

# Minutes of the 9th Niseko Hirafu BID Preparatory Committee Meeting

## (Summary)

Date & Time: 15:00 - 17:00, Oct. 12, 2012 (Fri.)

Attendees: Refer to attached Excel spreadsheet

Venue: Sun Sport Land Kutchan

### ■ Summary

#### 1. Appointment of the committee representatives

As was discussed at the first committee meeting, Mr. Yoshihito Tanaka and Mr. Keith Rogers have been asked to start working as the representatives of the committee. They will explain to locals about the Niseko Hirafu CID/BID plan.

#### 2. Roadmap: The earliest inauguration will be in April 2014. Because there are many issues to be addressed, the progress has been slow. The committee is expecting to start in April 2014 by addressing issues with local residents and businesses.

#### 3. What is a CID/BID?

The property owners within the boundaries of a CID/BID area pay fees (called "levies") on their properties and establish an organization (legal person) to provide to/ receive from the CID/BID area services that are additional to the regular public services of governments and to improve the community (CID) and its businesses (BID) so as to raise property values.

#### 4. Objectives of the CID/BID

- a. To maintain a safe and clean Hirafu and to warmly welcome guests while keeping Hirafu vibrant through the mutual efforts businesses, property owners and the like, regardless of whether they are residents or absent owners
- b. To create a completely new community management system in which residents and absent property owners work together as members of the Hirafu community
- c. To increase the revenue of accommodations, restaurants, retailers and other service businesses and thereby to raise property values by conducting projects that increase day and overnight visitors to Hirafu

#### 5. Subject area of the CID/BID

- Chonaikais #1, #2 and #3: These areas are commercial/tourism areas; therefore, they will be in the CID/BID area.
- Chonaikais #4 and Kabayama: The chairpersons of these chonaikais will be asked to discuss with the members whether they wish to join the CID.
- Businesses in Chonaikai #4 and Kabayama Chonaikai: Individual businesses in Chonaikai #4 and Kabayama Chonaikai may join the BID if the entire business community decides not to join.
  - a. The BID might publish a restaurant, retail and services provider guide or promotional material such as the "Wine & Dine" guide to attract businesses to the Chonaikai #4 and Kabayama Chonaikai areas to join the BID.
  - b. Show the benefits of joining the BID to businesses in the Chonaikai #4 and Kabayama Chonaikai areas.

#### 6. Japanese nickname of the CID/BID

CID : ひらふコミュニティ分担金エリア (Hirafu Community CID fee Collection Area (tentative name))

BID : ひらふビジネス分担金エリア (仮称) (Hirafu Business BID fee Collection Area (tentative name))

#### Opinions

- The general name will be "Hirafu Buntankin." In that way, it'll be easy to understand that the CID and the BID buntankins are included in "Hirafu Buntankin."

- A BID is not a "levy"; it's a designated area.
- A name should be given to the system. "Buntankin" directly implies that money will be charged. Therefore, such a name does not convey the organizational objective of local autonomy and will give a negative impression instead.
- Comment by the Town of Kutchan: The official name of the CID/BID may change.

7. Draft proposal of CID /BID fee collection methods, and a simulation

a. CID fee

- 1) CID 1-A: Each of the residential portion, the accommodation portion and the shop/restaurant/etc. portion of a building is counted as one unit. For example, a pension that has a restaurant will be counted as three units: one unit for residence, one unit for accommodation business and one unit for restaurant business. Of the companies and individuals that are doing business in Hirafu, only 36 are registered there as businesses or residents. This charging method places a high burden on them.

Assuming a CID fee per unit of 6,000 yen, the total CID fee from the area is estimated to be 4,998,000 yen.

- 2) CID 1-B\*: Assuming a CID fee per unit of 12,000 yen with a 50% discount for residents, the total CID fee from the area is estimated to be 9,996,000 yen.

- 3) CID 2-A: A residence that's in the same building as an accommodation or a shop/restaurant, etc. is not counted. The case in CID 1-A would be two units: one unit for the accommodation business, and one unit for the restaurant business. Each condo or apartment unit is counted as one unit.

Assuming a CID fee per unit of 6,000 yen, the total CID fee from the area is estimated to be 4,500,000 yen.

- 4) CID 2-B\*: Assuming a CID fee per unit of 12,000 yen with a 50% discount for residents, the total CID fee from the area is estimated to be 8,730,000 yen.

\* Reasons the residents are given a 50% discount:

The residents work as volunteers year-round, so their CID fees would be half those of absent property owners.

a. BID fees

i. Accommodations

1. One bedroom is one unit. The BID fees for one unit may be from 3,000 to 6,000 yen (to be decided).
2. Rooms to be rented to tourists for less than three months, such as condos, are counted as accommodation facilities.
3. The living room of a condo is counted as one unit.

ii. Restaurants, bars, shops, offices

1. [30,000 - 40,000] yen per property + floor area X 100 yen/m<sup>2</sup> (assuming a service equivalent to "Wine and Dine" is provided by the BID)
2. The above floor area includes only spaces that guests normally use; it excludes kitchens, toilets, etc.

iii. The property owner's share of road-heating electricity costs for those with land on Hirafu-zaka St.

Note: Local share of road heating electricity is only that for 1.5 m width of sidewalks, and it's estimated to be 6 mil. yen/year. Maintenance/repair costs will be borne by the Hokkaido Prefectural Government.

Proposal on the share of road heating electricity costs

- The Town of Kutchan: 2.4 mil. yen (because 40% of the length of land fronting on Hirafu-zaka St. is owned by the Town)
- BID: 1.8 mil. yen
- Owners of plots fronting on Hirafu-zaka St.: 1.8 mil. yen

Regardless of whether buildings exist, the owners of land that fronts on Hirafu-zaka St. will be asked to bear part of the electricity costs in accordance with the length of that frontage (2,130 yen per meter or so; due to recent increases in electricity rates, it may be higher).

Opinions:

- The properties fronting on Hirafu-zaka St. benefit the most from road heating.
- Businesses close to Hirafu-zaka St. will also benefit from road heating even though they don't front on that street.
- Can we cover the entire local community portion of the road heating electricity costs with BID BID fees?
- The residents/businesses in Chonaikai #3 will not agree to pay the same BID fee rate as properties fronting on Hirafu-zaka St.
- Hirafu-zaka road heating will benefit all users of Hirafu-zaka St., such as bus companies, taxi companies and event companies. They should bear some of the cost.
- Vacant developed plots (i.e., without buildings) are subject to road-heating electricity cost sharing. That's because plots on Hirafu-zaka St. are prime locations in Hirafu and, for the sake of the local economy, such land should not be left empty.

(In three years, there will be almost no empty plots in Chonaikai #1.)

- iv. Can we set a higher unit rate for properties along Hirafu-zaka St. and the prefectural road than elsewhere?

Reason 1: The height limit is 22 m, which is greater than elsewhere (13 m).

Opinions:

- It is understandable that a higher BID fee rate be set for a location with a higher value, just as a higher property tax is charged for a property with a higher value.
- The restaurants/shops not on Hirafu-zaka St. but on roads linking to the street will also benefit from the road heating. How about setting three levels of BID fees?

- v. Setting a share for empty developed plots

Because the principal concept of the CID/BID calls for all property owners to bear costs, vacant plot owners should bear some fee but not necessarily the same fee as other property owners.

There are many vacant plots in the Chonaikai #2 area. The vegetation encroaching on roads from some vacant plots hinders vehicle/pedestrian traffic. How do we cut back the vegetation from such plots?

1. Definition of a vacant developed plot: Land reclamation was done, or there was a building there in the past.
2. The unit rate has not been decided.
3. The rate is set for the length of frontage on the road? How about reductions or exemptions for such empty plot that are offered for community use, such as for snow piling.
4. If we levy fees on all property owners, owners who own land but not buildings would end up having to pay BID fees.

- 8. The estimated budget for the BID projects will be 26 mil. yen, given the role-sharing with the NPB, chonaikais and the Kutchan Tourism Association.

- a. CID projects
  - i. Street light maintenance (incl. electricity, installation and repair)
  - ii. Area clean-ups (a measure against bottles, cans and other litter discarded by pedestrians; patrol personnel pick up these while assisting pedestrians)
    - In the Chonaikai #1 to Chonaikai #3 areas, patrol personnel pick these up while assisting pedestrians
    - The annual volunteer spring clean-up of the area will be continued.
  - iii. Beautifying streets with flowerbeds/pots
- b. BID projects
  - i. Street banners, illumination
  - ii. Promotional media equivalent to the Wine and Dine guide
  - iii. Electricity costs for Hirafu-zaka road heating (total electricity cost – the share of Town and share of businesses on the street: about 180 mil. yen, or 30% of the entire cost)
  - iv. Information dissemination via Web/SNS
  - v. Events to draw visitors to Hirafu
- c. In order to hire highly skilled persons for the secretariat, an appropriate salary needs to be secured.
- d. Projects that do not require substantial project costs
  - i. Making local rules so that tourists can comfortably stay in the Hirafu area. (Mandate notifications of business operation and contact address, e-mails or placement of signage with the contact address at the site, etc.)
  - ii. Lobbying governments for infrastructure development/maintenance
  - iii. Promoting proper maintenance and management of vacant buildings/plots
  - iv. Developing a natural disaster information network
  - v. Making group contracts with credit card companies (to reduce credit service charges)

## 9. Discussion

- a. The current estimates show a shortfall of 3 mil. yen in income.
  - i. The number of accommodation rooms is expected to increase in the coming three years; however, further significant increases after that may not be expected.
  - ii. We may find sponsors to make up the deficiency.
  - iii. A BID fee will be levied on vacant plots.
  - iv. Affiliate businesses can be recruited from those who benefit from Hirafu-zaka St.
  - v. The benefits accruing to businesses in the Chonaikai #4 and Kabayama Chonaikai areas that join the BID will be shown. They will be made aware of the benefits of being listed in Wine & Dine-like promotional materials or on the BID map.
  - vi. Can't we show the locations of businesses other than BID members on the BID map?
  - vii. We can sell ad space on our map, like the Yaletown BID does.
- b. Clarify the organizational objectives and roles of Niseko Tourism Bureau, the NPB, the Kutchan Tourism Association and the Hirafu BID, and make easy-to-understand explanatory materials, such as charts.
- c. BID fees on vacant plots
  - i. Is it possible to levy the Town of Kutchan for its vacant plots?  
Examples of overseas: Government properties are not subject to fees.
  - ii. Can we ask the Town to bear BID fees on their vacant plots?
  - iii. The land owners who own large areas will have a high levy burden. It is not reasonable to charge the same rate on undeveloped land, such as land along small rivers, etc.
  - iv. The vegetation encroaching on the road can be cut in accordance with the law. The BID can cut back such vegetation without a special town law.
  - v. Can the BID contract out the trimming of roadside grass on vacant plots and bill the owner?
  - vi. There is a Canadian example of frontage sidewalk snow removal at residences: If the owner does not clear the snow after several cautions, the municipal government dispatches a snow removal

crew and bills the owner. The bill is considerably higher than if the owner had hired a snow removal crew. In the event that the owner fails to pay bill, the property will be subject to forfeiture.

- vii. Isn't it enough for the BID just to recover the cost for grass trimming?
- viii. It will be necessary to mandate that the owner of a vacant building or plot maintain it.
- ix. It is important to make documents that explain Hirafu's unwritten rules, such as the night-time operation of bars, restaurants, etc. and other community rules, and to make such community rules understood so that they will be observed.
- d. All business representatives are asked to inform their companies of today's CID/BID topics and discussions, and to present the company's opinion at the next meeting.

10. Information dissemination methods

- a. The Hirafu Shibu website will be used to disseminate easy-to-understand CID/BID information.
- b. A Hirafu CID/BID handout will be prepared for those who do not have web access.
- c. A quick web questionnaire will be made by Mr. Julian Karr.

11. Property (building) owners by nationality

1. Australia: 44%    2. Japan: 26%    3. Hong Kong: 16%    4. Singapore: 5%

We will have a public hearing at the next meeting about the BID/CID. The opinion may vary depending on the location of residence, such as Hirafuzaka or Chonaikai #3. We will hear opinions widely from property owners and business people in this area.

12. Next committee meeting

Date: Nov. 1, 2012 (Thurs.)

Time: 15:00 - 17:00

Venue: Sun Sport Land Kutchan