

The 10th Niseko Hirafu BID Preparatory Committee

Niseko Hirafu Resort CID/BID Draft Proposal

PM 4:00 – 5:00, Nov. 1, 2012

Sun Sports Land Kutchan

■ What's a CID/BID?



To maintain and improve the resort community (CID*) and ... promote tourism businesses (BID**), the following are done.

- 1) Services that are not included in ordinary government services but that benefit the public are provided.
- 2) The funds necessary for such services/projects are collected from every property owner in a transparent, fair manner.
- 3) An organization to provide the services is established.
- 4) Ultimately, the CID/BID aims to raise the property values in the area.

Proposed vision (draft):

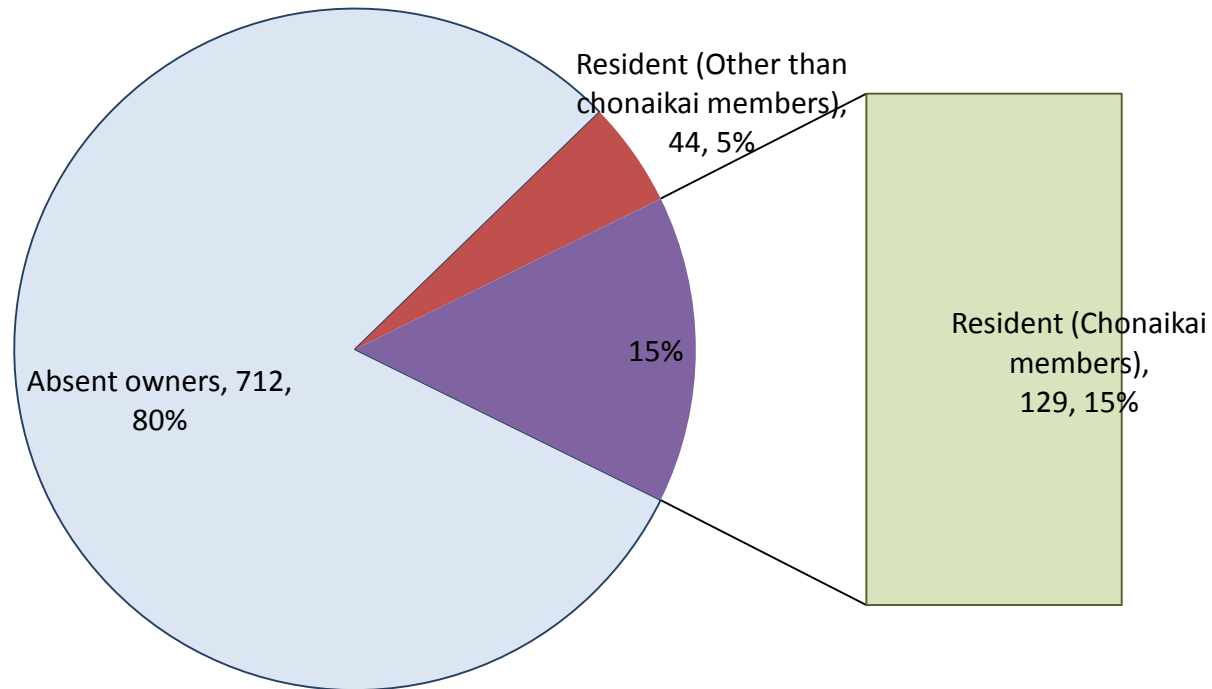
“Niseko Hirafu, a resort you’d love to live in”
- toward a safe, clean and vibrant Hirafu

- 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
- 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



Why do we need a CID/BID?

Owner of properties (buildings): Residents vs. Absent property owners (#1, #2 and #3 chonaikai areas)

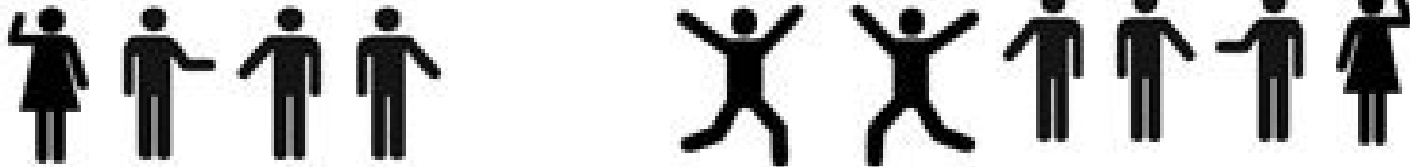


For example, street light



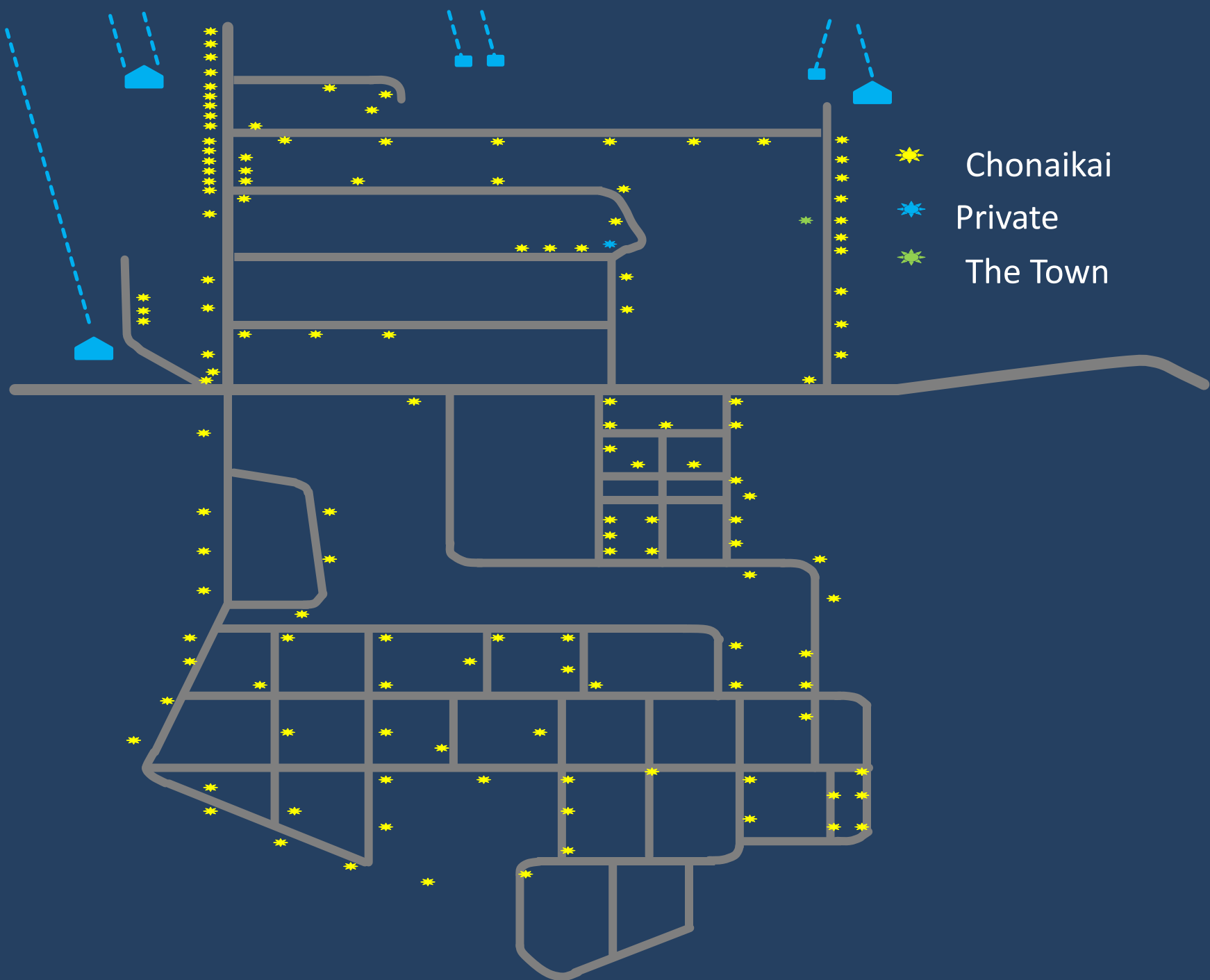
Uh...

Street lings are always on.



Only 15% of property owner
bear the cost





- ★ Chonaikai
- ★ Private
- ★ The Town

To maintain street lights....

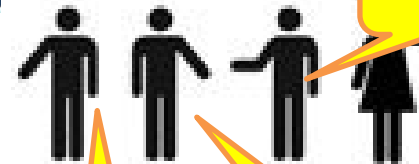
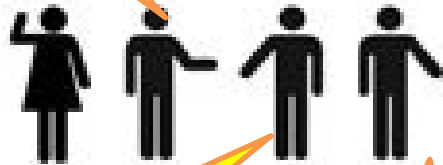


Will you join us to protect Hirarfu?

Why don't we ask them to join us?

OK!

OK!



OK!

OK!

OK!

OK!

OK!

OK!

This is one of the CID/BID objectives...



Subject area of the CID/BID

- Chonaikais #1, #2 and #3 will be the CID/BID area.
- Chonailais #1, #2 and #3 areas will be the CID/BID area. Ask whether the residents/businesses of Chonaikai #4 and the Kabayama Chonaikai wish to join the CID, the BID or both.
- Businesses in Chonaikai # 4 and Kabayama Chonaikai: individual businesses in Chonaikai No. 4 and Kabayama Chonaikai may join the BID if chonaikais decided not to join BID.

Project envisioned

CID mission: Enhancing Hirafu as "a wonderful place to live."

- Maintaining street lights (electricity, installation, repair)
- Beautifying the area (installing flower beds/pots along main streets and in the park)
- Supporting community events



Project envisioned

BID mission: Making Hiraifu "a superb place to visit."

- - Litter/trash pick-up (Trash collection persons assist/guide people on the streets, in addition to pick discarded bottles, cans and other street
- - Street banners, illumination



U-Zara St. (other than
- 4.0 mil. yen)

Project envisioned

【Projects that do not require substantial project costs】

- Hospitality improvement
 - Making the resort environment more pleasant
 - Making local rules, making people observe them and strengthening local networks of people
 - Example: Maintenance/management of real estate in the snow-free season
 - Cutting back encroaching vegetation at vacant developed plots
 - Prohibiting people from discarding bottles, cans and other litter on the street
 - Restricting fireworks (bottle rockets, etc.) and noise
- Requesting infrastructure improvements/repairs to governments
- Developing a disaster information network
- Making group contracts with credit card companies (to reduce credit service charges)

Estimated project budgets are..



Ongoing project/costs	Current cost	CID/BID budget	Current cost bearer
Volunteer garbage collection; cleaning equipment	10,000	10,000	Shibu
Chuo Park maintenance (winter preparation); sidewalk weeding	69,325	69,325	Shibu
Hiking trail management	100,000	100,000	Shibu
Contribution to safety center operating costs	1,238,000	0	Shibu
Streetlight maintenance, incl. electricity costs	800,000	800,000	Chonakai
Event financial contribution (Kutchan 21 Snowman, etc.)	100,000	0	Shibu
Sumter festival	800,000	800,000	
Nature ride	600,000	0	
Niseko Area Resort Map	2,500,000	0	NPB
Hirafu Village Map (contribution)	100,000	0	Shibu
Niseko Express (contribution)	39,900	0	Shibu
Wine and Dine	5,000,000	2,500,000	NPB
Signage in the area	772,250	772,250	NPB
Web related expenses	2,000,000	1,000,000	NPB & Shibu
Subtotal	14,129,475	6,051,575	
New Project	Budget		
Trash cleanup	2,000,000		
Events to attract visitors	1,000,000		
Street banners (15 locations/year; to be complete in 3 years)	300,000		
Illumination (15 locations/year; to be complete in 3 years)	300,000		
Road heating electricity (excl. Town's share)	4,000,000		
Subtotal	7,600,000		
BID operation cost	Budget		
Personnel cost 【two full-time staff, incl. salary, commuting allowance and benefits】	10,440,000		
Other (phones, computers, software, vehicles, photocopying, accounting services)	1,900,000		
	12,340,000		
Total		25,991,575	

How much do I need to pay?



- CID fee collection plans:

Plan 1:

The residential portion, the accommodation portion or the shop/restaurant/etc. portion of a building is counted as one unit each.

- For example, a pension that runs a bar is counted as three units.

Plan 2:

A residence that's in the same building as an accommodation or a shop/restaurant, etc. is not counted.

- The case in Plan 1 would be two units.

CID fees....

- Each condo or apartment unit is counted as one unit.
- Because residents work as volunteers year-round, their CID fees may be half those of absent property owners.
- Definition of a resident: 1) a natural person who registers as a resident of the Town of Kutchan by the cut-off date, or 2) a legal person who has a registered headquarters or branch office in Kutchan by the cut-off date

BID fees: Accommodations

- One bedroom is one unit. BID fees for one unit may be from 3,500 to 5,000 yen (to be decided).
- Rooms to be rented to tourists, such as condos, are counted as accommodation facilities.
- The living room of a condo is counted as one unit.
- A loft/attic is counted as half a unit, unless it is separated by walls.
- Definition of an accommodation facility: Those registered with the public health centre as "accommodation facilities." When a facility, room or condo unit is found to operate as an accommodation without being registered with the public health centre, the BID shall assist the owner in making prompt registration with the public health centre so as to resolve the legal irregularity.
- Definition of a long-term contract apartment/room: An apartment/room rented on a contract longer than three months and rented to a Kutchan town resident whose registered address is the site of apartment/room.
- Definition of a second house: The owner is not a resident of Kutchan town and has not rented out the dwelling during the year.

BID fees:

Restaurants, bars, retailers, offices,
etc.

- [30,000 ~ 40,000] yen per property + floor area X 100 yen/m² (assuming service equivalent to “Wine and Dine” be provided by the BID)
- The above floor area includes only spaces that guests normally use and excludes kitchens, toilets, etc.

Vacant developed plots

- Definition of a vacant developed plot: Land reclamation was done, or there was a building there in the past.
- Vacant developed plots owned by a Hirafu resident are exempt from the fee as long as they're properly maintained.
- The unit rate has not been decided.

Examples of CID/BID fees 1

"Pure" resident: Owns a home in Hirafu and is a registered resident of Kutchan

- CID fee: 6,000 yen/year

Pension owner: Owns a building(s), is the resident of such a building and is a registered resident of Kutchan

- CID fee: 6,000 yen/year X "number of buildings owned"
- BID fees: "number of accommodation rooms" X unit rate

Restaurant owner: Owns a building or a unit of building to be used as the restaurant and is a registered resident of Kutchan

- CID fee: 6,000 yen/year
- BID fees: [35,000 - 40,000] yen/year + "floor area" X 100 yen/m²

Examples of CID/BID fees 2

Restaurants (tenant)

- No CID/BID fees, because the property owner bears the CID/BID fees.

Hotel (a building(s) owned by a registered resident or a registered legal person in Kutchan, with a single restaurant)

- CID fee: 6,000 yen/year
- BID fees: "number of accommodation rooms" X unit rate + [35,000 - 40,000] yen/year + "floor area" X 100 yen/m²

Examples of CID/BID fees 3

Condos/chalets: The owner is a non-resident; the property does not rent for a fee.

- CID fee: 12,000 yen/year

Commercial use condos/chalets: The owner is a non-resident; the property is rented on a nightly basis.

- CID fee: 12,000 yen/year
- BID fees: "number of accommodation rooms" X unit rate

Long-term contract apartments/rooms: The owner is a non-resident; the property is rented to a Hirafu resident with a contract longer than 3 months

- CID fee: 12,000 yen/year
- BID fees: "number of accommodation rooms - number of rooms being rented under contracts longer than 3 months to a Hirafu resident*" X unit rate

Hirafuzaka St. Road Heating System: Draft proposal for sharing electricity cost 1

Plan 1: A uniform accommodation room unit rate, and the fee by length of frontage on Hirafu-zaka St.

- 1) The unit rate of BID fee for an accommodation room is uniform for the entire BID area.
- 2) A 30% of the road heating electricity cost (1.8 - 2.0 mil. yen) is paid for by BID fees collected from the entire BID.
- 3) The remaining 30% (1.8 - 2.0 mil. yen) of the road heating electricity cost are borne by the land owners on Hirafu-zaka St. according to the length of their frontage on the street.

Hirafuzaka St. Road Heating System: Draft proposal for sharing electricity cost 2

- Plan 2: Different unit rate for accommodation rooms, restaurants, retailers and offices, depending on the distance from Hirafu-zaka St., the building height limit and any frontage on Prefectural Rd. 343.

Plan A



Plan B



Plan C



Coordination of roles, activities and fees with other Hirafu organizations (i.e., chonaikais, NPB, Hirafu Shibu and Kutchan Tourism Association.)

Possible timetable for introducing a CID/BID

- FY 2012: Designing CID/BID system, and making relevant town laws
- FY 2013: Constructing a CID/BID fee collection system

Total CID fee simulation

	No of properties		Unit rate (absent owner)	Unit rate (resident)	Total
CID 1-A	833		6000	6000	4,998,000
CID 2-A	657	186	6000	6000	4,500,000
CID 1-B	833		12000	6000	9,996,000
CID 2-B	652	151	12000	6000	8,730,000

Total CID fee simulation

Restaurants, bars, shops

No. of properties	Unit rate	floor area rate	Total
85	35000	100	2,975,000

Accommodations

		1		2		3		4		Total
Plan A	incl. lofts/living rooms	3013	4200	1207	3800	1250	3500	0	0	21,616,200
	excl. lofts/living rooms	2451	4200	902	3800	1020	3500	0	0	17,291,800
Plan B	incl. lofts/living rooms	3013	4200	898	4000	309	3700	1250	3500	21,764,900
	excl. lofts/living rooms	2451	4200	667	4000	235	3700	1020	3500	17,401,700
Plan C	incl. lofts/living rooms	3013	4200	572	4000	635	3700	1250	3500	21,667,100
	excl. lofts/living rooms	2451	4200	427	4000	475	3700	1020	3500	17,329,700