

# Niseko Hirafu CID/BID Final Draft Proposal

March 31, 2013

The Niseko Hirafu BID Steering Committee

## ■ Vision

Proposed vision (draft): “Niseko Hirafu, a resort you’d love to live in” - toward a safe, clean and vibrant Hirafu

## ■ Goals

1. To maintain a safe and clean Hirafu and to warmly welcome guests while keeping Hirafu vibrant through the mutual efforts of businesses, property owners and other parties
2. To create a completely new community management system in which residents and absent property owners work together as members of the Hirafu community

## ■ To achieve the goals...

We will make an organization to realize...

- a. Sustainable local community and businesses
- b. Transparency - Fair sharing of costs and benefits

## ■ What's a CID/BID?

The CID maintains and improves the resort community and the BID promotes tourism and other businesses. The following are done.

1. Services that are not covered by 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 make the area a pleasant place to live in and to visit.

## ■ What do CID and BID mean?

We call this system the Hirafu CID/BID or Hirafu Resort *Buntankin* System.

CID (Community Improvement District): A levy is collected from all building owners and some land owners to use community management.

BID (Business Improvement District): A levy is collected from commercial building owners and some land owners to promote tourism, food, retail and other service businesses (agricultural properties are exempted from the levy).

## ■ CID/BID areas

CID: The areas covered by Chonaikais #1, #2 and #3

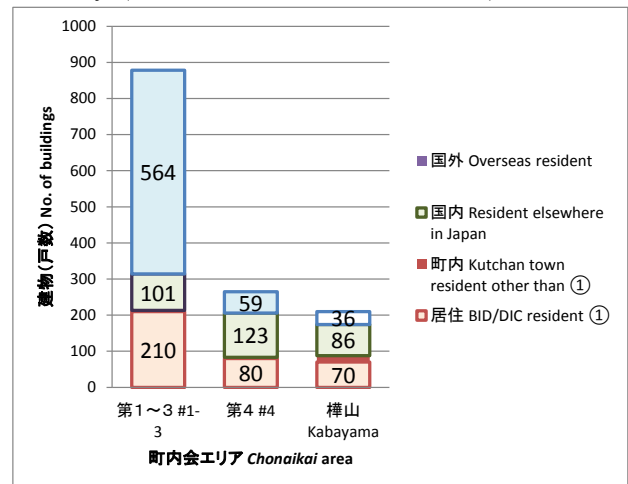
BID: The areas covered by Chonaikais #1, #2, #3, #4 and the Kabayama chonaikai

Regarding inclusion of Chonaikai #4 and Kabayama Chonaikai, discussions are under way with the *chonaikais*.

## ■ Why do we need a CID/BID?

With the recent development of Hirafu as an international resort, 74% of buildings in Hirafu (the areas covered by Chonaikais #1-#4, and Kabayama Chonaikai) are owned by

absent owners. It has become extremely difficult for only residents and companies who have offices in Hirafu, i.e., who own the remaining 26% of buildings, to maintain the local community. (80% of owners are absent owners)



## Owners of buildings in Hirafu by location of actual residence

For example,

1. Street lamps: They have been maintained by relevant *chonaikais*, with partial assistance from the Town of Kutchan.
2. Garbage stations: Some have become messy, because the town does not collect rubbish that is not sorted according to the rules.
3. Community network: There are many buildings where the neighbours do not know who lives there.
4. Sometimes, unwritten community rules such as restrictions on fireworks, noised winter construction and the like have been ignored/overlooked, which causes the living environment to deteriorate.

It has become very difficult for these matters to be addressed by the 20% of resident property owners, including *chonaikai* members and former Tourism Association Hirafu-Shibu officials. A system in which money is collected from all property owners and applied to maintain and improve the community and businesses is needed for Hirafu.

## ■ CID projects

1. Bearing the cost of electricity, repairs and new installation of street lamps (It has been done by *chonaikais* using their membership fees.)
2. Community beautification
3. Community networking
  - *Chonaikais* are encouraged to continue their activities.
  - CID levies will not be applied to the costs of Hirafuzaka sidewalk road-heating.

## ■ BID project

Aiming to increase revenue for local businesses,

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Hirafu-specific tourism destination improvement/development and infrastructure maintenance will be conducted.

1. Street banners installation
2. Wine & Dine equivalent ad directory
3. Dissemination of information on accommodations and activities via Web and Facebook
4. Business promotion by local events (restaurant fair, Hirafu Festival, Winter Hirafu Festival, etc.)
5. A portion of the Hirafuzaka Street sidewalk road-heating electricity cost

The local community, including the Town of Kutchan, is responsible for bearing the cost of road heating for 1.5 m of sidewalk width, a cost that is estimated at 6 mil. yen per year. The town will be requested to bear 40% of this, and the BID will bear the remaining 3.6 mil. yen per year.



## Illumination and street banners

### ● Other activities

- Improving hospitality by training, etc.
- Creating a more pleasant resort environment
- Making and enforcing local rules, strengthening local networks (asking the town to make relevant acts/ordinances)

Examples: maintenance of property in summer, grass cutting, prohibitions of littering, restrictions on fireworks and noise

- Elimination of unauthorized accommodations, travel agents, restaurants, guides/instructors, real estate businesses, etc.
- Lobbying the governments for infrastructure improvement
- Securing group contracts with credit card companies to decrease card fees

### ■ How much is the levy?

#### ● CID levy: 8,400 yen/unit/year

- ① All buildings are subject to the levy.
- ② Warehouses and garages of farmers and residents are exempted.
- ③ One chalet, one condo unit or one house is counted as one levy unit.
- ④ A group of accommodation buildings on the same premises and approved to operate as one entity of

accommodation business by the *hokensho* (public health office) is counted as one unit.

- ⑤ The owner's housing unit within accommodations, restaurants or the like, is not counted, provided that the owner owns both the housing unit and the business units.

#### ● BID levy

All commercial buildings used for tourism or other commercial purposes will pay the following levies.

- ① Accommodations: Unit rate/room X No. of rooms  
Accommodation room unit rate: 3,500-7,000 yen/room/year

The unit rate will be determined by the location (distance from Hirafuzaka St.) and types of accommodations (hotel, pension/lodge, condo, chalet, backpacker hostel)

- ② Restaurants/shops: Floor area (excl. kitchen, toilet, etc.) X 100 yen/m<sup>2</sup>/year + 35,000-40,000 yen (this includes introduction in maps and a half page ad on Wine & Dine like ad directory)

- ③ Share of road heating electricity cost by length of land fronting on Hirafu-zaka St.

- Accommodations: Facilities approved by the *hokensho* (subject to BID levy)

- Second house: The owner is not a resident of Kutchan and the owner does not make income by renting the house (Exempt from BID levy)

- Unauthorized accommodation facilities are still subject to BID levy: The BID will guide the owner to gain the proper licences.

- Long-term contract rental house/apartment are exempted from the BID levy: This means the tenant is a registered resident of the town and the contract is longer than 3 months

#### ● Empty lot

Definition: Developed land without buildings. Although details have not been much discussed, the following exemptions are planned.

- When the owner is a Hirafu resident who properly maintains the lot (no high grass, garbage, etc.), the property is exempt from the levy

- When the owner agrees to use the land as a snow dumping site in winter, the property is exempt from the levy

- The unit rate is not decided.

#### ● Vehicle food vendor

- Required to register with the BID and pay some fee

- Businesses in good standing will be listed in the BID web directory

- The fee will be roughly 35,000 yen/vehicle/year

### ■ Collecting CID/BID levies

After the introduction of a CID/BID system is proposed to the Town of Kutchan and the Town Council approves the Town Act, all of the property (mainly building) owners are

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obligated to pay the relevant levy. The levy is collected by Kutchan Town.

When an owner fails to pay the levy...

- ① The same procedure as for unpaid tax will be applied (e.g., lien), and
- ② The owner will lose the right to vote on CID/BID matters, the right to be on the board of directors, and the right to receive CID/BID services.

Fees other than levy will be collected by the BID organization.

## ■ CID/BID operation

Because it has already become difficult for volunteers alone to take care of matters, some of the funds will be used to employ secretariat staff, and activity staff for patrolling, picking up litter and the like.

## ■ Member categories

CID members: All residential property owners

BID members: All commercial property owners and their tenants

Affiliate members: Businesses whose addresses are outside the BID but who wish to participate in BID activities. Affiliate membership requires approval of the board of directors and payment of fee.

## ■ Organization structure

### ● Type of legal person: General incorporated association

Reason for this choice

1. All property owners need to be CID/BID members; therefore, the organization does not allow a member to leave freely, as they could do if an NPO or a joint-stock company were chosen as the type of legal person.
2. The objective of a joint-stock company is economic gain, which is not the objective of the CID/BID organization, whose objective is the provision of public services.

### ● Annual Membership Meeting

The annual, mid-term (3-year) and long-term (5-year) business plans will be put up for approval at the Annual Membership Meeting.

### ● Board of Directors

The board drafts policies, business plans, etc. for submission to the Annual Membership Meeting and for operating CID/BID projects and activities. The directors other than the representatives of the ski lift company will be elected by a vote of BID members.

### ● Secretariat

Two full-time secretariat staff will be supplemented by part-time project/activity staff or by contracting out for staff.

### ● Accounting

1. The levy is a tax-like fund. Therefore, a professional accounting office will be assigned to guide accounting

work and to make audits.

2. Activity-based-accounting (ABC) will be used to clarify the cost of each activity/project.

## ■ Voting

### ● CID/BID establishment

After the CID/BID Town Act is enacted, the local community will establish a legal person that operates Hirafu CID/BID and will apply the Town of Kutchan to establish the Hirafu CID/BID. Then, all eligible property (building) owners will vote on establishment. The number of votes for each owner will be proportional to the number of CID units or BID units the owner owns.

Voting will be by so-called "negative vote." Only eligible voters who *oppose* the creation of the BID/CID will vote. Unless the opposing vote exceeds 40% of the total units owned by property owners, the Hirafu CID/BID will be approved and established.

In addition, every five years, a vote will be held to approve/reject continuation of the Hirafu CID/BID.

### ● Election of the Board of Directors

1. Only Hirafu residents are eligible for directorships.
2. The right to vote for directors is proportional to the "CID/BID" units of each CID/BID member. Property owners who pay the levy by the deadline are eligible to stand for election to the directorship. Tenants have the right to vote for or stand as candidates for "commercial directorship".
3. Residents who fail to pay the CID/BID levy or taxes by the deadline will lose their CID/BID voting rights.

### ● Voting rights at the Annual Membership Meeting:

There is one vote per member/business.

The quorum will be set in the CID/BID bylaws.

### ● Voting rights at Board of Directors' meetings:

There is one vote per director.