

Management Plan

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

Mobile, Alabama

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MOBILE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT MANAGEMENT PLAN

Section 1

What is a Business Improvement District?

The International Downtown Association estimates that more than 1000 business improvement districts currently operate throughout the United States and Canada. A Business Improvement District provides enhanced improvements and activities, such as security, maintenance and marketing, in addition to those provided by local government.

A Business Improvement District is based upon the “benefit assessment district” concept, which provides for an assessment on property to be raised within a specific geographic area with the proceeds directed back to the district to provide services that benefit the property owners within the specified boundaries.

Some of the advantages of a Business Improvement District are:

A District allows a wide range of service options, including security, maintenance, marketing, economic development, special events, etc.

It is designed and created **by those who will pay** the assessment.

It is governed **by those who pay** through a board of directors made up of property and business owners that oversee operations and submit a yearly budget and implementation plan.

It is implemented **by those who pay** through a non-profit, private sector, district management corporation.

It is established through petition support from property owners of nonexempt real property representing 60% of the fair market value and 50% of the parcels **who will pay** the proposed property assessments.

It provides for a set term of existence for a Business Improvement District, five (5) years, and would require a new process **by those who pay** to continue a district.

It establishes a baseline of services that are currently being provided by the City and guarantees that BID assessment revenue will be used to supplement not replace City services.

Section 2

Purpose of the Business Improvement 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.

The findings of recent interviews conducted to determine the feasibility of a Business Improvement District in downtown Mobile clearly defined the areas that need to be improved to achieve the purpose of the proposed Business Improvement District. The interviews, recent surveys and consultant observations found:

Interviews

The number one issue raised by those interviewed was security. Maintenance and cleanliness of the public space was the second highest priority followed closely by parking issues and issues relating to recruiting businesses to downtown.

Surveys

Surveys of downtown CEO's and employees as well as recently conducted random customer intercept surveys both cite public safety and cleanliness as huge negatives about downtown.

Consultant Observations

There are definite security issues in certain areas at certain times, but experience tells us that much of the negative perception of safety is driven by the lack of attention to maintenance issues and the large number of vacant storefronts.

The "Broken Windows" theory ties crime and maintenance together as two parts of one issue. Not only will you have a higher perception of crime in an un-maintained environment, you will also have a higher level of real crime. The theory goes on to state that if the small things, the details of maintenance, the broken windows are fixed and cared for on a daily basis both the perception of safety and the reality of safety will increase. This theory has been proven true in most downtowns throughout the country.

The large number of empty storefronts together with the lack of maintenance and need to upgrade those storefronts adds to the negative feeling of safety. Vacancy rates hover at approximately 50%. New shopping centers are being built throughout the market area. A new office tower is being built that will add 50% additional office space in the

downtown.

Summary of Needs

In the interviews and through the observations the same message is repeated. The top four needs are safety, maintenance, parking, and retail/office recruitment/retention.

Section 3 District Improvement and Activity Plan

Process to Establish the Improvement and Activity Plan

Through a series of property owner meetings beginning in September of 2003 through August of 2004, District property owners collectively determined the priority for improvements and activities to be delivered by the Business Improvement District. The primary needs as determined by the stakeholders were: safety, maintenance, business recruitment/retention, communication/marketing, parking/access and special projects.

The services and activities of the BID are tailored to meet the specific needs identified by the local business community that will be 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.

2005 Operating Budget Improvement and Activity Plan

The total improvement and activity plan budget for 2005 is projected at **\$881,880**. Management staff expenses are allocated to programs' costs depending on the position and the type of work actually performed. The budget is made up of the following components:

PUBLIC SPACE MANAGEMENT	\$601,980	68% of the
Budget		

SAFETY

Downtown Mobile Safety Ambassador Program.

The District security program mission is to support the police department, property owners and tenants in overall crime prevention efforts and reduction in neighborhood street disorder, while offering a customer service orientation to pedestrians. They provide highly visible neighborhood security and are intended to supplement - not supplant - individual building security and the Mobile Police Department.

Integration with the Mobile Police Department

The Downtown Mobile Business Improvement District security program will work closely with the Mobile Police Department. Mobile Police Department officers will be active in the development and training of the Business Improvement District Safety Ambassador personnel.

Bicycle/Walking Patrol

The Patrol deters aggressive panhandling and other unsuitable behavior. Their presence is a deterrent to theft and burglary from motor vehicles. They also deter and report illegal street vending, illegal dumping and street code violations. They handle a myriad of quality of life problems including: drinking in public, urinating in public, indecent exposure, trespassing, prostitution observations, scavenging and shopping cart confiscation. They perform goodwill gestures such as helping lost persons, conducting tours and escorting office workers to parking.

They patrol assigned routes evenly, covering all property equally on any route in the district. They are professional, assertive, friendly, courteous, people oriented individuals in excellent physical condition. The Patrol officers complete 40 hours of customized classroom district training and field training.

Night Time Patrol

The Night Patrol protects public spaces and property within the Business Improvement District boundaries. The night patrol works to prevent inappropriate behavior from taking place on the streets, sidewalks, storefronts, parking lots and alleys. They prevent graffiti and apprehend taggers when required. The Patrol prevents illegal dumping, burglary, vandalism and other crimes against property. They respond to alarms and maintain communication with Mobile Police area patrols. They respond to calls for assistance from tenants and property owners and handle special projects.

MAINTENANCE

Business Improvement District Clean Team

To consistently deal with maintenance issues a Downtown Mobile District Maintenance Program will be established. In order to effectively address the many maintenance issues in the Business Improvement District, a multi-dimensional approach will be developed consisting of the following elements.

Sidewalk Maintenance: Uniformed, radio equipped personnel sweep litter, debris and refuse from sidewalks and gutters of the district.

Development of District Image Pieces

Section 4
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. (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 with Church Street. Turn west on Church Street to the intersection with Conception Street; at Conception Street 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 Street to Cedar Street; turn north on Cedar Street to St. Francis Street; turn east on St. Francis Street to Hamilton Street; turn north on Hamilton Street to St. Anthony Street; turn east on St. Anthony Street to Jackson Street; turn north on Jackson Street to the northern property line of parcel number 02-29-06-40-0-002-042; turn east along the northern property line 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, 02-29-06-40-0-002-053, and 02-29-06-40-0-002-047.01 to Conception Street; turn north on Conception Street to Adams Street; turn west on Adams Street to Jackson Street; turn north along the western property line of parcel numbers 02-29-06-40-0-003-002.001 and 02-29-06-12-0-003-009.001 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 5 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 have a direct relationship to benefits received.

The recommended methodology for the Downtown Mobile Business Improvement District is to use Fair Market Value, as determined by the assessor, 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 parcels 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 Assessor's Office.
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, first year assessments are established.

Assessment rates are capped during the first five year term of the district.

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 = \$ 1,960

Total Parcel Assessment
1,960

Per Year

\$

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. Assessment rates are capped and may not be increased during the first five year term of the district. 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 will be rolled into the following year's budget. Assessments will be set accordingly by the District Management Corporation Board of Directors to adjust for surpluses or deficits that are carried forward.

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.

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 System 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 by June 1 to receive an exemption for the following fiscal year.

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 the submission of the BID assessment rolls on June 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 6 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.

City Council

Following the submission of petitions from nonexempt property owners representing more than 60% of the aggregate fair market value and 50% of the number of parcels, the City Council holds a public hearing and then may form the District. The District is established by an ordinance of the City Council, with the power to levy assessment on property.

Private Sector, District Management Corporation

A new nonprofit corporation, incorporated under the Alabama Nonprofit Corporation Act, Chapter 3A of Title 10, Code of Alabama 1975 will be designated by ordinance of the municipality to manage the day-to-day operations of the Management District. The corporation shall be known as the "Downtown Mobile District Management Corporation". The governing board of the District Management Corporation, made up of District property and business owners, will be 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 7 Continuation of City Services

Throughout the process to 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 established and begin implementation of the management plan in 2005. Pursuant to state law, the BID will initially 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.

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Downtown Mobile Business Improvement District

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