

The 13th Niseko Hirafu CID/BID Preparatory Committee Meeting

Date: March 1, 2013 15:00-

Venue: Sun Sportsland Kutchan

Agenda

Follow-up of community members' opinions delivered following the outreach meetings:

The 10th Committee Meeting & 1st Local Outreach Meeting, Nov. 1, 2012

The 11th Committee Meeting & 2nd Local Outreach Meeting, Nov. 7, 2012

The 12th Committee Meeting & 2rd Local Outreach Meeting, Dec. 14, 2012

- 1: CID/BID areas
- 2: CID/BID fees
- 3: Voting rights
- 4: Information dissemination

- 1: BID/CID areas

Major changes since Nov. 1, 2012:

- The BID area will include the *chonaikai* #4 and Kabayama *chonaikai* areas
- Discussions on inclusion of the *chonaikai* #4 and Kabayama *chonaikai* areas into the CID area are underway, while exempting members of the *chonaikai* #4 and Kabayama *chonaikai* areas from the CID levy.

The following is the history of discussions.

1.1 Proposal as of the Nov. 1 outreach meeting

The CID/BID area was proposed to include the *chonaikai* #1, #2 and #3 areas. The businesses in the *chonaikai* #4 area and the Kabayama *chonaikai* area can join the BID as affiliate members. However, the affiliate member's voting rights or right to be on the BID Board may be limited.

Regarding the CID area, the proposal was to ask the *chonaikai* #4 and Kabayama *chonaikai* to join.

1.2 Meeting of *chonaikai* #4 and Kabayama *chonaikai* chairs on Dec. 8, 2012

The chairs of *chonaikai* #4 and Kabayama *chonaikai* were invited for interviews at Sun Sportsland Kutchan. Their opinions were as follows. 1) BID: They are not the position to discuss whether the businesses in their *chonaikai* areas wish to join. 2) CID: it is likely that neither *chonaikai* will join. This is because these *chonaikais* receive a higher rate of town subsidy for streetlight electricity costs (85%), which makes the benefits of a CID less significant. Therefore, their members do not feel it necessary to join the CID.

1.3 The 12th Committee Meeting & 2rd Local Outreach Meeting on Dec. 14, 2012

The intentions of the chairs of *chonaikai* #4 Kabayama *chonaikai* to "not join" were reported. A participant proposed setting different areas for CID/BID: The BID would include the *chonaikai* #4 and Kabayama *chonaikai* areas, but the CID would not. This opinion was widely supported by the meeting participants. Because many business owners on the Committee are in the *chonaikai* #4 area, it would be better for them if their area joined the official BID area. Then, uniform street banners and illumination would be expanded in area, which would show visitors that the *chonaikai* #4 and Kabayama *chonaikai* areas are in the core of Hirafu.

1.4 The 26th Hirafu CID/BID Study Meeting on Jan. 23, 2013

Opinions given at the three outreach meetings were discussed.

The town official suggested that it was feasible to include the *chonaikai* #4 and Kabayama *chonaikai* areas in the BID/CID. Regarding levy collection, their *chonaikai* members could be exempted from the CID levy under the condition that they pay *chonaikai* fees and take part in *chonaikai* activities. The property owners who are not

chonaikai members would be subject to the CID levy, and commercial property owners would be subject to the BID levy.

Accordingly, it was decided that this modification to the proposed area of the CID/BID would be discussed again at the next Preparatory Committee meeting.

1.5 The 2nd meeting of *chonaikai* #4 and Kabayama *chonaikai* chairs on Feb. 18, 2013

Because the proposal on the CID/BID areas may be different from that given at the meeting of the *chonaikai* #4 and Kabayama *chonaikai* chairs on Dec. 8, 2012, both chairs were invited to deliver their opinions about the change in the CID area.

They suggested that the Committee should give the residents an overview of the CID/BID so that they can understand the necessity of such a system for the area where most of the dwellings/buildings have absent owners. Then, they made no objection to the CID collecting a levy from non-*chonaikai* members, because their contributions would benefit the community. Also, because there will be no change in their members' situation, they said they did not foresee any problems from the members' perspectives.

1.6 E-mail correspondence from Feb. 19 to today

Mr. Kunieda, who is a member, and an official of Kabayama *chonaikai* proposed to exclude the *chonaikai* #4 and Kamayama *chonkaikai* areas from the CID. It seems he foresees potential conflicts between Kabayama *chonaikai* members and property owners who are not members of the *chonaikai*. He agrees to include *chonaikai* #4 and Kamayama *chonkaikai* in the BID.

1.7 Consequently, at the 13th Committee Meeting, we need to choose a plan on the CID area from the following:

Plan 1: Decide whether to include the *chonaikai* #4 and Kabayama *chonaikai* areas in the CID, under the condition of exempting *chonaikai* members from the CID levy. Then, conducting outreach activities accordingly toward the property owners.

Plan 2: Decide whether to exclude the *chonaikai* #4 and Kabayama *chonaikai* areas from the CID.

Plan 3: Postpone the decision on whether the *chonaikai* #4 and Kabayama *chonaikai* areas will be included in the CID.

In relation to Item 2, CID/BID fees, this decision needs to be made with due care, because fees that can be collected under Plan 2 may not be sufficient for the feasibility of the CID/BID project.

1.8 Because mandatory inclusion as full members of the BID for businesses in the *chonaikai* #4 and Kabayama *chonaikai* areas is a new idea, outreach meetings with the businesses in these areas need to be conducted as soon as possible.

2: CID/BID fees

2.1: Proposal as of the Nov. 1 outreach meeting

CID:

- Each dwelling, office, shop and restaurant, will be charged for one unit of the CID levy. Each condo unit of a condominium building is regarded as one unit.
- The CID levy will be 12,000 yen/year for each property owned by absent owners. It will be 6,000 yen/year for each property owned by a registered resident or by a legal person whose headquarters or branch office is registered in Kutchan.

BID:

- The BID levy for each accommodation room will vary depending on the location, or
- Land owners whose land fronts on Hirafuzaka Street will be charged for electricity costs of sidewalk road heating according to the length of land adjoining the street. The per meter charge is calculated by dividing the 50 percent of the amount obtained by subtracting the portion for Town of Kutchan's land (40%) from

the total electricity cost with the total length of Hirafuzaka Street. This Hirafuzaka Street frontage levy is applied regardless of whether any buildings occupy the land.

2.2: Outreach meetings

2.2.1 Uniform CID levy rate for residents and absent owners

At the outreach meetings, the managers of property management companies said it would be difficult to convince absent property owners that the CID levy should differ for residents versus absent owners.

To address this issue, a new plan for a uniform CID levy of 12,000 yen/year was proposed. Under this plan, those who take part in the annual spring cleaning and other volunteer community beautification or safety activities will be exempted 50% of the CID levy.

However, the Town of Kutchan rejected the plan, because they say it would be impossible for them to determine who took part in the volunteer work, to determine whether each purported participant actually worked (as opposed to just showing up at the site at the beginning and end of the work) and, thus, to properly exempt owners from the CID levy.

Consequently, a reasonable CID levy amount may be 8,000~9,000 yen/year, based on the current *chonaikai* #3 annual fees. This would result in a sufficient reduction in the total CID levy collected.

2.2.2 The consideration of more than one unit owned by the same owner in a single building or on a single plot as only one unit

Originally, it was planned for each dwelling, office, shop, restaurant, etc. to be regarded as one CID unit. However, there was the prevailing opinion that if the same owner owned more than one unit in a single building or on a single plot, those units would count as only one unit. For example, a plot or building with a pension, a residence and a restaurant would be counted as one CID unit if they all had the same owner or many houses on one plot or many condo units in one condominium building would be counted as one CID unit if they all had the same owner. This would also cause a significant decrease in the total CID levy collected.

The estimated total CID levy

One CID unit is ...

- 1) A dwelling, an office, a shop, a restaurant
- 2) All properties owned by the same owner in the same building or on the same plot

	#1, #2 and #3 <i>chonaikai</i> area	#4 <i>chonaikai</i> area	Kabayama <i>chonaikai</i> area	Total
1)	824	428	328	1580
2)	642	229	297	1168

No. of *chonaikai* members: #4: 60, Kabayama: 57

The inclusion of the *chonaikai* #4 and Kabayama *chonaikai* areas in the CID, even if it is only the non-*chonaikai* members, would greatly ease the insufficiency of the total CID levy income. The CID would provide the labor that used to be provided by *chonaikai* volunteers but that is no longer possible to be provided in some areas. If a full-time, bilingual person with management skills is employed, a salary sufficient for that person to live on needs to be provided.

3. Voting rights

1.1 Categories of voting

- CID/BID establishment
- Annual meeting resolutions, including annual plan, long-term strategic plan, budget plan and approval of financial statement

1.2 Who holds voting rights?

1.2.1 CID

The owner of any dwelling (house, condo, commercial building, etc.) will have one vote for CID establishment per CID levy payment unit.

The owner of a farmer's barn, a warehouse, a garage or any other building not subject to the CID levy will not have a CID vote for any such property.

Regarding resolutions at the annual meeting, each property owner shall have one vote.

Eligibility for election

The *chonaikai* chairs will represent the "pure" residents of the CID area and will be appointed as members of the Board of Directors of the Niseko Hirafu CID/BID.

1.2.2 BID

Owners of commercial facilities (accommodations, restaurants, shops, etc.) will have voting rights. Tenants may be given voting rights for the election of restaurants & retail, or activity committee directors and for resolutions at the annual meeting, but not for BID establishment. This is because the total number of tenants in Hirafu is not large enough to prevent intentional control. Regarding BID establishment, the right to vote is more properly based on the "value" or "quantity" of properties owned by the owner. For resolutions at the annual meeting, however, each property owner should have only a single vote.

Eligibility for election

Only residents of the Hirafu CID/BID area are eligible to be members of the Board of Directors.

1.3 Issue

Current property data is not sufficient to identify whether each property is used for commercial purposes. Without making a new BID cadastre or ledger, it is impossible to determine "the population of BID votes." To identify commercial properties, assistance by property management companies needs to be considered.