

**Creating Public Values through Cross-Sector Collaboration:**

**A Case of Business Improvement Districts in New Jersey**

By

Jung Ah (Claire) Yun

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And approved by

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## **ABSTRACT OF THE DISSERTATION**

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By Jung Ah (Claire) Yun

Dissertation Director: Norma M. Riccucci

A significant body of scholarship on cross-sector collaboration highlights the conditions of success in collaborative relationships. Various factors could determine the success and failure of collaboration, but the agreement on partners' shared goals and values could not be reached without proper leaders and participants. Furthermore, collaboration may prioritize efficiency by sacrificing public values to private interests. This dissertation explores the collaborative features of Business Improvement Districts (BIDs) and the way that multiple participants involved in governance and management create public values. This study uses mixed methods to examine collaborative advantages and challenges created by different perspectives of participants. The findings suggest that the support and capacity of multiple participants enhances collaboration. Collaborative governance strengthens BIDs, such as professional expertise of managing directors and active participation of volunteering board/trust members. However, BIDs could not be sustained without support from governments and communities, because they can be politically vulnerable to the whims of multiple partners. Furthermore, participants perceive differences and improvements achieved by successful BIDs and request more participation of communities for greater success. In practice, public values can be discussed in the context of performance. The effectiveness of BIDs can be improved by enhancing democratic values and achieving managerial goals through collaborative

governance. Although economic and institutional challenges create significant problems for declining city and town areas, BIDs are important collaborative efforts made by governments as well as private and nonprofit organizations. These collaborative actions for the public good could provide solutions for public policy challenges in urban areas and suggest implications for the future as well.

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## **CHAPTER ONE: INTRODUCTION**

### **Research Background**

Business improvement districts (BIDs) have been popular in urban development since first adopted since 1975 in the United States. According to a survey conducted by the International Downtown Association in 2011, the number of BIDs dispersed in the United States was 1,002. The decline of communities and local areas regarding urbanization and gentrification increased crimes and property vacancy. Thus, revitalization of small businesses and improvement of depilated streets became public policy challenges for local governments. BIDs have been adopted to revive urban area and small businesses in other countries as well. Partly, BIDs have many similarities with other types of special districts and special purpose governments. However, unlike other special arrangements for public services, BIDs are known as special districts with voluntary taxation for special public services and participatory governance for community development. BIDs are good examples of cross-sector collaboration (CSC) which incorporates new governance and management strategies to solve social problem. BIDs are based on the partnership of multiple stakeholders, involving management of non-governmental entities. Managing organizations strive for the quality of public service to create better environments for residents and small businesses. Furthermore, the creation and management of BIDs reveals the complex reality of CSC in public service and administration. These special arrangements are creating not only opportunities to solve complex policy issues, but also challenges of accountability. Questions have been raised by advocates and opponents of BIDs about whether they are valuable tools for community development and revitalization, which leads to concerns of validity and ways

of success regarding CSC in public management.

The field of public administration has long been interested in cross-sector collaboration (CSC) and how cross-sector collaboration can achieve policy goals and improve the quality of public service. It has also been described in the context of contractual relationships and public private partnerships to facilitate and motivate organizational and institutional changes (Sorensen & Torfing, 2011). Cross-sector collaboration (CSC) is mainly initiated and sustained by individual entrepreneurs, but special arrangements have been followed to achieve collaborative advantages (O'Leary, 2015). The special arrangements, such as special districts, associated with cross-sector collaboration are expected to change existing managerial practices and culture, and transform the outcome of services in public organizations.

Special-purpose governments may fill the gap between the strong demands for services and limited means of paying for services (Leigland, 1994, p. 540). Moreover, these have been adopted as alternative arrangements for general governments, which have less flexibility for serving inter-jurisdiction services or innovative techniques (Mullin, 2007; Ostrom, Tiebout, & Warren, 1961). Although these special arrangements have served as alternatives for general governments, they have often been criticized because they are considered as a "mechanism for capitalist elites to further their economic and development goals" (Fosters, 1997; p.49). Authorities on this subject matter observe that public authorities are often criticized as "borrowing machines" for governments (Axelrod, 1992; Leigland, 1994). For example, previous studies argued that the tax and expenditure limits on local governments contribute to the formation of special districts (Billings & Carroll, 2012; Carr, 2006). Likewise, the debt of these special-

purpose governments has increased along with proliferation of public authorities and special districts. Thus, special purpose governments are referenced to "shadow government", which create "fiscal illusion" - "something for nothing" (Axelord, 1992; Bennett and DiLorenzo, 1983). Opponents of special purpose governments argued that the public funds for these authorities could be used for a private purpose, and these special arrangements could be political tools for private developers who can influence local authorities. Thus, scholars have raised questions as to whether public funds are used for private goods other than their intended purposes.

Furthermore, the emphasis on cross-sector collaboration and the increase of special arrangements has often been linked to the introduction of business-like practices or various governance structures into public administration. Like other managerial concepts, practices, and cultures, cross-sector collaboration is prevalent in the public sector with the hope of promoting innovation and change. However, the major challenges are accountability, defining public values, as well as expanding and growing with new forms of governments and their partners (Becker, 2010; Kettl, 2006; Romzek, LeRoux, Johnston, Kempf, & Piatak, 2014). An increase in contractual relationships and other special arrangements requires governments to incorporate their capacity, attitude, and leadership for cross-sector collaboration. In other words, cross-sector collaboration requires us to extend the boundary of public management to partners, managers and citizens (Emerson, Nabatchi, & Balogh, 2012; Kettl, 2006). In this sense, effective collaborative relationships depend upon the understanding of the shared goals and values of partners and multiple stakeholders.

**Purpose of study**

The purpose of the study is to address the critical challenges and opportunities of cross-sector collaboration in the context of special district governance and management. Although previous studies have examined various types of collaboration, such as inter-governmental and contractual relationships, networks, public-private partnership, and cross-sector partnerships, research has focused less on cross-sector collaboration in special districts involving the complex interchange of organizations.

For this dissertation, partnerships in special districts among public, nonprofit, and private partners will be examined. This research aims to capture the causal mechanism of cross-sector collaboration regarding special district arrangements (particularly, BIDs) through the examination of collaboration among partners and the challenges and opportunities in partnership governance and management. Given the theoretical explanations from the literature of special governments, partnership governance, and collaboration, this research tests the relevant factors for achieving successful district management within collaborative governance structures.

**Significance of study**

A significant body of scholarship on cross-sector collaboration highlights the conditions of success in their collaborative relationship (Ansell & Gash, 2008; Gazley, 2008; Grossman & Holzer, 2016; Van Slyke, 2007). The success and failure of CSC could be determined by various factors, but the agreement on partners' shared goals and values could not be reached without proper leaders and participants. Thus, this dissertation seeks to advance knowledge about opportunities and challenges of CSC by

studying multiple partners' perceptions and behaviors on BIDs (Grossman & Holzer, 2016). The multiple partners will influence each other to achieve public interests, and it will extend the boundary of public values. On the other hand, multiple partners' values and managerial practices will collide with each other's in the process of collaboration (Gazley, 2010b; Gazley & Brudney, 2007). Furthermore, their capacity will be critical for mutual benefits expected from the collaboration (Amirkhanyan, 2009; Gazley, 2010a). Collaborative relationship builds upon their trust which cannot be sustained without mutual agreement, management, commitment, and accountability (Grossman & Holzer, 2016, p. 25).

### **Research Questions**

This research examines perceptions of multiple actors on public values regarding CSC, particularly related to the management and governance of BIDs. The primary research questions examined are:

- Does cross-sector collaboration create collaborative advantages for public values by enhancing democratic governance and participation? Does it sacrifice public values over private interests?

The research questions for this dissertation will be more fully addressed in Chapter 3.

## **CHAPTER TWO: LITERATURE REVIEW**

### **Cross-Sector Collaboration**

Cross-sector collaboration (CSC) has been used interchangeably with similar concepts and terms, such as partnerships, networks, and multi-sector collaboration. Partnerships and networks primarily explain the organizational arrangements of individuals or organizations themselves, but the concept of collaboration ("collaborative management") involves "the process of facilitating and operating in multi-organizational arrangement to solve problems that cannot be solved, or solved easily by single organization" (Agranoff & McGuire, 2003, p. 4). However, three terms can be used interchangeably to indicate certain form of cooperative institutional arrangements, and involve the process of management for a purpose.

From the perspective of public management, these forms of collaborative governance can be established between different levels and bodies of governments, and between public and private institutions. In this sense, CSC in public management involves partners from multiple sectors working together for a public purpose. These types of collaboration have been used as solutions for challenges in public management by incorporating less authoritative and more flexible organizational behaviors in order to produce collaborative advantages of diverse participants across sectors (Gazley & Brudney, 2007).

Although partnerships and contractual relationships have been successes or failures in public management, cross-sector collaboration (CSC) has increased as a new governance model for public service delivery (Huxham & Vangen, 2005; Kettl, 2006; Skelcher & Sullivan, 2008). Scholars argue that it is necessary and desirable to achieve

public purposes through cooperation with other sectors in order to gain trust from citizens. Advocates of CSC argue that they build on the expectation of mutual benefits from their partnerships (Huxham & Vangen, 2005). Previous theories explain the initial conditions that inspire public entrepreneurship and collaboration, because partners could benefit from collaboration. First, partners could be resources-dependent in collaborative environments. Collaboration may facilitate resource provision or exchange among participants, which bring advantages to each other (Pfeffer & Salancik, 1978). Furthermore, it could decrease transaction costs by sharing risks and acquiring efficiency through partnerships. Successful collaborative experience can enhance trust among partners and create potential opportunities for better performance. On the other hand, collaboration can create institutional environments necessary for survival (DiMaggio & Powell, 1983). Partners will share and learn the ways of better services by improving institutional environments.

However, previous literature on cross-sector collaboration has discussed the design and implementation of collaboration and addressed the complexity and difficulties in achieving successful CSC (Bryson, Crosby, & Stone, 2006). The new organizational arrangements involving multiple partners and organizations may cause more frustrations and conflicts than actual solutions. For example, collaborative dysfunction could be generated from several circumstances, such as the process of adopting changes, interrupted routines, different cultures, and lack of leadership (Rigg & O'Mahony, 2013). In particular, collaboration across sectors requires more time to build relationships among partners who have different goals, organizational structures and cultures, and values. From the perspective of transaction costs, the cost and effort to



acquire information and trust from each other for CSC could be higher than actual benefits or cost-efficiency achieved from collaboration (Agranoff & McGuire, 2001).

Moreover, the increase of contracting, partnership and collaboration in the public sector evokes the significance of the principal and agent problem. The major concern is that information asymmetry causes a lack of information and monitoring for contractors. The following question will be how to avoid goal divergence for better performance without suffering from creaming or shirking of contractors. Similarly, collaborative management is facing challenges, such as building trust, the balance of power, sharing the same language, governance, leadership, shared outcomes.

Agreeing on a collaborative arrangement and starting to establish a certain form of governance does not automatically stimulate the merits of collaboration. More often, the discussion about organizational forms are related to the problem of "power and control" in collaboration. It may be "governmental rhetoric to provide clear and simple answers to a complex managerial problem" instead of providing real solutions (Klijn, 2010, p. 78). Thus, governance needs to be connected to management. Collaborative governance is not only an organizational form but also a managerial strategy.

In this regard, previous studies have echoed the challenges in defining and measuring performance in collaboration. Particularly, they addressed the importance of probing multiple values and dimensions of performance or outcomes, intermingled with multiple partners and actors (Dickinson & Sullivan, 2014; Skelcher & Sullivan, 2008). Performance through collaboration needs to be evaluated by organizational efficiency, but also by technological effectiveness, and cultural efficacy. The hidden mechanism of

successful collaboration could be revealed through cultural dimensions, such as language, symbols and objects<sup>1</sup>, emotions, practice, and the identity of multiple actors in collaboration (Dickinson & Sullivan, 2014). Moreover, concerns arise regarding the complexity of collaboration and risk of sacrificing legitimacy over efficiency or performance. However, Klijin and Edelenbos (2013) argued that democratic legitimacy tends to enhance outcomes in governance networks by using survey data of project managers in governance networks.

### **Multiple Dimensions of Collaboration**

Thus, scholars have developed the frameworks to capture the complexity that is inherent in cross-sector collaborations (Bryson, Crosby, & Stone, 2015; Emerson et al., 2012; Marie, Perry, & Thomson, 2006). Bryson et al. (2015) summarized the major theoretical frameworks from previous studies. This framework involves multiple dimensions and complexity in the phases of collaboration (antecedents, process, outcomes or drivers, dynamics, impact, and adaptation). The collaborative phases can be extended to detailed elements of CSC. For example, Marie et al. (2006) discussed five dimensions of collaboration: two structural dimensions (governance and administration), two dimensions of social capital (mutuality, norm of trust and reciprocity), and one agency dimension (organizational autonomy) (p.24). Grossman and Holzer (2016) identified four key elements of collaboration: agreement (trust and power), management (integrity and communication), commitment (growth and development) and accountability (promise and performance) (p.27).

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<sup>1</sup> contextualized interaction itself, boundary objects, supporting integration efforts

One dimension of these multidimensional approaches involves the dimension of time in the process of CSC. For example, initial collaboration triggered by entrepreneurs will be changed through the process of adaption (Cornforth, Hayes, & Vangen, 2014). First, partners will struggle for the creation of institutional structures. In this process, they will experience internal tension and conflicts during the process while they are collaborating because their assessments on priorities and preference of each other can be different from each other. Moreover, the outcomes could be difficult to evaluate because of the complexity in CSC. Then, how to sustain collaboration will be a challenge. In the process of collaboration, initial setting or innovative approach needs to adapt to various factors and environments, which multiple actors will bring into their CSC.

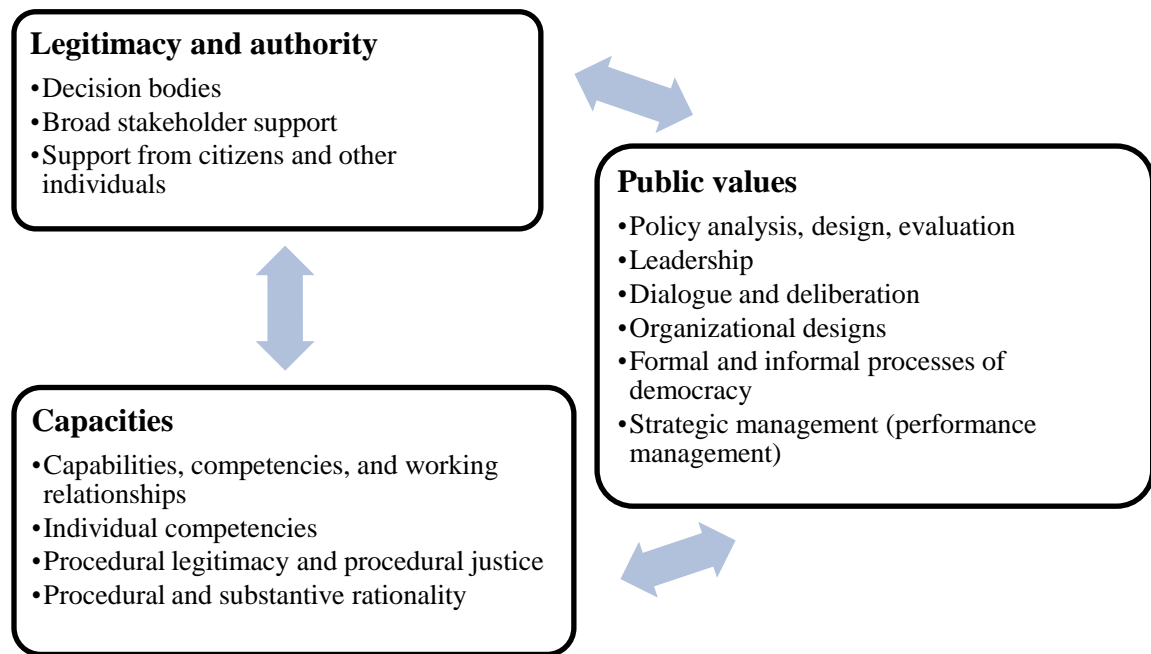
Another dimension incorporates structural and procedural problems (governance or management) as well as environmental factors (system context) (Emerson et al., 2012; Marie et al., 2006). From the collaborative governance perspective, each participant may have different missions and goals (autonomy) and pursues collective goals (accountability) through collaboration. The tension generated by "autonomy-accountability dilemma" results in goal conflicts, difficulty in building consensus, identity crisis for partners (Huxham & Vangen, 2005; Huxham, Vangen, Huxham, & Eden, 2000; Vangen & Huxham, 2012). Since collaboration incorporates a series of interactive processes of multiple participants, the implementation of collaboration is complex because the traditional bureaucratic mechanisms are less feasible (Huxham & Vangen, 2005; Thomson, Perry, & Miller, 2009). Not only internal factors but also external factors influence collaborative public management. For example, system context, such as resource conditions, legal frameworks, political dynamics, network

connectedness, socio-economic or cultural diversity, will influence collaboration, while collaboration dynamics, such as principled engagement, shared motivation, and capacity for joint actions, also affects collaborative actions and outcomes (Emerson et al., 2012, p. 6). Leadership, technology, and capacity for collaborative process and structure will be critical as well as antecedent conditions, initial drivers, conflict and tension management, accountability mechanism (Bryson et al., 2006; Bryson, Crosby, & Stone, 2015).

## **Public Value**

Public value refers to values that organizations bring to society. The term was coined by Mark Moore who argued that public managers take certain actions that create public value. Moreover, the actions they take can affect such democratic principles such as accountability and legitimacy (Moore, 1995, 2013). The public value triangle adapted by Moore (2000), as seen in Figure 1, discussed that public and nonprofit organizations use different value creation strategies than organizations whose financial performances, and organizational survival can be directly linked to value that they created. However, public values created by public and nonprofit organizations cannot be explained by their financial performance and organizational survival. Instead, they need to obtain legitimacy and support from the public and maintain their organizational capacity to be successful.

**Figure 1 Public value governance triangle in CSC**



Source: Bryson, Crosby & Bloomberg (2015), p.15

Although Moore's model focused on the managerial strategy within a public or nonprofit organization, this strategy of public value creation can be expanded to multi-sectoral and collaborative governance (Bryson, Crosby, & Bloomberg, 2015). For example, in a collaborative governance model, "legitimacy and authority" is not only limited to the legitimate decisions made by public manager but also includes all the participants' decisions and broader stakeholders' support. "Organizational capacities" require collaborative competencies of multiple partners beyond a single organization.

Furthermore, Bryson and others (2015) discussed practical approaches in order to view the public values as not only instruments or ends in themselves but also to incorporate them into the context of public policy and management. By integrating Moore's, Bozeman's and others' approaches, they argue that it is necessary to view public

values in a boarder context in order to enhance the "public sphere", which fosters democratic deliberation and open communication.

### **Citizen Participation and Democratic Deficit**

The expected outcomes of collaboration are solutions for complicated challenges with multiple partners. In particular, cross-sector collaborations involving governments and multiple partners are engaged in public value creation, which entails complex accountability problems. Previous literature discussed the benefits of citizen participation, which can be extended to collaborative governance and management in the public sector (Alford, 2016; Bovaird, 2001). This analysis assumes that citizen participation can enhance the responsiveness of governments. The more citizens participate and become active in deliberative processes, the more bureaucrats become responsive to citizens' preferences and opinions. In this regard, collaboration may also abate the inherent tensions between bureaucratic and democratic ethos (Emerson et al., 2012; Nabatchi, 2010). The bureaucratic ethos have focused on efficiency and professionalism and neglected the role of citizens as partners and collaboration.

On the other hand, citizen participation may create more challenges than actual benefits. The concept of "democratic deficits" refers to failure of public organizations fulfilling democratic principles. In other words, citizen opinions and preferences are disconnected to political decisions and policy outcomes (Nabatchi, 2010). To the extent of cross-sector collaboration, reducing a "democratic deficit" becomes a critical challenge because various stakeholders' favors and the complex governance of CSC make it difficult to create and balance public values (Page, Stone, Bryson, & Crosby, 2015). Page and others (2015) summarized three criticisms on CSC from the perspective

of public values. First, the CSC is "not directly accountable to voters". There are distances between elected officials and middle persons appointed by elected officials. Second, the decisions and innovations made through CSC do not always made by the view of elected officials and the public. Third, CSC across multiple actors occurs beyond the traditional practices and institutional relationships, which generate complexity in monitoring and accountability systems. The authors suggested that collaborations have three challenges to overcome the democratic deficit caused by cross-sector partners: democratic accountability, procedural legitimacy, and performance accountability (Page et al., 2015).

### **Public Entrepreneurship in Cross-Sector Collaboration**

The field of public administration has discussed the importance of innovation and change in public service. Public entrepreneurship has been emphasized as an attitude, capacity or leadership style to facilitate and motivate change (Kim, 2010; Meynhardt & Diefenbach, 2012; Moon, 1999; Roberts, 1992; Schnellenbach, 2007; Teske & Schneider, 1994). Public organizations are known as less likely to take risks or venture for change. They are more hierarchical and rule-bounded to build legitimate governance structures and principle of democracy (Bozeman & Kingsely, 1998; Fernandez & Rainey, 2006). Public entrepreneurship has been not only emphasized for individuals and leaders' attitudes or behaviors but also experimented with various programs, policies and organizations. These innovative approaches are expected to change existing managerial practices and cultures, and transform the outcome of services in public organizations. One of the popular forms of public entrepreneurship is special-purpose governments. Special-purpose governments are an example of public entrepreneurship formed as

separate entities, such as public authorities and special districts. These new forms of public entities are supposed to be more engaged with innovative managerial practices and collaborative management through cross-sector collaboration.

The emphasis on innovation and change is often linked with the introduction of business-like practices or attitudes into the public sector. Like many other managerial concepts and practices, public entrepreneurship was introduced to the field of public administration with the hope of promoting innovation and changes in governments. However, the major challenges, associated with public entrepreneurship, will be defining public values (Bellone & Goerl, 1998; Terry, 1993), expanding and growing with new forms of governments and their partnerships (Meynhardt, 2009; Meynhardt & Diefenbach, 2012). For example, interviews and surveys of managers in special districts revealed that goal conflicts in special districts are prevalent, and senior managers have high public value commitment as well as concerns about cost-efficiency and managerial innovation (Berman & West, 2011). Likewise, the growth of contracts and special arrangements with other entities require governments to use public entrepreneurship as a way to change or affect their capacity, attitude, and leadership. Relatively, public entrepreneurship needs to be extended to partners, managers and engaged citizens (Oakerson & Parks, 1988). This collaborative relationship among various actors for new governance and services complicated the concept of public entrepreneurship with multiple dimensions from the perspective of each participant.

### **Measuring and Assessing Public Values in Collaboration**

Although public values have been mostly discussed in a normative and abstract manner in public administration, the ways of measuring and assessing public value has



expanded (Jørgensen & Bozeman, 2007; Meynhardt, 2009). The inventories and dimensions of public values broadened the understanding of value creation process by explaining the way that public values are measured and assessed in public management.

Berman & West (2011) conducted a survey on public managers about whether public managers in special districts have differently or similarly perceived public value related items, such as developing community, accountability, managerial effectiveness, and businesslike values. They assumed that managers in special districts may have lesser managerial commitment to public values, because special districts could be more influenced by businesslike or private interests than other general governments. They found evidence that managers in special districts have different priorities in certain public values like managerial effectiveness. This implies that the different modes of governance in organizations can create different organizational behaviors and different priorities on public values (Andersen, Jørgensen, Kjeldsen, Pedersen, & Vrangbæk, 2012). However, for managers in special districts, commitment to business values may not necessarily conflict with commitment to public values. Public managers try to find a balance between conflicting interests and focus on public value creation. Furthermore, strong commitment to public values is correlated to organizational outcomes.

Rosenbloom (2007) examined how democratic-constitutional values have been marginalized in the historical context. He suggested the application of scorecards as the tools to protect individual rights, constitutional integrity, transparency, and rule of law. The utility of such tools cannot be ignored, because it can stress the neglected values in the process of reforms (Rosenbloom, 2007). Particularly, the emergence of networked governance needs new management paradigms and styles, which can embrace diverse

stakeholders and share public values with multiple partners (Bingham, Nabatchi, & O’Leary, 2013; Stoker, 2006). Public value management argues that mutual relationships and shared learning will be enhanced by collaboration and the reconciliation between democracy and management rather than the trade-off between the two in both traditional public administration and new public management (Stoker, 2006).

Moore (2013) proposed public value accounts and a scorecard to present usable management tools for public managers. The public value accounts adapted cost and benefit analysis, different from the private concept of individual and market values. First, social costs of authority, used for public value creation, need to be included on the financial cost account. Second, the benefit of community as a whole will be accounted for public value creation, which is different from individual benefit and satisfaction in the private sector. Third, the public value accounts recognize justice and fairness pursued by using the authority. The public values scorecard by Moore (2013), seen in Table 1 below, proposed to associate Kaplan and Norton's four perspectives with the three components of the public value triangle and the public value accounts.

**Table 1 Public Value Scorecard**

Kaplan & Norton		Moore	
Financial	Customer	Public value creation	Legitimacy and support
Internal process	Innovation & learning	Operational capacity	-

Note: This table is reconstructed to present the association between Kaplan and Norton's four perspectives and Moore's Public Value triangle.

The scorecard approach expands the strategic plan for organizational success beyond the financial perspective to embrace multiple perspectives, such as customer, internal processes, and innovation & learning. Public value scorecards can be utilized in a context of public value creation by incorporating perspectives that are more balanced. Meynhardt's (2015) public value scorecard is another example that extends across five dimensions: usefulness, profitability, decency, political acceptability, and positivity.

### **Business Improvement Districts**

Old downtown and commercial areas have been depilated because of suburbanization. Populations moved from central urban areas into suburbs due to advanced transportation and information technology. The development of shopping centers, big-box retail stores and online businesses left small businesses and retailer shops in downtown or on main street areas vacant. Older commercial areas often have smaller spaces not available for national chains and lacking parking spaces. Furthermore, these areas have diverse economic and environmental challenges, such as high vacancy rates, sanitation concerns and safety vulnerability (Houstoun, 1999). Thus, voluntary organizations have been created to mitigate problems (International Downtown Association). These challenges are not only concerns for business and property owners, because they could influence quality of life in the community as a whole. Furthermore, gentrification, a process of redeveloping deteriorated urban neighborhoods, may improve the area, but it could result in a shift of racial and ethnic composition in communities. The consumption patterns of younger generations require the conversions of older businesses into diversified businesses and services to sustain and revitalize the main street area (Gomez et al, 2015).

Business Improvement Districts (BIDs) represent an effort of revitalization of older commercial areas. They have been initiated by private business or property owners and concerned citizens or local governments to make their communities move forward. These districts are labeled by various terms in the state laws or local ordinances, because each district has its own special service demands or different goals according to the conditions and environment. In New Jersey, Business Improvement Districts are authorized by the state law (the Pedestrian Mall and Special Improvement District Act, N.J.S.A. 40:56-65, et seq.) since 1984. BID, SID, DID are synonymous and can be interchangeably used. Table 2 provides various names for BIDs.

Table 2 Names for BIDs

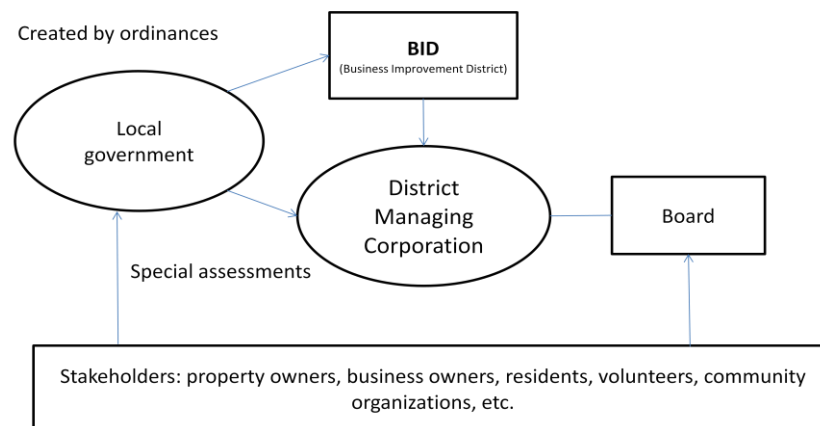
Business Improvement Zone, Community Benefit District, Community Improvement District, Community Improvement District, District Management Corporation, Downtown Improvement District, Economic Improvement District, Economic Improvement Districts, Enhanced Municipal Service Districts, General Improvement District, Improvement Districts for Enhanced Municipal Services, Local Improvement District, Local Improvement Taxing District, Maintenance Assessment District, Municipal Improvement District, Municipal Management District,	Municipal Service District, Municipal Special Service Districts, Neighborhood Improvement District, Principal Shopping District, Property-based Business Improvement District, Public Improvement District, Self-Supported Municipal Improvement District, Special Assessment Districts, Special Benefit Assessment District, Special Business District, Special Community Benefit District, Special Improvement District, Special Service Area, Special Service Taxing District, Special services district, Voluntary Business Improvement District
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(IDA, 2011: p.9-10)

From a legal perspective, BIDs are one of the special districts adopted by local governments to serve and revitalize commercial areas and business communities. The BIDs are different from other traditional forms of special districts, especially due to their

governance structures. Morcol and Gautsch (2013) discussed governing models for BIDs, by examining the state laws in the United States. In many cases, a managing organization of BIDs is a District Management Corporation (DMC) once it is created by a local ordinance. This entity is usually a nonprofit corporation, but it could be subunits of local governments and autonomous public authorities. According to their longitudinal analysis, nonprofit corporations have been adopted as governing entities more frequently in recent decades. Furthermore, a DMC is typically governed by a board with members representing special interests. BIDs can be proposed and initiated to organized and finance retail, commercial or industrial areas by property owners and merchants. Thus, BIDs may have certain requirements for their board composition, such as a renter or two board members who are business owners. Figure 2 displays the governance model of BIDs. The actual governance structures can vary among BIDs.

**Figure 2 Governance model of BIDs**



Previous studies discussed why special districts are created and under which circumstance (Billings & Leland, 2009; Brooks, 2006). First, the BIDs are a new form of governance: publicly funded and privately managed (Becker, 2010; L. Hoyt & Gopal- Agge, 2007; Mitchell, 2001; Morcol & Gautsch, 2013; Morcol & Wolf, 2010). This new

form is expected to be an incubator for public entrepreneurship to overcome the challenges the small business and local governments are facing. As Bourdeaux (2005) argued, special governments are made to achieve a certain goal and serve a certain function, such as enhancing revenue raising capacity, establishing a politically buffered governance structure, and serving for inter-jurisdictional problems (p. 445). However, they have been criticized as "shadow governments", agents of creating "fiscal illusion" and "something for nothing" in order to only serve certain interests and create buffers outside of governments instead of provisioning remedies for problems (Axelord, 1992; Bennett & DiLorenzo, 1983).

As for the creation of special districts, previous studies examined that more BIDs have been adopted in states that have BID-enabling legislation (Billings & Carroll, 2012; Carr, 2006) as well as state tax and expenditure limits (MacCabe, 2000; Billing & Leland, 2009). Other factors may provide more favorable environments for BIDs creation, such as income, age of populations, or years of city incorporation and developments (Billing & Leland, 2009; Brook, 2007). When it comes to the formation of other special districts, BIDs tends to be created to serve special services, inter-jurisdictional service, or finance these services on behalf of general governments. Particularly, since BIDs are engaged with the economic development of an area and could be initiated and/or managed by non-profit or private entrepreneurs, there are critical views on over-delegation of public authority to private sector organizations (Steel & Symes, 2005). Table 3 underscores the functions of BIDs.

**Table 3 Typical BID Functions**

- |  |
|--|
| <ol style="list-style-type: none"> <li>1. Maintenance: collecting rubbish, removing litter and graffiti, washing sidewalks, shoveling snow, cutting grass, trimming trees planting flowers in public places</li> <li>2. Security: hiring supplementary security and street "guides" or "ambassadors", buying and installing electronic security equipment or special police equipment</li> <li>3. Consumer marketing: producing festivals and events, coordinating sales promotions, producing maps and newsletters, launching image enhancement and advertising campaigns, electing directional signage</li> <li>4. Business recruitment and retention: conducting market research, producing data oriented reports, offering financial incentives for new and expanding businesses, marketing to investors</li> <li>5. Public space regulation: managing sidewalk vending, street performances, street furniture, code compliance, vehicle loading and unloading</li> <li>6. Parking and transportation management: managing the public parking system, maintaining transit shelters, operating ridesharing programs</li> <li>7. Urban design: developing urban design guidelines, managing facade improvement programs</li> <li>8. Social services: creating or aiding help the homeless, job training and youth services programs</li> <li>9. Visioning: developing a vision or strategic plan</li> <li>10. Capital improvements: installing pedestrian-scale lighting and street furniture, planting and maintaining trees</li> </ol> |
|--|

(Houston, 1997, p.13)

For the effectiveness of BIDs, previous studies reported limited evidence about the reduction of crime rates or increase in property values of the area (Ellen, Schwartz, Voicu, Brooks, & Hoyt, 2007; Hoyt, 2004; Hoyt, 2005; Miller, 2013). They also addressed methodological difficulties in measuring the performance of BIDs (Wolf, 2010; Hoyt, 2004; Mitchell, 2001). There are, however, many extraneous factors, such as demographic or economic changes, which cannot be separated. Furthermore, multiple partners are involved and interact with each other through the BIDs. Thus, it is difficult to measure particular successes and failures as well as who contributed to the outcomes.

Since many challenges exist to measure the performance of BIDs, a multi-dimensional approach has been discussed. Since partnerships among individuals and organizations across sectors involve multiple goals and interests, the performance of BIDs need to be evaluated to satisfy various partners. Thus, more targeted research can explain the success of a BID by incorporating multiple perspectives of partners and stakeholders (Grossman & Holzer, 2016). An example of an integral approach can be discussed from the balanced scorecard. They developed a universal public-private partnership survey by combining financial (private) perspectives with three other (public) perspectives (see Table 4).

**Table 4 Integral Performance Measurements for PPPs**

<ul style="list-style-type: none"> <li>Financial: resources, outputs, economy, asset management (Return on Investment)</li> </ul>	<ul style="list-style-type: none"> <li>Customer: quality of life, safety, cleanliness, livability, destination management and entertainment (Quality of Life)</li> </ul>
<ul style="list-style-type: none"> <li>Internal process: organization, communication, development, skills (Organization Capacity)</li> </ul>	<ul style="list-style-type: none"> <li>Innovation &amp; learning: entrepreneurship, social capital, adaption (Organization Capacity)</li> </ul>

(Grossman & Holzer, 2016, p. 148)

In summary, the BIDs are considered a form of special-purpose government and cross-sector collaboration. The managing organizations take responsibility for these new governance challenges. The BIDs exist not only as a form of public entrepreneurship to solve challenges in communities, but they also require capacity to manage and govern this special arrangement through cross-sector participants' collaboration. Thus, understanding cross-sector collaboration and pursuing leadership tasks for creating a cross-sector regime will be critical for success (Bryson et al., 2006; Cristofoli, Meneguzzo, & Riccucci, 2017). This transition "from hierarchy to heterarchy" reflects the



increase in public and nonprofit collaboration in research and practice (O'Leary, 2015). These new attempts are based on the belief that collaboration can create something better than governments alone. However, collaborative advantages may be difficult to obtain, if this heterarchy results in chaotic conflicts among partners. Thus, balancing between autonomy and interdependence will be a key capacity requested for managers (O'Leary, 2015, p.93). Furthermore, it is necessary to identify drivers and barriers for collaborative innovation processes, including different motivators for various actors and conditions for the emergence of collaborations (Sorensen & Torfing, 2011).

## CHAPTER THREE: RESEARCH QUESTIONS

Public values can be explored through governance and managerial practices. The public values triangle emphasizes the necessary factors of public value creation, such as legitimacy and support from the public and partners and their capacities to manage the partnerships. Furthermore, it is important to discuss the ways that collaboration contributes to performance (Bryson, Crosby, & Bloomberg, 2015). This research examines perceptions of multiple actors on public values regarding cross-sector collaboration (CSC), particularly related to management and governance of BIDs. It is assumed that multiple participants representing various interests from different sectors may have differently perceived certain public values. The differences could influence individual and organizational behaviors, and partners may have different goals and priorities as board members and managers of BIDs. Furthermore, their differences will affect their perception or behavior of collaboration. It could create conflicts or benefits created by multiple actors. Then, the following question can be raised regarding the manner in which CSC contributes to public values.

- Does collaboration create collaborative advantages for public values by enhancing democratic governance and participation? Does it sacrifice public values over private interests?

To investigate this, it is worthy to note that cross-sector collaboration involves multiple stakeholders who are engaged in its governance and management. BIDs publicly funded and privately managed (Becker, 2010). The disparity between governance and management could create various relationships between a governing board and managers in BIDs. In this sense, questions have been raised about what the

challenges and solutions are for successful cross-sector collaboration. Power imbalance and political control regarding CSC has been normatively discussed in its various types (Huxham et al., 2000). This study will focus on the perception and thoughts from multiple actors to find evidences of this challenge.

The Public Value Governance Model is a useful framework to discuss the ways that various collaborative features work to create public values (Moore, 2013). Given the fact that the multiple partners and complex organizational features involved in CSC, it is necessary to understand multiple stakeholders across sectors, related environments, processes and outcomes (Bryson, Crosby, & Bloomberg, 2015; Bryson et al., 2006). Particularly, collaborative governance and management may enhance or deteriorate public values of partners with diverse interests for a public purpose (collaborative advantages vs. collaborative inertia) (Bryson, Ackermann, & Eden, 2016; Huxham, 2003; Huxham & Vangen, 2005). This dissertation explores the way that each partner in BIDs is engaged in collaborative management and governance to create public value in communities.

### **Collaborative advantages**

The advocate of CSC argued that government partnership and collaboration create opportunities in cost benefits, service improvements, and relationship building when compared to the single action of governments (Gazley & Brudney, 2007). These collaborative advantages can be explained in the context of creating public values (Bryson et al., 2016; Moore, 2013). Thus, this dissertation tries to respond to the questions raised by scholars in public management.

- To what extent are cross-sector collaboration features incorporated in the governance and management of special districts in the form of BIDs?
- How these collaborative partnerships create public values?

### ***Benefits of having multiple partners on governing boards***

#### *Legitimacy & Support - Participatory governance: Representation*

Collaboration among multiple can explain the governance of BIDs. BIDs have certain requirements of board composition to assure the representativeness of their boards. The different types of board members represent multiple shareholders and reflect their various interests and needs. The role of local stakeholders can be explained by representative democracy, which can embody the needs of constituents and community (Brown, 2005; Guo & Musso, 2007; Guo & Zhang, 2013). Moreover, the diversity can influence collaborative performance (Gazley, Chang, & Bingham, 2010). For example, Gazley et al. (2010) examined the way that diverse characteristics of boards can influence organizational outcomes in community median centers. Bauroth (2007) underscored the effect of participation in special district elections by property owners and found that reduced reliance on property taxes and greater reliance upon service charges exist because of property owner participation. Thus, participation of diverse stakeholders can create collaborative advantages by enhancing the representation of BIDs.

### ***Benefits of having collaborative management***

#### *Capacity - Resource dependence theory*

Collaborative governance can be advantageous because multiple partners can pool more financial and human resources together and make them accessible.

Partnership between public and non-profit organizations can share resources, expertise, knowledge and connections through collaboration (Huxham & Vangen, 2005). Furthermore, for efficient and effective public service delivery, CSC became popular with the expectation of promoting efficiency of private providers in public service delivery. The myth of private sectors superiority in cost-efficiency and innovation has created result-focused management and customer-orientation in New Public Management (NPM) (Bernier & Hafsi, 2007; Pollitt & Hupe, 2011). However, collaborative management can be an alternative to NPM by enhancing public values (O'Flynn, 2007).

#### *Capacity - Public entrepreneurship*

Collaboration can create innovative solutions for public services, because it can bring in more entrepreneurs into the public realm (Hartley, Sørensen, & Torfing, 2013; Klijn, 2008; Meynhardt & Diefenbach, 2012; Sorensen & Torfing, 2011). Furthermore, scholars on collaborative governance in public management have discussed different degrees, criteria or types of public values requested for the specially arranged public service organizations (Andersen et al., 2012; Berman & West, 2014; Stoker, 2006). Collaborative innovation can be achieved by reformulating traditional roles of public and private actors (Hartley et al., 2013; Sorensen & Torfing, 2011). Additional questions addressed in this dissertation include:

- *What are collaborative advantages of BIDs? How the various participants enhance governance and management of BIDs? Do multiple partners create collaborative advantages for successful BIDs?*

#### **Collaborative inertia**

Managing conflicts between partners is critical in collaborative governance and management (Bryson et al., 2006; Bryson, Crosby, & Stone, 2015). "Collaborative

inertia" means that collaborative arrangements, which fail to manage challenges, have minimal outputs without achieving collaborative advantages (Huxham & Vangen, 2005; Huxham et al., 2000). Scholars have discussed the conflicting goals in public organizations (Rainey, 1991; Rainey & Steinbauer, 1999; Behn, 1991), and presence of goal divergence, goal alignment, and goal ambiguity caused by institutional and policy goal complexity (Meyers, Riccucci, & Lurie, 2001; Riccucci, Meyers, Lurie, & Han, 2004).

### ***Challenges of collaborative governance***

Previous studies on multi-actor organizational networks addressed that collaboration requires a greater capacity for unpredictable and competitive environments. Agency-level efforts could be promoted for more parochial, agency interests than their typical activities (Salamon, 1989; Smith & Lipsky, 1993). Moreover, conflicting goals and values have been reported, as the hybrid forms of organizations in public service have increased (Agranoff & McGuire 2003). This goal divergence and ambiguity accompany conflicts in performance indicators to evaluate the effectiveness of collaboration (Frederickson, 2006). The complexity of goals in cross-sector collaboration has multiple dimensions, and is expressed as a "tangled web of goals" (Vangen & Huxham, 2012). Furthermore, the complexity of goals, priorities and preferences could be created by partners' own levels of motivation and their perception of collaborative disadvantages (Gazley & Brudney, 2007; Gazley, 2010). The perceptual differences on the capacity and expertise in CSC by multiple actors may create a discrepancy on their mutual understanding as well as shared goals and outcomes. These goal conflicts can be engaged with structural complexity of collaborations. Different power dynamics may

exist and participants relative vulnerable because of imbalances in the degree of autonomy between their own goals and collaborative aims (Huxham et al., 2000).

### ***Challenges of collaborative management***

Another area of interest regarding goal divergence and conflicts rested in the collaborative governance and management relationship between the board and managers. The goal divergence, between the board with multiple members and directors of district managing organizations, could be another layer of complexity of collaborative governance. In particular, nonprofit boards could have various relationships with their management. As previous studies reported, small-scale nonprofits at the early stage of development often have a closer relationship with their board and management than more stable or large scale ones (Miller-Millesen, 2003). The power imbalance and conflicts among board members may send a confusing signal to management. Managing organizations may have their own challenges, such as strategies or plans to revive the districts among these various interests and tasks. Thus, the role and function of district management needs to be examined with their perception regarding public values.

### ***Capacity for collaboration***

Furthermore, capacity for collaboration has been emphasized including leaders' abilities to communicate a clear organizational mission and goals (Ricucci, 1996) to reduce the risk of "organizational cheating" to manipulate performance appraisals in the context of collaborative public management (Bohte & Meier, 2000). Sharing common goals and creating public values requires trust and relationship building. Extending collaborative benefits to the community beyond participants may take more effort and

time to fulfill (Bryson et al., 2016). Thus, additional questions posed in this research include:

- *Do multiple partners create more goal divergence and conflicts? How do various participants overcome these challenges through managerial efforts?*

### ***Environmental factors***

The literature regarding urban development or special government arrangements discussed the political dynamics during the period of development of urban areas (Strom, 2008). The growth of the population or influence from certain groups of people has changed the boundaries and influence of local governments' developments. The BIDs are not free from these discourses, and news stories and cases reveal the significance of these power imbalances and dynamics.

The studies have developed theories based on the environmental and organizational factors that shape the behaviors of boards of directors by comparing them to the private sector boards (Miller-Millesen, 2003). It assumes that certain nonprofit boards are more engaged in "monitoring over management" or "boundary spanning over monitoring." In this sense, the degree of professionalism, organizational stability, and institutional maturity will influence the behavior and capacity of boards. The multiple actors in CSC may take different roles in governance and management, and the varieties exist in the function of boards.

- *What are organizational factors related to BIDs? How different or similar the governance and management of BIDs are?*

In summation, the questions posed in this study are:



- Does collaboration create collaborative advantages for public values by enhancing democratic governance and participation? Does it sacrifice public values over private interests?
- To what extent are cross-sector collaboration features incorporated in the governance and management of special districts in the form of BIDs?
- How these collaborative partnerships create public values?
- *What are collaborative advantages of BIDs? How the various participants enhance governance and management of BIDs? Do multiple partners create collaborative advantages for successful BIDs?*
- *Do multiple partners create more goal divergence and conflicts? How do various participants overcome these challenges through managerial efforts?*
- *What are organizational factors related to BIDs? How different or similar the governance and management of BIDs are?*

## **CHAPTER FOUR: RESEARCH DESIGN AND METHODS**

### **Research design: a mixed methods approach**

In the field of public administration, the historic debate on whether it should be driven by values or facts has never been definitively answered. The unresolved conflict has resulted in the creation of diverse quantitative and qualitative research methods for the field as a whole (Riccucci, 2010). Similarly, from a methodological perspective, mixed methods have been promoted as a natural complement to traditional quantitative and qualitative methods. As Creswell and Plano Clark (2011) argued, mixed methods research has advantages in incorporating various views by collecting and analyzing both qualitative and quantitative data. Furthermore, mixed methods integrate or link different forms of data by combining them, sequentially building one on the other or embedding one within the other (Creswell & Plano Clark, 2011, p. 5). Although mixed methods strengthen research by generating and testing theories, they are difficult to conduct because of complexity in design and implementation (Johnson & Onwuegbuzie, 2004).

In this sense, this dissertation employs mixed methods by incorporating multiple sources to answer the research questions regarding cross-sector collaboration (CSC) in BIDs. Previous studies have not emphasized on collaborative management among the participants and stakeholders in BIDs. This tendency likely results from the complexity of the subject of study. Unlike general governmental units, special governments are difficult to quantify and categorize due to their complexity and variety (Leigland, 1994). Furthermore, there are varieties in their size, function, funding methods, governance types, and managing styles. Most of all, multiple partners and citizens engaged in BIDs

represent diverse interests and expectations. Thus, multiple sources using mixed methods approaches is crucial to study BIDs.

### **Exploratory design: Focus on Qualitative Methods**

Since the collaborative features of BIDs have been rarely researched, this study aims to explore multiple perspectives and to identify critical factors. An exploratory approach is best suited for exploring a phenomenon in depth and developing an emergent theory (Creswell & Plano Clark, 2011). Qualitative methods are used to explore emerging themes and grounds for research questions, and quantitative analysis is used to supplement the qualitative findings by testing the hypotheses and explanations suggested by the qualitative method. Although combining two separate approaches within one research design is challenging, this type of mixed methods design is chosen "to develop a complete understanding by collecting both quantitative and qualitative data" (Creswell & Plano Clark, 2011, p. 151). In particular, the separate process of data collecting is beneficial for this research, because the complexity of CSC is better understood through multiple sources of data. Furthermore, this design enables the researcher to merge multiple methods and strengthen the merits of each. Qualitative methods are used to obtain detailed, in-depth understanding to explore collaborative features of different participants in BIDs, whereas a subsequent quantitative analysis may test the findings of the first stage.

Although this dissertation employs mixed methods, the priority is placed on the qualitative approach and the quantitative phase serves as the secondary role to expand on the initial results. Qualitative research enables researchers "to enter into the world of participants and to see the world from their perspective and in doing so make discoveries

that will contribute to the development of empirical knowledge" (Corbin & Strauss, 2014, p. 16). In order to incorporate multiple participants' perspectives in BIDs, it is necessary to focus on qualitative methods. Since this study examines collaborative governance and management through participants of BIDs, this qualitative focus contributes to the development of theories and hypotheses for future research. Through this process, this dissertation can identify new variables and hypotheses about the predictors of successful collaboration of BIDs. Furthermore, it may provide practical implications to nonacademic audiences as well (see Appendix A for institutional permission).

### **Focus of the research: Target Population and Sample**

Given the complexity and variety of districts and their collaboration, it is necessary to make a strategic approach for the target population. The target population of this study is individuals participating in collaborative governance and management through the BIDs. The BIDs have multiple participants across sectors. Among the identified participants, getting various views from individuals engaged with different sector identities is critical to answer the research question. Furthermore, it is necessary to collect data on their governance and managerial challenges in the context of CSC. From a governance perspective, board members represent various interests of communities. According to the survey of the International Downtown Association (IDA), the majority (about 65%) of BID boards are required to have seats reserved for individuals representing specific groups (IDA, 2011, p.26). Such groups include business owners, property owners, and residents (See Table 5 for the details). Furthermore, board members are major decision makers, yet they are voluntarily participants. From a managerial perspective, the capacity and competence of board/trustee members and managing

directors need to be examined to explore the way that these participants of BIDs create collaborative advantages and challenges.

Table 5 Diverse participants of BIDs across sectors

<ul style="list-style-type: none"> <li>○ private: retail business owners, renters, landlord, professionals</li> <li>○ public: government liaison, business administrators, mayors, legislators</li> <li>○ nonprofit: community nonprofit organizations, volunteers, managing directors</li> </ul>
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According to the NJDCA's<sup>2</sup> 2010-11 Annual Improvement District/DMC Census, there are 82 improvement districts in New Jersey as of 2011 (See Appendix F - List of Special Improvement Districts in New Jersey for the full list of BIDs<sup>3</sup>). These 82 SIDs are dispersed in 64 municipalities<sup>4</sup>, managed by 72 District Management Corporations. The IDA's 2011 census reported that median size of BID board was 13<sup>5</sup>. The board members of BIDs in New Jersey can be estimated about 1,066 (82 districts x 13 members).

## Qualitative Methods

Qualitative methods were utilized to obtain more detailed and in-depth data. For this, interviews were employed. The purpose of using qualitative methods is to discover emerging themes by asking managing directors and board members how they perceive opportunities and challenges in district management.

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<sup>2</sup> NJDCA stands for the Department of Community Affairs in the State of New Jersey government.

<sup>3</sup> BID, SID, DID (Business, Special, Downtown Improvement Districts) are synonymous and can be interchangeably used.

<sup>4</sup> According to the NJLM, 565 municipalities in New Jersey can be classified as belonging to one of five types of municipal government: Borough, Township, City, Town or Village.

<sup>5</sup> Of the 241 BIDs that responded, the smallest BID board size was 3 and the largest was 70. Although the median size of BID boards is 13, the preferred size of BID boards is either 7 members, 9 members or 15 members (IDA, 2011, p.15).

Managing directors were asked for further analysis about district specific features, such as district major revenue sources, board election type, and information regarding managing organizations. The expectation of collecting these data is to explore different characteristics of districts and to develop hypotheses for the survey. Data collection builds upon previous research regarding goal divergence, public entrepreneurship, and public values in cross-sector collaboration. The interviews were conducted with major partners and actors, such as managing directors and board/trust members. Content analysis was relied upon for the interviews. Then, hypotheses based on findings from the interviews were tested in the survey findings to supplement the qualitative part of this dissertation.

## **Quantitative Methods**

Quantitative methods are designed to test to what extent participants in district governance or management prioritize their goals and missions for public values. To examine stakeholders' and partners' concerns, a survey questionnaire was used (see Appendix B). First, the perception on collaboration in BIDs was asked. Goal divergence and congruence among partners were measured by asking their perception on multiple dimensions of collaboration and public values. This attempted to generalize the existence of goal divergence and their perceived role as members of districts.

Board members and managing directors received questionnaires during the survey. The questionnaires were distributed via emails, and invitations were sent before the survey (see Appendix B - Survey Questionnaire). To encourage participation in the survey, reminders were sent to unanswered respondents. Based on the sector identity of respondents, sub-groups were compared. Managing directors received an additional

questionnaire regarding the general information of the districts.

## **Limitations**

Studying collaboration in special districts has several challenges. First, special districts are difficult to investigate. Unlike general government entities, special districts authorized in local governments vary in their forms and management. The complexity of special districts accompanies various factors, which are explored in the research design.

Second, multiple stakeholders are engaged in collaboration. Multiple stakeholders have their representation in district governance, mainly as board members. Thus, the boards are good samples of multiple partners and actors in collaborative governance of districts. However, underrepresented groups or excluded stakeholders could not be included in this analysis. Another limitation is that it is sometimes difficult to survey board members, as they are volunteers and often difficult to attract their attention to the importance of survey research.

Third, operating the concepts of goal divergence or alignment on public values is not easy. For example, public entrepreneurship could be one of multiple dimensions of public values. Public entrepreneurship can be defined differently according to the context of where it is placed. Particularly, this study aims to examine the extended meaning of public values from the perspective of public entrepreneurship. Thus, it will be critical to explore the challenges and opportunities of district governance and management as well as public values engaged with it. The perception of public values will be used to measure and test whether or not the collaboration is pursuing or promoting the public interests.

To overcome these challenges, several measures were taken. First, to lessen the variety of BIDs, only BIDs in New Jersey are included. The state specific factors, such as

geographical or legal conditions are controlled, although they do not control the variances by municipalities within the state. Second, unlike previous studies that surveyed managing directors or local officials, this research targeted both executive directors and the board/trust members representing multiple populations across sectors. Third, previously surveyed items are used to increase the validity of questionnaires. Concerning the items for the survey, it is necessary to develop items asking collaborative features in the BIDs. Thus, the themes emerged from the previous studies, usually discovered through interviews and suggested for collaborative management, were selected and developed as survey items.



## **CHAPTER FIVE: INTERVIEWS**

### **Data Collection and Analysis**

In order to answer the research questions, this dissertation uses a mixed methods research strategy: qualitative analysis of interviews and quantitative analysis of survey responses. The purpose of the interviews was to gain the perspectives of participants (executive directors, staff, and board of directors) by asking questions about their experiences of BIDs governance and management. These findings can expand the field's understanding about the BIDs and provide insights to develop survey questions to generalize the findings throughout the BIDs.

A total of 20 interviews were conducted with board members (11) and executive directors (9) from 10 different BIDs in New Jersey, from April to June 2017 (See Appendix E - List of Interviewees for the list of interview participants). Interviewees were first contacted through the contact information of executive directors provided through the website of the BIDs. Afterwards, executive directors were expected to forward the invitation emails to their board members. They were also invited to participate at the board meetings. Each interview was conducted for an average of 30 minutes. Most interviews were done through personal meetings at the BID offices or stores of interviewees for their convenience. One interview is done through a phone call. Interviews are conducted by using semi-structured interview questions prepared with open-ended questions. Follow-up questions were asked at the meeting when they are necessary. All the interviews are recorded and transcribed for analysis (See Appendix D - Interview guide for the interview questions).

## Qualitative Interview Findings

### Life cycle of BIDs<sup>6</sup>

The first set of questions asked about general information concerns of the interviewees themselves, such as the time and the way that the managers and board/trustee members start to participate in the BIDs. Some interviewees are founding members of the BIDs. They shared their experience of starting their BIDs. They remembered the initial meetings with "business people" and "community people" to discuss and create BIDs (interviews 2, 9). Some districts are started by local business owners or business associations (20). Other districts are initiated by the proposal of councilperson or as a part of local governments' initiatives for their business community (6, 7, 16). An interviewee, involved in BIDs for many years, explained that there were more initiatives from the community before. However, more local governments started their BIDs (17).

*Council people and local elected officials won't necessarily be sold yet on the assessment model as a good model. You're asking people paying more. That could be a problem for a public official. So in order to get BID projects going a lot of times, and you saw a small group of property owners get together and fund a significant portion of the project themselves. It wasn't uncommon to see 7 or 8 property owners get together and commit \$2,000 or \$3,000 a year of their own money toward a project. 10 people together who are willing to commit 2,500 bucks. You have \$25,000 of private money and then the borough of the municipality they match that money through you for another \$25,000. So, you start off with a \$50,000 budget (17).*

*Local municipalities and cities were willing to put in the money themselves to get the process going. That's how it typically get started today. Now, it's not uncommon for cities or municipalities themselves to start the BID process without the initiation of private property owners and business owners (17).*

Although the initiation of BIDs was discussed with private individuals, the

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<sup>6</sup> BID, SID, DID (Business, Special, Downtown Improvement Districts) are synonymous and can be interchangeably used.

creation of BIDs needs to be discussed and approved by the community as a whole. Some meetings are very contentious because people realized that they have to pay "additional taxes" (special assessments for the BIDs) (9).

Thus, the effectiveness of BIDs is important to respond to the special assessment payers' needs in order to sustain BIDs. Some municipalities experienced the termination or dissolution of their BIDs, because of strong opposition from payers.

As emphasized in the literature review, BIDs can be discussed as public entrepreneurship initiated to revitalize old area. As organizational theories discussed the life cycle of organizations, BIDs have different challenges and opportunities as they become older. Some interviewees said when BIDs compares to the start, the number of board members decreased over years (2, 9, 10). The governance body and management have been working for a long time although there are changes and elections over time in its city government. Thus, the success of BIDs can be credited because of the continuous efforts and management of BIDs (2, 9, 10). However, in the process of contacting each district and updating the BID list of the NJDCA (2011), there has been some termination and dissolution of BIDs. Although the BIDs, district themselves, has not been terminated, the governance or management of BIDs has been changed or in-transit periods in some districts.

### **Organizational Characteristics of DMC**

For managing directors, general questions about their BIDs are asked, such as starting year, composition of board members (size, requirement, election), boundary of BID (expansion), initiators of BID, and type of DMC. The independence of District Management Corporations (DMCs) may enhance sustainability and expertise in

management. Thus, the DMCs of BIDs adopt different organizational structures and management styles in order to serve their purpose. It is known that most BIDs are managed by nonprofit entities (DMCs) created by partnership with governments. However, in cases of small municipalities or at the initial stage of BIDs, there were not any executive directors to manage the BIDs. Furthermore, executive directors can be full-time or part-time employees of the DMCs, or they can be an outsourced management services. An interviewee, who worked for a long time for BIDs, noted that in the case of New Jersey, the management of BIDs have been more outsourced to private entities and invites consultants (outsourced management model), when it compares to ones in New York City which hire a director (employee-director management model). It could affect the managerial style of BIDs. Moreover, certain organizational structures of BIDs are prevalent in New Jersey, because it reflects that different culture and conditions of BIDs in the state of New Jersey.

### **Special Services: Goals and Performance of BIDs**

Respondents are asked to identify the major goals and stakeholders of their BIDs. The purpose of this question is to recognize specific functions and services of BIDs and to understand respondents' knowledge and priorities about the goals. Interviewees talked about the different functions and goals of the BIDs. Often times, BIDs are working for the business community and combined with the UEZs (Urban Enterprise Zone, tax abatement for business) or Main Street programs (grants from federal or state governments). Interviewees mentioned environmental improvements of districts' cleanliness and beautification as their goals. They emphasized that overall improvement of environment is critical for districts, so some BIDs have committees to focus on these

issues. Furthermore, managing directors are working for developing businesses, promotions, festivals and events to advertise local businesses. Although the success or survival of individual businesses is not an area of service for BIDs, these services help small businesses and communities to have enough vibrancy (15, 18). Thus, in the process of working together, businesses and private individuals may feel these public services and collective effects are necessary (18). Interviewees also frequently mentioned that safety and parking problems were of concern. Since old city and town areas do not have enough spaces for their customers, the business communities want to have more parking spaces. Sometimes, there are conflicts between residents and businesses because of not enough parking. Furthermore, certain areas are designed in the process of new development of empty lots to mitigate potential problems of gentrification of old city area. For a balanced development of a city, BIDs are created to serve old commercial area (16). Some municipalities have more than one BID to serve different areas for different purposes. Some BIDs are created along local highway corridors, experiencing large passing-through traffics. BIDs are not located exclusively in urban areas that are experiencing fiscal declines. They are also were adopted in suburban downtowns losing customers despite of the affluence of their residential neighborhoods (Houstoun, 1997).

BIDs are not only for business people but also work for different purposes in certain districts. An interviewee said that the BID of her district focuses more on community revitalization, so it is closer to the concept of "special" improvement districts, than the one of "business" improvement districts (8). To this point, art centers, public libraries, and community organizations are also working with BIDs (3, 14).

*The art programs in districts are extremely important because they understand that it works cohesively with the business community to create a full body lifestyle*

*choice for anyone that lives there, works there, or anybody just come to visit (14).*

*(We) make sure we give back to the community through arts event, through historical events. We work very closely with the library, which is a historically relevant library, free public library, which is also on the Main Street, right down the street. We work with many community groups to make sure that the lifestyle and the development of downtown is enhanced (14).*

Their events are promoted through the BIDs, and they host or sponsor events together for the community. The BIDs in New Jersey have various names and are often called downtown districts, art districts, or historical districts. The name of DMC is often used instead of the name of districts. Many people may not know what SID/BID/DIDs<sup>7</sup> are but remember the DMCs, because they are managing and working entities for the districts.

For the board/trustee members, they are asked to answer whether they are residents, business owners, property owners, nonprofit organizations, or government liaisons to know which types of stakeholders they represent. It is assumed that their sectoral identity may influence their perception on goals, performance, or management of BIDs. Many board/trustee members have dual or triple identities, including residents, business owners and property owners at the same time.

*We have significant residential components to our neighborhood, and many of the property owners and business owners have roots here. Some are residents here. Others don't live here but own properties that are residential properties. So, they have interests in the welfare and quality of life of their tenants of residential or business properties (5).*

Overall quality of life is closely related to their lives and their business or property values as well. One interviewee said that it is difficult to engage people in the BID, when the higher percentage of property owners are outsiders, who are not living in

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<sup>7</sup> BID, SID, DID (Business, Special, Downtown Improvement Districts) are synonymous and can be interchangeably used.

their towns (11).

### **Legitimacy and authority**

First, the strength of a BID can be found in its legitimacy based on local ordinances. The legal foundation allows a BID to have authority as a public entity and enables a BID to have stable funding sources.

*"The strength of BIDs is because they are special improvement districts created by law" (19).*

*"We (BIDs) have the fixed income to deliver the services. ... we basically have a budget that we work with. The budget that everything we are going to get above and beyond that we are going to be happy about. (2)*

The governance of BIDs can be explained by "public funding" and "private management" (Becker, 2010; Grossman & Holzer, 2016; Houstoun, 2003). Public funding of BIDs enhances the partnership. It is difficult to make people agree on paying more for a public service. However, once the BIDs are discussed and approved by the community and officially organized, it provides a foundation for public creation. According to an interviewee, one BID faced opposition from the community, because the responsibility of assessment collection was left to their DMC.

*In XXX<sup>8</sup>, for some odd reason, they went with a different model. What they went with was left it up to district management corporation to collect the fees for BIDs. The DMC go out every year and collect money from business owners. That is not the greatest plan. And, it is also contrary to why you go through the whole process of setting up an BID (17).*

Thus, it is important to understand this type of public-private partnership. The assessment collection needs to be authorized and enforced by governments. BIDs are different from other urban revitalization initiatives, such as Main Street programs or Chamber (Economic) Commissions, because other structures may not have a consistent

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<sup>8</sup> For the sake of anonymity, XXX are used instead of the district name.

and sustainable funding base or municipal authority (NJDCA, 2011).

Second, the strong partnerships and supports from the municipal governments empower a BID to be successful. Although the legal foundation and government authority set the grounds for BIDs, it is necessary to have enough supports and leadership from governments to sustain the BIDs.

*“I would credit the strong partnership between the special improvement district and municipality. There were tremendous amounts of supports.” (11)*

*“We have a complete support from the mayor and the council on things that we like to do in town.” (6)*

Thus, most boards of BIDs have at least one government liaison to ensure communication between local governments and participate in their board meetings, such as local councilperson, mayor, police, local public authority, and department of public works.

Third, interviewees discussed the importance of support and understanding from the stakeholders and community. Thus, constant communication with them is important. The volunteer board and their participation enhance the representativeness of BIDs and communication with diverse community groups. Usually, board members are recruited and elected based on the board composition rules that BIDs have to increase the diversity and representation of board members. Active board members have mostly lived and owned properties and businesses in the district for an extended period of time. Thus, they have a strong sense of community, networks and relationships with local people. It can result in more support of stakeholders and community.

*The board of directors is a volunteer board that is voted in (14).*

DMCs have requirements for their board composition in their bylaws or their internal policy, but some districts do not have any specific requirements. Certain district



have their governing body based on their membership, commercial properties (business or property owner or both), paying the special assessment in their board (IDA, 2011). Usually, board members are business owners, property owners, community organizations or residents in the districts. Many districts require residential representatives or nonprofit representatives to ensure the representation of the community. Most districts have requirements for councilpersons or regional authorities to have a seat on the board as well.

Districts have their founding members on the boards. People live and do business in the area for a long time. They remembered their first meeting to discuss their BID. A BID has often been initiated by business owners concerned about the future of districts. In other cases, they are asked by local councilperson or mayor to join as a board member or a trustee (2, 6). Then, executive directors or recruit committees search and ask people to join. Districts try to ensure the diversity of board in many ways. Other than the concern about the balance between different types of representatives, such as business and property owners or residents, they try to seek regional or age balance among board members. Older people are retired and may have more time to use their experience for community affairs (13, 15). Moreover, they may have stronger sense of community, because they live, do business and have known people and area for a long time. Older districts also try to recruit younger members for their boards and enhance the representation of new business or younger residents in the area (15, 17, 19).

Interviewees also mentioned different characteristics of boards. Since a board of BID/SID reflects the major stakeholders and functions, the composition of a board can be different because of the characteristics of their community and population. Certain BIDs may have board of directors from the neighborhood or community, who are smaller retail

business owners. Other BIDs may have a board of directors who belong to large building operators, developers, and big corporations. (17)

### **Capacities**

Interviewees credited their success to the managerial competence of executive directors, because of their strong understanding and knowledge about the BIDs. The DMCs (district managing corporation) are independent organizations responsible for the management of BIDs. The executive directors work closely with board members and other stakeholders and act as coordinators among diverse stakeholders to facilitate the relationship. Unlike voluntary board members, executive directors are compensated for their work and are engaged in the daily management of BIDs. They have prior experience and knowledge about the BID/SID management, so board members seek advice, decisions, and plans as well as daily managerial issues. Thus, strong leadership of executive directors is necessary for effective management of BID/SIDs.

*“The success of the BIDs definitely due to the executive director and continuity of staff.” (2)*

*“He is doing a terrific job. I will give him A+. He is doing well, he is very good. He is innovative, and he knows a lot more than we do about the BIDs. Because he has been doing it for a long time. That’s why we need him here to help us.” (4)*

Furthermore, executive directors or staffs have worked many years for multiple BID/SIDs. It is frequently mentioned that they provide consultant services of a set-up related arrangement or management for multiple districts (4, 5, 8, 17, 19). Sometimes, they asked to replace former directors to fix or solve problems as well as renew the district management.

However, the managerial styles can be different according to their relationship with the board. Although the check and balance relationship exists between board

(governance) and executive directors (management), BIDs may have different power relations between the two actors. For example, certain BIDs may have strong boards when it compares to others ones who have stronger leadership of executive directors.

Second, board members' participation and dedication of their time and expertise make the BIDs go forward. Executive directors credited BID boards, because their feedback is valuable to acknowledge the preferences and demands of community.

*“We (board members) are very dedicated, because most of us live in town, have business in town or both.” (6)*

Board members have various areas of expertise and working in different committee of their boards. They suggest that more people need to participate and contribute to make BIDs move forward.

*“All of the different factions of the board, who have a certain expertise or interest, participate in the sub-committees and do presentations at the board meetings so that we’re all kind of in sync.” (14)*

*My interests and background made me interested in work (for the BID)...I think we use the volunteers various areas of expertise. Some in marketing, some event planning, we just use people’s expertise well. (13)*

*When we have started to set up committees, so when you have business people or property owners that feel passionate about an issue, they can lead a committee on a specific issue. (15)*

*I want to seek more board members. I love to see them sit on the board. New people are coming into town and have to sit on the board give us unique perspectives. (1)*

Thus, board recruitment is one of the critical matters to BIDs to enhance their governance and operation. However, it is not easy to recruit board members who can actively participate. Also, it is difficult to recruit the types of individuals who can represent diverse interests and needs.

*Board representation is important. However, getting new board members isn’t always easy. Getting young board members is sometimes challenging. (17)*

Civic participation literatures emphasize barriers of participation and the generational effects on participation. Younger generations may not have enough time or motivation or other reasons to participate. However, to reflect changes and trends in a community, the BIDs need diverse people to participate (15).

### **Public values**

Most interviewees thought their BIDs achieved success in some ways. They experienced some degree of improvement in cleanliness, safety, parking, increased foot traffic and property values. They maintained that BIDs contributed to create opportunities for businesses and improved the quality of life in the area. In this regard, public values are discussed in the context of performance. Public values created through BIDs are not limited to private interests; instead, they are extended to collective benefits achieved through collaboration.

*“The major goal is to increase the value of properties and businesses in the district by creating opportunities for consumers' enjoyment and future business investment.” (4)*

*Business improvement districts live in the public realm 100%, and must deliver private sector deliverables. I see the district. We don't market the stores. We market the district. I don't market somebody's store. The reason that I market the store is that market is the district (19).*

*The main street businesses individually owned, so they don't have a united effort. Through the BID, marketing, administration, and maintenance of the main street, they can do more like in an organized way. Therefore, the BID provides those kinds of services, maintenance, administration, and marketing. Individually it is hard to do marketing, but as an organization together, we can cooperate for the marketing (18).*

As another evidence of success, interviewees discussed the expansion of BIDs into neighboring area. Since people near a BIDs witnessed and experienced the difference of a managed BID, and they want to be part of BIDs to enjoy the benefits of the BID (2, 3, 19). Thus, the expansion of BID could be an indicator for success.

Other than the tangible benefits created by BIDs, interviewees emphasized the importance of community. In the process of BID creation and operation, they credited the deep sense of community for their successes and the experienced initial opponents who became strong supporters of BIDs.

*“There is a deep sense of community and community pride.” (11)*

Particularly, some BIDs are located within immigrant communities with diverse culture and population. They perceive their community, culture and people as the biggest assets for BIDs.

*[There are] these mixtures of cultures and peoples, coming here looking for opportunity. It's important to understand that this is the heart and soul of this community. It brings me to why this is a vibrant business community. The chief asset is its people. It's cultural, different various cultures (19).*

*[Board members] really do care. They are all volunteers, none of us get paid. You are there. If you are there, it is not as a checker box, (but) because you really care about community. The idea, amount of volunteer time, the investment that they made by themselves, taking hours on it, meeting, planning at night, that's true love for your community (1).*

Although they work for their own businesses, private-minded, they are volunteer board members working for their community. Without their contribution and work, collaborative partnership could not exist.

These capacities and commitment of participation create collaborative advantages because different sectoral advantageous factors contribute to enhance public services in BIDs.

*We operated as a sub-unit of municipal government. We are close to the people. That means neighborhood. Government doesn't move at the pace of business. We have to move faster. BIDs are created to move at the real pace as business hits the road. That's why it's set up in this way. We're not set up in this way to avoid government. They don't avoid business cycles, real pressure of businesses. They're small businesses. BIDs are not made to circumvent the government or made to be responsive to their constituents (19).*

Collaboration can benefit both governments and private businesses by incorporating the collaborative advantages into public services. Flexible managerial strategies adopted through various partners can be one of the collaborative advantages of BIDs. To enjoy the benefits, partnership management will be critical to bridge different partners in collaborative arrangements.

### **Challenges**

Challenges exist for the maintenance and preservation of BIDs. Although BIDs has stable legal foundations based on laws, they can be politically vulnerable because the legal system cannot guarantee the survival of BIDs.

*“Whenever there are mayoral races and administrative changes, it takes them awhile to understand what it is and what needs to be done.” (2)*

The tension between stakeholders cannot be ignored. Voluntary taxation allows BIDs to have authority and resources, but questions remain. For example, who will bear the cost? How different priorities and preferences can be incorporated through a BID?

*“So the merchants bear the cost, so the same thing that I found is that they are much less invested in greater good for the good of community and long-term vision. And, [they are] strictly concerned about keeping their costs down.” (11)*

*“Maybe they don’t like the raise of their taxes. That’s big things [sic] for the businesses, paying more, adding more to their rent. You are paying every three months or so in your tax. If you are renting, the landlord may pass on to the renters to raise their taxes.” (7)*

An interviewee suggested that a state office, which can provide guidance and standards, is necessary to reduce conflicts and uncertainties (17). A greater role of the state office can reduce the vulnerability of BIDs to the whims of public opinions. By setting standards on BIDs' operation and interactions between DMCs and local governments, the state office could provide more guidance to BIDs.

Furthermore, BIDs struggle with economic and market changes, such as

individual shopping preferences for big box stores, online retail options, and economic recessions. Most interviewees mentioned that no small shops and business could be free from these trends and need to find ways to survive and thrive. Interviewees are asked about economic challenges that they have experienced. An interviewee mentioned that the businesses in their BID seem to overcome recession periods although it is difficult to explain the causal relationship between the two (2). Although BIDs enables them to have more collective measures to fix some problems and to improve environments, they acknowledged that these irreversible trends are the biggest challenges (5, 18). Old historic features of the districts are assets for the community, but it needs careful planning to adapt changes in trends and needs for businesses. People thought there are opportunities for their BIDs because they have returning old or young populations that want urban life styles (1, 14, 15, 17). Thus, it is necessary to reflect new needs for success.

Communication is one of critical factors in collaboration. People in BIDs have different backgrounds and interests, so working together may require some efforts.

*We do various groups of people. We do artwork and we know artists like to speak in a certain way, speak a certain language, and it's not the same language as business people. And the business people speak in a certain way, and it's not the same language as people in the city hall. People in the city hall speak different than the residents, sometimes. So, this office takes the task of speaking different languages and make sure everybody on the same page to resolve any conflicts or any disagreement coming to find common ground and solutions to things that are possible for everybody. (15)*

Particularly, working with governments and finding common language with private partners will be a challenge for BIDs. As a coordinator of public-private partnership, a BID needs to find common goals, build relationships and provide solutions for both.

### ***State or Local Controls over the BIDs***

While conducting interviews and attending board meetings of BIDs, it is noted that financial disclosure requirements have been discussed. The Local Government Ethics Law requires executive directors and members of BIDs to file Financial Disclosure Statements (See Appendix J - Local Government Ethics Law: Financial Disclosure Statements for details). In August 2015, LGEL was amended and adopted a new definition of "local government officers (LGO)" who are required to file financial disclosure statements (FDS), which include the executive directors and members of BIDs. FDS has been required to avoid any possible conflicts of interests and promote open governments by providing the financial information of officers to the public. As a public entity, BIDs' board/trustee members are required to file FDS. It aims to enhance accountability and transparency of BIDs. However, for volunteer board/trustee members, it may discourage them to participate because of FDS requirements. An interviewee said that she has filed FDS, and it does not bother her or her family, however, she was not sure these requirements are necessary for voluntary board members (13). Some board members feel familiar with FDS, because they are required in other types of boards that they service. Although they understand the necessity of FDS, they perceive it as another layer of bureaucratic processes requiring another minutes of their voluntary time. There were cases of BIDs whose board/trustee members were quitting because required filing FDS is inconvenient for them and their families (20).

The financial disclosure statements can be searched through the link from the Department of Community Affairs, NJ (<http://www.nj.gov/dca/divisions/dlgs/resources/fds.html>).



## Summary of findings

- Most BIDs experienced success based on the strong partnership with municipalities and support from the community. (Initiation by governments has been increased.)
- Independence of DMCs enhanced sustainability and expertise through the CSC. Likewise, BIDs adopt different organizational structures for various services to serve their purpose.
- Participants perceive a strong sense of community and volunteer participation of diverse people as assets to BIDs.
- BIDs are providing special services to communities to overcome financial challenges. Public values can be explored through various performance of BIDs. This leads to the creation of public values through BIDs.
- Balancing different interests and conflicts between participants will be critical to sustain BIDs.
- Statewide control over the BIDs may reduce unnecessary conflicts at the stage of inception.
- Financial disclosure requirements may enhance transparency and accountability, but it may discourage volunteer board participation.
- Other organizational factors (start year, type of management org, budget size) can influence the collaboration and performance of BIDs.

## Hypotheses

The following hypotheses are formulated from the findings of interviews.

### *Legitimacy and Authority*

*H1-1: Strong support from government and communities will create collaborative environments and lead performance by providing legitimacy and authority to BIDs.*

*H1-2: Collaborative governance will lead to higher degrees of perception regarding performance by enhancing the representativeness of multiple stakeholders.*

*H1-3: Multiple partners across sectors in collaborative governance will be related to their higher degree of public values through created capacity for BIDs.*

### *Capacity*

*H2-1: Managerial capacity of executive directors will lead success to BIDs.*

*H2-2: Active participation of various partners will be associated with their degree of perceived performance.*

*H2-3: Coordinating capacity will build partnerships and trust among multiple partners and lead to better performance.*

### *Goal Divergence/Alignment - different perception on public values and performance*

*H3-1: Multiple partners will have different perceptions or priorities on goals. These conflicts will create challenges for collaboration and lead to lower perception on performance or public values.*

*H3-2: Collaboration with multiple partners will be correlated with goal divergence, or different perceptions about public values between a governing board and an executive manager.*

*H3-3: Collaborative management with multiple partners will incorporate more extended public values than traditional ones by incorporating managerial practices of different sectors.*

## **CHAPTER SIX: SURVEY**

### **Data Collection and Analysis**

For the quantitative analysis, a survey for executive directors and board members was designed based on the findings of interviews (see the details in Appendix B - Survey Questionnaire). Since executive directors and board/trustee members are major participants in the governance and management of BIDs, collaboration of these partners is essential to achieve success in district management. Usually, a BID is managed by a DMC (district managing corporation) with executive directors and board/trustee members. In the case of a small BID, only trustee members are managing it without an executive director. The board members are the governance body of BIDs, responsible for decisions and plans, while the executive directors are responsible for the management and daily execution of services.

The survey questionnaires have general questions for both executive directors and board/trustee members. Some questions are only asked to executive directors or board/trustee members. For executive directors, general information about the districts is asked, such as year of incorporation, federal tax status of their DMC, size of budget, employment status of executive directors, history of district boundary expansion, and budget change. For board and trustee members, some questions focus exclusively on them, such as the estimated hour of volunteering work for their BID, motivation to serve and experience of serving other boards.

The list of BIDs and their managing organizations (NJDCA 2011 Census) was updated by web searches and other sources. Through web searches, 10 new districts, which were created after year 2010 or not listed, were newly added to the list. Through

news searches, additional 4 districts were approved recently in year 2016-7 were found and 9 BIDs in the 2011 census were terminated or disbanded (See Appendix F and H for BIDs disbanded). Contact information (office numbers and email addresses) are collected through official websites or Facebook pages. However, some BIDs cannot be contacted through their numbers or email address despite several attempts.

The survey invitations were distributed through representative emails collected through the websites or BIDs. After a week, follow-up phone calls were made to check and confirm on the status of email delivery to executive directors. The survey was conducted through online access. Qualtrics survey links were included in the survey invitation emails. The first invitations were sent on December 11, 2017. Several phone calls were made to confirm the survey invitations sent through emails. In the process of contacting them through phone calls, contact information was updated. Reminder emails were sent to the executive directors on February 6, 2018 and March 6, 2018. Respondents voluntarily participated in this anonymous survey. The number of responses collected was 70. A few executive directors were reluctant to participate or redistribute the survey to their board/trustee members. Board/trustee members were invited through executive directors or government liaisons contacted. Thus, it is difficult to figure out the actual number of invitations sent out to board/trustee members. Respondents are from 38 different BIDs (46%, 38 out of 83 BIDs). (See Appendix I - Descriptive Statistics, which provides descriptive statistics for the sample).

## **Measures**

The literature and interview findings suggest several individual- or organizational-level variables that can be related to collaboration and performance of BIDs. However,

unlike previous studies, this dissertation tries to recognize and account for the distinctiveness of collaboration in BIDs. Thus, it includes variables that are relevant to public values creation by board/trustees as participants of governance bodies and managing directors as service providers.

### **Collaboration**

Collaboration has multiple aspects, and successful collaboration requires partners' efforts in many areas. Among many collaborative features related to public value creation, this study focused on the cross-sector collaboration in the BIDs. To measure collaboration in BIDs, the following questions are used in the survey (Table 6).

**Table 6 Items for Collaboration**

Q4	We have successfully built agreement on common goals.
Q10	It is difficult to balance diverse interests of the district.
Q9	Collaboration exists between public and private partners.

### **Public Value Creation**

The measures related to the legitimacy and support in BIDs can be developed based on the findings of interviews. Two questions used to measure the degree of support from governments and communities may create legitimate foundations for BIDs. The representation of boards can be a measure for good collaborative governance. To measure legitimacy and support for public value creation, the following questions are used in the survey.

**Table 7 Items for Legitimacy and Authority (Support)**

Q5	There is strong support from the local government.
Q8	The community supports the SID/BID and management organization.
Q11	The board represents stakeholders and communities very well.

The other component for public value creation is capacity of BIDs. Although legitimacy and support has been equipped for BIDs, organizational capacity is necessary

to implement decisions. The capacity measures focused on the professional expertise of district management groups as well as dedication and participation of board/trustee members of BIDs. For collaboration, coordinating capacity is critical to build partnership among multiple partners.

**Table 8 Items for Capacity**

Q6	The district manager and staff of the management organization have the capacity (professional expertise) to be successful.
Q7	Board (trustee) members are dedicated and participate actively.
Q12	The management organization is good at coordinating partnerships with multiple stakeholders (for example, local government and the community).

### **Public Values**

Since public values are relatively normative and abstract concepts, it is necessary to develop appropriate measures and assessment tools. Moreover, to recognize perceptual differences, multiple items associated with public values are used to examine their different priorities. This survey adopted items from Berman and West (2011)'s survey on special districts. These items are used to test the managerial commitment to public values among public managers in special districts. The items are categorized into four dimensions of public values; "developing communities," "accountability," "managerial effectiveness," and "business-like values." Since BIDs have hybrid organizational features which combine public funding and private management like special districts, these dimensions could be applicable and valued differently among participants of BIDs. Thus, a set of questions are used to measure the degree of importance among public values for successful BIDs. Two items are adopted to reflect public values in the context of collaboration. Andersen et al. (2012) discussed the relationship between different organizational structures and certain types of public values. Unlike hierarchy, market or professional oriented structure, networks require different set

of public values<sup>9</sup>. Thus, two items, "balancing diverse interest" and "public-private partnership" are newly added.

**Table 9 Items for Public Values**

PV dimensions	Items
Accountability	Public insight and transparency
Managerial Effectiveness	Management flexibility, Efficient use of resources Innovation
Developing Communities	Meeting the needs of community, Citizen participation in decision making, Helping the community move forward
Collaboration ( <i>newly added</i> )	Balancing diverse interests, Public-private partnership

### **Performance - Public Value Scorecard Approach**

The main aim of the analysis is to examine the ways that collaborative governance and management contribute to public value creation in BIDs. To discuss collaborative advantages and challenges, this analysis examines to what degree collaboration has an effect on performance of BIDs. Although the general functions of BIDs are serving communities to revitalize the old town areas, each BID may have different service orientations because of specific conditions and needs in areas. Moreover, like many other public services, it is difficult to measure the performance of BIDs. The public values scorecard approach is suggested to incorporate multiple aspects of performance. Concerning non-financial perspectives of organizations, a balanced scorecard approach distinguishes financial measures (return of investment) from customer oriented (quality of life) or internal (organizational capacity) ones. For example, the utility of the scorecard approach has been discussed for BIDs (Grossman, 2014).

Two sets of questions are used in the survey to measure different aspects of

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<sup>9</sup> Public values for Networks (Andersen et al., 2012)

- o Balancing interests (e.g. considering special interests without letting them dominate)
- o Innovation
- o Ensure good career opportunities for employees
- o Strengthen user democracy (help users gain influence using existing channels or creating new ones)
- o Networking (moving beyond sector limits and traditional jurisdictions)

performance. Financial measures are related to the economic effects on values of properties, whereas measures related to the quality of life are focused on the factors that could lead to changes from which a community can benefit as a whole.

[ROI] The value of properties has increased in the district.

[ROI] The vacancy rate (of commercial and housing properties) has decreased in the district.

[QOL] The cleanliness of the district has improved.

[QOL] The number of pedestrians has increased.

[QOL] The quality of life has improved in the community.

Internal factors are related to measures regarding organizational capacity. Other than the ones mentioned earlier, a separate set of items are used to acknowledge the degree of importance regarding managerial factors among various participants. The fourth perspective (innovation) has been included. Collaborative features in BIDs may require certain managerial capacities to overcome collaborative challenges.

- Building trust
- Balancing diverse interests
- Building Public-Private Partnerships
- Professional capacity to manage
- Innovative approaches
- Adaptation to change
- Communication



## Survey Findings

### Changes in BIDs

Interviewees mentioned the budget or boundary expansion as an indicator of growing BIDs. Among 25 districts that responded to the survey, 28% have experienced the expansion of service boundaries (Table 10), and 56% have increased their budgets (Table 11).

**Table 10 Expansion of Service Boundaries of BIDs**

Has the service district boundaries expanded since the inception of the SID (or BID)?	The Number of BIDs	%
Yes.	7	28
No.	18	72
No, it decreased in size.	-	-
Total	25	100

**Table 11 Changes of BIDs' Budgets**

Has the budget of the SID (or BID) increased in the past three years?	The Number of BIDs	%
Yes. more than 10%	5	20
Yes. about 5-10%	4	16
Yes. less than 5%	5	20
No change/Decrease	11	44
Total	25	100

The executive directors thought that the size of the budget has been increased because of the increased property values due to new development or new businesses. The expansion of services, new programs or projects increased their budget size. Other than these increases, incremental changes have occurred because of inflation costs. The assessments have also fluctuated because of the influx or outflow of businesses in the areas. However, certain districts experienced several tax appeals, requesting lower assessments. The board members also did not want to raise the assessment rates despite

reduced assessment revenues because of the sensitivity of raising taxes. "Political pressure" to keep the budget flat has lasted for several years. The fundraising efforts to secure sponsorships or grants have offset or increased any decreases in the budgets.

### **Differences Among Participants**

It is assumed that various participants of BIDs have different goal priorities that may cause conflicts and collaborative challenges. To measure the degree of difference among participants, questions are asked about the importance of several goals in BIDs, which are drawn from the interviews.

**Table 12 Goal Orientations Among Different Participants**

	Residents	Business owners	Property owners	All
Pedestrian friendly streets	8.78	8.28	8.4	8.61
Quality of life	8.66	8.45	8.69	8.4
Events, retail promotions, joint advertising, destination-marketing	8.52	8.57	8.53	8.44
Coordinating development plans	8.10	8.19	7.86	7.82
Safety	8.5	8.42	8.2	8.2
Parking	6.68	6.52 <sup>+</sup>	6.93	7.34
Business recruitment and development	8.67	8.19	8.66	8.14
Promoting art and culture	7.68	7.76	7.2	7.44
Building PPP	7.94	7.23	7.13	7.62
Number of Respondents	19	21	15	67

\*Note: difference with other groups <sup>+</sup> p<0.1, \* p<0.05, \*\* p<0.01, \*\*\*p<0.001

Table 12 compares the different goal orientations among representatives of BIDs' boards. The requirements of certain types of representation on BIDs' boards are purposed to serve diverse populations in communities. For example, interviewees mentioned possible goal conflicts among different groups. Business owners may need more parking spaces for customers that may result in encroaching on residents' parking. Furthermore, participants may have different priorities of goals that reflect the needs of their

representing populations. Although the results showed differences in goals, the findings do not reveal the statistically significant differences among different types of participants. Different participants may have successfully built common goals for them through BIDs regardless of their representation. This may need further investigation. Since respondents have multiple representations, both residents and business owners in the areas, these identities may offset differences of sub-groups. Furthermore, different goals may be prioritized because of various pre-existing conditions of BIDs themselves.

Participants perceived BID's performance differently (See Table 13). Overall, business owners rated them higher than others did. Residents are the second highest evaluators, and property owners assessed lower than others did. However, the differences among them do not have statistically significance results except for one item. Perhaps, property owners are more sensitive to outcomes, because they may not feel less satisfied with performance of BIDs or cannot directly enjoy the outcomes, such as the increase of property values. On the contrary, business owners may feel more satisfied, because they may benefit directly from daily services of BIDs. Residents rated the parking and pedestrian friendly street problem at the lower level. Out of 10 points, respondents evaluated the average as 7.54 points of overall performance of BIDs.

**Table 13 Performance Evaluation Among Different Participants**

	Residents	Business owners	Property owners	All
Overall performance	7.63	7.9	7.53	7.54
Quality of life	7.26	7.45	6.66	7.18
Pedestrian friendly streets	6.63	7.2	6.86	7.04
Safety	7.77	7.9	7.06	7.46
Parking	6.05	5.85	6.2	6.53
Business friendly environment	6.89	7.6	7.06	7.28
Community development	7.05	7.45	6.4	7.33
Art and culture	7.05	6.7	6.13	7.03

Building PPP	6.78	6.8	5.86*	7.12
Number of Respondents	19	20	15	66

\*Note: difference with other groups <sup>+</sup> p<0.1, \* p<0.05, \*\* p<0.01, \*\*\*p<0.001

Although the difference was not statistically different among groups, participants have different managerial orientations (Table 14). Residents value managerial factors more highly than the other two groups. On average, respondents perceive the importance of communication and building trust for successful BIDs. Residents highly value building trust and balancing diverse interests.

**Table 14 Managerial Orientations Toward Successful BIDs**

	Residents	Business owners	Property owners	All
Building trust	9.21	8.65	8.66	8.93 (2)
Balancing diverse interests	9.26 <sup>+</sup>	8.15	8.06	8.59 (4)
Building P-P Partnerships	8.47	8.15	8.86	8.48 (5)
Professional capacity to manage	8.78	8.65	8.66	8.69 (3)
Innovative approaches	8.78	8.2	8.4	8.49 (7)
Adaptation to change	8.52	8.2	8.4	8.57 (6)
Communication	9.10	8.8	8.93	9.13 (1)
Number of Respondents	19	20	15	66

\*Note: difference with other groups <sup>+</sup> p<0.1, \* p<0.05, \*\* p<0.01, \*\*\*p<0.001

**Table 15** reveals the different public value orientation among participants. On average, respondents value "efficient use of resources" as the most important among various public values and "citizen participation in decision making", the least. Business owners and property owners perceived less value in "meeting the needs of community" and "balancing diverse interests." These findings reflect that participants of BIDs tend to have higher orientations on certain public values.

**Table 15 Public Value Orientations Toward Successful BIDs**

	Residents	Business owners	Property owners	All(rank)
Public insight and transparency	8.52	8.1*	8.2 <sup>+</sup>	8.89 (3)

Meeting the needs of community	8.68	8.05**	8.33	8.92 (2)
Efficient use of resources	9.21	8.8	8.66	9.16 (1)
Balancing diverse interests	8.78	8.2	7.86*	8.71 (5)
Management flexibility	8.47	8.5	8.33	8.66 (6)
Innovation	8.84	8.55	8.86	8.83 (4)
Citizen participation in decision making	6.84	6	6.66	7.12 (9)
Helping the community move forward	8.84	8.15	8.33	8.63 (7)
Public-Private Partnership	8.78	8.1	8.73	8.56 (8)
Number of Respondents	19	20	15	66

\*Note: difference with other groups <sup>+</sup> p<0.1, \* p<0.05, \*\* p<0.01, \*\*\*p<0.001

The following analyses are conducted to test the hypotheses concerning whether the governance structure and management may perceive goals and performance differently. The hypotheses assumed that a governance body (board/trustee members) may be perceived differently than a management body (executive directors), because they represent different populations with varying interests. Overall, executive directors rate most of the evaluated items higher than others do. Perhaps, as a responsible body for management of BIDs, they may have higher goal and managerial orientations.

Furthermore, members who pay for the assessments may think differently than others, because they are the ones paying for the cost of services. BIDs have been funded by special assessments or fees through voluntary taxation. However, it was not difficult to encounter the situations that BIDs have been opposed by those who do not think their prices are worth it (See

Appendix H - News Articles: challenges in BIDs for cases in detail). Different perceptions of payers can be problems, because they can cause conflicts among the participants. Table 16 displays the different goal orientation of payers. Although they perceived certain goals more important than others thought of them, the difference was not statistically significant.

**Table 16 Goal Orientations Among Different Participants**

	executive directors	boards	Pay	All
Pedestrian friendly streets	8.76	8.52	8.44	8.61
Quality of life	8.52	8.3	8.81	8.4
Events, retail promotions, joint advertising, destination-marketing	8.56	8.38	8.44	8.44
Coordinating development plans	7.84	7.80	8.22	7.82
Safety	8.37	8.09	8.27	8.2
Parking	8.4**	6.71	7.16	7.34
Business recruitment and development	8.52	7.92	8.27	8.14
Promoting art and culture	7.24	7.57	7.61	7.44
Building PPP	8.36 <sup>+</sup>	7.19	7.16	7.62
Number of Respondents	25	42	18	67

\*Note: difference with other groups <sup>+</sup> p<0.1, \* p<0.05, \*\* p<0.01, \*\*\*p<0.001

**Table 17 Performance Evaluation Among Different Participants**

	executive directors	boards	Pay	All
Overall performance	7.88	7.34	7.16	7.54
Quality of life	7.56	6.95	6.55	7.18
Pedestrian friendly streets	7.2	6.95	6.22 <sup>+</sup>	7.04
Safety	7.56	7.4	7.05	7.46
Parking	6.6	6.31	5.66	6.53
Business friendly environment	7.48	7.17	6.94	7.28
Community development	7.8	7.04	6.44 <sup>+</sup>	7.33
Art and culture	7.16	6.95	5.94 <sup>+</sup>	7.03
Building PPP	8.2**	6.46**	5.83*	7.12
Number of Respondents	25	42	18	67

\*Note: difference with other groups <sup>+</sup> p<0.1, \* p<0.05, \*\* p<0.01, \*\*\*p<0.001

**Table 18 Managerial Orientations Toward Successful BIDs**

	executive directors	boards	Pay	All (Rank)
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Building trust	9.44 <sup>+</sup>	8.63 <sup>+</sup>	8.61	8.93 (2)
Balancing diverse interests	9	8.34	7.88 <sup>+</sup>	8.59 (4)
Building P-P Partnerships	9.36**	7.95**	8.38	8.48 (5)
Professional capacity to manage	9.4*	8.26*	8.66	8.69 (3)
Innovative approaches	8.8	8.12	8.16	8.49 (7)
Adaptation to change	9	8.31	8.27	8.57 (6)
Communication	9.6 <sup>+</sup>	8.85 <sup>+</sup>	8.61	9.13 (1)
Number of Respondents	25	41	18	66

\*Note: difference with other groups <sup>+</sup> p<0.1, \* p<0.05, \*\* p<0.01, \*\*\*p<0.001

Executive directors also perceive the importance of public values more highly than others do. They perceive the importance of management flexibility and innovation highly as well as collaboration related public values, such as balancing diverse interests and public-private partnerships. The differences are statistically significant. Executive directors also consider the "public insights and transparency" as one of critical values for BIDs. On the contrary, payers perceive relatively less value on multiple items related to public values despite overall high public values orientations (The average scores ranged from 6.38 to 8.88, out of 10 points).

**Table 19 Public Value Orientations Toward Successful BIDs**

	executive directors	boards	Pay	All
Public insight and transparency	8.96 <sup>+</sup>	8.85	8.33	8.89 (3)
Meeting the needs of community	9	8.87	8.22*	8.92 (2)
Efficient use of resources	9.48	8.97	9	9.16 (1)
Balancing diverse interests	9.28*	8.36*	7.77**	8.71 (5)
Management flexibility	9.4**	8.21**	8.05	8.66 (6)
Innovation	9.36*	8.51*	8.66	8.83 (4)
Citizen participation in decision making	7.64	6.80	6.16*	7.12 (9)
Helping the community move forward	8.72	8.58	7.83 <sup>+</sup>	8.63 (8)
Public-Private Partnership	9.28*	8.12*	8.33	8.56 (7)
Number of Respondents	25	41	18	66

\*Note: t-test difference with other groups <sup>+</sup> p<0.1, \* p<0.05, \*\* p<0.01, \*\*\*p<0.001

### Regression Analysis

To explore the effects of various factors on performance, a regression analysis

(OLS) is used. It is assumed that greater support and capacity of BIDs may lead to higher performance. To distinguish the effect of each factor, one base model includes independent variables related to "legitimacy and authority," such as government support, community support, and representation (See Table 7). The other base model includes independent variables related to "capacity," such as executive capacity, board participation, and coordinating capacity (See Table 8).

- Base model I for support variables:  $Y(\text{Perform}) = \alpha + b_1 \text{GovSupport} + b_2 \text{ComSupport} + b_3 \text{RepSupport} + \text{controls} + \varepsilon$
- Base model II for capacity variables:  $Y(\text{Perform}) = \alpha + b_4 \text{ExeCapacity} + b_5 \text{BoardCapacity} + b_6 \text{CoCapacity} + \text{controls} + \varepsilon$

To observe the mediating role of collaboration, the interaction terms are added in the following models. The interaction terms will explain the indirect effect on outcome variables.

- Model 1-1:  $Y(\text{Perform}) = \alpha + b_{11} \text{GovSupport} + \text{controls} + \varepsilon$
- Model 1-2:  $Y(\text{Perform}) = \alpha + b_{12} \text{GovSupport} + b_{13} (\text{GovSupport} \times \text{Collabo}) + \text{controls} + \varepsilon$
- Model 2-1:  $Y(\text{Perform}) = \alpha + b_{21} \text{ComSupport} + \text{controls} + \varepsilon$
- Model 2-2:  $Y(\text{Perform}) = \alpha + b_{22} \text{ComSupport} + b_{23} (\text{ComSupport} \times \text{Collabo}) + \text{controls} + \varepsilon$
- Model 3-1:  $Y(\text{Perform}) = \alpha + b_{31} \text{RepSupport} + \text{controls} + \varepsilon$
- Model 3-2:  $Y(\text{Perform}) = \alpha + b_{32} \text{RepSupport} + b_{33} (\text{RepSupport} \times \text{Collabo}) + \text{controls} + \varepsilon$
- Model 4-1:  $Y(\text{Perform}) = \alpha + b_{41} \text{ExeCapacity} + \text{controls} + \varepsilon$
- Model 4-2:  $Y(\text{Perform}) = \alpha + b_{42} \text{ExeCapacity} + b_{43} (\text{ExeCapacity} \times \text{Collabo}) + \text{controls} + \varepsilon$
- Model 5-1:  $Y(\text{Perform}) = \alpha + b_{51} \text{BoardCapacity} + \text{controls} + \varepsilon$
- Model 5-2:  $Y(\text{Perform}) = \alpha + b_{52} \text{BoardCapacity} + b_{53} (\text{BoardCapacity} \times \text{Collabo}) + \text{controls} + \varepsilon$
- Model 6-1:  $Y(\text{Perform}) = \alpha + b_{61} \text{CoCapacity} + \text{controls} + \varepsilon$



- Model 6-2:  $Y(\text{Perform}) = \alpha + b_{62} \text{CoCapacity} + b_{63} (\text{CoCapacity} \times \text{Collabo}) + \text{controls} + \varepsilon$

### Control Variables

To control other factors affecting the dependent variable, the following demographic characteristics and job related variables are included in the model (See Appendix I - Descriptive Statistics for more information about control variables).

- Executive director: managerial body ( $ed=1$ ) /governing body (board/trustees)
- Tenure: periods of serving as a board/trust member or managing director
- Budget: annual budget sizes of BID: Less than \$100,000 = 1, Less than \$250,000 = 2, Less than \$1,000,000 = 3, Less than \$2,000,000 = 4, Less than \$3,000,000 = 5, More than \$3,000,000 = 6
- Old BID: start years of BIDs - If a BID is operating longer periods, it could have more equipped with success factors due to organizational maturity (more support or capacity).
- Type of DMC: nonprofit ( $tnon$ ) = 1 /other types = 0 - The type of DMC may have different managerial styles and different priorities.
- Sex: women=1/men=0
- Race: white=1/others=0

Table 20 provides descriptive statistics and inter-correlations for the sample. The correlation matrix shows that the intercorrelations between variables are below 0.8. Collinearity is very likely to exist. The variation inflation factor (VIF) was tested in order to more accurately diagnose collinearity. The results for VIF suggest that collinearity was not an issue. Performance (q14\_1) was positively related with community support (q8), collaboration (q9), board representation (q11), and coordinating capacity (q12). The correlations between the dependent variables and "balancing interests" (q10) were not significant.

Table 20 Descriptive statistics (Correlations)

		Q14_1	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12
DV	Q14_1	1									
	Q4	0.5631*	1								
	Q5	0.6563*	0.6023*	1							
	Q6	0.5974*	0.3791*	0.3803*	1						
	Q7	0.4744*	0.3663*	0.2856	0.4112*	1					
	Q8	0.7065*	0.6123*	0.5980*	0.4526*	0.3960*	1				
	Q9	0.7289*	0.6197*	0.6620*	0.6708*	0.3453*	0.7119*	1			
	Q10	0.2865	-	0.3265*	0.3116*	-	0.2635	-	1		
	Q11	0.7409*	0.6996*	0.6707*	0.5184*	0.5060*	0.7449*	0.7248*	0.3069	1	
	Q12	0.7475*	0.6996*	0.7322*	0.6577*	0.4639*	0.6081*	0.7792*	0.3399*	0.7846*	1

\*Note: \* p<0.05, \*\* p<0.01, \*\*\*p<0.001

The results of regression analysis without control variables appear in Table 21. All three support-related variables (support from government, support from community and representation of board) are positively associated with performance. Among the capacity-related and collaboration-related variables, coordinating capacity (q12) and collaboration among partners (q9) are positively and statistically significantly associated with performance.

**Table 21 Results of Hierarchical Regression Analyses on Performance**

Dependent variable: overall performance (q14_1)					
Capacity	q14_1	Support	q14_1	Collaboration	q14_1
q6 - ED	0.341 (0.246)	q5 - gov	0.457* (0.208)	q4- common goals	0.303 (0.207)
q7 - Board	0.285 (0.189)	q8 - com	0.624* (0.249)	q9-collaboration	1.313*** (0.234)
q12 - Co	1.178*** (0.227)	q11 - rep	0.753** (0.268)	q10- balancing interests	0.184 (0.132)
_cons	-0.320 (0.924)		-0.205 (0.773)		0.0786 (0.859)
N	66		66		66
adj. R-sq	0.573		0.613		0.543

\*Note: Values are unstandardized coefficients.

Standard errors in parentheses, \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

The results of regression analysis using "support" variables appear in Table 22. As predicted, all three predictors, (support from government, support from community and representation of board) are positively associated with performance. Particularly, the impact of board representation (q11) on performance is positively related and statistically significant. Participants of BIDs who perceive higher degrees of representativeness of boards report a higher level of performance. The test of the mediation effect of collaboration is presented in Table 22. Collaboration mediates the effects of community support on performance. (See the model M2-1 and M2-2 in Table 22). This suggests that community support is positively associated with performance through collaboration. Thus,

efforts to improve performance should examine the conditions under which community support enhances collaboration.

Table 23 displays the results of regression analysis. The capacity factors of performance are positively related in all models. Among three independent variables indicating capacity, coordinating capacity (q12) is significantly associated with performance. These results indicate that participants who perceive higher organizational capacities report higher performance of BIDs. The interaction term “Capacity x Collaboration” represents the indirect effects of collaboration on performance. This suggests that collaboration could mediate the effect of capacity variables on performance.

Among control variables, longer years of participation is significantly associated and with performance in certain models. Other control variables are statistically not significant.

**Table 22 Results of Hierarchical Regression Analyses on Performance (Support)**

Model	Base I	M1-1	M1-2	M2-1	M2-2	M3-1	M3-2
Support	Dependent variable: overall performance (q14_1)						
q5 - gov	0.257	1.117***	-0.596				
	(0.270)	(0.246)	(0.513)				
q8 - com	0.585			1.440***	0.0699		
	(0.321)			(0.262)	(0.662)		
q11 - rep	1.015**					1.618***	0.468
	(0.359)					(0.240)	(0.700)
Interaction terms [Support x Collaboration]							
q5xq9			0.312***				
			(0.0850)				
q8xq9					0.235*		
					(0.105)		
q11xq9							0.179
							(0.102)
Controls							
old	-0.228	-0.433	-0.351	-0.335	-0.348	-0.210	-0.247
	(0.187)	(0.224)	(0.197)	(0.210)	(0.201)	(0.194)	(0.190)
budget	0.306	0.0148	-0.203	0.118	-0.0223	0.478	0.276
	(0.273)	(0.317)	(0.283)	(0.293)	(0.286)	(0.269)	(0.287)
tnon	-0.295	-0.0458	-0.340	0.109	-0.173	-0.0456	-0.282
	(0.560)	(0.687)	(0.605)	(0.619)	(0.604)	(0.563)	(0.566)
ed	-0.253	1.164	0.752	-0.0590	0.0161	-0.438	-0.257
	(0.582)	(0.613)	(0.547)	(0.589)	(0.563)	(0.547)	(0.544)
tenure	0.391	0.469	0.394	0.394	0.357	0.482*	0.434*
	(0.208)	(0.253)	(0.222)	(0.237)	(0.227)	(0.212)	(0.208)
sex	0.136	-0.494	-0.576	0.0826	-0.144	0.306	-0.0139
	(0.466)	(0.549)	(0.479)	(0.504)	(0.491)	(0.460)	(0.485)
white	-0.211	-0.137	-0.420	-0.237	-0.330	-0.524	-0.581
	(0.716)	(0.875)	(0.768)	(0.807)	(0.771)	(0.725)	(0.708)
_cons	-1.369	2.020	4.783**	1.202	3.410*	-1.261	1.381
	(1.416)	(1.479)	(1.494)	(1.411)	(1.668)	(1.468)	(2.084)
N	49	49	49	49	49	49	49
adj. R-sq	0.580	0.362	0.514	0.449	0.499	0.548	0.570

\*Note: Values are unstandardized coefficients.

Standard errors in parentheses, \* p<0.05, \*\* p<0.01, \*\*\*p<0.001

**Table 23 Results of Hierarchical Regression Analyses on Performance (Capacity)**

Model	Base II	M4-1	M4-2	M5-1	M5-2	M6-1	M6-2
capacity	Dependent variable: overall performance (q14_1)						
q6-ED	0.458 (0.339)	1.215*** (0.254)	-0.252 (0.586)				
q7-Board	0.324 (0.250)			0.898** (0.255)	-0.944* (0.431)		
q12-Co	0.847* (0.355)					1.365*** (0.245)	-0.283 (0.599)
Interaction terms [Capacity x Collaboration]							
q6*q9			0.261** (0.0955)				
q7*q9					0.341*** (0.0704)		
q12*q9							0.280** (0.0945)
Controls							
old	-0.283 (0.207)	-0.380 (0.221)	-0.353 (0.206)	-0.306 (0.248)	-0.288 (0.199)	-0.352 (0.209)	-0.326 (0.191)
budget	0.0330 (0.287)	0.0311 (0.311)	-0.152 (0.296)	0.0151 (0.342)	-0.0778 (0.274)	0.124 (0.291)	-0.0731 (0.274)
tnon	0.324 (0.670)	1.052 (0.624)	0.378 (0.629)	1.287 (0.685)	0.0342 (0.606)	-0.208 (0.635)	-0.448 (0.587)
ed	0.129 (0.591)	-0.184 (0.636)	0.00811 (0.594)	0.653 (0.658)	0.382 (0.529)	0.428 (0.568)	0.329 (0.521)
tenure	0.476* (0.234)	0.680** (0.244)	0.498* (0.236)	0.589* (0.269)	0.456* (0.217)	0.404 (0.235)	0.354 (0.216)
sex	-0.144 (0.519)	-0.503 (0.539)	-0.584 (0.500)	0.359 (0.596)	-0.234 (0.493)	-0.188 (0.501)	-0.407 (0.464)
white	-0.394 (0.792)	-0.921 (0.842)	-0.758 (0.784)	-0.710 (0.925)	-0.625 (0.740)	-0.201 (0.804)	-0.392 (0.738)
_cons	-0.304 (1.536)	1.159 (1.543)	3.865* (1.740)	1.868 (1.727)	5.241** (1.546)	1.071 (1.414)	3.933* (1.613)
N	49	49	49	49	49	49	49
adj. R-sq	0.484	0.385	0.471	0.261	0.527	0.455	0.544

\*Note: Values are unstandardized coefficients.

Standard errors in parentheses, \* p<0.05, \*\* p<0.01, \*\*\*p<0.001

Table 24 and Table 25 examine the effects of support variables and control variables on different types of performance. Board representation is significantly associated with overall performance, business friendly environment, community development, and partnership building. Governmental support is significantly associated with parking and partnership related performance.

**Table 24 Results of Hierarchical Regression Analyses on Different Types of Performance (Support) I**

	Overall performance	Quality of life	Pedestrian friendly streets	Safety	Parking
q5 - Gov	0.257 (0.270)	0.169 (0.368)	0.690 (0.415)	0.671 (0.372)	0.809* (0.370)
q8 - Com	0.585 (0.321)	0.862 (0.438)	0.271 (0.495)	0.116 (0.470)	-0.164 (0.441)
q11 - Rep	1.015** (0.359)	0.499 (0.489)	0.189 (0.552)	0.195 (0.507)	0.429 (0.493)
old	-0.228 (0.187)	-0.0163 (0.256)	0.149 (0.289)	0.0919 (0.260)	0.0614 (0.258)
budget	0.306 (0.273)	0.414 (0.372)	0.0462 (0.420)	-0.287 (0.377)	-0.584 (0.375)
tnon	-0.295 (0.560)	-0.642 (0.764)	0.336 (0.863)	0.121 (0.775)	-0.471 (0.770)
ed	-0.253 (0.582)	-0.00928 (0.793)	0.674 (0.896)	0.630 (0.809)	0.300 (0.799)
tenure	0.391 (0.208)	0.181 (0.284)	0.0920 (0.320)	-0.0538 (0.289)	-0.0502 (0.286)
sex	0.136 (0.466)	1.032 (0.636)	0.832 (0.718)	0.874 (0.660)	0.938 (0.641)
white	-0.211 (0.716)	0.301 (0.976)	1.385 (1.103)	2.342* (0.992)	2.447* (0.984)
_cons	-1.369 (1.416)	-1.133 (1.930)	-1.284 (2.181)	0.914 (1.956)	1.084 (1.946)
N	49	49	49	48	49
adj. R-sq	0.580	0.305	0.204	0.187	0.233

\*Note: Values are unstandardized coefficients.

Standard errors in parentheses, \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\* $p < 0.001$

**Table 25 Results of Hierarchical Regression Analyses on Different Types of Performance (Support) II**

	Business friendly environment	Community development	Art and culture	Property values	Partnership building
q5	0.374 (0.359)	0.314 (0.383)	0.560 (0.430)	0.432 (0.412)	0.721* (0.329)
q8	0.261 (0.428)	0.198 (0.456)	0.391 (0.512)	0.517 (0.491)	0.180 (0.392)
q11	1.219* (0.478)	1.476** (0.509)	0.749 (0.572)	0.573 (0.548)	0.967* (0.438)
old	-0.0815 (0.250)	-0.131 (0.266)	-0.322 (0.299)	0.0697 (0.287)	-0.134 (0.229)
budget	0.258 (0.364)	0.471 (0.388)	-0.163 (0.435)	0.214 (0.417)	0.160 (0.334)
tnon	-1.170 (0.746)	-0.993 (0.796)	0.330 (0.893)	-0.353 (0.857)	0.112 (0.685)
ed	-0.0860 (0.775)	-0.0894 (0.826)	-0.624 (0.927)	1.187 (0.890)	0.465 (0.711)
tenure	0.141 (0.277)	0.167 (0.295)	0.427 (0.332)	0.0241 (0.318)	0.234 (0.254)
sex	0.357 (0.621)	0.734 (0.662)	-0.181 (0.744)	0.621 (0.713)	-0.240 (0.570)
white	0.587 (0.954)	-0.703 (1.016)	-0.471 (1.141)	-0.216 (1.095)	-1.048 (0.875)
_cons	-1.486 (1.886)	-1.543 (2.011)	0.442 (2.257)	-0.514 (2.165)	-0.378 (1.730)
N	49	49	49	49	49
adj. R-sq	0.365	0.418	0.270	0.321	0.528

\*Note: Values are unstandardized coefficients.

Standard errors in parentheses, \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\* $p < 0.001$



Table 26 and Table 27 display the effects of capacity related variables and control variables on different types of performance. Coordinating capacity is significantly associated with overall performance, pedestrian friendly streets, community development and partnership building. Other variables do not display statistical significance.

**Table 26 Results of Hierarchical Regression Analyses on Different Types of Performance (Capacity) I**

	Overall performance	Quality of life	Pedestrian friendly streets	Safety	Parking
q6	0.458 (0.339)	0.556 (0.428)	0.670 (0.435)	0.811 (0.452)	0.168 (0.449)
q7	0.324 (0.250)	0.299 (0.316)	-0.496 (0.321)	-0.262 (0.316)	-0.303 (0.331)
q12	0.847* (0.355)	0.541 (0.449)	0.942* (0.456)	0.423 (0.438)	0.829 (0.471)
old	-0.283 (0.207)	-0.0330 (0.262)	0.0972 (0.266)	0.0953 (0.257)	-0.0174 (0.275)
budget	0.0330 (0.287)	0.240 (0.362)	0.0930 (0.368)	-0.341 (0.356)	-0.554 (0.380)
tnon	0.324 (0.670)	-0.00417 (0.846)	0.341 (0.860)	0.450 (0.830)	-0.296 (0.888)
ed	0.129 (0.591)	0.180 (0.746)	0.0468 (0.758)	0.0228 (0.730)	-0.0255 (0.783)
tenure	0.476* (0.234)	0.305 (0.296)	0.159 (0.301)	0.0859 (0.290)	-0.0144 (0.311)
sex	-0.144 (0.519)	0.789 (0.656)	0.459 (0.666)	0.396 (0.686)	0.876 (0.688)
white	-0.394 (0.792)	0.00748 (1.001)	1.103 (1.017)	1.866 (0.979)	2.212* (1.050)
_cons	-0.304 (1.536)	-0.936 (1.939)	-0.904 (1.970)	1.067 (1.910)	2.987 (2.035)
N	49	49	49	48	49
adj. R-sq	0.484	0.268	0.323	0.205	0.124

\*Note: Values are unstandardized coefficients.

Standard errors in parentheses, \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

**Table 27 Results of Hierarchical Regression Analyses on Different Types of Performance (Capacity) II**

	Business friendly environment	Community development	Art and culture	Property values	Partnership building
q6	0.688 (0.439)	0.162 (0.455)	0.369 (0.493)	0.517 (0.480)	0.414 (0.289)
q7	-0.0190 (0.324)	0.00175 (0.335)	0.298 (0.364)	0.101 (0.354)	-0.0299 (0.213)
q12	0.872 (0.460)	1.531** (0.477)	0.929 (0.517)	0.708 (0.503)	1.636*** (0.303)
old	-0.196 (0.269)	-0.256 (0.278)	-0.331 (0.302)	0.0303 (0.293)	-0.155 (0.177)
budget	-0.0176 (0.371)	0.171 (0.384)	-0.339 (0.417)	0.0828 (0.405)	-0.0149 (0.244)
tnon	-0.607 (0.868)	-0.961 (0.899)	0.859 (0.975)	0.174 (0.948)	0.0642 (0.570)
ed	0.0916 (0.765)	0.509 (0.792)	-0.604 (0.859)	1.165 (0.836)	0.294 (0.503)
tenure	0.239 (0.304)	0.137 (0.314)	0.485 (0.341)	0.125 (0.331)	0.197 (0.199)
sex	-0.143 (0.673)	0.298 (0.696)	-0.251 (0.755)	0.399 (0.734)	-0.510 (0.442)
white	0.356 (1.026)	-0.572 (1.063)	-0.673 (1.152)	-0.508 (1.121)	-1.018 (0.674)
_cons	0.366 (1.989)	0.661 (2.059)	0.922 (2.233)	0.225 (2.172)	-0.266 (1.307)
N	49	49	49	49	49
adj. R-sq	0.264	0.363	0.254	0.288	0.719

\*Note: Values are unstandardized coefficients.

Standard errors in parentheses, \* p<0.05, \*\* p<0.01, \*\*\*p<0.001

## Structural equation model analysis

### Collaboration

Three items are used to measure the collaboration in BIDs. However, low Cronbach's alpha value ( $\alpha = 0.5627$ , see Table 28) indicates that the items are unrelated or weakly related each other. Since three items are measuring different aspects of collaboration, three items are separately used as independent variables instead of constructing a latent variable for collaboration.

**Table 28 Measurement reliability - Collaboration items**

Collaboration - 3 items (alpha = <b>.5766</b> )	Standardized factor loading
Q4 We have successfully built agreement on common goals.	.82
Q10 It is difficult to balance diverse interests of the district.	.28
Q9 Collaboration exists between public and private partners.	.77

### Antecedents to perceived collaboration in BIDs

The first antecedent proposed to relate with collaboration in BIDs is support and legitimacy of BIDs. Three items are used to measure the "support and legitimacy." Cronbach's alpha is 0.8581 (Table 29), indicating that the reliability is highly acceptable.

**Table 29 Measurement reliability - Legitimacy & Authority items**

Latent variable: Legitimacy and Authority (alpha = <b>.8581</b> )	Standardized factor loading
Q5 There is strong support from the local government	.73
Q8 The community supports the SID/BID and management organization.	.82
Q11 The board represents stakeholders and community very well.	.91

Another important construct that may serve as an antecedent to collaboration in BIDs is organizational capacity. This construct reflects both the level of expertise of managing directors and dedication of board members. Three items are used to measure the capacity. Cronbach's alpha is 0.7555 (Table 30), indicating that the reliability is highly acceptable.

**Table 30 Measurement reliability - Capacity items**

Latent variable: Capacity (alpha = <b>.7555</b> )	Standardized factor loading
Q6 The district manager and staff of the management organization have the capacity (professional expertise) to be successful.	.76
Q7 Board (trustee) members are dedicated and participate actively.	.54
Q12 The management organization is good at coordinating partnerships with multiple stakeholders (for example, local government and the community).	.86

**Consequences of perceived collaboration**

Three items are used to measure the performance. Cronbach's alpha is 0.7846 (Table 31), indicating that the reliability is highly acceptable.

**Table 31 Measurement reliability - Performance items**

Latent variable: Performance (alpha = <b>.7846</b> )	Standardized factor loading
Q15 The cleanliness of the district has improved.	.76
Q16 The number of pedestrians has increased.	.71
Q19 The quality of life has improved in the community.	.8

The factor analysis suggests that five performance related variables do not display certain distinctiveness that distinguishes them into separate factors. However, three items are used to construct a performance variable, because different cleanliness (q15), pedestrians (q16), and quality of life (q19) variables are different from two other items related to financial returns, such as property values (q17) and vacancy rate (q18).

Nine items are used to measure the perceptions on public values. Cronbach's alpha is 0.8959 (Table 32), indicating that the reliability is highly acceptable.

**Table 32 Measurement Reliability - Public Value Items**

	Latent variable: Public Values - all 9 items (alpha = <b>.8959</b> ) Public values I - 5 items (alpha = .8165)	Standardized factor loading
q21_1	Public insight and transparency	.68
q21_2	Meeting the needs of community	.71
q21_7	Citizen participation in decision making	.72
q21_8	Helping the community move forward	.82
q21_9	Public-Private Partnership	.66
	Public values II - 4 items (alpha = .8516)	

q21_3	Efficient use of resources	.81
q21_4	Balancing diverse interests	.63
q21_5	Management flexibility	.74
q21_6	Innovation	.9

Factor analysis reports on two distinctive factors out of nine public values items. The following five items are more closely related to each other; Public insight and transparency (q1), Meeting the needs of community (q2), Citizen participation in decision making (q7), Helping the community move forward (q8), and Public-Private Partnership (q9). The other four items, distinctive from the first factor: are Efficient use of resources (q3), Balancing diverse interests (q4), Management flexibility (q5), and Innovation (q6). Although the items are not consistent with four factors as they were originally predicted, these results confirm the different constructs of public values items as predicted (See Table 9 for details).

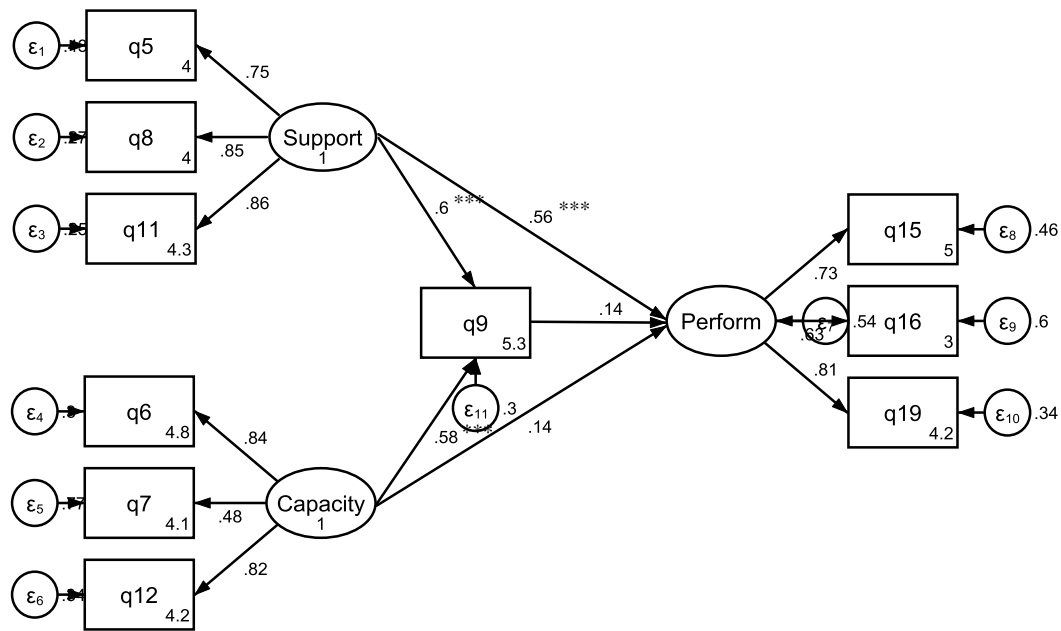
### **Analytic Strategy: Structural equation modeling**

Structural Equation Modeling (SEM) with STATA 15 was used for the assessment of the research models. SEM is a statistical method that is based on factor-analysis and path-analysis, and it allows us to estimate several latent factors and the associations between them simultaneously. This analysis aims to explore a path for successful performance of BIDs. In the direct effect models, the benefits of collaboration can influence performance as well as legitimacy and support related factors or capacity factors.

In the indirect mediating models, the collaborative advantages created by legitimacy and support factors and capacity factors will influence performance. Collaboration mediates the performance of BIDs by having more supports, representativeness, and capacity to coordinate collaboration.

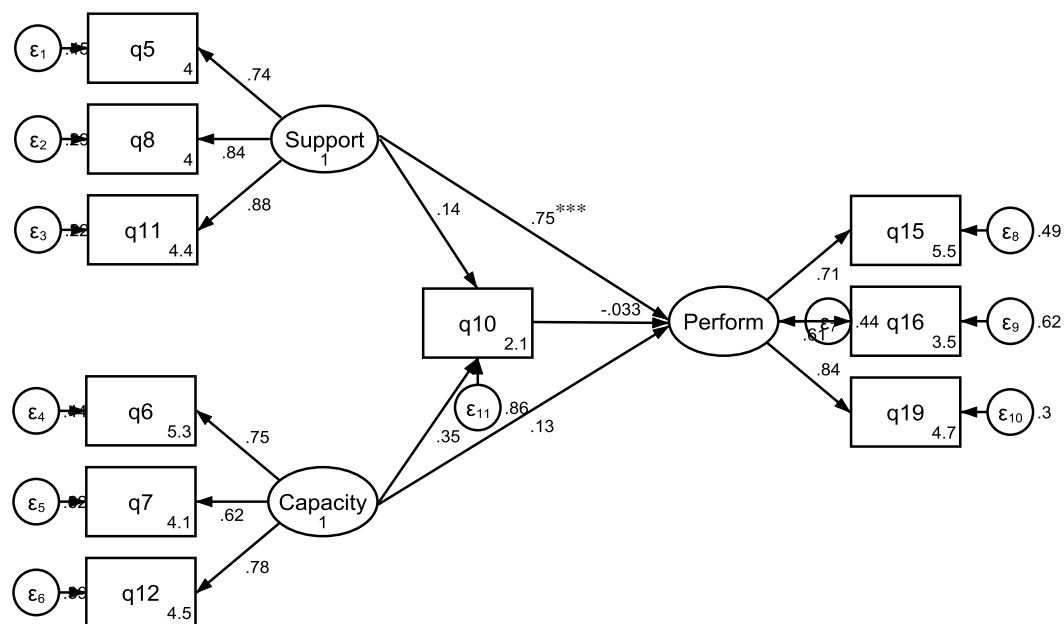
The first model explains that BIDs with support and capacity may have greater degrees of collaboration. However, this collaboration may not link to performance. Support factors are significantly associated collaboration as well as performance. However, the model fit indices do not meet commonly accepted thresholds.

**Figure 3 Results of SEM Analysis (Collaboration)**

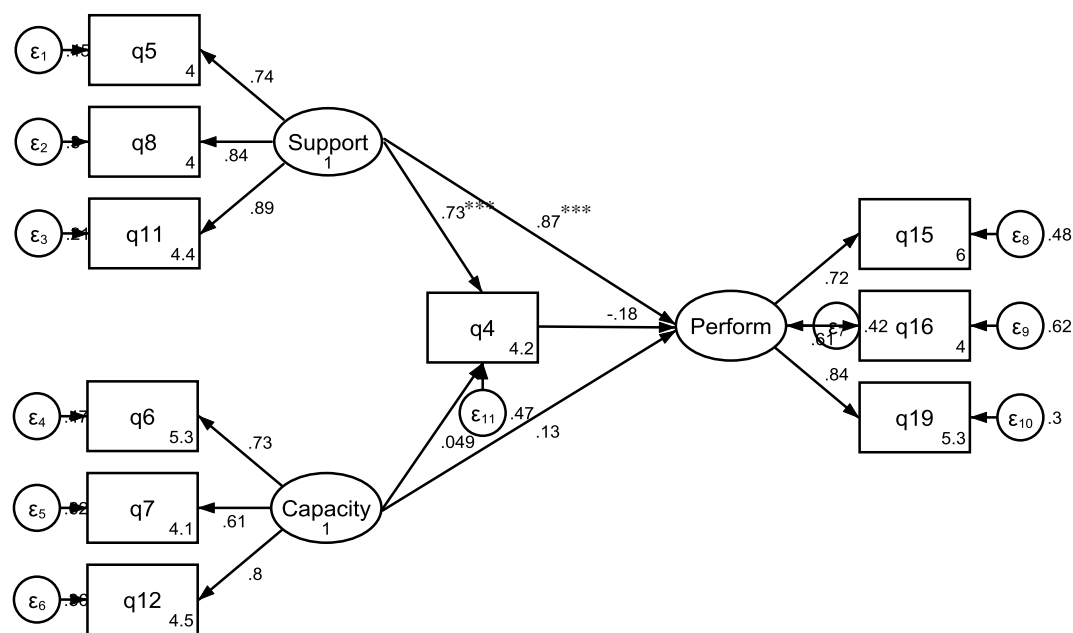


In the second model, "balancing interest" item is tested as a mediator. It is assumed that a BID, which balances multiple interests effectively, may lead to better performance. Only the support factor is positively associated with performance. However, the model fit does not fall to goodness of fit indices. The third model uses a "goal agreement" item as a mediator. Only support factor is positively associated with collaboration and performance.

**Figure 4 Results of SEM Analysis (Balancing Interests)**



**Figure 5 Results of SEM analysis (Goal agreement)**



### Voluntary participation as a Board/Trustee member

Board and trustee members voluntarily participate in collaborative governance of BIDs. However, the degree of commitment can be different among each other. About 50 percent of board/trustee members answered their estimated hours of work is less than 5 hours per week (See Table 33 below for details).

**Table 33 Volunteering Time**

Can you estimate hours of volunteering for the SID (or BID)?	Number of respondents	%
Less than 1 hour per week	6	27
Less than 5 hours per week	11	50
Less than 10 hours per week	4	18
Less than 20 hours per week	1	5
Less than 40 hours per week	-	-
More than 40 hours per week	-	-
Total	22	100

Interviewees said board/trustee members often have multiple identities, such as residents, business owners, or property owners. These multiple identities do not specify their sectoral representation. However, participants perceive the sectoral differences, such as cultural or language differences while they collaborate in BIDs. One question is designed to ask the way that participants perceive themselves representing one of three sectors. About 50% of respondents described themselves from the nonprofit sector. Perhaps, board/trust members are volunteers serving for the district managing corporations, which are mostly nonprofit organizations.

**Table 34 Sectoral identity**

Which of the following categories best describes the group that you represent?	Number of respondents	%
Nonprofit: community nonprofit organizations, volunteers	13	50
For-profit: retail business owners, renters, landlord, professionals	10	38
Public: government liaison, business administrators, mayors, legislators	3	12



Total	26	100
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The importance of board recruiting and representation was mentioned frequently during the interviews. Thus, one question was asked to examine the motivations of board/trustee members. Various and complex reasons can motivate individuals. Many respondents chose the multiple reasons out of choices. The most frequent answer was because of "sense of community" (See Table 35 for the details).

**Table 35 Motivation to Serve**

What motivated you to serve as a volunteer board member? (Choose all applicable)	Number of respondents	Rank
Asked to serve	14	2
Sense of community	19	1
Concerned citizen	13	4
Public service mind	14	2
Other <sup>10</sup>	9	5
Total (# of respondents)	34	

From the interview and newspaper searches, it is assumed that board/trustee members are actively participants of other kinds of volunteering. About 69% of respondents are serving for other boards as well (See Table 36 below).

**Table 36 Serving for Other Boards**

Do you serve on any other boards?	Number of respondents	%
Yes	20	69
No	9	31
Total	29	100

<sup>10</sup> Responses for other motivations: due to professional background, to protect property values and implementation of better zoning, as a liaison for the library, just to see so much potential and want to help, to help the district become a great people-oriented place to live and work, as a business owner, property owner, resident, and homeowner in the district, as a vested business owner, to improve business profits, so rents will rise, and "This had to happen or the town would die".

## Summary

**Table 37 Summary Findings of Regression Analysis (Base Models)**

Model	Hypotheses	Direction	Findings
Base I	H1-1 Support from government	+	Not supported
Base I	H1-2 Support from community	+	Not supported
Base I	H1-3 Representation	+	Supported
Base II	H2-1 Capacity of Executive directors	+	Not supported
Base II	H2-2 Active participation of Board	+	Not supported
Base II	H2-3 Coordinating capacity	+	Supported

**Table 38 Summary Findings of Regression Analysis (Mediating Effect of Collaboration)**

Model	Hypotheses	Direction	Findings
M1-1	H1-1 Support from government (direct)	+	Supported
M1-2	Mediating effect (indirect)	+	Supported
M2-1	H1-2 Support from community	+	Supported
M2-2	Mediating effect (indirect)	+	Supported
M3-1	H1-3 Representation	+	Supported
M3-2	Mediating effect (indirect)	+	Not supported
M4-1	H2-1 Capacity of Executive directors	+	Supported
M4-2	Mediating effect (indirect)	+	Supported
M5-1	H2-2 Active participation of Board	+	Supported
M5-2	Mediating effect (indirect)	+	Supported
M6-1	H2-3 Coordinating capacity	+	Supported
M6-2	Mediating effect (indirect)	+	Supported

## **CHAPTER SEVEN: DISCUSSION AND IMPLICATIONS**

### **Theoretical Contributions**

This dissertation explored the collaborative features of Business Improvement Districts (BIDs) and the way that multiple participants are involved in governance and management to create public value. Unlike previous studies on BIDs, this research focused on various participants from different sectors to examine their varying goals and values. In this sense, the study contributed to the enhancement of our understanding of collaborative governance and management in the field of public administration.

The qualitative approach examined the way that various participants from the public and private sectors collaborate to create public value through the BIDs. This study tries to explain BIDs in a context of private actions for the public good. The previous research provided the descriptive data on nationally dispersed districts. Other empirical research focused on the initial conditions and environments that influence the creation or disappearance of districts as well as the effect on quantifiable outcomes. However, researchers have neglected the cross-sector collaboration (CSC) of BIDs, particularly with regard to the way that multiple stakeholders are involved in governance and management. Using a mixed methods model allowed for an exploration into the CSC of BIDs in order to reveal its opportunities and challenges.

The findings suggest that various participants create collaborative advantages and challenges that require managerial efforts. First, this study explores the collaborative governance of BIDs from the lens of "legitimacy and authority" factors, suggested in the public values creation model. Participants of BIDs maintained that strong support from government and communities as well as representativeness of governance bodies are

critical for successful BIDs. These collaborative features can enhance the legitimacy and authority of BIDs and create more productive working environments by reducing conflicts among multiple participants.

Second, the capacity of executive directors and board/trust members as well as coordination capacity was discussed for successful BIDs. These managerial capacities are necessary to implement daily services and improvise plans for collaboration. Executive directors have the experience to manage BIDs and provide necessary knowledge and plans to boards. Furthermore, they need to know how BIDs can work closely with governments for success. Communication with multiple stakeholders is a necessary skill for collaboration. Moreover, board/trustee members can bring their own expertise into BIDs and contribute to communities.

Third, this study examined the way that collaboration works as a mediator of governance and management for performance. Although it is difficult to prove the effectiveness of certain types of performance and public values, capacity and support for BIDs creates collaborative environments and influences perceptions of their performance. Thus, it is necessary to develop more strategies to augment capacity and support factors for success.

### **Public Policy and Management Implications**

The findings of this research provide suggestions and implications for the field of public administration. First, the findings provide explanatory factors of BIDs' successes or failures. A successful collaboration requires legitimacy and support from governments and communities as well as representativeness of BIDs. Furthermore, BIDs need to have

enough capacity and competence to deliver services and coordinate with different partners.

Second, BIDs are community initiatives to encounter economic and environmental changes. The findings imply that collaboration can be built on active participation of individuals and organizations across sectors. The hybrid governance structures have strength in providing special types of public services. However, it requires careful planning to balance the needs of whole communities.

Third, BIDs are independent entities operating through partnerships with municipal governments and various stakeholders. However, BIDs are different from general governments, because they are politically vulnerable to the whims of multiple partners. Citizens who pay special assessments or fees for BIDs can request to terminate a BID when they do not see any benefit from their payments. Governments may want to change the managing structure of BIDs or discontinue them. Thus, the legitimacy and authority created needs to be continuously enhanced by achieving changes and through improvements benefiting communities. Furthermore, the support or guidance from the state government may help the BIDs to reduce trials and errors at the inception stage and to enhance accountability mechanisms.

Fourth, this research discussed public values in the context of performance. In practice, public values are perceived and actualized through performance. Public values created through BIDs need to incorporate multiple aspects. Public values triangles and public values scorecard provide research lenses to examine various perspectives of performance. Public value frames may need to be applied for further analysis, such as financial, legal, organizational, and market values (Nabatchi, 2017).

## Limitations

This dissertation has several limitations despite the theoretical contributions and practical implications. First, this exploratory research can be biased due to reliance on qualitative methods. Qualitative methods have the strength to explore under-researched topics by providing stories and thoughts from participants. However, judgmental decisions of a researcher could be involved in the process of interpreting qualitative data. Although it is unavoidable in a study on social phenomena, it requires further examination to generalize the findings in different contexts.

To supplement this limitation, this study used survey data. However, as predicted, it was difficult to get responses from board/trust members. Executive directors were directly contacted, but the board/trust members were indirectly contacted through executive directors. Perhaps, this pass-through contacting method caused a low response rate of board/trust members. As executive directors suggested, board/trust members are volunteers engaged in BIDs, which are different from executive directors engaged as full-time managerial positions. They may have lower commitments, which may lead to fewer interests in survey participation. Perhaps, online surveying may cause a lower response rate. As a result, the survey sample does not represent all the various BIDs. Thus, the generalization of the findings of this survey need careful attention.

Furthermore, the research is not free from common source bias. The interviewees may participate in the survey as respondents. The common source bias may inflate the relationships in the analysis. In particular, public values and cross-sector collaboration are multi-faceted constructs. Hence, future work is needed to use multiple measures of each construct.

This is a cross-sectional study, which does not include changes and trends caused by certain factors over time in BIDs. As discussed, a BID sustained longer may experience more challenges and opportunities that affect collaboration of participants. Although this study tried to include time factors, as a cross-sectional study there are limitations to explain causality.

### **Directions for Future Research**

There are several suggestions for future research. This study only examined BIDs in New Jersey. It is necessary to extend the study to other BIDs and special governments to generalize the findings and explore other collaborative features. Other cases of coproduction and collaboration with governments may provide insight to BIDs.

BIDs are public efforts to overcome the economic challenges in urban areas. This suggests that a more comprehensive approach to understanding BIDs is necessary. This study focused on the collaboration of multiple participants and tried to explore the challenges and opportunities of BIDs. This approach may not provide daily practices and services of BIDs, which could explain their organizational capacity of BIDs. Future case studies on BIDs need to provide best practices and examples to explore success factors of different functions and services. Furthermore, there are other types of policies and programs working for urban areas. It is necessary to test how these different efforts work together to improve communities.

Volunteer participants of board/trust members are a major asset to BIDs. Participants address the importance of greater participation for successful BIDs. It is necessary to develop strategies to recruit boards that are more representative of communities. Since individuals have different motivations and interests, it is necessary to

explore more motivations and incentives for volunteering in public service.

Collaborative governance and management requires coordinating capacity to serve multiple stakeholders. The quality and context of collaborative leadership needs further examination. Particularly, partners from diverse cultures and interests have different perceptions towards leaders. Furthermore, coordinating collaboration requires a boundary spanning leadership, which can connect multiple perspectives of participants. This area needs to be probed to develop a quality leadership style for BIDs.



## APPENDICES

### Appendix A - IRB Study Approval - Survey



JungAh Claire Yun <claireja@scarletmail.rutgers.edu>

#### Rutgers University eIRB: Study Approved

1 message

eIRB@ored.rutgers.edu <eIRB@ored.rutgers.edu>

Wed, Nov 29, 2017 at 9:14 AM

Reply-To: eIRB@ored.rutgers.edu

To: claireja@rutgers.edu, riccucci@rutgers.edu

Cc: divya.vinnakota@rutgers.edu



**RUTGERS**  
eIRB

**Arts & Sciences IRB -  
New Brunswick**  
335 George Street  
Suite 3100, 3rd Floor  
New Brunswick, NJ 08901  
Phone: 732-235-2866

**Health Sciences IRB -  
New Brunswick/Piscataway**  
335 George Street  
Suite 3100, 3rd Floor  
New Brunswick, NJ 08901  
Phone: 732-235-9806

**Health Sciences IRB -  
Newark**  
65 Bergen Street  
Suite 511, 5th Floor  
Newark, NJ 07107  
Phone: 973-972-3608

**DHHS Federal Wide Assurance Identifier:**

FWA00003913

**IRB Chair Person:** Beverly Tepper

**IRB Director:** Michelle Watkinson

**Effective Date:** 11/29/2017

**Approval Date:** 11/27/2017

**Expiration Date:** None-Exempt

#### eIRB Notice of Approval for Initial Submission # Pro20170001865

##### STUDY PROFILE

**Study ID:** Pro20170001865

**Title:** Creating Public Values through Cross-sector Collaboration: Case of Special Improvement Districts

**Principal Investigator:** Jung Ah Yun

**Study Coordinator:** Norma Riccucci

**Co-Investigator(s):** Norma Riccucci

**Other Study Staff:** Norma Riccucci

**Sponsor:** There are no items to display

**Approval Cycle:** Not Applicable

**Risk Determination:** Minimal Risk

**Device Determination:** Not Applicable

**Review Type:** Exempt

**Expedited Category:** None-Exempt

**Exempt Category:** 2

**Subjects:** 900

**Specimens:** N/A

**Records:** N/A

##### CURRENT SUBMISSION STATUS

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<b>Submission Type:</b>	Research Protocol/Study	<b>Submission Status:</b>	Approved
<b>Approval Date:</b>	11/27/2017	<b>Expiration Date:</b>	None-Exempt

<b>Pregnancy Code:</b>	Not Applicable	<b>Pediatric Code:</b>	Not Applicable	<b>Prisoner Code:</b>	Not Applicable
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<b>Protocol:</b>	Research protocol Survey Questionnaire_Rev.docx	<b>Consent:</b>	Informed Consent Form_survey.docx.pdf Invitation email_survey.docx.pdf Research protocol.pdf	<b>Other Materials:</b>	Invitation email_survey.docx
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**ALL APPROVED INVESTIGATOR(S) MUST COMPLY WITH THE FOLLOWING:**

1. Conduct the research in accordance with the protocol, applicable laws and regulations, and the principles of research ethics as set forth in the Belmont Report.
2. **Continuing Review:** Approval is valid until the protocol expiration date shown above. To avoid lapses in approval, submit a continuation application at least eight weeks before the study expiration date.
3. **Expiration of IRB Approval:** If IRB approval expires, effective the date of expiration and until the continuing review approval is issued: **All research activities must stop unless the IRB finds that it is in the best interest of individual subjects to continue. (This determination shall be based on a separate written request from the PI to the IRB.) No new subjects may be enrolled and no samples/charts/surveys may be collected, reviewed, and/or analyzed.**
4. **Amendments/Modifications/Revisions:** If you wish to change any aspect of this study, including but not limited to, study procedures, consent form(s), investigators, advertisements, the protocol document, investigator drug brochure, or accrual goals, you are required to obtain IRB review and approval prior to implementation of these changes unless necessary to eliminate apparent immediate hazards to subjects.
5. **Unanticipated Problems:** Unanticipated problems involving risk to subjects or others must be reported to the IRB Office (45 CFR 46, 21 CFR 312, 812) as required, in the appropriate time as specified in the attachment online at: <https://orra.rutgers.edu/hssp>
6. **Protocol Deviations and Violations:** Deviations from/violations of the approved study protocol must be reported to the IRB Office (45 CFR 46, 21 CFR 312, 812) as required, in the appropriate time as specified in the attachment online at: <https://orra.rutgers.edu/hssp>
7. **Consent/Assent:** The IRB has reviewed and approved the consent and/or assent process, waiver and/or alteration described in this protocol as required by 45 CFR 46 and 21 CFR 50, 56, (if FDA regulated research). Only the versions of the documents included in the approved process may be used to document informed consent and/or assent of study subjects; each subject must receive a copy of the approved form(s); and a copy of each signed form must be filed in a secure place in the subject's medical/patient/research record.
8. **Completion of Study:** Notify the IRB when your study has been stopped for any reason. Neither study closure by the sponsor or the investigator removes the obligation for submission of timely continuing review application or final report.
9. The Investigator(s) did not participate in the review, discussion, or vote of this protocol.
10. **Letter Comments:** *There are no additional comments.*

**CONFIDENTIALITY NOTICE:** This email communication may contain private, confidential, or legally privileged information intended for the sole use of the designated and/or duly authorized recipients(s). If you are not the intended recipient or have received this email in error, please notify the sender immediately by email and permanently delete all copies of this email including all attachments without reading them. If you are the intended recipient, secure the contents

in a manner that conforms to all applicable state and/or federal requirements related to privacy and confidentiality of such information.

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Study.PI Name:  
Study.Co-Investigators:

## **Survey Invitation**

November 30, 2017

### **Rutgers University “Survey invitation on Special Improvement Districts in NJ”**

Dear executive directors and board members,

We are writing to invite your participation in a survey about special improvement districts. This is for academic research that aims to better understand how various stakeholders and managers differently or similarly view opportunities and challenges in collaborative governance and management of districts. In addition, through such internal and external stakeholders’ viewpoints, this research seeks to guide management systems of districts and to find more feasible and critical strategies for community. This survey is sponsored by the School of Public Affairs and Administration (SPAA) at Rutgers, The State University of New Jersey, Newark Campus and directed by Professor Norma Riccucci and Doctoral Student Jung Ah (Claire) Yun. It has been reviewed and approved by the Rutgers University Institutional Review Board (IRB), and if you have any questions about your rights as a participant in this study, you may contact them by telephone at (732) 235- 2866 or [humansubjects@orsp.rutgers.edu](mailto:humansubjects@orsp.rutgers.edu)

### **Participation**

You are an individual (managing director or board/trustee member) engaged in special improvement district(s) and/or DMC (district management corporation), who have been selected, so your participation is very important to the study. We would truly appreciate your taking only about 15 minutes to complete the survey.

### **Confidentiality**

This research is anonymous. Anonymous means that I will record no information about you that could identify you. There will be no linkage between your identity and your response in the research. This means that I will not record your name, address, phone number, date of birth, etc. If you agree to take part in the study, you will be assigned a random code number that will be used on each test and the questionnaire. Your name will appear only on a list of subjects and it will not be linked to the code number that is assigned to you. There will be no way to link your responses back to you. Therefore, data collection is anonymous.

The research team and the Institutional Review Board at Rutgers University are the only parties that will be allowed to see the data, except as may be required by law. If a report of this study is published, or the results are presented at a professional conference, only group results will be stated. All study data will be kept for three years after the study completed.

### **Questions about the Research**

If you have questions regarding this study, you may contact Ms. Jung Ah (Claire) Yun at 201-838-8931 or [claireja@rutgers.edu](mailto:claireja@rutgers.edu).

### **Questions about your Rights as Research Participants**

If you have questions you do not feel comfortable asking the researcher, you may contact my Faculty Advisor, Dr. Riccucci, School of Public Affairs and Administration (SPAA), Rutgers University-Newark at [riccucci@rutgers.edu](mailto:riccucci@rutgers.edu) Or contact the Institutional Review Board at Rutgers (which is a committee that reviews research studies in order to protect research participants) at 732-235-2866, or [humansubjects@orsp.rutgers.edu](mailto:humansubjects@orsp.rutgers.edu)

Please click on the link below to begin the survey:

Survey link: [URL]

Thank you for your help and time by completing the survey.

Sincerely,

Claire Yun

**Jung Ah (Claire) Yun**

PhD Candidate

Rutgers University–Newark

School of Public Affairs and Administration (SPAA)

111 Washington Street, Newark, NJ 07102

[spaa.newark.rutgers.edu](http://spaa.newark.rutgers.edu)

Phone: 201-838-8931

Email: [claireja@rutgers.edu](mailto:claireja@rutgers.edu)

## **Informed Consent Form**

### **CONSENT FORM** **FOR ANONYMOUS DATA COLLECTION**

You are invited to participate in a research study that is being conducted by Claire Yun, who is a doctoral student in the School of Public Affairs and Administration at Rutgers University. The purpose of this research is to better understand how various stakeholders and managers view opportunities and challenges in district management and governance. In addition, through such internal and external stakeholders' viewpoints, this research seeks to guide governance and management systems of districts and to find more feasible and critical strategies for achieving community improvements.

This research is anonymous. Anonymous means that I will record no information about you that could identify you. There will be no linkage between your identity and your response in the research. This means that I will not record your name, address, phone number, date of birth, etc. If you agree to take part in the study, you will be assigned a random code number that will be used on each test and the questionnaire. Your name will appear only on a list of subjects, and will not be linked to the code number that is assigned to you. There will be no way to link your responses back to you. Therefore, data collection is anonymous.

The research team and the Institutional Review Board at Rutgers University are the only parties that will be allowed to see the data, except as may be required by law. If a report of this study is published, or the results are presented at a professional conference, only group results will be stated. All study data will be kept for three years after the study completed.

There are no foreseeable risks to participation in this study. In addition, you may receive no direct benefit from taking part in this study.

Participation in this study is voluntary. You may choose not to participate, and you may withdraw at any time during the study procedures without any penalty to you. In addition, you may choose not to answer any questions with which you are not comfortable.

If you have any questions about the study or study procedures, you may contact myself at (201) 838-8931 or [claireja@rutgers.edu](mailto:claireja@rutgers.edu). You can also contact my faculty advisor Dr. Riccucci at the School of Public Affairs and Administration (SPAA), Rutgers University-Newark, 111 Washington street, Newark, NJ07102 or [riccucci@rutgers.edu](mailto:riccucci@rutgers.edu).

If you have any questions about your rights as a research subject, please contact an IRB Administrator at the Rutgers University, Arts and Sciences IRB:

Institutional Review Board  
Rutgers University, the State University of New Jersey  
Liberty Plaza / Suite 3200  
335 George Street, 3<sup>rd</sup> Floor  
New Brunswick, NJ 08901  
Phone: 732-235-2866  
Email: [humansubjects@orsp.rutgers.edu](mailto:humansubjects@orsp.rutgers.edu)

Please retain a copy of this form for your records. By participating in the above stated procedures, then you agree to participation in this study.

If you are 18 years of age or older, understand the statements above, and will consent to participate in the study, click on the "I Agree" button to begin the survey/experiment. If not, please click on the "I Do Not Agree" button which you will exit this program.

## Appendix B - Survey Questionnaire

Dear Respondent,

Welcome to the "Survey on Special Improvement Districts" sponsored by the School of Public Affairs and Administration (SPAA) at Rutgers, the State University of New Jersey. You have been designated as a person involved in the management or governance of a Special Improvement District (Business Improvement District/ Downtown Improvement District). As such, we are interested in your thoughts on Special Improvement Districts (also known as Business Improvement Districts). The survey takes about 15 minutes to complete. We would very much appreciate your response.

Please note that your identity and that of your organization will be completely confidential; all results and information gathered in this survey will be reported only in aggregate form. Thank you for your time. We look forward to your response!

### INFORMED CONSENT

You are invited to participate in a research study that is being conducted by Claire Yun, who is a doctoral student in the School of Public Affairs and Administration at Rutgers University. The purpose of this research is to better understand how various stakeholders and managers view opportunities and challenges in district management and governance. In addition, through such internal and external stakeholders' viewpoints, this research seeks to guide governance and management systems of districts and to find more feasible and critical strategies for achieving community improvements.

This research is anonymous. Anonymous means that I will record no information about you that could identify you. There will be no linkage between your identity and your response in the research. This means that I will not record your name, address, phone number, date of birth, etc. If you agree to take part in the study, you will be assigned a random code number that will be used on each test and the questionnaire. Your name will appear only on a list of subjects, and will not be linked to the code number that is assigned to you. There will be no way to link your responses back to you. Therefore, data collection is anonymous.

The research team and the Institutional Review Board at Rutgers University are the only parties that will be allowed to see the data, except as may be required by law. If a report of this study is published, or the results are presented at a professional conference, only group results will be stated. All study data will be kept for three years after the study completed.

There are no foreseeable risks to participation in this study. In addition, you may receive no direct benefit from taking part in this study.

Participation in this study is voluntary. You may choose not to participate, and you may withdraw at any time during the study procedures without any penalty to you. In addition, you may choose not to answer any questions with which you are not comfortable.

If you have any questions about the study or study procedures, you may contact myself at (201) 838-8931 or [claireja@rutgers.edu](mailto:claireja@rutgers.edu). You can also contact my faculty advisor Dr. Riccucci at the School of Public Affairs and Administration (SPAA), Rutgers University-Newark, 111 Washington street, Newark, NJ07102 or [riccucci@rutgers.edu](mailto:riccucci@rutgers.edu).

If you have any questions about your rights as a research subject, please contact an IRB Administrator at the Rutgers University, Arts and Sciences IRB:

Institutional Review Board  
Rutgers University, the State University of New Jersey  
Liberty Plaza / Suite 3200  
335 George Street, 3<sup>rd</sup> Floor  
New Brunswick, NJ 08901  
Phone: 732-235-2866  
Email: [humansubjects@orsp.rutgers.edu](mailto:humansubjects@orsp.rutgers.edu)

Please retain a copy of this form for your records. By participating in the above stated procedures, then you agree to participation in this study. If you are 18 years of age or older, understand the statements above, and will consent to participate in the study, click on the "I Agree" button to begin the survey. If not, please click on the "I Do Not Agree" button which you will exit this program.

☐ I Agree to participate (continue survey)

☐ I Do Not agree (end survey)

Q1 Are you a(n) \_\_\_\_\_ ?

- ☐ executive director
- ☐ board (trustee) member
- ☐ other (please specify) \_\_\_\_\_

Q1a How long did you serve as a board member (or trustee) or managing director?

- ☐ less than 1 year
- ☐ less than 3 years
- ☐ less than 5 years
- ☐ less than 10 years
- ☐ more than 10 years

Q1b When did your Special Improvement District (or Business Improvement District) become started?

- ☐ less than 3 years ago
- ☐ less than 5 years ago
- ☐ less than 10 years ago
- ☐ more than 10 years ago
- ☐ I don't know.

Q1c Is your district management organization a \_\_\_\_\_?

- ☐ Government office
- ☐ Non-profit organization
- ☐ For-profit corporation
- ☐ Municipal commission
- ☐ I don't know.

Q1d The SID/BID's total annual budget is approximately

- ☐ Less than \$100,000
- ☐ Less than \$250,000
- ☐ Less than \$1,000,000
- ☐ Less than \$2,000,000
- ☐ Less than \$3,000,000



- ☐ More than \$3,000,000
- ☐ I don't know.

Q2 Are you a \_\_\_\_\_ in the district? (choose all that apply)

- ☐ resident
- ☐ business owner
- ☐ property owner
- ☐ None of above

Q2a How long have you lived, owned a property or done business in this SID/BID?  
(If you live and own business or property in different years, please choose the total length of time that you were engaged in the district.)

- ☐ less than 1 year
- ☐ less than 3 years
- ☐ less than 5 years
- ☐ less than 10 years
- ☐ more than 10 years

Q2b Are you paying the special assessment/fee for your SID/BID?

- ☐ Yes
- ☐ No

Q2c Do you have tenants?

- ☐ Yes
- ☐ No

\* Please indicate your level of agreement or disagreement with how accurately each statement portrays how you view collaboration of your Special Improvement District (Business Improvement District):

Q4 We have successfully built agreement on common goals.

- ☐ Strongly agree
- ☐ Somewhat agree
- ☐ Neither agree nor disagree
- ☐ Somewhat disagree
- ☐ Strongly disagree

Q5 There is strong support from the local government.

- ☐ Strongly agree
- ☐ Somewhat agree
- ☐ Neither agree nor disagree
- ☐ Somewhat disagree
- ☐ Strongly disagree

Q6 The district manager and staff of the management organization have the capacity (professional expertise) to be successful.

- ☐ Strongly agree
- ☐ Somewhat agree
- ☐ Neither agree nor disagree
- ☐ Somewhat disagree
- ☐ Strongly disagree

Q7 Board (trustee) members are dedicated and participate actively.

- ☐ Strongly agree
- ☐ Somewhat agree
- ☐ Neither agree nor disagree
- ☐ Somewhat disagree
- ☐ Strongly disagree

Q8 The community supports the SID/BID and management organization.

- ☐ Strongly agree
- ☐ Somewhat agree
- ☐ Neither agree nor disagree
- ☐ Somewhat disagree
- ☐ Strongly disagree

Q9 Collaboration exists between public and private partners.

- ☐ Strongly agree
- ☐ Somewhat agree
- ☐ Neither agree nor disagree
- ☐ Somewhat disagree
- ☐ Strongly disagree

Q10 It is difficult to balance diverse interests of the district.

- ☐ Strongly agree
- ☐ Somewhat agree
- ☐ Neither agree nor disagree
- ☐ Somewhat disagree
- ☐ Strongly disagree

Q11 The board represents stakeholders and community very well.

- ☐ Strongly agree
- ☐ Somewhat agree
- ☐ Neither agree nor disagree
- ☐ Somewhat disagree
- ☐ Strongly disagree

Q12 The management organization is good at coordinating partnerships with multiple stakeholders (for example, local government and the community).

- ☐ Strongly agree
- ☐ Somewhat agree
- ☐ Neither agree nor disagree
- ☐ Somewhat disagree
- ☐ Strongly disagree

Q13 Please indicate how important each **goal** is within your Special Improvement District (Business Improvement District):

	Not important						Very important				
	0	1	2	3	4	5	6	7	8	9	10
Pedestrian friendly streets (Cleaning, lighting, sidewalks, signage improvement)											
Quality of life											
Events, retail promotions, joint advertising, destination-marketing											
Coordinating development plans of the district											
Safety											
Parking											
Business recruitment and development											
Promoting art and culture											
Building public-private partnership											

Q13a Please specify the goals that are not listed above and you think important within your SID/BID.

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Q14 How would you evaluate the **performance** of your Special Improvement District (Business Improvement District)?

ctive

Very effective

	0	1	2	3	4	5	6	7	8	9	10
Overall performance											
Quality of life											
Pedestrian friendly streets											
Safety											
Parking											
Business friendly environment											
Community development											
Art and culture											
Property values											
Partnership building											

\*\* Please indicate your level of agreement or disagreement with how accurately each statement portrays your view on **performance (change)** of your Special Improvement District (Business Improvement District):

Q15 The cleanliness of the district has improved.

- ☐ Strongly agree
- ☐ Somewhat agree
- ☐ Neither agree nor disagree
- ☐ Somewhat disagree
- ☐ Strongly disagree

Q16 The number of pedestrians has increased.

- ☐ Strongly agree
- ☐ Somewhat agree
- ☐ Neither agree nor disagree
- ☐ Somewhat disagree
- ☐ Strongly disagree

Q17 The value of properties has increased in the district.

- ☐ Strongly agree
- ☐ Somewhat agree
- ☐ Neither agree nor disagree
- ☐ Somewhat disagree
- ☐ Strongly disagree

Q18 The vacancy rate (of commercial and housing properties) has decreased in the district.

- ☐ Strongly agree
- ☐ Somewhat agree
- ☐ Neither agree nor disagree
- ☐ Somewhat disagree
- ☐ Strongly disagree

Q19 The quality of life has improved in the community.

- ☐ Strongly agree
- ☐ Somewhat agree
- ☐ Neither agree nor disagree
- ☐ Somewhat disagree
- ☐ Strongly disagree



QZ1 Which of the following categories best describes the group that you represent?

- ☐ Non-profit: community nonprofit organizations, volunteers
- ☐ For-profit: retail business owners, renters, landlord, professionals
- ☐ Public: government liaison, business administrators, mayors, legislators

QZ2 Can you estimate hours of volunteering for the SID (or BID)?

- ☐ Less than 1 hour per week
- ☐ Less than 5 hours per week
- ☐ Less than 10 hours per week
- ☐ Less than 20 hours per week
- ☐ Less than 40 hours per week
- ☐ More than 40 hours per week

QZ3 What motivated you to serve as a volunteer board member? (Choose all applicable)

- ☐ Asked to serve
- ☐ Sense of community
- ☐ Concerned citizen
- ☐ Public service mind
- ☐ Other (please specify) \_\_\_\_\_

QZ4 Do you serve on any other boards?

- ☐ Yes
- ☐ No

QZ5 Choose one or more races or ethnicities that you consider yourself to be:

- ☐ White
- ☐ Black or African American
- ☐ American Indian or Alaska Native
- ☐ Hispanic
- ☐ Asian
- ☐ Native Hawaiian or Pacific Islander
- ☐ Other (please specify) \_\_\_\_\_



QZ6 What is your sex?

- ☐ Male
- ☐ Female
- ☐ Other

QZ7 What is your age?

- ☐ 18-24 years old
- ☐ 25-34 year old
- ☐ 35-44 years old
- ☐ 45-54 years old
- ☐ 55-64 years old
- ☐ over 65 years old

QZ8 What is the highest degree or level of school you have completed? (If you're currently enrolled in school, please indicate the highest degree you have *received*.)

- ☐ Less than a high school diploma
- ☐ High school degree or equivalent (e.g. GED)
- ☐ Some college, no degree
- ☐ Associate degree (e.g. AA, AS)
- ☐ Bachelor's degree (e.g. BA, BS)
- ☐ Master's degree (e.g. MA, MS, MEd, MPA, MBA)
- ☐ Professional degree (e.g. MD, DDS, DVM)
- ☐ Doctorate (e.g. PhD, EdD)

QZ9 What was your total household income before taxes during the past 12 months?

- ☐ Less than \$20,000
- ☐ \$20,000 to \$34,999
- ☐ \$35,000 to \$49,999
- ☐ \$50,000 to \$74,999
- ☐ \$75,000 to \$99,999
- ☐ \$100,000 to \$149,999
- ☐ \$150,000 to \$199,999
- ☐ \$200,000 or more

QZ10 Please write any suggestions that you have for successful management of your Special Improvement District (Business Improvement District).

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Thank you for your participation!

## Appendix C - IRB Study Approval - Interview

**RUTGERS**

Office of Research and Regulatory Affairs  
Arts and Sciences IRB  
Rutgers, The State University of New Jersey  
335 George Street / Liberty Plaza / Suite 3200  
New Brunswick, NJ 08901

orra.rutgers.edu/artsci

732-235-9806

November 7, 2016

P.I. Name: Yun  
Protocol #: E17-196

Jung Ah Yun  
School of Public Affairs and Administration  
111 Washington St.  
Newark NJ 07102

Dear Jung Ah Yun:

This project identified below has been approved for exemption under one of the six categories noted in 45 CFR 46, and as noted below:

**Protocol Title:** "Creating Public values through Cross-Sector collaboration: Case of Business Improvement Districts in New Jersey"

**Exemption Date:** 11/7/2016      **Exempt Category:** 2

This exemption is based on the following assumptions:

- **This Approval** - The research will be conducted according to the most recent version of the protocol that was submitted.
- **Reporting** - ORSP must be immediately informed of any injuries to subjects that occur and/or problems that arise, in the course of your research;
- **Modifications** - Any proposed changes **MUST** be submitted to the IRB as an amendment for review and approval prior to implementation;
- **Consent Form (s)** - Each person who signs a consent document will be given a copy of that document, if you are using such documents in your research. The Principal Investigator must retain all signed documents for at least three years after the conclusion of the research;

<b>Additional Notes:</b>	<ul style="list-style-type: none"> <li>▪ HSCP Certification will no longer be accepted after 7/1/15 (including for anyone previously grandfathered). CITI becomes effective on July 1, 2015 for all Rutgers faculty/staff/students engaged in human subject research.</li> </ul>
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Failure to comply with these conditions will result in withdrawal of this approval.

Please note that the IRB has the authority to observe, or have a third party observe, the consent process or the research itself. The Federal-wide Assurance (FWA) number for the Rutgers University IRB is FWA00003913; this number may be requested on funding applications or by collaborators.

Sincerely yours,



Acting For--  
Beverly Tepper, Ph.D.  
Professor, Department of Food Science  
IRB Chair, Arts and Sciences Institutional Review Board  
Rutgers, The State University of New Jersey

cc: Dr. Norma Riccucci (MW:hb)

## Interview Invitation

### APPENDICES

#### Attachment 3 - Interview Invitation

Subject: Rutgers University "Interview invitation on Special Improvement Districts in NJ"

Body: Dear [Name],

We are writing to invite your participation in an interview about special improvement districts. This is for academic research that aims to better understand how various stakeholders and managers differently or similarly view opportunities and challenges in collaborative governance and management of districts. In addition, through such internal and external stakeholders' viewpoints, this research seeks to guide management systems of districts and to find more feasible and critical strategies for community. This survey is sponsored by the School of Public Affairs and Administration (SPAA) at Rutgers, The State University of New Jersey, Newark Campus and directed by Professor Norma Rieccucci and Doctoral Student Jung Ah (Claire) Yun. It has been reviewed and approved by the Rutgers University Institutional Review Board (IRB), and if you have any questions about your rights as a participant in this study, you may contact them by telephone at (732) 235- 9806 or [humansubjects@orsp.rutgers.edu](mailto:humansubjects@orsp.rutgers.edu)

#### Participation

You are an individual representing an organization or a group, engaged in special improvement district(s) and/or DMC (district management corporation), who have been selected, so your participation is very important to the study. We would truly appreciate your taking only about 30 minutes to 1 hour complete the survey.

#### Confidentiality

During this web survey, the recording(s) will be used for analysis by the research team. The data gathered in this study are confidential with respect to your personal identity unless you specify otherwise. The recording(s) will be stored in a secure location accessible only to the researcher. Upon completion of the study, all information that matches up individual respondents with their answers will be destroyed. Please be assured that your answers will be completely confidential, and all results and information gathered in this interview will be reported only in aggregate form. The reported results will not identify you or your organization individually. Please note that data will be stored securely in a locked cabinet and/or restricted-access computer with a password protected database and will be made available only to persons conducting the study unless you specifically give permission in writing to do otherwise. The investigator does not perceive more than minimal risks from your involvement in this study (that is, no risks beyond the risks associated with everyday life). The investigator perceives the following are possible risks arising from your involvement with this study: potential discomfort if you cannot accurately recall information requested. This risk is minimized because you can choose not to answer any questions with which you are not comfortable.

#### Questions about the Research

If you have questions regarding this study, you may contact Ms. Jung Ah (Claire) Yun at 201-838-8931 or [claireja@rutgers.edu](mailto:claireja@rutgers.edu).

#### Questions about your Rights as Research Participants

APPROVED

IRB 07 2003

Approved by the  
Rutgers IRB

If you have questions you do not feel comfortable asking the researcher, you may contact my Faculty Advisor, Dr. Riccucci, School of Public Affairs and Administration (SPAA), Rutgers University-Newark at [riccucci@rutgers.edu](mailto:riccucci@rutgers.edu) Or contact the Institutional Review Board at Rutgers (which is a committee that reviews research studies in order to protect research participants) at 732-235-9806, or [humansubjects@orsp.rutgers.edu](mailto:humansubjects@orsp.rutgers.edu)

Sincerely,

APPROVED

NOV 07 2008

Approved by the  
Rutgers IRB

## Informed Consent Form

### Interview Consent Form

I am Claire Yun, a PhD student in the in the School of Public Affairs & Administration at Rutgers University, and I am conducting interviews for the collaborative governance and management in special improvement districts. This is for academic research that aims to better understand how various stakeholders and managers view opportunities and challenges in district management and governance. In addition, through such internal and external stakeholders' viewpoints, this research seeks to guide governance and management systems of districts and to find more feasible and critical strategies for achieving community improvements.

During this study, you will be asked to answer some questions as to your perception and experience as a participant of improvement districts governance and management. This interview was designed to be approximately a half hour to one hour in length. However, please feel free to expand on the topic or talk about related ideas. If there are any questions you would rather not answer or that you do not feel comfortable answering, please say so and we will stop the interview or move on to the next question, whichever you prefer.

This research is confidential. Confidential means that the research records will include some information about you and this information will be stored in such a manner that some linkage between your identity and the response in the research exists. Some of the information collected about you includes your identity. Please note that we will keep this information confidential by limiting individual's access to the research data and keeping it in a secure location accessible only to the researcher. The data gathered in this study are confidential with respect to your personal identity unless you specify otherwise.

The research team and the Institutional Review Board at Rutgers University are the only parties that will be allowed to see the data, except as may be required by law. If a report of this study is published, or the results are presented at a professional conference, only group results will be stated. All study data will be kept for less than three years after the completion of the study.

You are one of a small group of agency/organization representatives engaged in the governance and management of special improvement district/DMC (district management corporation), who have been selected, so your participation is very important to the study. You are aware that your participation in this interview is voluntary. You understand the intent and purpose of this research. If, for any reason, at any time, you wish to stop the interview, you may do so without having to give an explanation.

There are no foreseeable risks to participation in this study. The investigator does not perceive more than minimal risks from your involvement in this study (that is, no risks beyond the risks associated with everyday life). The investigator perceives the following are possible risks arising

For IRB Use Only. This Section Must be Included on the Consent Form and Cannot Be Altered Except For Updates to the Version Date.

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from your involvement with this study: potential discomfort if you cannot accurately recall information requested.

You have been told that the study will potentially benefit partners and stakeholders engaged collaborative public management by providing suggestions to improve their district governance and management. However, you may receive no direct benefit from taking part in this study.

This risk is minimized because you can choose not to answer any questions with which you are not comfortable. We will share the transcripts with you a few days after this project and you will have an opportunity to clarify or ask to delete any part of it. If you say anything that you believe at a later point may be hurtful and/or damage your reputation, then you can ask the interviewer to rewind the recording and record over such information OR you can ask that certain text be removed from the dataset/transcripts.

The recording(s) will be stored in a locked cabinet and/or restricted-access computer with a password protected database and will be made available only to persons conducting the study unless you specifically give permission in writing to do otherwise. No reference will be made in oral or written reports which could link you to the study. Upon the completion of the study, all the recordings will be destroyed.

If you have any questions about the study or study procedures, you may contact myself at Ms. Claire Yun at (201) 838-8931 or [claireja@rutgers.edu](mailto:claireja@rutgers.edu). You may also contact my faculty advisor Dr. Riccucci, School of Public Affairs and Administration (SPAA), Rutgers University-Newark at [riccucci@rutgers.edu](mailto:riccucci@rutgers.edu).

If you have any questions about your rights as a research participant, you can contact the Institutional Review Board at Rutgers (which is a committee that reviews research studies in order to protect research participants).

Institutional Review Board  
Rutgers University, the State University of New Jersey  
Liberty Plaza / Suite 3200  
335 George Street, 3<sup>rd</sup> Floor  
New Brunswick, NJ 08901  
Phone: 732-235-9806  
Email: [humansubjects@orsp.rutgers.edu](mailto:humansubjects@orsp.rutgers.edu)

You will be offered a copy of this consent form that you may keep for your own reference.

Once you have read the above form and, with the understanding that you can withdraw at any

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time and for whatever reason, you need to let me know your decision to participate in today's interview.

Your signature on this form grants the investigator named above permission to record you as described above during participation in the above-referenced study. The investigator will not use the recording(s) for any other reason than that/those stated in the consent form without your written permission.

Subject (Print ) \_\_\_\_\_

Subject Signature \_\_\_\_\_ Date \_\_\_\_\_

Principal Investigator Signature \_\_\_\_\_ Date \_\_\_\_\_

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## Appendix D - Interview guide

Tell me about your experience as a board member/managing director/other type of stakeholders of [the name of BIDs].

- Since when and how did you start to participate in governance and management of [the name of BIDs]?
- Can you tell me about your district? For example: starting year, composition of board members (size), boundary of SID, initiators of SID, DMC
- [Identify sector]: Do you consider you and your organization as a public, nonprofit, private? Are you a resident, business owner, property owners, nonprofit org, government official (or any other type of stakeholder or representative)?
- What do you think are the major goals of [the name of BIDs]? (list three most important ones)
- Please identify the major stakeholders of [the name of BIDs] (list three most important ones)
- [Evaluation on BIDs performance: reason of success or failure]  
What do you think about your performance of [the name of BIDs]? Please explain the reason of success or failure. What are the critical factors for your success or failure?
- [Collaborative management: advantages and challenges]  
What do you think about the collaborative management of districts and/or DMC?  
Please explain how participants of [the name of BIDs] collaborate with each other. From your experience, what are the advantages and challenges due to multiple partners engaged in district management? What do you think are the critical factors for successful collaborative management?
- [Board performance]  
What do you think about the performance of the board? Do you think the board members are well representing the stakeholders of [the name of BIDs]? Do you think all board members are actively engaged in decisions and their activities are valued? What is the key factor for successful board performance? What kind of challenges do you perceive as a member of board?
- [Communication between the board and DMC]  
How do you evaluate the performance of DMC(s)? Do you think board members and other stakeholders are well represented by current or prior DMC(s)?  
Does your SID experience of any changes in the DMC?
- [Change/Adaption] Do you experience any economic or institutional changes of districts and/or DMC while you are engaged? Do you think any changes affect the districts and/or DMC?
- [Opportunities and challenges created by collaboration: collaborative advantages/failures, and environments] What do you think are the opportunities and challenges in your district and/or DMC? Do you have any suggestions for better district management?

## Appendix E - List of Interviewees

	date	Title	Organizations/ Business	Years	County	Representa tion
1	4/21	Board	Community bank	2	Essex	-
2	4/25	Board, president	Restaurant	9	Essex	B, P, R
3	4/26	Board	Art Centre	5	Essex	N, B, P, R
4	4/26	Executive Director		Over 20	Bergen	-
5	5/9	Director		13	Essex	-
6	5/16	Board, president	Developer	5	Bergen	B, P, R
7	5/16	Trustee	Council person	-	Bergen	P, R
8	5/18	Executive Director		3	Essex	R
9	5/24	Board	Hardware shop	9	Essex	B, P, R
10	5/24	Board	Jewelers	8	Essex	B, P, R
11	5/24	Executive Director		8	Essex	-
12	5/31	Board	Library board	-	Bergen	R
13	6/1	Board, vice president	Restaurant	15	Essex	B, P, R
14	6/7	Executive Director		3	Bergen	-
15	6/7	Executive Director		15	Hudson	-
16	6/13	Trustee	Mayor	-	Bergen	G, B, P, R
17	6/14	Executive Director		Over 10	Essex	-
18	6/15	Former Board	Council person	20	Hudson	G, R, P
19	6/16	Executive Director		Over 20	Essex	-
20	6/30	Board, president	Township clerk	17	Middlesex	G

\* Note: B: business owner, P: property owner, R: resident, N: non-profit organization, G: government

## Appendix F - List of Special Improvement Districts in New Jersey

	Name	Location	Year	DMC
		Bergen county		
1	Bergenfield District Alliance	Bergenfield	1998	501(c)(3)
2	Englewood SID District Management Corp.	Englewood	1986/2018	-
3	Broadway Improvement Corp.	Fair Lawn	2005	501(c)(3)
4	River Road Improvement Corp.	Fair Lawn	1997	501(c)(3)
5	Fort Lee Business District Alliance	Fort Lee	2014	501(c)(3)
6	Hackensack Main Street Business Alliance	Hackensack	2004/2011	501(c)(3)
7	Maywood SID	Maywood	2001	Government
8	Cedar Lane Management Group	Teaneck	1995	-
		Camden county		
9	Collingswood Partners, Inc.	Collingswood	2001	501(c)(3)
10	Haddon Township BID (HTBID)	Haddon	2002	Advisory board
11	Partnership for Haddonfield	Haddonfield	2006	501(c)(4)
		Cape May county		
12	Washington Street Mall Management Company (WSMMC)	Cape May	2008	501(c)(4)
13	Ocean City SID	Ocean City	1995	-
14	Wildwoods Boardwalk SID	North Wildwood/ Wildwood	1997	501(c)(4)
15	Wildwood BID	Wildwood		501(c)(4)
		Cumberland county		
16	Main Street Millville /Glasstown Arts District	Millville	1994/2015	-
17	VDID/Main Street Vineland	Vineland	2005	-
		Essex county		
18	Bloomfield Center Alliance	Bloomfield Township	2001	501(c)(3)
19	Central Avenue BID	East Orange City		
20	Camptown BID	Irvington	2003	501(c)(6)
21	Irvington Springfield Avenue	Irvington	1997	501(c)(6)
22	Livingston Community Partnership	Livingston Township	1999	501(c)(3)
23	Maplewood Village Alliance	Maplewood Township	1996	501(c)(3)
24	Springfield Avenue Partnership	Maplewood Township	1999	501(c)(3)
25	Downtown Millburn	Millburn Township	1992	501(c)(3)
26	Montclair Center BID	Montclair	2002	501(c)(3)
27	Ironbound BID (IBID)	Newark City	2000	501(c)(3)
28	Mt. Prospect Partnership	Newark City	2007	501(c)(3)
29	Newark Downtown District	Newark City	1998/2013	501(c)(3)
30	BLCSID Partnership, Inc (Bergen-Lyons-Cliton)/Southward SID	Newark City	2013	501(c)(3)
31	West ward	Newark City	2017	
32	North and Central ward (TBD)	Newark City		
33	South Orange Village Center Alliance	South Orange	1991	501(c)(3)
34	Downtown West Orange	West Orange	1998	501(c)(3)
		Hudson County		
35	Bayonne SID	Bayonne	2002	-
36	MOTBY SID (TBD)	Bayonne		
37	Central Avenue SID	Jersey City	1992	501(c)(6)
38	Historic Downtown SID	Jersey City	1997	501(c)(6)
39	Journal Square	Jersey City	1994	501(c)(3)
40	McGinley Square Partnership/SID	Jersey City	1997	501(c)(6)

	Name	Location	Year	DMC
41	Jackson Hill Main Street /SID	Jersey City	2011	501(c)(3)
42	Exchange Place Alliance/SID	Jersey City	2017	-
		Hunterdon County		
43	Flemington Community Partnership	Flemington	2011	501(c)(3)
		Mercer County		
44	Trenton Downtown Association	Trenton	1986	501(c)(3)
		Middlesex County		
45	Carteret Business Partnership, Inc.	Carteret	2007	501(c)(3)
46	Main Street Highland Park	Highland Park	2002	501(c)(3)
47	Metuchen Downtown Alliance	Metuchen	2015	501(c)(3)
48	New Brunswick City Market	New Brunswick	1985	501(c)(6)
49	Perth Amboy BID	Perth Amboy	1991	501(c)(6)
50	Oak Tree Road SID	Woodbridge	1991	Municipal commission
51	Main Street SID/Downtown Merchants Association	Woodbridge	2007	Municipal commission
		Monmouth County		
52	Belmar Business Partnership (BBP)	Belmar	2010	501(c)(4)
53	Freehold Center Management Corporation	Freehold	1992	501(c)(4)
54	Highlands Business Partnership	Highlands	1999/2011	501(c)(3)
55	Keyport Business Alliance	Keyport	1999	-
56	Red Bank River Center	Red Bank	1991	501(c)(3)
57	Spring Lake BID (SLBID)	Spring Lake	2007	501(c)(4)
		Morris County		
58	Boonton Main Street Inc	Boonton	2014	501(c)(3)
59	Denville Downtown BID	Denville	2016	-
60	East Hanover SID	East Hanover	2005	501(c)(3)
61	Morristown Partnership	Morristown	1984/1995	501(c)(3)
62	Netcong SID	Netcong	2001	501(c)(3)
		Ocean County		
63	Seaside Heights BID	Seaside Heights	1999	501(c)(3)
64	Downtown Toms River BID/Toms River Business Development Corporation	Toms River	2002	501(c)(3)
		Passaic County		
65	Clifton Historic Botany District (CHBD)	Clifton	2005	501(c)(3)
66	Downtown Clifton Economic Development Group, Inc.	Clifton	1998	501(c)(3)
67	Bunker Hill SID	Paterson	1994	501(c)(3)
68	Downtown Paterson SID	Paterson	1997	501(c)(4)
69	21st Avenue SID	Paterson	2015	-
70	Pompton Lakes BID	Pompton Lakes	2007	501(c)(3)
		Somerset County		
71	Bound Brook Revitalization Partnership (BBRP)	Bound Brook	2014	-
72	Hamilton Street SID	Hamilton	2005	Advisory Board
73	Downtown Somerville Alliance	Somerville	1991	-
		Union County		
74	Office of Business & Economic Development	Cranford	1985/2012	Government office
75	Elizabeth Avenue Partnership	Elizabeth	1999	501(c)(3)
76	Historic Midtown Elizabeth SID	Elizabeth	1986	501(c)(3)
77	Uptown Linden Inc	Linden	1994/1999	501(c)(3)

	Name	Location	Year	DMC
78	New Providence DID	New Providence	2007	501(c)(3)
79	Plainfield SID	Plainfield	2005/2017	Government
80	Rahway Arts & Business Partnership	Rahway	1993/2009	501(c)(4)
81	Scotch Plains	Scotch Plains		-
82	Springfield SID	Springfield	2010	-
83	Summit Downtown, Inc	Summit	1986	501(c)(3)
84	Union Center SID	Union	1993	Government
85	Downtown Westfield Corporation (DWC)	Westfield	1993	501(c)(6)
		Warren County		
86	Hackettstown BID	Hackettstown	2004	501(c)(3)
87	Washington BID	Washington	2003	501(c)(3)

\* Note: The improvement districts, whose numbers are marked in red, are ones newly added to the NJDCA's census list. The ones with their names marked in red are recently approved ones.

### 31. Westward, Newark (DMC: Partnership West, Inc)

Yi, K. (January 4, 2017). Newark's West Ward finally designated special improvement district, *NJ.com*. Retrieved from

[http://www.nj.com/essex/index.ssf/2017/01/newarks\\_west\\_ward\\_finally\\_gets\\_special\\_improvement.html](http://www.nj.com/essex/index.ssf/2017/01/newarks_west_ward_finally_gets_special_improvement.html)

### 32. North and Central Ward, Newark

Yi, K. (July 18, 2017). Newark creates new business improvement district in revitalization push. *NJ.com*. Retrieved from

[http://www.nj.com/essex/index.ssf/2017/07/newarks\\_north\\_ward\\_gets\\_second\\_business\\_improvement.html](http://www.nj.com/essex/index.ssf/2017/07/newarks_north_ward_gets_second_business_improvement.html)

### 36. MOTBY SID, Bayonne

Pasquariello, R. (November 22, 2017) Bayonne eyes new Special Improvement District: Advisory board of MOTBY developers created. *HudsonReporter.com*. Retrieved from

[http://hudsonreporter.com/view/full\\_story/27511413/article-Bayonne-eyes-new-Special-Improvement-District---Advisory-board-of-MOTBY-developers-created-?instance=more\\_page](http://hudsonreporter.com/view/full_story/27511413/article-Bayonne-eyes-new-Special-Improvement-District---Advisory-board-of-MOTBY-developers-created-?instance=more_page)

### 59. Denville Downtown BID

Fagan, M. (Nov. 23, 2016). Denville OKs downtown improvement district: Business Improvement District set up for downtown Denville, *NorthJersey.com*.

Retrieved from <https://www.northjersey.com/story/news/morris/denville/2016/11/23/denville-oks-downtown-improvement-district/94334056/>

### 69. 21st Avenue SID, Paterson

Rahman, J. (June 30, 2015) 21st Avenue special improvement district created despite mounting opposition. *PatersonTimes.com*.

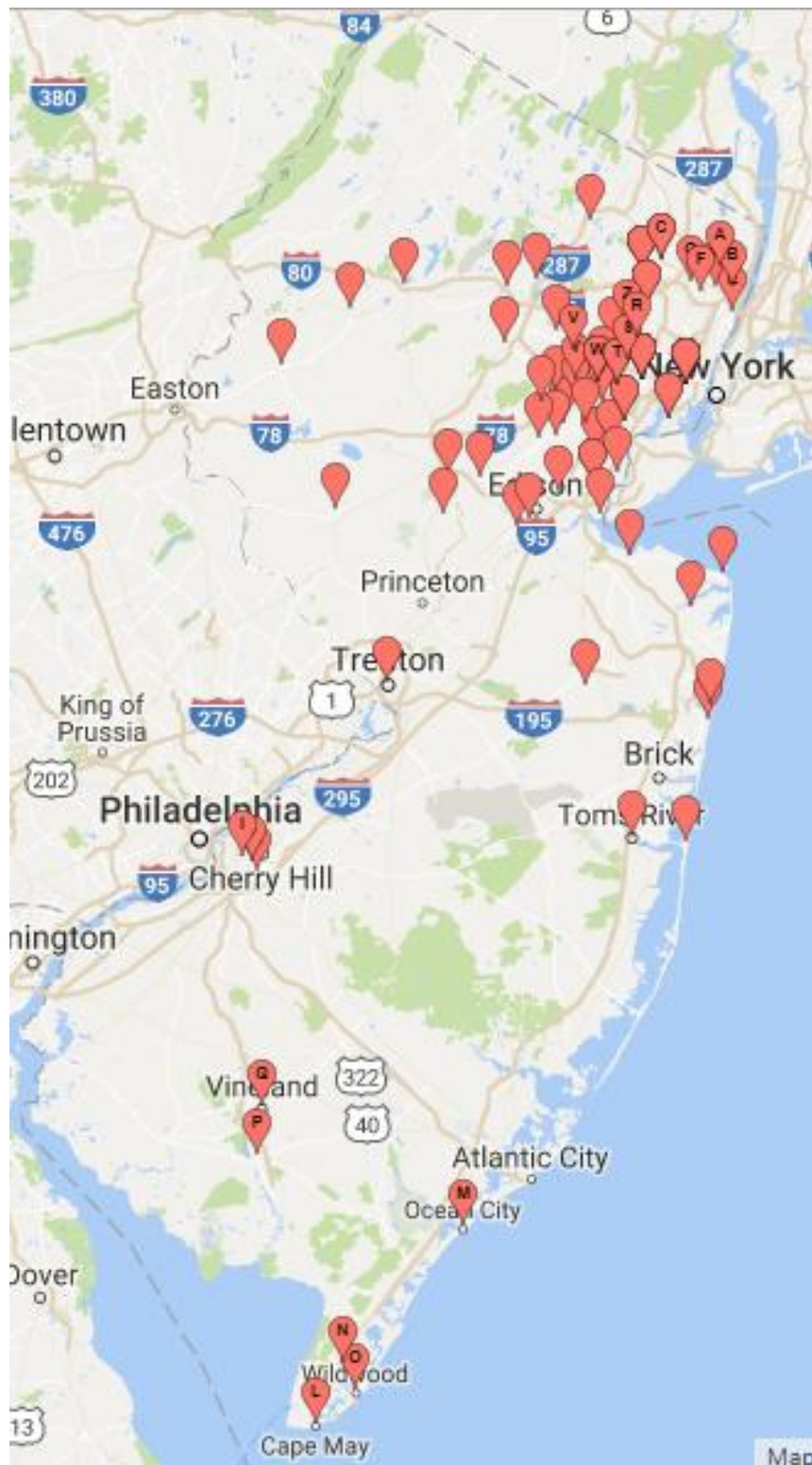
Retrieved from <http://patersontimes.com/2015/06/30/21st-avenue-special-improvement-district-created-despite-mounting-opposition/>

### 81. Scotch Plains SID

Scotch Plains SID was created in 2008 (Ord. #18-2008), but it has not been operating.

\* Woodbridge Township has abolished two SIDs (Inman Avenue SID and New Brunswick Avenue SID).

**Figure 6 Map of BIDs in New Jersey**



\* Note: This map displays the location of BIDs in New Jersey. The Red colored points are the municipalities in which BIDs are located.

## Appendix G - DMCs of BIDs

The following tables are based on survey responses, disclosed budget documents, and 990 forms of BIDs.

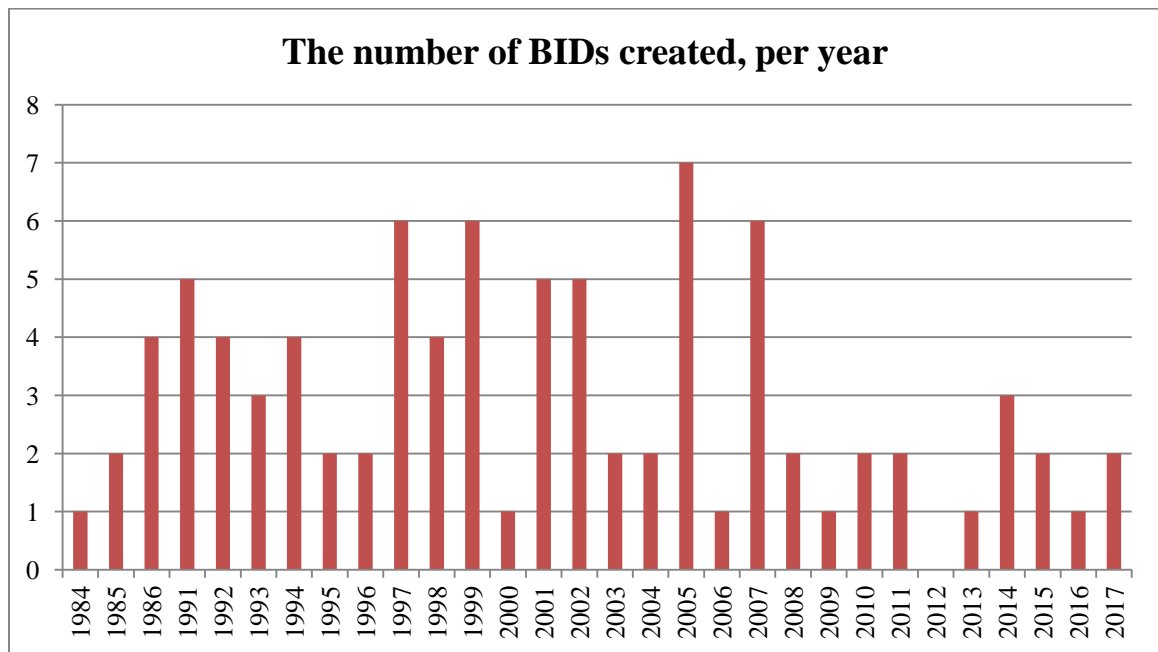
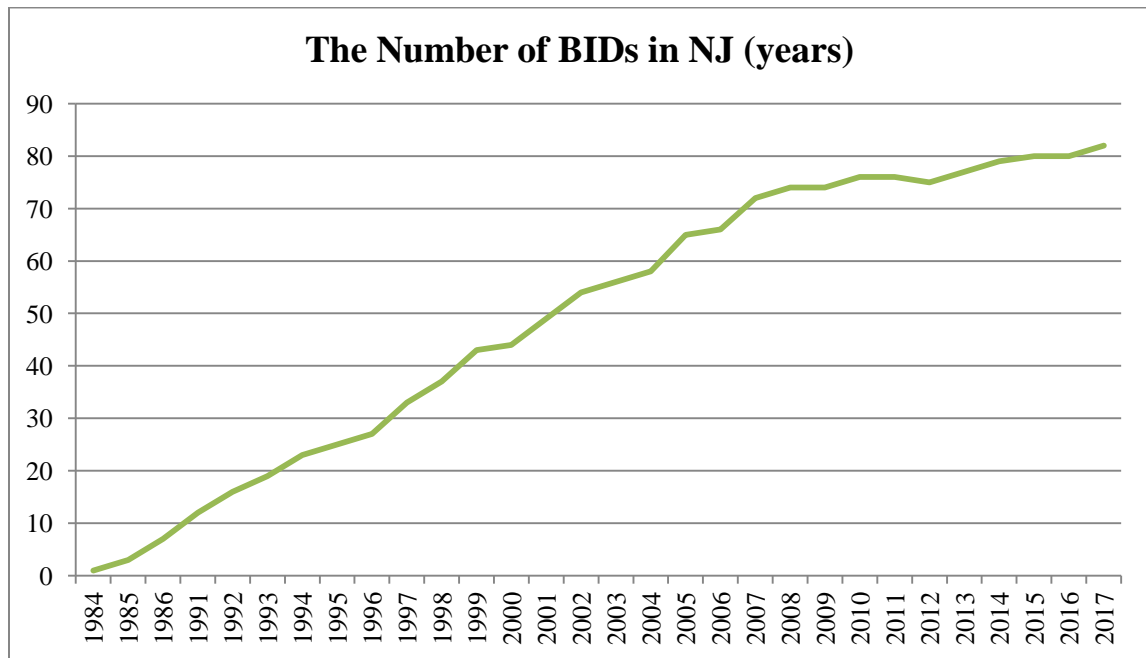
Budget Size	The Number of BIDs
Less than \$100,000	4
Less than \$250,000	21
Less than \$1,000,000	25
More than \$1,000,000	6
Total	56

Average budget size: \$585,000/ median: \$302,000

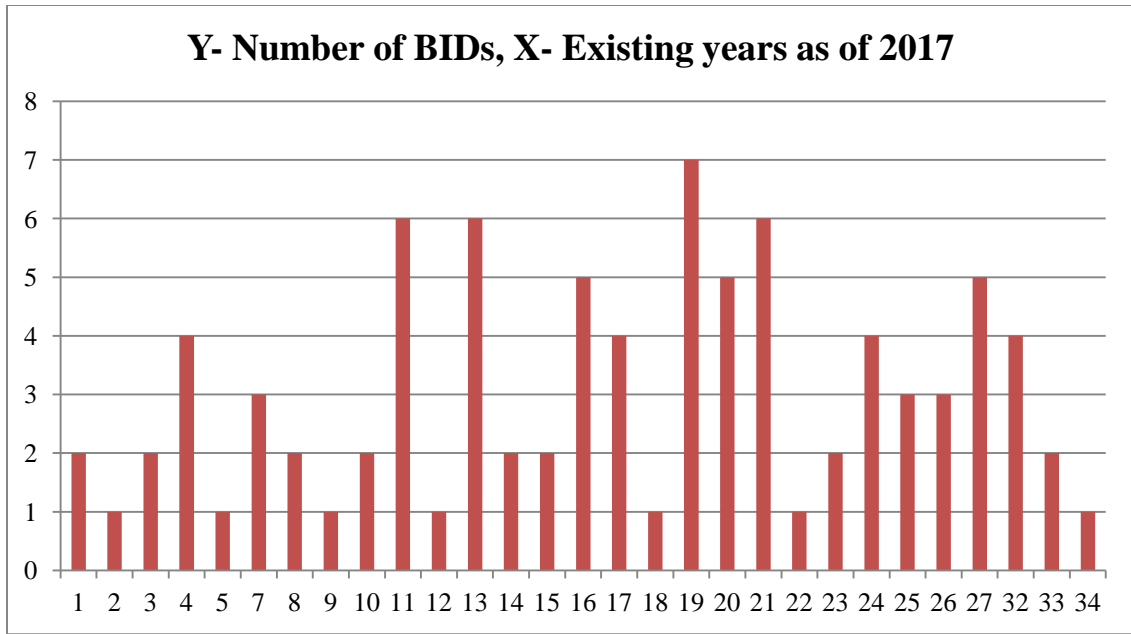
DMC Type	The Number of BIDs
Non-profit 501(c)(3)	44
Non-profit 501(c)(4)	9
Non-profit 501(c)(6)	8
Government	8
Total	69

Number of Board/Trustee	The Number of BIDs
5-10	13
11-15	22
16-20	8
Over 20	4
Total	51

\* The average number of board/trustee members: 13

**Figure 7 The Number of BIDs in New Jersey**





\*Note: BIDs exist for 18 years on average as of 2017.

## **Appendix H - News Articles: challenges in BIDs**

From the NJDCA's 2011 census list of SIDs, some BIDs are removed from the list. Some BIDs have been dissolved and others are discussing changes in their organizations. Through the news articles search, the cases of BIDs in New Jersey have been summarized as it follows.

### **Atlantic City**

The Atlantic City SID was created in 1992, after 19 years operation, the SID's board decided its dissolution in 2011. The SID transferred its assets and liabilities to the Casino Reinvestment Development Authority (CRDA) as part of the state's plan to operate a Tourism District within the city limits. In this case, a SID was dissolved and assumed by a public authority for extended purposes.

\*Source: Clark, M. (2011, April 19). Atlantic City Special Improvement District votes to dissolve, transfer assets to CRDA. *The Press of Atlantic City*.

### **Audubon**

The Audubon SID created in 2001, and dissolved in 2011. \*DMC: Audubon Business and Professional Alliance Corporation (ABPAC)

\*Source: Ainsworth, B. (2010, Oct 22). News: Audubon SID Going Dormant. *Retrospective*. Retrieved from <http://theretrospect.com/news-audubon-sid-going-dormant-p2578-1.htm>

\*Source: Dengler, J. (2010, June 18). Audubon Commission Won't Act On SID Petition. *Retrospective*. Retrieved from <http://theretrospect.com/audubon-commission-wont-act-on-sid-petition-p2427-1.htm>

### **Englewood**

Englewood's improvement district was formed in 1986. Nearly 40 years, the Englewood SID District Management Corporation had been responsible for managing the district. In 2017, despite of mayor's veto, city council decided to replace the managing corporation with Englewood SID District Management Corporation. The new management corporation taking charge of the city's SID will have board of directors composed of business owners to be appointed by the City Council rather than mayor's appointees. Council members questioned the stability of the EEDC, citing frequent changes in its leadership and lack of communication with a council liaison.

\*Source: Shkolnikova S. (2018, January 25). New Oversight in Englewood District, *The Record (Hackensack, NJ)*.

### **Gloucester City**

The Gloucester City BID created in 2001 amid opposition, but opponents of the district eventually seized control of its board and shut it down.

\* Source: Graham K. (2004, February 26). Gloucester City mayor to leave office next week - Bob Gorman, known for being outspoken and making things happen, said he lacked the time to do the job, *The Philadelphia Inquirer*

### **Palmyra**

Palmyra BID was created in 2009, but the district discontinued after a disagreement with the borough over spending and the direction of the BID's board, which led to a mass resignation of its members in 2012. The improvement district's Board of Trustees, consisting of local business owners and a council representative, hired JGSC Group in July 2011 as the executive director. In 2012, the borough took steps to dissolve the BID and a year later JGSC group filed a lawsuit (which was settled in 2016).

\* Source: McHale (2016, April 25). Palmyra settles suit over statements, *Burlington County Times (Willingboro, NJ)*

### **Plainfield**

Plainfield SID was created in 2004, and the Plainfield City Council decided to move its SID under the control of the city in 2017.

\* Source: Popper, J. (2017, December 12). Plainfield SID, Ordinance Passes, Will Become City-Controlled. Retrieved from <https://www.tapinto.net/towns/plainfield/sections/business-and-finance>

### **Roselle Park**

The downtown SID in Roselle Park created in 2005 and abolished in 2014. The decision was made by the borough council and some business owners wanted out of the SID because they were not getting anything for their SID tax dollars.

\* Source: Hehl, C. (2015 January 19) Roselle Park abolishes SID with little notice, *Union News Daily*

### **Rutherford**

The Rutherford SID had been managed by the Rutherford Downtown Partnership (RDP), created in 1996. In April 2014, a petition was presented by 111 property owners to the borough council, asking to dissolve the Special Improvement District. The RDP had not billed its special assessments and continued to operate without an approved budget since 2014, because of it failed to get a quorum of returned ballots from its membership and awaiting council action. In 2016, new ordinance introduced to dissolve the SID and

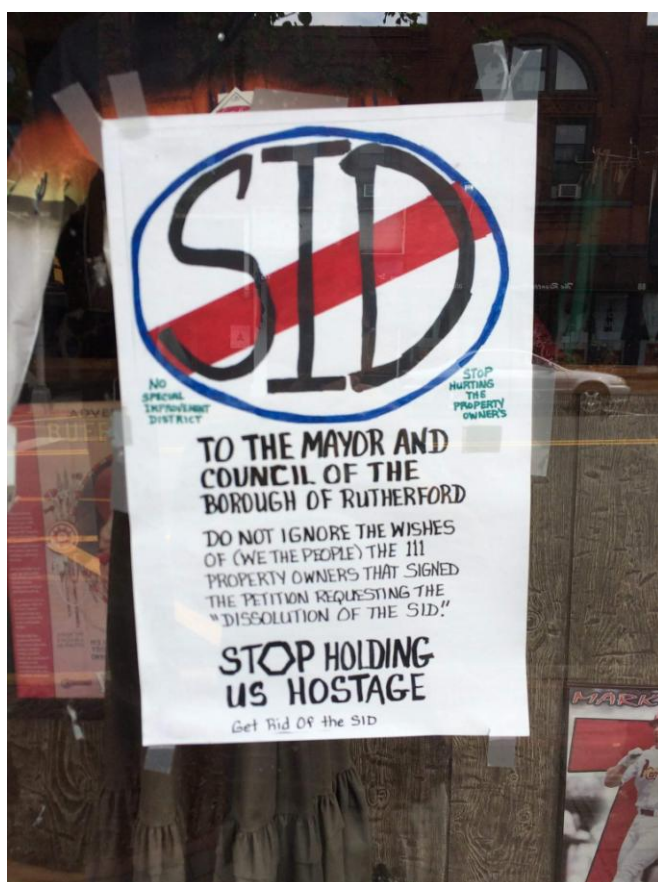
created an advisory committee replacing the RDP. According to this change, businesses within the Rutherford Business District (not property owners) will be required to pay an annual \$100 fee starting in 2018.

\* Source: Grant M (2016, August 22), Rutherford Dissolving Downtown Partnership Group - New Committee to Take Over Marketing, *The Record (Hackensack, NJ)*.

### **Tenaflly**

Tenaflly BID was created in 2008 and decided to dissolve in 2015. The district was facing a legal challenge from businesses owners who argue they should not be included because they operate outside of the downtown and will not benefit. Local business owners were skeptical and frustrated not accomplishing its aim of improving the business district.

\* Source: Yellin D. (2016, October 2), Tenaflly's Problem Is Spending The Money - Business Group Will Fold, With \$95K, *The Record (Hackensack, NJ)*.



**Figure 8 No SID poster displayed on a window**

This picture was taken at Rutherford New Jersey, in 2016

## Appendix I - Descriptive Statistics

<b>Participants - Governance &amp; Management</b>	Number of respondents	%
Executive directors	26	38
Board/Trustee members	31	45
Others	12	17
Total	58	100

\*Note: others - district manager (E), city council liaison, assistant director (E), chairman, president, vice president, appointee, member, consultant, accountant

<b>Participants - Representation</b>	Number of respondents	%
Resident (R)	20	
Business owner (B)	21	
Property owner (P)	15	
- Property owners with tenants	9	
Others	33	
Total		

\*Note: The number of respondents who belong to more than 2 categories is 10 people.  
B & P - 5, R & B - 2, R&B&P - 2 R&P - 1

Are you paying the special assessment/fee?	Number of respondents	%
Yes	18	27.3
No	48	72.7
Total	66	100

\*Note: The high percentage of non-paying respondents can be explained by executive directors. Among the executive director, 13% (3 respondents out of 23) are paying the special assessment/fee.

How long have you lived, owned a property or done business in this SID/BID?	Number of respondents	%
less than 1 year	1	3
less than 3 years	5	14
less than 5 years	2	5
less than 10 years	1	3
more than 10 years	27	75
Total	36	100

How long did you serve as a board member (or trustee) or managing director?	Number of respondents	%
less than 1 year	6	11
less than 3 years	16	28
less than 5 years	9	16
less than 10 years	11	20

more than 10 years	14	25
Total	56	100

	N	Min	Max	Mean	Median
Number of Board of Directors	23	7	30	14	15

# of B	7	9	10	11	12	13	15	16	18	19	21	24	25	30	N
count	3	1	1	4	3	1	5	1	1	1	1	1	1	1	23

Type of DMC	Executive directors		Others	
	Number of respondents	%	Number of respondents	%
Government office	1	4	1	2
Non-profit organization	22	88	24	56
For-profit corporation	-	-	1	2
Municipal commission	2	8	7	16
I don't know	N/A	N/A	10	23
Total	25	100	43	100

Start year of SIDs	Executive directors		Others	
	Number of respondents	%	Number of respondents	%
less than 3 years ago	1	4	7	17
less than 5 years ago	1	4	-	-
less than 10 years ago	3	12	-	-
more than 10 years ago	20	80	28	66
I don't know	N/A	N/A	7	17
Total	25	100	42	100

Budget size of SIDs	Executive directors		Others	
	Number of respondents	%	Number of respondents	%
Less than \$100,000 (1)	1	4	4	9
Less than \$250,000 (2)	7	28	9	21
Less than \$1,000,000 (3)	13	52	18	42
Less than \$2,000,000 (4)	2	8	3	7
Less than \$3,000,000 (5)	2	8	-	-
More than \$3,000,000 (6)	-	-	1	2
I don't know	N/A	N/A	8	17
Total	25	100	43	100

<b>Employment Type of Executive Directors</b>	<b>Number of respondents</b>	<b>%</b>
Full time employee of the management organization	13	52
Part time employee of the management organization	1	4
Outsourced management (private consultant)	10	40
Government employee	1	4
<b>Total</b>	<b>25</b>	<b>100</b>

<b>Does your SID/BID belong to the Urban Enterprise Zone* as well?</b>	<b>Number of respondents</b>	<b>%</b>
Yes	7	28
No	18	72
<b>Total</b>	<b>25</b>	<b>100</b>

\* Note: Other incentives or tax benefits are combined with BIDs to help businesses and community. According to the Department of Community Affairs, New Jersey's Urban Enterprise (UEZ) Program, enacted in 1983 to foster an economic climate that revitalizes designated urban communities and stimulates their growth by encouraging businesses to develop and create private sector jobs through public and private investment.

\* Benefits to Businesses

- **Reduced Sales Tax** – currently 3.3125%, effective 1/1/2018
- **Tax Free Purchases** on certain items such as capital equipment, facility expansions, and upgrades
- **Financial Assistance** from agencies such as NJEDA
- **Subsidized unemployment insurance** costs for employees who earn less than \$4,500 per quarter
- **Energy Sales Tax Exemption** for qualified manufacturing firms with at least 250 employees, 50% of whom are working in manufacturing
- **Tax Credit Options** (owners may elect one of the following)
  - Up to \$1,500 for new permanent full-time employees hired
  - Up to 8% Corporate Business Tax credit on qualified investments

\* Source: NJDCA Urban Enterprise Zone Program (<http://www.nj.gov/dca/affiliates/uez/>)

## Demographics

<b>Races or ethnicities</b>	<b>Number of respondents</b>	<b>%</b>
White	53	82
Black or African American	5	8
American Indian or Alaska Native	-	
Hispanic	4 (5)	6
Asian	2	3
Native Hawaiian or Pacific Islander	-	
Others	1 (2)	1
<b>Total</b>	<b>65</b>	<b>100</b>

\*Note: The number of respondents who belong to more than 2 races or ethnicities categories is 2 people. White & Hispanic - 1 person, White & other - 1 person.

<b>Sex</b>	<b>Number of respondents</b>	<b>%</b>
Men	41	64
Women	23	36

Total	64	100
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Age	Number of respondents	%
18-24 years old	-	-
25-34 year old	2	3
35-44 years old	8	12
45-54 years old	21	32
55-64 years old	21	32
over 65 years old	13	20
Total	65	100

Age	Number of respondents	%
Less than a high school diploma	-	-
High school degree or equivalent (e.g. GED)	-	-
Some college, no degree	11	17
Associate degree (e.g. AA, AS)	1	1
Bachelor's degree (e.g. BA, BS)	30	46
Master's degree (e.g. MA, MS, MEd, MPA, MBA)	18	28
Professional degree (e.g. MD, DDS, DVM)	2	3
Doctorate (e.g. PhD, EdD)	3	5
Total	65	100

Household income before taxes, annual	Number of respondents	%
Less than \$20,000	-	-
\$20,000 to \$34,999	-	-
\$35,000 to \$49,999	-	-
\$50,000 to \$74,999	5	8
\$75,000 to \$99,999	15	24
\$100,000 to \$149,999	16	26
\$150,000 to \$199,999	14	23
\$200,000 or more	12	19
Total	62	100



Table 39 Descriptive statistics

Variables	Min	Max	Mean	SD
[Legitimacy and Support] Q5 There is strong support from the local government.	Strongly disagree 1	Strongly agree 5		
Q8 The community supports the SID/BID and management organization.	1	5		
Q11 The board represents stakeholders and community very well.	1	5		
[Capacity] Q6 The district manager and staff of the management organization have the capacity (professional expertise) to be successful.	1	5		
Q7 Board/trustee members are dedicated and participate actively.	1	5		
Q12 The management organization is good at coordinating partnerships with multiple stakeholders (for example, local government and the community).	1	5		
[Collaboration] Q4 We have successfully built agreement on common goals.	1	5		
Q10 It is difficult to balance diverse interests of the district. (Reversely coded)	1	5		
Q9 Collaboration exists between public and private partners.	1	5		
[Performance] Q17 The value of properties has increased in the district.	1	5		
Q18 The vacancy rate (of commercial and housing properties) has decreased in the district.	1	5		
Q15 The cleanliness of the district has improved.	1	5		
Q16 The number of pedestrians has increased.	1	5		
Q19 The quality of life has improved in the community.	1	5		

	Min	Max	Mean	SD
Please indicate how important each <b>goal</b> is within your Special Improvement District (Business Improvement District):	Not important 1	Very important 10		
Pedestrian friendly streets (Cleaning, lighting, sidewalks, signage improvement)	1	10		
Quality of life	1	10		
Events, retail promotions, joint advertising,	1	10		

destination-marketing				
Coordinating development plans of the district	1	10		
Safety	1	10		
Parking	1	10		
Business recruitment and development	1	10		
Promoting art and culture	1	10		
Building public-private partnership	1	10		

	Min	Max	Mean	SD
How would you evaluate the <b>performance</b> of your Special Improvement District (Business Improvement District)?	Not effective 1	Very effective 10		
Overall performance	1	10		
Quality of life	1	10		
Pedestrian friendly streets	1	10		
Safety	1	10		
Parking	1	10		
Business friendly environment	1	10		
Community development	1	10		
Art and culture	1	10		
Property values	1	10		
Partnership building	1	10		

	Min	Max	Mean	SD
Thinking about successful management in your SID. Please indicate how important each managerial factor is	Not important 1	Very important 10		
Building trust	1	10		
Balancing diverse interests	1	10		
Building Public-Private Partnerships	1	10		
Professional capacity to manage	1	10		
Innovative approaches	1	10		
Adaptation to change	1	10		
Communication	1	10		

	Min	Max	Mean	SD
How important do you think following values should be within your Special Improvement District?	Not important 1	Very important 10		

Public insight and transparency	1	10		
Meeting the needs of community	1	10		
Efficient use of resources	1	10		
Balancing diverse interests	1	10		
Management flexibility	1	10		
Innovation	1	10		
Citizen participation in decision making	1	10		
Helping the community move forward	1	10		
Public-private partnerships	1	10		

## Appendix J - Local Government Ethics Law: Financial Disclosure Statements



**LFN 2017-07**

**March 23, 2017**

# Local Finance Notice

Chris Christie  
Governor

Kim Guadagno  
Lt. Governor

Charles A. Richman  
Commissioner

Timothy J. Cunningham  
Director

### Contact Information

**Director's Office**

V. 609.292.6613

F. 609.633.6243

**Legislative and  
Regulatory Affairs**

V. 609.292.6110

F. 609.633.6243

**Financial Regulation  
and Assistance**

V. 609.292.4806

F. 609.984.7388

**Local Finance Board**

V. 609.292.0479

F. 609.633.6243

**Mail and Delivery**

101 South Broad St.

PO Box 803

Trenton, New Jersey

08625-0803

**Web:**

[www.nj.gov/dca/divisions/dlgs](http://www.nj.gov/dca/divisions/dlgs)

**E-mail:** [dlgs@dca.nj.gov](mailto:dlgs@dca.nj.gov)

### Distribution

Municipal and County Clerks  
County Colleges  
Joint Meetings  
Regional Authorities  
Joint Insurance Funds

### Local Government Ethics Law

### 2017 Financial Disclosure Statements

### For the 2017 Filing Year

Local Government Entity (LGE) Roster Updates Due: April 7, 2017

#### Introduction

The Local Government Ethics Law (LGEL) requires local government officers to annually file a financial disclosure statement on or before April 30<sup>th</sup> of each year. This Local Finance Notice (LFN) outlines the filing procedure that is designed to facilitate efficiency and enhance transparency by using available technology to accept and report financial disclosure statements online. This notice is intended for municipal clerks, county clerks, and other local government entity representatives who have administrative responsibilities concerning financial disclosure statements. Local Finance Notice 2017-08 contains information for local government officers and will be issued in the coming weeks.

Please note that effective with the 2017 filing year, the Division of Local Government Services has adopted new Rules and Regulations determining positions specifically required to file under the managerial executive section of the LGEL. N.J.A.C. 5:35-2.1 is further discussed in Section 4 of this LFN.

#### Contents of this Local Finance Notice

- I. Background
- II. Statutory Requirements/Concepts
- III. Role of Municipal Clerks, County Clerks, and other Local Government Entity Representatives
- IV. Determining Local Government Officers Required to File
- V. Distribution of Local Finance Notice 2017-08
- VI. LGE Representative Contact Information
- VII. Help System

The following abbreviations are used throughout this notice:

LGO = local government officer  
FDS = financial disclosure statement(s)  
LGE = local government entity  
LFB = Local Finance Board  
LFN = Local Finance Notice  
NJAC = New Jersey Administrative Code  
DLGS = Division of Local Government Services

"Local government entity representative" is intended herein to mean the municipal clerk, county clerk, or other person who has administrative responsibilities on behalf of a local government entity regarding financial disclosure statements.

## I. Background

For the 2017 FDS, DLGS is using the online filing system that was established in 2014 and used in 2014, 2015, and 2016. The 2016 rosters will be carried over and LGE Representatives will be able to make necessary updates for 2017 without creating a new roster. Additionally, LGOs are able to save their FDS forms from year to year.

Prior to 2012, the FDS distribution and filing process relied upon a traditional paper based system. The decision to move to an electronic filing system was designed to eliminate the practice of annually printing 70,000 paper copies of the FDS form and mailing them to each LGE.

As the online system is going to be used again this year, paper copies of the financial disclosure statement **will not** be accepted by the Local Finance Board. **All completed financial disclosure statements must be submitted using the LFB's online filing system found at: <https://www.njfds.net>.**

## II. Statutory Requirements/Concepts

N.J.S.A. 40A:9-22.6.a provides that “[l]ocal government officers shall annually file a financial disclosure statement.” N.J.S.A. 40A:9-22.6.b provides that statements shall be filed on or before April 30th each year, except that each local government officer shall file a financial disclosure statement within 30 days of taking office.

The concept that LGOs have personal responsibility for annually filing their FDS forms is an important one. Municipal clerks, county clerks, and other local government entity representatives who have administrative responsibilities concerning the FDS filing process are not required to complete FDS forms on behalf of LGOs, nor are they required to ensure that LGOs satisfy their statutory obligation to annually file a FDS. The failure of any LGO to comply with the annual filing requirement subjects the LGO personally to the penalties and disciplinary action provisions set forth in N.J.S.A. 40A:9-22.10 and 40A:9-22.11.

This means that each LGO has the personal duty, by virtue of the LGO's public office, appointment, or employment, to carefully read LFN 2017-08 (to be issued in the coming weeks), understand the online filing procedure, and take necessary steps to timely file the LGO's FDS.

N.J.S.A. 40A:9-22.6.b provides that the “Local Finance Board shall prescribe a financial disclosure statement form for filing purposes.” N.J.S.A. 40A:9-22.6.d further provides that “**the Division of Local Government Services in the Department of Community Affairs may establish an electronic filing system for financial disclosure statements required to be filed pursuant to this section.**”

The online FDS form is substantively similar to the paper FDS form utilized for many years. The LFB has not adopted the more expansive ethics disclosure form utilized by the State Ethics Commission.

N.J.S.A. 40A:9-22.6.b further provides that “the original statement shall be filed with” the municipal clerk, county clerk, or other local government entity representative as appropriate to the circumstances. This requirement is satisfied when the LGO submits the FDS using the online filing system.

N.J.S.A. 40A:9-22.6.b also provides that “a copy of the statement shall be filed with the [Local Finance] board.” This requirement is satisfied when the LGO submits the FDS using the online filing system. The electronically submitted FDS forms will be accepted as the Board's copy.

### III. Role of Municipal Clerks, County Clerks, and Other Local Government Entity Representatives Regarding Financial Disclosure Statements

The following steps pertain only to municipal clerks, county clerks, and other local government entity representatives who have administrative responsibilities concerning financial disclosure statements:

- STEP 1: Carefully review this Local Finance Notice.
- STEP 2: Visit the FDS website [www.fds.nj.gov](http://www.fds.nj.gov) for FDS instructions and resources.
- STEP 3: Login at [https://www.njfds.net/njdca\\_prod/Login.aspx](https://www.njfds.net/njdca_prod/Login.aspx) and login using the ID and password the entity used last year. (Please note that the login url has changed from last year; bookmarks and/or shortcuts must be updated.) Your login ID is an e-mail address. Please keep in mind that a different e-mail address must be used for you to personally file your FDS. If you are a new LGE Representative and do not have a login ID and password or if you need to change your e-mail address as the LGE Representative, please call the Local Finance Board at 609-292-4537.
- STEP 4: Using the “Manage LGO Roster” button, update the roster to add new 2017 LGOs; update existing LGO’s positions and information; or “In-Activate” those LGOs that are no longer serving the LGE. All LGO rosters must be completed no later than **April 7, 2017**, so that LGOs have sufficient time to complete and submit their FDS forms by Sunday, April 30, 2017.

#### Updating Existing LGO’S:

All changes to an existing LGO can be done by clicking on the ‘EDIT’ button under the ‘Actions’ column to the far right in the roster listing.

-If an LGO is no longer serving in any of the positions listed in the FDS, then you must deactivate that LGO from the system by checking the box labeled “In-Active.”

-To delete one or more positions (but not all positions) for an LGO no longer serving in a certain position(s), click on the ‘Delete’ button for each position to be deleted.

-To *add a new position for an existing LGO*, complete the information in the “Add LGO position” box.

**-After making any changes, be sure to click the ‘SAVE’ button on the page.**

#### Adding New LGO’s:

-To add a new LGO, click on the “Add LGO” button at the bottom of the Roster listing screen and complete the Local Government Officer information boxes.

**-After making any changes, be sure to click the ‘SAVE’ button on the page.**

- STEP 5: As you update the LGO roster, a PIN # will be generated for each new LGO. Distribute the PIN # along with a copy of Local Finance Notice 2017-08 (when issued) to each new LGO, keeping in mind that the login information is confidential and should be given only to the associated LGO. Inform any new LGO that this PIN # must be used to register, and that their FDS must be filed on or before April 30<sup>th</sup>.
- STEP 6: Inform LGOs who filed in 2016 that they must use the same Login ID (e-mail address) and password used to complete their 2016 FDS. Distribute to each LGO a copy of Local Finance Notice 2017-08 once it is available. Inform the LGOs that they must file their FDS on or before April 30<sup>th</sup>. The method by which you choose to distribute this information is a local decision.

- If an LGO forgets their login ID/e-mail, you may provide it to them from their e-mail shown on your roster.
- If an LGO needs to change their e-mail address and/or password, you may do so for them under their profile. Click on “manage your roster,” then select “edit” under actions, then select “Edit Profile” for the LGO whose e-mail address or password you need to edit or change.

STEP 7: View your roster and make sure the roster is up-to-date. To view the roster in its entirety, click on “Reports.” You can export your roster by selecting the “Export” button (it looks like a floppy disk.) You can then view your roster as a pdf or Excel document, which may make it easier to view and/or sort. You can also view your roster by going to <https://www.njfds.net>, then clicking the “search” button, and then selecting the “search local government officer roster.”

STEP 8: If you receive technical questions from LGOs concerning how to validate their PIN #s or how to complete their FDS forms you can refer them to the help resources available at [www.fds.nj.gov](http://www.fds.nj.gov).

**It is the LGE representative’s responsibility to ensure that the LGO roster is fully and accurately updated on or before April 7, 2017. Those LGE representatives who do not update the rosters may be subjecting some LGOs to possible violations of the filing requirement in the Local Government Ethics Law. For example, all LGOs who remain active on rosters will be required to submit a 2017 FDS. Those LGOs who are improperly retained on the roster, and as a result, fail to file an FDS, could be found in violation. Notices of violation for non-filing will be generated after the filing deadline from the roster created by the LGE representative. Similarly, new LGOs who are required to be listed on the roster, but whose names have not been added, will not receive a PIN # and, therefore, will not be able to file an FDS.**

#### **IV. Determining Local Government Officers Required to File**

While the Local Government Ethics Law applies to all employees and officers of local governments, only “local government officers” are required to file an FDS. Individuals who are serving the local government on April 30, 2017 are considered local government officers or employees for purposes of the LGEL. Individuals who are no longer in officer or no longer employed by the local government on the filing deadline are NOT considered local government officers or employees under the LGEL. The LFB requests that each municipal clerk, county clerk, and other local government entity representative carefully review their LGO roster in consideration of the guidance provided in this section and in consultation with local counsel.

If, after review, it is determined that some positions within the local government are not deemed to be local government officers and, therefore, not required to file an FDS, please update the LGO roster and notify those individuals of your determination. If the LFB receives a signed written complaint alleging that a person is an LGO who did not file an FDS and that person is not included on the roster, the LFB may require the local government to explain how it determined that person not to be a LGO.

N.J.S.A. 40A:9-22.3.e defines a local government agency as “any agency, board, governing body, including the chief executive officer, bureau, division, office, commission or other instrumentality within a county or municipality, and any independent local authority, including any entity created by more than one county or municipality, which performs functions other than of a purely advisory nature, but shall not include a school board.”

N.J.S.A. 40A: 9-22.3.g defines a local government officer as “any person, whether compensated or not, whether part-time or full- time:



- (1) elected to any office of a local government agency;
- (2) serving on a local government agency, which has the authority to enact ordinances, approve development applications or grant zoning variances;
- (3) who is a member of an independent municipal, county or regional authority; or
- (4) who is a managerial executive employee of a local government agency, as defined in rules and regulations adopted by the Director of the Division of Local Government Services in the Department of Community Affairs pursuant to the "Administrative Procedure Act," P.L. 1968, c. 410 (C.52:14B-1 et seq.), but shall not mean any employee of a school district or member of a school board.

The Office of the Attorney General has issued [AO 91-0093](#) which helps clarify [N.J.S.A. 40A: 9-22.3.g\(1\), \(2\), and \(3\)](#).

Section 3.g(4) of the LGEL concerning the definition of managerial executive was amended in August 2015. The DLGS has now adopted new [Rules and Regulations](#) defining managerial executive employees for FDS filing purposes. [N.J.A.C. 5:35-2.1](#) states that **(a) Individuals with the following titles or responsibilities equivalent to such titles shall be considered managerial executives under the definition of "local government officer" set forth in [N.J.S.A. 40A:9-22.3.g](#):**

**Positions Specifically Required to File an FDS per [N.J.A.C. 5:35-2.1](#)**

- 1. Business administrator;
- 2. Municipal or county manager;
- 3. Chief financial officer;
- 4. Treasurer;
- 5. Municipal clerk or clerk of governing body;
- 6. Department heads, including executive directors, division directors, deputy directors, and assistant directors;
- 7. Chief or acting chief of police and paid fire departments, or "officer in charge" in lieu of a chief or acting chief title;
- 8. Deputy chiefs and assistant chiefs of police and paid fire departments;
- 9. Chief or acting chief of a beach patrol;
- 10. Municipal and county engineer;
- 11. Health officer;
- 12. Municipal attorney and county counsel;
- 13. Planning board or zoning board of adjustment attorney;
- 14. Local government agency attorney;
- 15. Municipal and county emergency management coordinators;
- 16. Trustees on a library board of trustees;
- 17. Municipal prosecutor;
- 18. County prosecutors;
- 19. County agriculture board members;



20. County college board of trustees;
21. Board of recreation commissioners;
22. Local ethics board members;
23. Rent leveling board members;
24. Special improvement district executive director/director and its members;
25. Special taxing district executive director/director and its commissioners;
26. Joint insurance fund executive director/director and its commissioners;
27. Local pension board commissioners;
28. Tax collector;
29. Qualified purchasing agent;
30. Construction official; and
31. Tax assessor.

Managerial executive employees holding titles other than those listed above are not deemed to be LGOs pursuant to the adopted Rules and, therefore, not required to file the FDS. Please also note that with the 2015 Amendment to the LGEL, confidential employees are no longer considered LGOs and, therefore, are no longer required to file the FDS.

#### **Positions Specifically NOT Required to File an FDS**

Attorney General Opinions have been issued determining that the following are specifically **not required** to file the FDS (listed in opinion number order):

- AO 91-0096: Court Personnel – Including Judges and Court Administrators
- AO 91-0141: County Board of Taxation Commissioners
- AO 92-0070: Local Assistance Board Members
- AO 92-0071: Municipal Environmental Commission Members
- AO 92-0109: Emergency Management Council Members
- AO 95-0168:
  - County/Local Advisory Committee on Alcoholism and Drug Abuse Members
  - County Alliance Steering Subcommittee Members
  - Municipal Alliance Committee Members
- AO 97-0135: Registered Municipal Accountants Serving as Local Government Auditors

In addition, while Board of Elections Members and County Superintendents of Elections are not covered under the Local Government Ethics Law, they are covered by procedures adopted by the State Ethics Commission.

Full text of the above listed Attorney General Opinions may be viewed at <http://www.nj.gov/dca/divisions/dlgs/programs/ethics.html>.

#### **V. Distribution of Local Finance Notice 2017-08**

Municipal clerks, county clerks, and other local government entity representatives are responsible for transmitting LFN 2017-08 (when it is released) to LGOs. For purposes of N.J.S.A. 40:9-22.1 et seq., officers and employees serving independent local authorities are deemed to be serving the local government. In Attorney General Opinion #91-0093, the Office of the Attorney General determined that the term "independent authorities" encompasses most autonomous local authorities and special tax districts. This includes fire districts. Thus, municipal clerks and county clerks also make distribution to independent local authorities (including fire districts). Additionally, these LGOs should be included on the municipal or county LGO roster.

However, for a municipality or county that has established an ethics board, the local ethics boards are required to make LFN 2017-08 (when it is released) available to LGOs within their jurisdiction. Please forward this communication to representatives of your local ethics board for necessary action. The LFB does not have direct contact information for local ethics boards.

Other local government entity representatives: county colleges (e.g., Office of the President), regional authorities, joint insurance funds, health insurance funds, and joint meetings should designate an individual internally to transmit LFN 2017-08 (when it is released) to their respective LGOs in accordance with N.J.S.A. 40A: 9-22.6 and to be responsible for submitting the entity's LGO roster through the online filing system.

#### **VI. LGE Representative Contact Information**

It is important that the LGE contact information, which is the login information, is kept up-to-date with the Local Finance Board throughout the year. Please remember to contact the LFB by e-mail at [LFB\\_FDS@dca.nj.gov](mailto:LFB_FDS@dca.nj.gov) if you are changing e-mail addresses or if you are changing the LGE representative for your entity.

#### **VII. Help System**

The following help resources have been developed for both LGEs and LGOs:

1. The webinar trainings recorded in 2014 have been uploaded to a [YouTube](#) website. The full URL for the YouTube website is:  
<http://www.youtube.com/playlist?list=PL1ZrHg25YW4sKS9IjkWMyED-vRwvZdZp5>.
2. Separate reference guides have been created for local government entity representatives and LGOs. These documents are available at [www.fds.nj.gov](http://www.fds.nj.gov).
3. A video training was specially created for LGOs and is available at [www.fds.nj.gov](http://www.fds.nj.gov).
4. A Frequently Asked Questions document that answers commonly asked questions is available at [www.fds.nj.gov](http://www.fds.nj.gov).

Questions should be directed to the Local Finance Board staff via e-mail at [LFB\\_FDS@dca.nj.gov](mailto:LFB_FDS@dca.nj.gov) or by phone at 609-292-4537.

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