

## The 11th Niseko Hirafu Preparatory Committee (Summary of minutes)

■ Date & Time: 7 Nov. 2012 (Wed.) 16:00-17:30

■ Attendance: List attached

■ Summary

### 1. Committee Representative greeting by Mr. Tanaka

The BID/CID has not been officially decided. At this meeting we will announce the progress of discussions. We would like to make a proposal and then adjust it according to your opinions. Finally, we might hold a vote among the property owners, and if a certain percentage of them don't agree to the proposed scheme, we would withdraw the proposal. However we'd like to make a scheme that gains the support of property owners.

### 2. Niseko Hirafu Resort BID/CID draft proposal

- (1) The current Hirafu
- (2) CID projects that replace *chonaikai* roles
- (3) Confirmation that the CID fee will not be used for the road heating electricity bill
- (4) The BID fees will be used for the projects that raise property values
- (5) The BID estimated project budget
- (6) Envisioned BID projects
- (7) Summary of the previous BID English-language meeting

### 3. Road heating electricity bill and "simulation with gradation"

- (1) Background of the sharing of Hirafuzaka road heating costs
- (2) Gradation plan

Different unit rate for accommodation rooms, restaurants, retailers and offices, depending on distance from Hirafuzaka St., building height limit and any frontage on Prefectural Rd. 343.

Plan 2-A: Three classifications (unit rates decline in the order of 1, 2 and 3): For example, 1: 5,000 yen; 2: 4,250 yen; 3: 3,500 yen

- (a) Gradation plan A



- 1) The buildings (and land) on Hira-fu-zaka St. in the Chonaikai #1 area
- 2) The buildings in the area where the height limit is 22 m, except those in Area 1; namely buildings other than on Hira-fu-zaka St. in the Chonaikai #1 area and on Prefectural Rd. 343 in the Chonaikai #2 area
- 3) Buildings in the Chonaikai #2 and #3 areas other than above.

(b) Gradation plan B

Plan 2-B: Three classifications (unit rates decline in the order of 1, 2, 3 and 4): For example, 1: 5,000 yen; 2: 4,500 yen; 3: 4,000 yen; 4: 3,500 yen



- 1) The buildings (and land) on Hira-fu-zaka St. in the Chonaikai #1 area
- 2) The buildings not on Hira-fu-zaka St. but relatively close to the street
- 3) The buildings in areas where the height limit is 22 m, other than in 1) or 2)
- 4) Buildings in the Chonaikai #2 and #3 areas other than above

(c) Gradation plan C

Three classifications (unit rates decline in the order of 1, 2, 3 and 4).



Difference from Plan B: The buildings in areas that are not directly linked to Hirafu-zaka St., such as Alpine Ridge and Vail, are regarded as the same (classification 3) as the buildings on Sasayaki-zaka St..

#### 4. Questions and answers from business owners and local residents.

(1) What will become of the *chonaikais*?

The CID will collect funds for streetlight electricity and area beautification.

However, it is expected that each *chounaikai* will continue to perform its local networking and social functions.

(2) If the BID has many negative votes, it will not be established. What does it mean?

Assuming that the Hirafu community agrees to initiate a CID/BID system, we will propose to the Town of Kutchan that such a system be made. Then, a law providing for the establishment of a CID/BID will be drafted and proposed to the town council. When that municipal law is enacted, a “negative vote” will be held among the property owners. If the negative votes exceed a certain percent of property owners, the CID/BID initiative will be rejected.

(Supplementary note)

It is important that Hirafu local residents understand the need for a CID/BID and agree on proposing that the town make a new law. Local consensus will increase the significance of the proposal. A vote or survey may be held before the proposal is made to the town of Kutchan. A negative vote may be held. However, details, such as the when and how such a vote or survey would be held, have not been decided. If the negative votes exceed a certain level, the CID/BID initiative cannot be proposed to the town.

(3) Who decides how the BI/CID fees will be used?

BID committees made up of local residents decide projects and budgets. However, the BID preparatory committee is making drafts for these.

(4) What are the BID fees for farmland?

BID levies do not apply to farmland, miscellaneous land and wild fields.

However, there is the opinion that empty lots on the Hirafu-Zaka Street should be charged the BID levy.

(5) Who's responsible for oversight/auditing regarding the management and operation of the BID association?

The directors, who are elected from among BID members, are responsible for overseeing the management and operation of the organization. CID directors (*chonaikai* chairs) and ten to fifteen BID directors who are elected from businesses (ski lift operators, accommodations, restaurants and bars, property management and other service companies, etc.) will form the board and plan projects and budgets.

(Supplementary note)

The above-mentioned is the governance within the CID/BID organization; however, the town and the town council also could be involved (authorization, recognition, consent, report) in the organization and its operation and plans for business. This is because the town would collect the levy, a public fund, and deliver it to the BID.

## 5. Opinions from participants

### *Unit for CID fees*

- Some houses in Hirafu are shared by several people, some of whom pay and others of whom do not. Regarding pensions, normally the property owners live in the same house, so it is clear that each house is subject to one unit of CID levy.
  - For Hirafu-shibu, when a member who runs accommodations opens a second business, the membership fee for the second business is waived. I think that's a good system.
- Whether a property is owned by a resident or by an absent owner should be judged by whether the owner is registered with the Town of Kutchan as a resident. If the owner is not so registered, then they should bear the CID levy as an absent owner, even if some people actually living there.
- It has been said that BIDs have been successfully adopted by North American towns, and Niseko would be the first town in Japan to adopt a BID. I think other areas in Japan that also tried to adopt it and failed examples overseas should be disclosed by the preparatory committee.

### *Street lights*

The street lights in Chonaikai #1 are too bright and the electricity bill could be

expensive. These are maybe more for tourism than for crime prevention. Therefore, CID should bear the electricity cost of “crime prevention lights, or ‘*bohanto*” but some of the costs for brighter street lights should also be borne by BID.

(Preparatory Committee)

Because Chonaikai #1 is a commercial district, there are brighter street lights on the street. These brighter street lights are installed to illuminate the tourism area. The Hirafu area has bright lights for traffic at crossings and important locations, and the costs are borne by the road administrator. In addition, there are crime-prevention street lights called *bohanto*. The electricity cost is paid by the *chonaikai*. The town subsidizes 45% of the cost, because it is in the commercial district. In Chonaikai #3, the area where there is only limited number of crime prevention street lights is dark in the evenings. There is an idea to bring Chonaikai #1 street lights to Chonaikai #3. We should also discuss what kinds of lights are suitable there.

(Supplementary note)

There are mainly two kinds of lights: those for vehicle traffic, and those for crime prevention. Street lights for vehicle traffic are installed at crossings and are managed by the road administrator. *Chonaikais* request installation of crime-prevention lights and manage those lights. However, the town admits that it is necessary for the public, so the town subsidizes installation costs and electricity costs. *Chonaikai #1* is designated as a “commercial district” where subsidy rate is less than that for *chonaikais* in residential districts. A 45% subsidy of the electricity costs in “commercial districts” is provided by the town in accordance with town guidelines for subsidies to *chonaikais*. Chonaikai #1 streetlights are not only for residents but also for the tourist area. It is understandable to think that the electricity cost should also be borne by the BID (not just residents, but also business owners). However, because the CID fees are paid by all property owners—not just residents, but also business owners—using CID fees to pay for all the electricity cost could be understood by residents.

#### *Hirafuzaka beneficiaries and BID area*

The portion of Hirafu-Zaka’s electricity costs that go to sidewalk heating should be shared by a wide range of Hirafu-zaka beneficiaries. To make Hirafu a world class resort, cost-sharing discussions should be made with the tourist association, downtown Kutchan, and Hokkaido.

(Preparatory Committee)

It's true that downtown Kutchan is a beneficiary of the road heating; however, a BID that was large enough to cover the town would be difficult to establish.

The businesses along the street are not the only beneficiaries. Everyone walks up Hirafuzaka. The bus company is another beneficiary. The Hirafu area has to do more promotion and make a plan for increasing affiliate members.

(Preparatory Committee)

The road heating costs for carriageways where buses run will be paid by the Hokkaido Government. We will discuss more about recruiting affiliate members.

For Chonaikai #1 the BID fee should be reduced for businesses that operate year-round. Does this area have streetlights all year around?

(Preparatory Committee)

The streetlights are on all year round, and the costs would be borne by the CID. And residents would pay half the CID fee of absent property owners.

The beneficiary area should be wider, because if Hirafu tourists didn't go to the main street in Kutchan, the businesses there would have to close. For the 20 years that Hirafuzaka has improved, the overall economy of Kutchan has improved.

(Preparatory Committee)

If the BID had wide coverage, it would be hard to get consensus and impossible to establish a BID. It is true that the area which would benefit from the Hirafu-zaka pedestrian road heating is much larger than the Hirafu area. However, the difficulty of establishing a BID will increase for a larger BID area. We at the committee will discuss how to increase affiliate members to reduce the BID members' burden and to increase BID activities.

### *Rubbish/garbage*

The number of international visitors to this area is increasing. Normally, tourist destinations have rubbish bins, so rubbish is put in the bins instead of having personnel picking up the rubbish. Rubbish cleanup costs 200 million yen, but this could be cut to only 500,000 yen if bins were set up.

(Preparatory Committee)

There would be lots of disadvantages if rubbish bins were set up on the street. It is

cheaper to employ patrol personnel to pick up discarded rubbish and serve as area guides.

With more tourists, 1 or 2 people won't be enough for this, so we should discuss it.

### *Negative Vote*

I heard that one reason for establishing the BID is that people can't contact property owners. When the owners are not in this country, they can't be reached by letter and can't be otherwise contacted, so the vote might not be appropriate and opposing votes might under-represent any genuine opposition.

In this area, we had the experience of voting on the establishment of the Municipal Landscape Ordinance. I believe that a negative vote isn't necessary; we can compare the votes for support and opposition. We need to reconsider the method if many property owners don't vote. It's a risky idea for us to assume that just because we cannot reach the owner, they don't oppose the plan.

### (Supplementary note)

The "Regulation for the Protection and Fostering of Kutchan's Scenic Landscapes" (it has been revised as an ordinance) stipulates that the establishment of a scenic landscape protection group is a pre-condition for a region to conclude an agreement for scenic landscape enhancement with the town, and one of the conditions to establish such a scenic landscape protection group is that "the group should consist of at least half of all the property (building and land) owners or occupants in the area or at least two-thirds of all land owners in the area." In March 2006, in the several areas in the town, people worked to acquire consent for establishing such a group. The person who gave this opinion seems to have mentioned that. That process is not actually "voting."

### (Preparatory Committee)

In North America, a BID is typically established by negative vote. Only people who are against the BID vote to reject the initiative. Those who are not interested in a BID may not vote. Because we're working to establish a new system in Japan, we should learn from the successful examples.

And the situation has changed since last time, when many Japanese had a sense of urgency in voting for scenic preservation. This time, most property owners are absent owners. It's hard to collect an affirmative or a negative vote.

When there is a town law, everyone has to pay the levy and it's easy for the real estate management office to inform the owners about their obligation to pay the levy. The

*chonaikai* system did not work because joining the *chonaikai* isn't mandatory; it's optional.

How much property tax goes uncollected? We have to reconsider whether the property tax notice is working.

(Preparatory Committee)

Approximately Year 2010: 19 cases of uncollected taxes totaling approx 8 million yen.  
Year 2011: 34 cases of uncollected taxes totaling approx 16 million yen (twice the previous year). Just under 5% of the property taxes due for the Yamada area went unpaid. When property tax is not paid, the town places a lien on the property—even in the case of absent owners.

We propose a town law that allows the BID organization to have certain governance authorities so that the BID can give instructions on the proper management of properties and can compel levy payments.

There are many complicated cases where a land area is owned by more than two owners: Addressing such difficulties is expected.

The board of directors should consist only of residents of this area. Absent owners tend to have short-term plans.

How about collecting *chonaikai* fees in FY2013 from foreign property owners who did not know about the *chonaikai*, a year ahead of CID/BID introduction, as a preparatory process?

(Preparatory Committee) We will consider this issue with the chairs of the *chonaikais*.

When you film a video, let us know before starting the meeting.

Let us know the meeting schedule in advance.

In addition to the new system, we should not forget the most important aspect of our commitment: making the area a better tourist destination where residents and non-residents together warmly welcome our guests.

## 6. Next meeting schedule

The schedule is not set yet.