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Businesses Tax Themselves to Revitalize Aurora Strip

by: [J.C. O'Connell](#)
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Taxes are bad for business, or so the conventional "wisdom" goes, but a group of small-business owners in Aurora are the most recent entrepreneurs to turn that idea on its head - electing to tax themselves.

Taxes? Yes, please.

Small-business owners aren't generally thought of as supportive when it comes to a tax increase, but as Colorado's commercial strips age, some entrepreneurs are electing to tax themselves in an effort to revitalize their neighborhoods.

In Aurora, Colo., car dealerships recently joined with family-owned restaurants, antique stores, groceries and other businesses to create the longest Business Improvement District in the state.

Last year, an overwhelming majority of the more than 700 businesses along 4.3 miles of Havana Street voted to annually tax themselves 0.45 percent of their properties' value to clean up and promote the neighborhood to potential shoppers throughout the Denver metro area.

"The voters, they had to see a purpose for the money that would go to something they thought would do them good. Anything, when you raise taxes, is, 'what's in it for me,'" said business owner Paul Suss, who helped campaign for the district's creation. "We were able to sell them on, 'You know what? This area gets revitalized and there is something in it for you and it's not only increased sales. It's increased property values. It's increased opinion of the area."

Under the Colorado law that allows the creation of Business Improvement Districts, property owners representing a majority of both a proposed district's property value, in this case \$73 million, and total commercial square footage, must vote to form the district.

Suss, who has run the car dealership Suss Buick Pontiac GMC on Havana for 28 years, said he sees the approximately \$3,000 he pays in taxes each year to support the district as an investment.

The annual amount most businesses pay is significantly lower.

This year, the Havana district, which has yet to be formally named, will collect about \$330,000 from its members and plans to use the money to create a brand identity for the area and promote the district with signs and special events aimed at drawing shoppers to the area.

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'A complicated sell'

Most Coloradans have probably experienced a Business Improvement District while browsing in downtowns throughout the state - but rather than promote themselves, the districts focus on bettering the area's shopping experience with small actions such as improving landscaping, managing parking and providing store directories.

That makes gathering support for business improvement districts even harder.

Last November, as the business owners in East Aurora were approving their district, voters in Steamboat Springs defeated a similar request to fund that city's downtown district by six votes.

"It's a complicated sell for a number of reasons," Bill Moser, district board chairman of the Steamboat Springs Downtown Business Improvement District told the Steamboat Pilot & Today last year. "To explain what Mainstreet does in and of itself is complicated, because it has so many different facets and is practically like a business on its own."

Steamboat's BID supporters have vowed to try again this fall.

Cherry Creek model

Other BIDs have hummed along quietly for years.

The Cherry Creek North BID, which was established in 1989 - the first of its kind in the Denver area - waters and cuts the area's lawn, removes snow and trash, and maintains lighting and outdoor benches for its 320 businesses.

Fledgling BID's like the Havana district sometimes look to Cherry Creek's marketing efforts and events, which draw people from all over the state, as an example of business districts' potential.

A BID can be formed by business owners and approved by the city council, but must go to the ballot before taxes can be collected to fund the district.

"Every state has legislation that controls how a BID is created and it varies," said Anna Jones, a senior associate at Progressive Urban Management Associates (PUMA), a firm that offers consulting services to BIDs. "Colorado is one of the most difficult states in the country to form a BID largely because of T.A.B.O.R."

Legal and consulting fees can also stymie would-be districts. The city of Aurora paid for PUMA's services for the Havana business owners and has given the district \$10,000 for start-up costs.

PUMA keeps tabs on about 15 BIDs throughout the state, Jones said.

Creating a BID takes the right mixture of private sector interest, city support and a specific vision or goal for the area, Jones said.

Communication is key

Executive Director Gayle Jetchick, an early supporter of the district who now works as its only full-time employee, said communication between district supporters and business owners was key to the district's formation - from addressing business owners' concerns to making sure eligible voters had requested



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ballots.

"There's one gentleman that owns property and he was afraid that the city was going to be involved and control everything and that the BID wouldn't do what he really wanted it to do and the bigger property owners would have more of a say, and as it's turned out he's totally pleased with what we're doing, getting everyone involved," Jetchick said.

Timing also gave the Havana district momentum, with the announcement a dilapidated mall in the heart of the district would be demolished and replaced with fresh mix of walkable stores and residential units.

Winning over local businesses was easier than even finding the appropriate contact person for larger, national chains like Costco and King Soopers, she said.

"Some of the larger, big chains don't really care what goes on locally. The mom-and-pops have a lot, it's their life, they have a lot more at risk or at stake," Jetchick said.

And while an increasingly closely knit group of community businesses may elect to tax themselves, could the additional financial burden seem off-putting to business owners looking to relocate in an area with a BID?

Jetchick said that as word of the Havana BID spread to real-estate agents, the owners of vacant land and buildings along the commercial strip have heard from more potential buyers.

Neighbors see 'win-win'

Businesses aren't the only ones to potentially profit from a BID's efforts.

Nearby neighbors have also been strong advocates of the Havana district's creation and are quick to point out how bringing more shoppers into the area will benefit them.

"It's a win-win situation," said Arnie Schultz, president of Neighborhood Organizations Along Havana. "They're going to improve [the area]. We're going to have better businesses, better places to shop and our property values are going to go up."

And in communities like Aurora, which depend largely on sales taxes to fund day-to-day city services, all residents stand to profit from more purchases made on city streets.

Under state law, BIDs are reviewed every five years and will be dissolved if the businesses fail, or decline, to file a business plan for two consecutive years.

Jetchick hopes anyone who lives nearby, or simply drives down Havana Street, will start noticing changes this spring.

Not everyone is expecting big things from the Havana district.

Gerre Leyden, who runs Heirlooms Antique Mall on Havana, said she's watched the work of BIDs near her home in downtown Denver and knows how much or little they can accomplish for a neighborhood.

"It's little enough to pay to give it a try, frankly," Leyden said.

Taxs: business taxes, economics taxes/TAROR (All Taxs)

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The Investment Will Pay Off

The City of Rifle may have one of the smallest taxing downtown districts (about six small blocks) but it made an amazing difference in revitalizing the area after the oil shale bust when most of the retailers closed up.

The Downtown Development Authority hung up curtains in abandoned store windows, had western murals painted on empty buildings and planted mini-flower gardens on curb extensions. The dividends from taxes collected for the district have been many and rescued downtown Rifle from decay.

by: Leslie Robinson @ Fri Mar 14, 2008 at 14:24:01 PM CDT

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