Organizing & Managing BIDs

(1) Define Business Improvement Districts: What they are; what they are not
(2) How many are there
(3) What are their diverse roles
   CCD as a case study
(4) Steps to organize a BID

First BID: Bloor Street, Toronto, Canada, 1970
Retail street that was losing market share to other places

Business Improvement District (BID)
• Spread to United States in 1980s; huge growth in 1990s
• Initially: A response to declining urban market share/suburbanization
• Response to “new federalism” 1980s, declining public resources
• Response to declining local business ownership & leadership
• But then spread to successful city and commercial centers

Business Improvement District (BID)
• Grounded initially in North American system of decentralized taxation & service delivery
• In United States & Canada BIDs are established under state or provincial law & approved by local municipal govt.
• In North America there is not one national law for BIDs, there are 50 different, though similar laws, in each American state & in each Canadian province
• In England, Ireland & Scotland national law was required to devolve & delegate authority
• German federal system similar to US; state not national

2010 - 1,001 Business Improvement Districts in U.S.
1,000 U.S. + 400 Canada = 1,500 BIDs in North America

- Exist in South Africa
- England, Ireland, Scotland
- Germany, Austria, Serbia
- Japan (Osaka) - 2015
- Brazil (did not proceed)
- Australia/New Zealand (special rates) – not BIDs

North America

<table>
<thead>
<tr>
<th>City</th>
<th>BIDs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toronto</td>
<td>83</td>
</tr>
<tr>
<td>New York City</td>
<td>72</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>39</td>
</tr>
<tr>
<td>Vancouver</td>
<td>22</td>
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<tr>
<td>San Diego</td>
<td>18</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>14</td>
</tr>
<tr>
<td>San Francisco</td>
<td>11</td>
</tr>
</tbody>
</table>

83 BIAs in Toronto

Map of NYC BIDs

BIDs were organized in England around 2001

To restore high streets, undermined by out of town shopping centers
What is a business improvement district (BID)?

- BID is an independent management organization (separate from local government) whose purpose is to improve the competitiveness & attractiveness of a place of business
- BIDs do many different things in many different cities depending on local needs, priorities & the types of businesses that are within the BID area
- BIDs supplement, but do not replace municipal government services

Government provides the cake (basic services); BIDs add the special topping or icing. Basic services vary significantly by city & nation.
Some definitions/characteristics

- Self-help mechanism to improve competitiveness of place; 
  Alexis de Tocqueville, *Democracy in America* – voluntary associations

- BID is usually governed by a private sector board of directors but within a framework established by local government; Publicly authorized, privately managed 
  Result of the delegation of public authority

- BIDs have lives that extend beyond the local political cycle.

Business Improvement District (BID)

- BIDs are substantially different from privatization, since they are not usually spending out-sourced public resources, but rather newly raised resources;

- BIDs are not imposed by government; rather business owners take initiative, conduct a planning process in consultation with government to determine if additional services are needed, what those services should be, and how the cost of services should be allocated among beneficiaries (Australian & New Zealand special rates)

- Funded through a mandatory assessment that is self-imposed; different from Main Street & town center management

Town Center Management (TCM) & BIDs

- Both are mechanisms for area based management at smaller scale than a city (intimacy)

- Both coordinate multiple services in a defined area

- Both seek to enhance the competitiveness of a place in the face of competition from other places

- TCM is usually funded by government or private sector donated resources

- BIDs are based on private sector funding & mandatory assessments & bring new resources to a place

BIDs are both service providers & place managers

- BIDs work with property owners & business leaders to establish priorities for improvement in a business district.

- BIDs organize cooperative efforts to address problems & promote strengths

- BIDs raise & control resources, provides services & benefits within an area that is smaller than a city or town; more focused on the unique aspects of the place

In an enclosed shopping center every tenant pays rent + a common area or service charge; 
For maintenance, security & marketing

In a large city with diverse property ownership
Individual businesses in a district don’t always have a way to coordinate activities & act in concert.

In voluntary associations often a few carry the load, while others ride for free.

All taxable property owners within boundary pay for services Delivered exclusively within boundaries of BID.

Not redistributive tax, but an assessment for services rendered.

What is the context for a BID?

- BIDs emerge when government doesn’t have sufficient resources, or when government recognizes that local business leaders may be able to bring a more focused and hand-crafted approach to area based management, marketing & enhancement.

BIDs emerge when local government is willing to “let go” and recognize that local businesses may bring a more entrepreneurial approach (Daley in Chicago) (Mayors Giuliani, Bloomberg & DiBlasio in NYC)

- BIDs are organized when business leaders are willing, or feel compelled by competition or decline, to “do more”.

BIDs are not about “governance” & are not governments: they neither make nor enforce law.

BIDs are about management, promotion, public space improvement & stimulating development.
Legal requirement: rational nexus

There should be “…a rational, definable benefit which accrues to any property owner assessed a fee ….

All property owners … paying a special assessment fee must benefit directly or indirectly from facilities or services provided …within the BID.”

Case of Brazil

Pennsylvania Municipality Authorities Act of 1945
Special services districts

A Special Services District is a legal mechanism for property owners in a commercial area to act together to achieve common goals, such as improving the safety, cleanliness & image of public areas, marketing and promoting the district & to fund these services through a mandatory charge.

Pennsylvania: 23 active business improvement districts

Pennsylvania Municipality Authorities Act of 1945
Special services districts

A Special Services District is a legal mechanism for property owners in a commercial area to act together to achieve common goals, such as improving the safety, cleanliness & image of public areas, marketing and promoting the district & to fund these services through a mandatory charge.

Unique Pennsylvania Aspects

• Those BIDs formed under the Municipality Authorities Act (prior to 2000) are municipal authorities, not non-profit corporations
• Have the authority to bill & collect directly from property owners without the city as intermediary – relatively unique
• Have power to file liens & judgments co-equal to municipal liens
• Have the authority to issue tax-exempt debt, independent from the city debt ceiling and bond-rating

14 BIDs + managed areas in Philadelphia

Budgets range from $20,000 to $26 million

Northern Liberties recently form & Callowhill BID just defeated
9th street market planning phase
University City District
Stadium Special Services District

BID-like; but not BIDs
(a) No assessment
(b) those pay do not directly benefit; & those who benefit do not pay.

Place management organizations

Organizing & Funding the CCD
Like most original business improvement districts

- CCD was a response to declining urban market share & suburbanization
- A response to 1980s “new federalism” declining public resources for cities
- Response to declining local business ownership & leadership

1990: A degraded public environment:

- Substantial ground & upper floor vacancy
- Neglected facades, solid security gates
- 9 to 5 downtown; empty streets at night
- Convention Center under construction: Fear & opportunity
1990: what size District?

Commercial office district
Historical dept store district
Boutique retail streets

Enlightened self-interest
Reclaiming the public domain

“I already provide cleaning & security for my 15 properties in Center City. But if our holdings are just islands of clean & safe in the middle of a downtown that no one will go to, it’s bad for everyone’s business”

One large district
220 blocks in CBD: started with $6.5 million operating budget
Grown in 28 years to $26.5 million
Supplement but not replace city services

Formal plan & budget describes all services
www.centercityphila.org

Detailed 5 year plan: approved by property owners & City of Philadelphia
June 13, 2017, the CCD mailed a formal notice of a public hearing, a copy of plan and budget, information about how to object and estimated CCD charges for 2018 to all 1,688 benefitting property owners within the boundaries of the CCD, including 56 condominium associations, 4 cooperative associations & 34 townhouses. CCD also mailed the proposed Plan and Budget and information about property owner charges to 6,572 commercial tenants and more than 4,000 individual condominium owners.

On June 13, 2017, the CCD also posted the proposed Plan and Budget prominently on its website. On June 14, 2017 notices of the public hearing were formally placed in Philadelphia Inquirer and Philadelphia Daily News.

CCD held advertised public hearing at Temple University’s Center City campus at 1515 Market Street on July 18, 2017 from 12:00 pm to 6:00 pm.

Twenty-three (23) individuals testified in favor of the plan and budget; none testified against.

On Friday, September 1, 2017 at the end of 45 day formal comment period, the CCD had received two objection letters from the same owner of two different properties within the District. The owner objected to the amount of his estimated 2018 CCD charge, which had increased largely because the property had been reassessed by the Office of Property Assessment. The CCD responded to that owner explaining the formal method for appealing assessments to the OPA.

Two properties represent 0.118483% of the 1,688 benefitted properties within the CCD and represent 0.007540% of the total assessed value of the CCD in 2018. Given that these percentages are substantially below the 33% threshold of objecting property owners or assessed value, we are formally requesting that the attached legislation, following its review by the Administration and Council, be introduced in the fall session of City Council.

Where the Money Comes from: 2019
89% assessments; 11% earned income

$26,590,012

OFFICE & OTHER COMMERCIAL 45%
APARTMENTS 15%
EARNED INCOME 14%
HOUSING 10%
RETAIL 7%
PARKS & PUBLIC SPACES 6%
RESIDENTIAL 3%
COMMUNITY INVESTMENTS 0%
EXEMPT PROPERTY CONTRIBUTIONS

Method of assessment

Based on municipal valuation of real estate

CCD independently calculates charges creating a fraction:

\[
\text{Assessed value of property} \times \frac{\text{Assessed value of CCD}}{\$24.9 \text{ million}} = \text{charge}
\]

Billed and collected by CCD

High density office district backbone of CCD

Top 15 properties pay 22% of total budget
Top 10 properties pay 17%
Average for office = $232,000; hotels = $102,000.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Property</th>
<th>2019 Billing Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Comcast Center - 1701 JFK Blvd.</td>
<td>$531,561</td>
</tr>
<tr>
<td>2</td>
<td>Mellon Bank Center - 1735 Market Street</td>
<td>$521,436</td>
</tr>
<tr>
<td>3</td>
<td>Centre Square - 1500 Market Street</td>
<td>$519,328</td>
</tr>
<tr>
<td>4</td>
<td>One Liberty Place - 1735 Market Street</td>
<td>$466,616</td>
</tr>
<tr>
<td>5</td>
<td>Comcast Innovation Center - 1800 Arch</td>
<td>$412,783</td>
</tr>
<tr>
<td>6</td>
<td>One Commerce Square - 2005 Market Street</td>
<td>$394,404</td>
</tr>
<tr>
<td>7</td>
<td>401 North Broad Street</td>
<td>$375,338</td>
</tr>
<tr>
<td>8</td>
<td>Two Commerce Square - 2001 Market Street</td>
<td>$374,190</td>
</tr>
<tr>
<td>9</td>
<td>Philadelphia Marriott Hotel</td>
<td>$373,935</td>
</tr>
<tr>
<td>10</td>
<td>1717 Arch Street</td>
<td>$350,058</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$4,318,954</td>
</tr>
<tr>
<td></td>
<td>% of Total 2019 Billing Amount</td>
<td>17%</td>
</tr>
</tbody>
</table>

Pass-through to tenants
One Liberty Place / Mellon Bank
$466,516.83 / $521,436. annually
Divided by 1.2 million sf = 39-43 cents/ft
On top of rent of $30- $35/sq. ft.

What do BIDs do?

#1: BID as direct service provider: Now you see it

What do you see: uniformed presence on the street
BID as service provider
CCD 1.0: Clean

Each walkway swept manually minimum 3 x day
Competitively outsourced to ABM

Mechanical cleaning 2 x morning; 2 x afternoon

Pressure washing sidewalks
Continuous graffiti removal from first floor
During warm weather months

Increased frequency when each walkway & façade is cleaned

Added non-uniformed cleaners to take on functions that should be the City’s
147 sidewalk cleaners/supervisors work 7 days/week
364 days per year

63% of survey respondents
Say Center City “much cleaner” than rest of the city

CCD 1.0: Public safety & visitor information
Community Service Representatives
- 52 CSR’s
- 6 Supervisors
- 7 days per week

What would make it cleaner
Besides litter, please tell us which are the
two biggest problems that distract from the appearance of sidewalks in Center City?

Unique partnership: Daily combined roll-call
Police districts

Dedicated foot & bicycle patrol
Assigned only to the CCD

Deployment planned in part through GIS mapping

Since 1995 serious crimes cut in half declined from 18.2 to 9.9/day thru 2017
Even as population & activity increased downtown

79% feel safe “most of the time” or “always”
Down from 82% in 2017
Sorted by age cohorts

Most of these items are part of urban life and do not bother me.

Main challenge: Homelessness & panhandling

Overnight Homeless Locations

Panhandling Locations

Average daily overnight homeless presence in Center City

<table>
<thead>
<tr>
<th>Month</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>% Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>239.20</td>
<td>239.00</td>
<td>236.25</td>
<td>244.50</td>
<td>295.50</td>
<td>132%</td>
</tr>
<tr>
<td>February</td>
<td>234.75</td>
<td>216.75</td>
<td>211.25</td>
<td>202.75</td>
<td>280.25</td>
<td>175%</td>
</tr>
<tr>
<td>March</td>
<td>215.25</td>
<td>240.50</td>
<td>244.60</td>
<td>235.00</td>
<td>358.20</td>
<td>211%</td>
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<tr>
<td>April</td>
<td>231.50</td>
<td>312.80</td>
<td>347.00</td>
<td>287.00</td>
<td>417.60</td>
<td>80%</td>
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<tr>
<td>May</td>
<td>292.50</td>
<td>99.00</td>
<td>96.00</td>
<td>263.25</td>
<td>199.00</td>
<td>105%</td>
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<tr>
<td>June</td>
<td>261.75</td>
<td>495.25</td>
<td>466.00</td>
<td>420.20</td>
<td>580.75</td>
<td>45%</td>
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<tr>
<td>July</td>
<td>489.00</td>
<td>502.80</td>
<td>523.25</td>
<td>479.80</td>
<td>695.75</td>
<td>40%</td>
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<tr>
<td>August</td>
<td>491.75</td>
<td>583.00</td>
<td>547.75</td>
<td>549.75</td>
<td>741.00</td>
<td>51%</td>
</tr>
<tr>
<td>September</td>
<td>484.53</td>
<td>542.80</td>
<td>564.60</td>
<td>537.50</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>October</td>
<td>497.60</td>
<td>469.00</td>
<td>438.00</td>
<td>458.25</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>November</td>
<td>353.33</td>
<td>474.00</td>
<td>292.25</td>
<td>229.50</td>
<td>7%</td>
<td></td>
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<tr>
<td>December</td>
<td>387.75</td>
<td>291.40</td>
<td>226.80</td>
<td>332.50</td>
<td>6%</td>
<td></td>
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<tr>
<td>Yearly AVG</td>
<td>313.50</td>
<td>376.53</td>
<td>369.77</td>
<td>378.62</td>
<td>492.76</td>
<td>72%</td>
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</table>

Average daily panhandler presence in Center City

<table>
<thead>
<tr>
<th>Month</th>
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<tr>
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<td>13.50</td>
<td>29.60</td>
<td>44.80</td>
<td>48.80</td>
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<tr>
<td>February</td>
<td>22.75</td>
<td>24.75</td>
<td>31.00</td>
<td>63.75</td>
<td>56.75</td>
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<tr>
<td>March</td>
<td>26.40</td>
<td>30.20</td>
<td>26.33</td>
<td>55.75</td>
<td>44.75</td>
</tr>
<tr>
<td>April</td>
<td>29.00</td>
<td>33.75</td>
<td>35.00</td>
<td>55.75</td>
<td>48.20</td>
</tr>
<tr>
<td>May</td>
<td>34.75</td>
<td>39.25</td>
<td>31.00</td>
<td>69.20</td>
<td>59.00</td>
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<td>38.40</td>
<td>33.25</td>
<td>36.00</td>
<td>81.50</td>
<td>71.50</td>
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<td>July</td>
<td>27.75</td>
<td>35.50</td>
<td>52.00</td>
<td>74.00</td>
<td>46.00</td>
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<tr>
<td>August</td>
<td>31.55</td>
<td>43.80</td>
<td>47.40</td>
<td>86.75</td>
<td>54.60</td>
</tr>
<tr>
<td>September</td>
<td>28.60</td>
<td>46.75</td>
<td>77.75</td>
<td>70.75</td>
<td>164%</td>
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<tr>
<td>October</td>
<td>27.00</td>
<td>48.25</td>
<td>60.60</td>
<td>79.60</td>
<td>195%</td>
</tr>
<tr>
<td>November</td>
<td>33.00</td>
<td>39.20</td>
<td>54.00</td>
<td>56.75</td>
<td>72%</td>
</tr>
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<td>December</td>
<td>36.00</td>
<td>39.25</td>
<td>53.25</td>
<td>58.67</td>
<td>164%</td>
</tr>
<tr>
<td>Yearly AVG</td>
<td>27.48</td>
<td>35.45</td>
<td>43.75</td>
<td>66.48</td>
<td>59.45</td>
</tr>
</tbody>
</table>
CCD has funded a combined outreach effort: Project Home, Police & CSRs all working together

CCD 1.0 Uniformed presence: “clean & safe”

#2 BIDs as “place marketers” attract customers to businesses and places

Highlight downtown amenities & attractions
BIDs organize special events to attract people to a place

Events, paid & free media strategies

Largest retail promotion: 2 x year: Restaurant Week

Starts this Sunday!

After work amenities Promote bars & outdoor cafes: SIPS

Commerce Square
Who do you call?
- 83 Items in public environment surveyed
- 23 Responsible Agencies

Streets Department
- Benches
- Bicycle Racks
- Pedestrian Lights
- Traffic Lighting
- Street Name Signs
- Street Trees (non-highway)
- Potholes (non-highway)
- Trash
- Litter
- Vehicular Signage
- Vehicular Streetlights

Licenses and Inspections
- Business Compliance
- Signage Enforcement
- Honor Box Enforcement
- Building Hazards
- Property Hazards
- Street Vendor Enforcement

SEPTA
- Subway Entrances
- Transit Signage
Highway Streets / Roadways Potholes (highway only)

All problems are geo-coded and recorded

Email reports to municipal government departments

BID as place-manager: meet regularly to review
Coordinated by CCD & Philadelphia Police 1,500 users. Serves as critical communications network for CC.


Appeals for witness information, CCTV photos, etc. Credited with aiding police in 3 separate arrests.

Begin in mid 1990s installing banners

2018: 3,556 banners for 70 non-profit groups

Grand Central Partnership first BID to finance streetscape improvements: 1994

CCD 2.0: Financing public area improvements

1994
- 20-year reauthorization
1995
- $21 million tax-exempt bond issue backed only by CCD revenues
- +$5 million City funding
Strategic priorities: reinforce nodes of strength
Encourage broader circle of development

- Office district
- Hospitality zone
- Retail corridors
- Leverage private development

Installed and maintain: 800 trees; 72 planters

Installed & maintain: 1,200 pedestrian maps & signs

Creating a visitor friendly environment

Integrated with 233 signs for motorist that the CCD also maintains

Fundraising now to add 200 more trees
Extended onto Benjamin Franklin Parkway

Making Transit More Customer Friendly

Route maps and historic images

New graphics for 108 entrances to underground

2,300 Pedestrian-scale lights
Doubled nighttime illumination

Pedestrian light fixtures, 75% of downtown sidewalks
Creates a sense of evening safety

Benjamin Franklin Parkway

Building façade lighting on South Broad Street

Animating the city at night

But … no amount of streetscape improvements…

Can leverage change when the street is dwarfed by larger issues & problems
BIDs improve the appearance of retail shops

34th Street Partnership, NYC

- Provide storefront design & window display services
- Advise on marketing & promotion
- Coordinated advertising campaigns

Downtown Baltimore Partnership: Façade improvement program

BIDs can attract businesses & residents to help fill & reuse older buildings

#5: BID as catalyst for change & diversification

Residential revival

1996: 4.5 million sf. Vacant Class “C” office space

- Retained architect & developer to evaluate buildings
- Survey to determine best buildings: floor layout, window size & exposure
- Detailed economic analysis of 10 buildings: evaluation for code compliance, cost-estimates, pro-formas.

10 year residential tax abatement

Approved 1997

- Extraordinary costs of converting from vacant office or industrial to residential use
- 10 year abatement on improvements
- Available city wide

Significant growth in downtown housing: 1996–2018: 180 buildings converted to residential use
Expanded in 2000 to include all new construction

Since 2000: 26,195 new housing units
Population up 22% to 193,000;

Central Business District is no longer just an office district
56 condo buildings with 4,200 units inside CCD
235 apartment buildings + 4 coops: 17,000 units

BIDs play role in helping to reposition & repurpose real estate

Wall St 1995: empty after 5:00 pm & on weekends

Formed 1995: Strengthen & diversify commercial core
Incentives to reduce office vacancy, transition to residential

What this Means for Wall Street - 2010

#6: BIDs manage parks & public spaces: Bryant Park

CCD 3.0: 2008; Park renovation & management
BID as “placemaker”

Started with neglected empty space
Long-term lease from City
Create a thriving gateway to the Parkway

Café revenue pledged to park maintenance

Collins Park, 1700 block Chestnut Street

Successful location for rental events

In 2012: Sister Cities Park

Took a barren and forgotten space
And transformed it

Into a place for families with children

Very successful water fountain

Took a solitary neglected statue

Wrapped a children’s garden around it

With a pond
And climbing mountain

Cafe building, competitively selected operator

Park serves young children very well, But they are getting older

Add more gathering & play spaces within garden & for slightly older children – up to 8 years old

5 new play locations + more seating for tired parents

Water pump at the top of the mountain
Sluice gates to dam up the stream

Part of an animation strategy for the Parkway

Completed $60 million renovation in September 2014

$60 million construction project
Broad range of public, private & foundation funding
Federal TIGER grant

Contributors to the Transformation of Dilworth Park
Major Public Donors

- Center City District: $15 million
- City of Philadelphia: $5.75 million
- Commonwealth of Pennsylvania: $16.35 million
- Federal Transit Administration: $15 million
- SEPTA: $4.3 million

Major Donors to Construction
- The Albert M. Greenfield Foundation: $225,000
- John S. and James L. Knight Foundation: $400,000
- PNC: $300,000
- William Penn Foundation: $4.2 million

1970’s barren plaza

Steps and barriers
Pedestrian obstacles, walls & changes in elevation

Inadequate funding for maintenance

Blind corridors, turns, hiding places

Opportunity: Confluence of 3 transit lines

Completely reconstructed two levels + accessibility

Designed as a flexible space
120,000 sf + 40,000 subway concourse
Walk directly in from the street

Goal: Create first-class gateway to transit

Clear glass entrances to transit

Curving shape of the headhouses

Defined by an imaginary circle frame City Hall

A place for people to read & relax
See local performing artists

Café: at northern end

Competitively selected operator

Bought & renovated airstream; to enhance cooking capacity

Positioned it east of the café

Programmed with events
Attractive water feature

Flexible design portions turn off for events

Exercise classes

Rented for parties, conventions & weddings

Convention receptions
Location becomes winter ice rink

Holiday markets

Lawn & coffee stand at southern end

Program events

Program movies & bocce

Added garden maze on lawn for 2016
IBX Deck the Hall Light Show

Full winter deployment

Last fall turned on Janet Echelman’s PULSE
To year-round attractions in the park

To 10.8 million visitors in 2018

Pedestrian paths

Manage & program four downtown parks

CCD: clean & pressure wash surface & concourse
6 am to 11 pm

Remove snow & ice in the winter
Maintain all park assets

Outsource some functions

Community Service Representatives
Deployed 7 days/week; strong back-up from PPD

Staffed by CSRs by day; private security at night

Not all children are well-behaved
Or supervised by their parents

Extensive landscape maintenance
Seasonal plant changes & upgrades
Steadily adding more green (& cost) to the park

Upgrades to the PNC Terrace area
Wall along City Hall
Maintenance of electrical systems supporting operations

Plumbing systems for fountain & landscaping

Marketing Department organizes major events

$2.3 million in operating costs in 2016

Income generation: Digital screens: 90% arts, culture & non-profit on surface

Commercial advertising in the concourse
Rental events: mark-up on tent rental & catering

Self-imposed rule: Cap rental events at 5% of operating hours

Rothman Ice rink admissions

Skate rentals

Sponsorship income

It has taken a lot of sponsorship to get to break even & make money in Year 3
Café percentage rent

Café: more amenity than revenue generator

Nominal Rent from Holiday markets

2016 Dilworth Park Revenue

Goal: Increasing self-sufficiency of the park
Without the BID standing behind the park….
Far fewer risks, less experimentation, less multi-year patience

Three simple lessons:
1. Intensively used public spaces are extraordinary expensive to maintain: average 30,000/day annually; 50,000/day seasonal peaks
2. You need to be prepared to subsidize them deeply in the early years
3. You can only learn by doing & you are never done with learning & improving
June 2018, opened the Railpark phase 1

A new amenity

For an emerging live-work neighborhood

Appealing to a broad cross-section of the city

Park that celebrates our history

Encourages in depth study
Hoping to move on to phase 2

Since 1997: $47.5 million from CCD leveraged $101 million = $148.5 million in capital investments

All BIDS are the same, except....

(1) City context varies
(2) Legal framework varies
   (a) approval processes; positive and negative votes
   (b) who should be on the Board of Directors?
       - all private or public/private
       - cross-section of business
       - who appoints
   (c) What type of properties can be assessed
   (d) how is the assessment calculated

Must start with state enabling legislation; that sets the rules

(3) Property type & business composition varies

The principles are the same

(1) BIDs are not just about service-delivery; they are about Place-management, place-marketing, place-development
   Tasking someone with the job of getting up each day & Asking, "how do I make this place better? How do I get diverse actors to work together? How do I grow market share?"

(2) BIDs at their best are entrepreneurial, not bureaucratic; focused on the customer who keeps asking “what have you done for me lately?”

Limits to BIDs

(1) BIDs are not panaceas & in moderate & low income areas, they probably are not sustainable if free-standing
   BIDs assessments should be just one revenue stream, matched by others: Manayunk & Mt. Airy Passyunk Avenue

(2) Smaller BIDs should not be left flounder without good public support & technical assistance
The organizing process

Continuum from publicly-subsidized to self-sufficiency: 75 BIDs

Problems to be Overcome

(a) “Are you crazy? Isn’t this government’s job? We are already paying too much to a government we don’t trust”
  • supplementing or supplanting municipal services
  • sunset provisions - market check & barrier to capital financing
  • place management/place marketing to stay competitive

(b) Fear of withdrawal of municipal services
  • quantifying base level of city services prior to starting
  • maintenance of base-level service agreements

(c) “The rich are paying for services at expense of poor”
  • downside of “buying” additional services from government
  • Brazil
  • assisting other commercial areas

Does a BID make sense of Upper Merion?

What would boundaries be?
One bid or three bids?
What would your priorities be for improvements?

- Enhanced gateway identity?
- Proposed new signs & banners
- Improve the sense of arrival from the highways?
- Upgrade individual business signs...
- Uniformly higher standards?
Upgrading curb appeal?

Attractive landscaped edges?

Improve the pedestrian experience?

Fund streetscape amenities: lighting & landscaping?

Proposed new lighting for City Avenue

More outdoor cafes?
Reduce the auto-dominated feel?

Route 9 in Delaware

Address frustrating traffic conditions?

Overcome the barrier effect of highways?

Bring light rail services into the area?
Extend the Route 100?

Commuter shuttle: University City District
Link offices to transit & lunchtime amenities?

Do you want to support business marketing ....

To help to fill vacancies?

Next Steps

• Does the concept of paying extra make sense or is it dead on arrival?

• Are major business/property owners willing to take the lead on exploring the options? A group needs to lead!

• One area or three? What exactly are the boundaries?

• What Services? Property owners will want to know what they are already getting for their tax dollars, before they agree to pay for supplemental services.

• Township needs to quantify “base level of services.”

• Make a “wish list” of all desired services that would improve the competitiveness of the area & provide benefits to all types of property owners. You are very different types of businesses. What needs do you share in common?

• Cost-out these alternative services & match them with revenue scenarios

• Through discussions with other owners & tenants, establish priorities & determine how many additional dollars each property owner, or that owner’s tenants, are willing to pay on a monthly basis for these services.
Two surveys

Conditions Survey

<table>
<thead>
<tr>
<th>Conditions</th>
<th>Importance</th>
<th>Conditions Percentages (%)</th>
<th>Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</table>

Worst condition

<table>
<thead>
<tr>
<th>Priority</th>
<th>Poor (%)</th>
<th>Avg (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 A walkable environment</td>
<td>87%</td>
<td></td>
</tr>
<tr>
<td>2 Directional signs for pedestrians</td>
<td>81%</td>
<td></td>
</tr>
<tr>
<td>3 A place for shopping</td>
<td>79%</td>
<td></td>
</tr>
<tr>
<td>4 Cooperation among property owners</td>
<td>78%</td>
<td></td>
</tr>
<tr>
<td>5 Marketing to attract developers</td>
<td>75%</td>
<td></td>
</tr>
<tr>
<td>6 A place for entertainment</td>
<td>64%</td>
<td></td>
</tr>
<tr>
<td>7 Clean sidewalks</td>
<td>64%</td>
<td></td>
</tr>
<tr>
<td>8 Marketing to attract office tenants</td>
<td>64%</td>
<td></td>
</tr>
<tr>
<td>9 Uniformed security presence</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>10 Marketing to attract visitors</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>11 Communication with municipal government</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>12 Condition and quality of signs</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>13 Marketing to attract retail customers</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>14 A place for dining</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>15 A place for work</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>16 Sense of Safety</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>17 Condition and quality of buildings</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>18 Reputation in the region</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>19 For shopping</td>
<td>6%</td>
<td></td>
</tr>
</tbody>
</table>

What are priorities for improvement?

<table>
<thead>
<tr>
<th>Priority</th>
<th>Very %</th>
<th>Extremely</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Public transportation</td>
<td>90%</td>
<td></td>
</tr>
<tr>
<td>2 Improved gateway markers, banners and directional signs</td>
<td>87%</td>
<td></td>
</tr>
<tr>
<td>3 Marketing to attract office tenants</td>
<td>81%</td>
<td></td>
</tr>
<tr>
<td>4 Landscape, flower installation, maintenance</td>
<td>81%</td>
<td></td>
</tr>
<tr>
<td>5 Incentives for facade and business sign improvements</td>
<td>77%</td>
<td></td>
</tr>
<tr>
<td>6 Shuttle service between destinations</td>
<td>74%</td>
<td></td>
</tr>
<tr>
<td>7 Marketing to attract visitors, tourists</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>8 Luxury accommodations in the region</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>9 More well-designed public spaces, frontages</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>10 More pedestrian safety throughout the area</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>11 Regular sidewalk cleaning</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>12 Better parking controls, e.g., shared parking, coordination, etc.</td>
<td>47%</td>
<td></td>
</tr>
<tr>
<td>13 More parking spaces</td>
<td>47%</td>
<td></td>
</tr>
<tr>
<td>14 Marketing to attract developers</td>
<td>32%</td>
<td></td>
</tr>
<tr>
<td>15 More attractive parking</td>
<td>32%</td>
<td></td>
</tr>
<tr>
<td>16 More parking capacity</td>
<td>26%</td>
<td></td>
</tr>
<tr>
<td>17 Additional public art, cultural activities</td>
<td>26%</td>
<td></td>
</tr>
<tr>
<td>18 Uniformed hospitality personnel</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>19 Informational bulletins for visitors</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>20 Improved transportation services</td>
<td>3%</td>
<td></td>
</tr>
</tbody>
</table>

Best conditions

<table>
<thead>
<tr>
<th>Priority</th>
<th>Very %</th>
<th>Extremely</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 A place to work</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>2 Directional signs for drivers</td>
<td>95%</td>
<td></td>
</tr>
<tr>
<td>3 Sense of Safety</td>
<td>87%</td>
<td></td>
</tr>
<tr>
<td>4 Reputation in the region</td>
<td>94%</td>
<td></td>
</tr>
<tr>
<td>5 A place for dining</td>
<td>77%</td>
<td></td>
</tr>
<tr>
<td>6 Condition and quality of buildings</td>
<td>79%</td>
<td></td>
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<td>7 For shopping</td>
<td>74%</td>
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<tr>
<td>8 Condition and quality of signs</td>
<td>71%</td>
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</tr>
<tr>
<td>9 Communication with municipal government</td>
<td>71%</td>
<td></td>
</tr>
<tr>
<td>10 Uniformed security presence</td>
<td>68%</td>
<td></td>
</tr>
<tr>
<td>11 Marketing to attract visitors</td>
<td>68%</td>
<td></td>
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<td>59%</td>
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<td>48%</td>
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<td>48%</td>
<td></td>
</tr>
<tr>
<td>20 A place for culture</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td>21 A place for shopping</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td>22 Number of undeveloped lots</td>
<td>32%</td>
<td></td>
</tr>
</tbody>
</table>

King of Prussia Business Park

5% = $390,000; 10% = $782,000
Route 202
5% = $647,000; 10% = $1,239,000

Warner Road
5% = $85,350; 10% = $170,700

Doesn’t include estimates for new development

Would having $1.1 - 2.2 million extra/year that you control
Enhance competitiveness of your business?

http://kopbid.com/