

Management Plan

**For
The Downtown Mobile
Self-Help
Business Improvement District**

Mobile, Alabama

August, 2014

**Prepared by
Urban Place Consulting Group, Inc.**

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DOWNTOWN MOBILE BUSINESS IMPROVEMENT DISTRICT MANAGEMENT PLAN

Section 1 Why renew the Business Improvement District

As per State Law the District must be renewed after five years of operation.

“Within 90 days after the adoption and approval of the fifth annual budget for any self-help business improvement district, the municipality shall set a hearing to determine whether the district should be continued, modified or terminated. At least 20 days before the hearing, notice of the date, place and time of the hearing shall be posted in at least three places within the district and mailed, along with the new District Management Plan to each real property owner who paid assessments to the district during the previous year.”

This District Management Plan has been created to guide the operations of the Downtown Mobile Self-Help Business Improvement District for the period July 1, 2015 to June 30, 2020.

A Renewal Committee was established to guide the creation of the District Management Plan. The Committee was open to property owners, business owners and public sector representatives. Over a period of five months four Renewal Committee meetings were held. Additionally, District property owners were surveyed by mail to get their input on Downtown issues and District businesses and employees participated in an on-line survey of District issues.

Purpose of the District

The purpose of the Business Improvement District is to insure the vitality of the business, residential and arts district in Downtown Mobile; to stabilize and increase the property values in downtown while retaining businesses; and attracting new business investment to downtown.

Vision for Downtown

As a part of the 2010 renewal, the Renewal Committee defined the vision for downtown Mobile in the year 2015. As part of the current renewal effort, the Committee agreed that the vision defined in 2010 is still an important part of the vision looking ahead to 2020.

The Renewal Committee’s vision is that Downtown Mobile will:

- Have active, positive, street level uses on all of its major streets.

- Be a very walkable downtown, both day and night, in which pedestrians have priority over automobiles.
- Be a place where women, families, children and their pets feel comfortable and are using the downtown on a daily basis.
- Be a place that is alive both during the week and also weekends with a high number of events and activities.
- Be a place that has increased residential opportunities at all levels.
- Be a place that is better connected to its waterfront.

In addition to reaffirming the vision elements above, the Committee defined additional goals that when accomplished will be a measure of success for Downtown Mobile in the year 2020. These goals are defined for each program area that is funded by BID assessment dollars.

User Experience

User Experience receives 52.6% (\$790,000) of the Downtown Mobile District Management Company (DMDMC) revenue. User Experience programs that are funded by assessment revenue are the clean, safe and beautiful programs.

Program Areas Funded by Assessments

Success will look like five years from now:

- No Weeds will be seen.
- All sidewalks will receive frequent power washing on a regular schedule.
- Seasonal leaf removal will be done so that leaves do not build up.
- The Regents safe team will be highly visible.
- The flower beautification program will be enhanced.
- The current safe and clean programs will be maintained and strengthened.

Marketing and Collaboration

The program area of Marketing and Collaboration includes all of the ways that the organization communicates to stakeholders and markets downtown. This program area also includes event production. Marketing and Collaboration programs are funded by a combination of assessment revenue and event sponsorships. This program area receives 19.6% (\$295,000) of the DMDMC annual budget.

Success in five years will look like:

- Marketing and communication efforts will have a positive measurable impact on property values and business revenues.
- All communication and marketing will be under one brand.
- There will be more events in the downtown.
 - Some events will be produced in house, with the goal of having two major entertainment/participatory events per month.
 - Help facilitate other organizations to produce events in downtown.

Economic Development

The program area of economic development includes all of the programs to attract new investment to downtown as well as the programs to retain existing investment in downtown. These programs include working with existing businesses to improve their chance for success in downtown as well as outreach to potential businesses to invest in downtown. Also included in this area is working with property owners, developers and potential investors to create new development in downtown. In creating the 2020 Management Plan, the DMDMC board of directors set out an aggressive agenda with highly ambitious goals. Economic Development receives 16.8% (\$252,380) of DMDMC revenue

Success in five years would include:

- A 50% reduction in empty, derelict buildings in the BID.
- New storefronts occupied by an enhanced retail offering which is more diverse and of higher quality than presently exists.
- Increased opportunities for high quality sidewalk dining experiences.
- A decrease in office vacancy from the current rate of 22.57%.
- A better mix of housing options to include single-family, townhouse, multi-family and artist live/work housing.
- 1000 more housing units in downtown.
- Creative office space that attracts startup businesses and “creative class” businesses.
- 30% (6000) more employees in downtown for a total of 26,000 employees.
- Downtown-wide high-speed broadband service.
- A more diverse revenue stream to support the economic development efforts.

Survey of Downtown Stakeholders

Responses to the 2014 survey of Downtown Mobile stakeholders were used as a guide to build the Management Plan. The following summarizes the survey results. A similar survey was conducted in 2010. Where possible, the answers to similar questions from each survey are compared.

The elements that were **most** liked about Downtown Mobile were:

	2014	2010
1. Lively Street Scene	37%	0%
2. Restaurants and Dining Options	8%	17%
3. Entertainment District/Venues	9%	17%
4. Historic Buildings/Architecture	10%	16%
5. Walkability	13%	16%
6. Landscaping/Flowers	14%	13%

The elements that were liked **least** about downtown were:

	2014	2010
1. Vacant/Unappealing Buildings	41%	17%
2. Garbage Cans on sidewalk	23%	0%
3. Parking	14%	27%
4. Homeless/Panhandlers	9%	13%
5. Lack of Retail	4%	13%

The **most important** issues facing downtown were:

- Parking
- Retail Offering
- Economic Growth
- Residential Growth
- Property Restoration & Appearance
- Public Perceptions, Public Relations

The District Management Plan was created to fulfill the vision and meet the goals of a successful downtown in 2020. The Plan works to reinforce the “most liked” elements in downtown while also addressing the “least liked” elements. The “most important” issues facing downtown are addressed by the elements of the District Management Plan.

Section 2 District Improvement and Activity Plan

Process to Establish the Improvement and Activity Plan

Through a series of renewal committee meetings beginning in April of 2014 through August of 2014, District property owners collectively determined the priority for improvements and activities to be delivered by the Business Improvement District.

The services and activities of the BID are tailored to meet the specific needs identified by the local business community that will continue funding the BID. Among the benefits are:

- Creating a cleaner, safer and more attractive business district.
- Helping to maintain and increase property values, improve sales and occupancy rates, thereby increasing the community's overall tax base.
- Ensuring a stable and predictable resource base to fund supplemental services and programs.
- Providing non-bureaucratic and innovative management for the business district.
- Responding quickly to market changes and community needs.
- Developing a stable environment and distinct identity for the business district, making it more competitive with surrounding retail and business centers.
- Leveraging other resources, including money, services, and people.

2015/2016 Operating Budget Improvement and Activity Plan

In developing the Improvement and Activity Plan, the renewal committee was guided largely by the vision for downtown in 2020, the goals set by the committee and a recognition that maintaining current investment in downtown and attracting new investment to downtown should be a high priority. The BID work programs are defined in these three broad areas:

USER EXPERIENCE ECONOMIC DEVELOPMENT MARKETING & COLLABORATION

Focusing on these three areas allows the Management Corporation to have flexibility to react to issues that change from year to year.

User Experience

User Experience encompasses the clean and safe programs that are provided by the Crewe of Regents (safe team) and the Crewe of Stewards (clean team). User Experience is broader than just clean and safe and also could include parking, lighting, events, public art, wayfinding/signage, basically anything that contributes to the downtown user experience. The approach is to consider all of the elements that contribute to the user's downtown experience and develop programs to proactively improve the total experience.

Through daily foot and bike patrols of the District, the Regents actively deter aggressive panhandling and other unsuitable behavior. Their presence is also a deterrent to theft and burglary from motor vehicles. They handle a myriad of quality of life problems including: drinking in public, urinating in public, indecent exposure, trespassing, prostitution, and scavenging.

The Regents respond to calls to the District Hotline, a phone number used by visitors who need motorist aid (gas, jump starts, car unlocks and flat tire repair), visitor information or escorts to vehicles at night. They perform goodwill gestures such as helping lost persons, conducting tours and escorting office workers to parking.

The Regents patrol assigned routes evenly, covering property daily on assigned routes in the district. They are professional, assertive, friendly, courteous, people oriented individuals in excellent physical condition. Employees complete 40 hours of customized classroom district training and field training.

The Downtown Mobile Business Improvement District hospitality program works closely with the Mobile Police Department.

MAINTENANCE

Business Improvement District Clean Team (Crew of Stewards)

The Crewe of Stewards is responsible for the daily maintenance needs of the District so as to present a consistently clean, orderly and beautiful appearance for residents and visitors. In order to effectively address the many maintenance issues in the Business Improvement District, a multi-dimensional approach will consist of the following elements:

Sidewalk Litter Removal: Uniformed, radio equipped Stewards sweep litter, debris and refuse from sidewalks and gutters of the district.

Graffiti Removal: Painters remove graffiti at the ground level by painting, using solvent and pressure washing. The district will maintain a zero tolerance graffiti policy. The goal of the district is to remove graffiti tags within 24 hours of receiving approval from the property owner or other appropriate authority.

Weed Abatement: Weeds are regularly controlled and removed before they become unsightly.

Paper Sign and Handbill Removal: Paper signs and handbills taped or glued on public property, utility boxes, poles and telephones are removed by hand or when necessary by high-pressure water.

LANDSCAPE PROGRAMS

Seasonal plantings of colorful flowers supplemental to those already planted by the City will continue. The Regents currently plant and maintain 200 flower beds throughout downtown, many on a contractual basis with the adjacent business owner.

ECONOMIC DEVELOPMENT

\$252,380 16% of the Budget

In order to address the major issues of vacant storefronts and vacant office space, a proactive recruitment and retention program will continue. It is critical to the success of downtown to continue programs and develop new programs that support professional real estate brokers and property owners in the attraction of new businesses and tenants to downtown.

Programs will also be continued to retain and improve the current business climate in downtown. Efforts in the area of economic development will include working with the City to improve permitting, inspection and zoning issues.

The Renewal Committee set a goal of 1000 new residential units developed in downtown by 2020. In order to meet this goal two new programs, a multifamily residential strategy and a single family residential strategy, have been developed. Economic development resources will be invested in both of these areas.

MARKETING AND COLLABORATION

\$300,250 20% of the Budget

It is important to not only provide the services needed in the District, but to tell the story of improvement in the District. Many of the communication/marketing programs currently in place are produced with non-assessment funds, but are developed and implemented by District personnel. These programs will continue and will be enhanced.

In addition, new programs and new methods will be developed to tell the rich story that is Downtown Mobile. A main goal of Marketing and Collaboration is to reinforce the economic development work. To tell the story of why Downtown Mobile is a good environment for investment, whether that investment is a commercial building, a residence or a business.

OFFICE EXPENSE

\$164,800

11%

The office expense budget is for non-labor overhead expenses and includes rent, insurance, audit and legal fees and other office related expenses.

Section 3

Downtown Mobile Business Improvement District Boundary

Overall District Boundary

The Downtown Mobile Business Improvement District consists of all property defined as within the following boundaries, containing approximately 79 blocks. There is no change to the current District boundary for 2015 to 2020. (See map for further detail and Exhibit B for list of parcels within the BID District)

Beginning at the intersection of Beauregard Street and Water Street head south along Water Street to the intersection of Church Street. Turn west on Church Street to the intersection with Conception Street, at Conception, turn south to Monroe Street to Claiborne Street to the intersection with Civic Center Drive. Turn west on Civic Center Drive to the intersection with Lawrence Street. Turn north on Lawrence Street to Government Street, turn west on Government to Cedar Street, turn north on Cedar to St. Francis Street, turn east on St. Francis to Hamilton Street, turn north on Hamilton to St. Anthony Street, turn east on St. Anthony to Jackson Street, turn north on Jackson to the north property line of parcel #02-29-06-40-0-002-042, turn east along the north parcel lines of parcel numbers 02-29-06-40-0-002-042, 02-29-06-40-0-002-041, 02-29-06-40-0-002-040, 02-29-06-40-0-002-039, 06-40-0-002-053, 02-29-06-40-0-002-047.01, to Conception Street, turn north on Conception Street to Adams Street, turn west on Adams to Jackson Street, turn north on Jackson Street to Beauregard Street, turn east on Beauregard Street to the point of beginning at the intersection of Beauregard Street and Water Street.

Reserved for map

Section 4 Assessment Methodology

Assessment Methodology

Downtown Mobile Business Improvement District property owners and business owners have emphasized that the assessment formula for the Business Improvement District must be fair, balanced and relational to benefits received.

The recommended methodology for the Downtown Mobile Business Improvement District is to use Fair Market Value, as determined by the Revenue Commissioner, as the only assessment vehicle. In order to more accurately reflect the benefits received by properties it was determined that a graduated four level assessment based on each parcel's value will be used. Depending on value, each parcel may have from one to four levels of assessment. The assessment levels are:

- Level One: The first \$1 to \$1 million in fair market value of a parcel
- Level Two: The amount over \$1 million to \$10 Million in fair market value
- Level Three: The amount over \$10 million to \$20 million in fair market value
- Level Four: The amount over \$20 million in fair market value

Calculation of Assessments

The preceding methodology is applied to a database that has been constructed by the District Property Owners and their consultant team. The process for compiling the property database includes the following steps:

- Property data was first obtained from the Revenue Commissioner.
- A site survey was undertaken to verify selective data.
- A list of parcels to be included within the BID is provided as Exhibit B.

Based upon the methodology as set forth above, property data compiled by the Business Improvement District property owners and the Business Improvement District budget, 2015-2016 year assessments are established.

Assessment per	Level One	Level Two	Level Three	Level Four
Dollar of Market Value	\$0.0035	\$0.0032	\$0.0027	\$0.001

Examples of Calculation

Fair Market Value = \$560,000

Assessment Level One first \$1M of value \$ 560,000 X .0035 = \$ 1960
Total Parcel Assessment Per Year **\$ 1960**

Fair Market Value = \$2,500,000

Assessment Level One	first \$1M of value	\$ 1,000,000 X .0035 = \$ 3,500
Assessment Level Two	over \$1M to \$10M	\$ 1,500,000 X .0032 = <u>\$ 4,800</u>
Total Parcel Assessment Per Year		\$ 8,300

Fair Market Value = \$22,000,000

Assessment Level One	first \$1M of value	\$ 1,000,000 X .0035 = \$ 3,500
Assessment Level Two	over \$1M to \$10M	\$ 9,000,000 X .0032 = \$28,800
Assessment Level Three	over \$10M to \$20M	\$10,000,000 X .0027 = \$27,000
Assessment Level Four	over \$20M	\$ 2,000,000 X .001 = <u>\$ 2,000</u>
Total Parcel Assessment Per Year		\$61,300

Annual Budgets

Budgets and assessments will be reviewed each of the five years of the BID term by the District Management Corporation Board of Directors. Prior to approval by the board of directors, each annual budget will be publicly advertised and a public hearing on the budget will be held as provided for in State Law. Over the term of the five years, property values could change which may result in a change in the total property assessment paid. Any annual budget surplus or deficit may be rolled into the following year's budget. Assessments will be set accordingly by the District Management Corporation Board of Directors.

Budgets may vary on an annual basis, without a change in assessment rates, due to changes in individual properties that cause a change in the amount of assessed value within the district. For example, as a new building is completed and the revised market value of that property is included in the BID, the budget may increase and additional programs may be developed to meet increased needs or the budget may stay the same and assessment rates may be lowered.

Increases or decreases to the assessment rate will be determined by the Downtown Mobile District Management Corporation Board of Directors on an annual basis as part of the budget and public hearing process as defined by State Law. Such increases, if any, may not exceed 5% in any given year.

Time and Manner for Collecting Assessments

As provided by state law, the Business Improvement District assessment may either appear as a separate line item on annual property tax bills or may be billed separately by the District Management Corporation. If the District Management Corporation elects to separately bill the assessment, the Corporation shall set the procedures for billing and payment. By State Law, Business Improvement District assessments shall be enforceable by a lien on the real property.

Sunset Provision

Within 90 days after the adoption and approval of the fifth annual budget, the City, as set forth in State Law, shall set a hearing to determine whether the district should be continued, modified, or terminated.

Assessment of Possessory Interests (Beneficial User)

As per State Law, "When record title to real property is vested in a public corporation or authority under a bond financing plan provided for by statute, the beneficial user of the real property in which title may ultimately be vested by purchase shall be deemed the owner of the real property."

Publicly Owned Property

Owners of public property benefit in the same manner and to the same extent as owners of private property. The District Management Corporation will negotiate with owners of public property to receive in-lieu payments based upon the same assessment rate schedule as applied to private property. The budget reflected in this document includes in-lieu payments from the City of Mobile, County of Mobile and the Retirement Systems of Alabama.

Treatment of Owner Occupied Residential

As per State Law owner occupied, single family residential properties shall be exempt from the special business improvement district assessment. In order to receive a residential exemption, property owners must apply in writing to the District Management Corporation. Each request must include the parcel number and such evidence as may be requested by the District Management Corporation in order to determine that the property qualifies to receive the single family, owner occupied exemption. Requests for exemptions must be filed between January 1 and April 30 of each year to receive an exemption for the following fiscal year. Property owners who fail to provide the required documents in support of a request for exemption prior to May 1 shall be invoiced for the full amount of the assessment and subject to the District Management Corporation's collection procedures.

Assessment Policy on 501(c)(3) Organizations

An owner of real property located within the Business Improvement District may reduce the amount of the assessment to be levied by fifty percent (50%) if all of the following conditions are met:

- a. The property owner is a non-profit corporation which has obtained tax exemption under Internal Revenue Code Section 501(c)(3).
- b. The class or category of real property is eligible for exemption, in whole or in part, from real property taxation.
- c. The property owner makes the request in writing to the BID prior to May 1, accompanied by documentation of the tax exempt status of the property owner and the class or category of real property.

If all of these conditions are met, the amount of the assessment to be levied shall be reduced by 50%.

Eminent Domain

As per State Law, “No self-help business improvement district or district management corporation shall have the power of eminent domain.”

Section 5 Business Improvement District Governance

Consistent with business improvement district (BID) legislation throughout the nation, Alabama’s legislation establishes a governance framework that allows property owners who pay assessments to determine how the assessments are used. The following components are required within a governing structure.

Private Sector, District Management Corporation

The “Downtown Mobile District Management Corporation” a nonprofit corporation, incorporated under the Alabama Nonprofit Corporation Act, Chapter 3A of Title 10, Code of Alabama 1975 is designated by ordinance of the municipality to manage the day-to-day operations of the District. The governing board of the District Management Corporation, made up of District property and business owners, is responsible for setting the goals, policies, procedures and annual budget for the Business Improvement District and overseeing their fulfillment. The By-Laws and Articles of Incorporation of the Downtown District Management Corporation are included as Exhibit A.

Section 6 Continuation of City Services

Throughout the process to re-establish the Downtown Mobile Business Improvement District, business and property owners have voiced concerns that the City of Mobile maintains existing services at verifiable “baseline” service levels. As provided by State Law, a formal contract defining baseline level of service and providing that the municipality shall continue the same level of services in the district as provided prior to the creation thereof ensures that existing City services are enhanced and not replaced by new BID improvements and activities.

Term of District

The Downtown Mobile Business Improvement District (BID) is expected to be renewed and begin implementation of the management plan July 1, 2015 and continue in existence until June 30, 2020. Pursuant to state law, the BID will have a five-year life. In order to continue the BID beyond five years, a new management plan must be developed and a public hearing process conducted.