinas 2013) and by their technical capacity, it is important to mention the important role of volunteering activities.

5 Conclusion and Recommendations

In conclusion, the objective of the city center intervention mechanism reviewed above is to create better ways to manage a city center. Due to the specific nature of city centers, these models give priority to partnerships between the private and the public sectors. This mixed nature includes traditional aspects from both sectors (Nawratek 2011; Barber 2013). The representatives from the public authorities were democratically elected and should aim at preserving the common interest derived from a revitalized downtown. The representatives from the private interest are unconditional partners in the sense that they can influence the role of the local

elected officials. Beyond the characteristics of the revitalization programs identified in Table 1, the existence of a full time professional management team and the existence of local sustainable funds seem to be the two most critical aspects to the good functioning of the city center.

It is important to emphasize that these models are not static. Similar to city centers, they go through evolutive phases. What is important is that the proactive implementation of this urban revitalization instrument can increase the livability of communities and their economic development opportunities. The recommendations at the local level include working principles for a city center management office, for the municipality, for the chamber of commerce, and for economic activities [see Balsas (2006)]. These recommendations were derived from the author's almost two decades of investigations on urban transformations and the responses crafted and implemented to facilitate transitions through cyclical changes in the economy. Like Savitch and Kantor (2002), it is also important to recognize that these recommendations are not suggested here to create more homogenized urban areas. They have been distilled from the analysis of multiple cities and towns across the Atlantic Ocean in both Anglo-Saxon (Balsas 2014) and southern European contexts (Balsas 2007). At least from a U.S. perspective and according to Wachs (2013, p. 1159), they seem to have contributed to creating "the most vibrant residential and commercial centers throughout a largely suburban continent".

5.1 City Center Management Office

Create effective public-private partnerships The foreign experiences show that public-private partnerships are a critical element in the success of the city center revitalization operations. In this partnership the main characteristics include joint decision-making and sharing responsibilities among the different partners in order to benefit the entire community. More recently, the private sector is taking the leadership in many revitalization partnerships. Even beyond the public and the private sector, many foreign partnerships include the participation of civic and voluntary associations.

Create the position of city center manager. The existence of a city center manager is critical to the implementation of a revitalization partnership and to the future management of a city center. Its main function is to help the board of directors to develop a strategy for the city center, including the implementation of the action plan and the program of activities and, the creation and coordination of the working groups. The manager is also the coordinator of the existing interests in the city center and the person responsible for gathering more funds to the city center management office. It is important that the city center manager is on board from the start of the partnership or is nominated very soon thereafter.

Create a long-term strategic vision The most successful revitalizations include a clear strategic, pro-active and consensual vision for the city center in the future, for

instance in the next 5–10 years. It is important that all partners contribute to the definition of this strategic vision and that all are responsible for it, and believe that it is realistic and capable of being achieved.

Holistically analyze the city center Before defining the intervention strategy, it is necessary to holistically analyze the city center in its different dimensions. For instance, the commercial position in the regional hierarchy, strengths (e.g. diversified offer), weaknesses (e.g. accessibility), opportunities (e.g. collaborative environment) and threats (e.g. peripheral retail areas). Many of these analyses can already be done in studies of the municipality or of the chamber of commerce; however, it is important that the partnership can produce a concise and clear document with the main diagnosis of the city center.

Have a coherent intervention strategy The intervention strategies in the city center must contain action plans that allow the management office to successfully achieve the previously defined vision and capture the opportunities identified in the market study. This action plan results directly from the diagnosis, it must be detailed to the point of identifying all the activities that need to be done, their beginning and end, who is responsible for them, how much money is allocated to each action, and where the money comes from. This action plan must be revised and updated annually.

Be selective and define priorities With the exception of small cities, regular city centers can have considerable dimensions, which can make it difficult to solve multiple problems through only one program. On the other hand, there are always more skeptical partners who like to see immediate results. Due to these two limitations, the most successful city center programs are those, which direct their (necessarily limited) resources to the target areas identified by the different partners. The concentration of resources in a certain geographical area makes it easy for the revitalization efforts to become more visible. It is important to take incremental action with realistic activities.

Have a city marketing plan A city center partnership must have a city marketing plan that allows the management office to communicate effectively with the targeted consumers. This plan must give a positive image of the city center and of its activities. It must include promotional campaigns, tourist guides, maps, brochures, as well as the realization of events and public festivals. These festive events should portray the city center as an interesting and safe place to shop, reside, work and be entertained. It is important to communicate the results of these activities to the elected officials and to the people at large, so that they can keep their interest in the activities being done by the management office.

Encourage and promote local leadership In order to create successful partnerships, it is important that the leaders are from the local community and that they find resources within their own community. Sustainability should be one of the main goals of the partnership. Local leadership involves establishing links with the most influential people in the community and between them and the merchants, and not only the ones located in the city center but those representing the entire community.

Promote sustainable funding The management unit must have a mechanism that allows it to gather funds in adequate amounts so that the action plan can be implemented. The most successful partnerships abroad are the ones where the public government subsidies are minimal. Normally, public funding is used to create the management office and to keep it functioning for a certain period of time, during which the manager is supposed to gather funds from other sources as well, in order to achieve a sustainable funding level.

Recognize and value voluntary contributions Voluntary contributions are very important to the functioning of the partnership. They can be monetary amounts, goods, services or even time to participate in the working groups. Public funds are normally given to partnerships with the condition that they have to be matched with local funds. In these cases, it is important that the city center manager can be very persuasive in showing potential contributors what they can gain by contributing to the partnership.

Monitor and evaluate management activities regularly The manager must conduct inspections to the city center as regularly as possible. In these inspections the manager should pay attention to cleanliness, safety, attractiveness services available in the center, parking, and conflicts between users, etc. The manager must also regularly monitor a set of statistical indicators that can give the elements of the board of directors an idea of how the revitalization activity is evolving. These indicators include, vacant properties, number of pedestrians, crime, and the number of new jobs created, etc.

5.2 Municipality

Promote the revitalization of the center The revitalization of the city center must be an economic development and political priority for the municipality. It is the municipality's responsibility to promote the identity and the diversity of the city center through its active participation in the partnership. To have competitive economic activities in the city centers, municipalities have to review local ordinances and licensing processes in order to expedite investments in the center. These processes must be fast, but without the loss of quality or rigor in the revitalization interventions.

Create Commercial Development Plans These instruments are being developed in many municipalities in order to coordinate commercial interventions. It is believed that the operationalization of such plans with traditional planning documents (e.g. master plans, ordinances and regulations) and processes (e.g. licensing, permitting, and GIS analyses) can expedite intervention processes and help the work of the city center manager.

Integrate retail activities in the municipal plans It is a responsibility of the planning technicians working for the municipality to include commercial activities in the

municipal plans (e.g. strategic, master, urbanization and site plans). It is important that retail is taken into consideration as any other activity with profound implications in the organization of the territory, but also in terms of the socio-economic dynamics of the localities.

Promote high standards of cleanliness, maintenance and safety The cleaning and maintenance of public spaces must have very high standards of quality and hygiene. These standards must apply to the mechanical and manual cleaning of streets and sidewalks, the emptying of litter and wastebaskets, and to the cleaning and removal of graffiti and other unwanted publicity. The maintenance of trees, flower pots and bushes, as well as the maintenance of street furniture, signal and lights is very critical to the appearance and safety in the city center.

Promote a compact and sustainable development To promote mixed-use developments and to control suburbanization, reducing the need to use private cars in urban areas must be a critical objective of municipal planning. The implementation of this objective not only reinforces the livability of the center but it also increases the quality of life of all city users.

5.3 Chamber of Commerce

Promote the creation of city center management offices The chambers of commerce have a critical role in the revitalization programs and in the creation of city center management offices, since their direct activity involves the promotion of commercial activity in the community. In many foreign cities, the chamber of commerce temporarily houses the city center management office and allows the manager to share its resources (e.g. installation, equipment, administrative support, etc.); this may help the city center revitalization initiative. However, it is important to mention that the chamber of commerce normally has a territorial area broader than the city center, which can lead to long-term conflicts.

Mobilize retailers to become involved in the direction of the center. The chamber of commerce can have a critical role in making its members involved in the activities of the city center management office. This involves the organization of events, the coordination of promotions, festivals and the production of marketing materials.

Cooperate in the organization of events The chamber of commerce can cooperate in the organization of events that aim to promote the activities in the center. The gathering of sponsorship, the naming of a coordinator, and the promotion of the event well ahead of time can make a real difference in terms of the number of participants.

Promote best practices of commercial management The chamber of commerce must be ready to promote best practices of commercial management. It can also

organize and promote professional training sessions capable of increasing the competitiveness of the small businesses.

Develop alternative ways of doing business In cooperation with the city center management office and the municipality, the chamber of commerce can develop and promote alternative ways of doing business. It can, for instance, promote business over the Internet such as e-commerce. It can even identify niche markets of traditional local products and sell them in cooperation with the tourism services of the municipality.

5.4 Economic Activities

Follow market principles The realization of a diagnosis market study is critical to know who the customers are, which other customers can be attracted, what kind of goods do customers want, what their future preferences will be and finally, how to create loyal customers.

Target differences In order to compete, the city center retail must be able to create and be known for a certain type(s) of product(s). This calls forth the notion of niche market. The retail located in the city center cannot sell the exact same merchandise as the stores in the peripheral shopping malls. They can instead target certain themes, and certain age groups. The idea is to coexist with the big shopping malls and not compete directly with them. So, the difference should not be on price but on the type of product.

Be unique Even though now there are many new ways to buy the same product, city center retail can prosper by providing a friendly and quality service to their customers. For instance, this might involve personalized service and an after sale assistance program.

Participate in the resolution of common problems The mission to create a livable center capable of attracting customers is not a responsibility of the municipality alone. It is up to the individual merchants to keep their establishments attractive, as well as to participate in the resolution of the problems of the city center as a whole. The support of the city center management office can go beyond money contributions, support can be offered with goods and services, time, equipment and installations.

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