

THE ROOSEVELT ENHANCED MUNICIPAL SERVICES DISTRICT OPERATING PLAN AND BUDGET July 14, 2015

I. SUMMARY

The Enhanced Municipal Services District (EMSD) is designed to improve the economic vitality and overall commercial appeal of the Roosevelt Row/Evans Churchill area of Downtown Phoenix.

The Roosevelt District (“District”) will provide programming and benefits to businesses and properties located within the proposed area and will include enhanced public safety, maintenance, and beautification; economic development; and professional administration. These District services will be *in addition* to the services in the area currently provided by the City of Phoenix.

Enhanced Municipal Services Districts (also known throughout the country as Business Improvement Districts - BIDs) help improve image, increase sales and property values, fill vacancies, and attract new customers and businesses in commercial districts and downtowns.

The main characteristics of the Roosevelt EMSD are as follows:

Name: The Roosevelt District

Proposed Boundaries: The proposed District boundary encompasses property within the east side of 7th Street to the east, east side of 7th Avenue to the west, south side of Moreland to the north, and north side of Fillmore to the south. A map of the area is outlined in Appendix A.

Programs & Services: Based upon public forums, written surveys, and individual interviews with Roosevelt Row/Evans Churchill property and business owners, the District would provide funding to perform the following programs and services:

- Enhanced Safety, Maintenance, and Beautification
- Economic Development
- Professional Management & Administration

Budget: \$375,000 is budgeted for the first year of the district.

Assessed Properties: Properties subject to the assessment include: commercial properties, parking lots, vacant lots, hotels, and rental residential properties with more than four (4) units. Government property can be assessed with consent of the governmental entity. The City of Phoenix has agreed to participate fully in the District for all City-owned property.

Exempt Properties: Tax-exempt religious organizations, single-family homes, for rent residential properties with four (4) units or less, and tax-exempt low income/rent restricted residential properties. These property types will need to submit annual proof of exemption.

Methodology: In order to allocate the costs of the services and improvements to be furnished by the District in a way that most closely reflects its benefits, the District will collect an assessment based upon two criteria:

A. Basic Land Rate, Zone 1 & 2

- Zone 1: With a higher concentration of retail and a pedestrian-oriented scale, Zone 1 will receive an increased level of service as well as gain the most direct benefit from District programs and will pay an additional linear frontage assessment.
- Zone 2: Encompasses the remaining parcels within the boundaries and is only assessed solely on the Basic Land and Use rates.

B. Use Rate

- Category 1, Commercial
- Category 2, Vacant Lot
- Category 3, Parking
- Category 4, Hotel
- Category 5, Assessable Residential

City Services: A base level of services agreement will outline the City's current level of services in the District boundaries and the City will maintain its existing level of service in the proposed District. District services funded by the special assessment will be in addition to City services currently provided to the area.

District Formation: The formation of an EMSD requires City Council to adopt a Resolution of Intention to form the District followed by publication in a newspaper and posting of notices within the proposed District. Unless an objection is filed by property owners representing a majority of the assessments paid within the proposed District, the City Council may then form the District by resolution.

Governance: A 501-c-6 organization will be created. A 15-member Board will be elected by all the ratepayers within the District. To elect Board members annually, each property within the District will have a weighted vote. Each property owner will have one (1) vote for every one dollar (\$1.00) of their assessments paid.

Term: The EMSD will be adopted in perpetuity with an annual review regarding its continued operation. At the end of five years, the District property owners will conduct a comprehensive review of the District. The review will evaluate the overall effectiveness of District programs and recommend adjustments to the District operating plan. Any adjustments in District boundary or increase in assessment rates beyond the parameters set in this plan will require a resolution of intention and public hearing process.

Dissolution: The District may be dissolved if more than 50% of the property owners in the District file objections in writing to the City Council.

II. WHY FORM AN ENHANCED MUNICIPAL SERVICES DISTRICT?

There are several reasons why now is the right time to form an EMSD in the Roosevelt Row/Evans Churchill area of Downtown Phoenix:

1. **Vitalization:** In cities across North America, EMSDs and BIDs have proven 1,500 times to enliven the environment, improve quality of life, and invigorate the local economy for the benefit of property owners, businesses, residents, visitors and customers. Nationally, the renewal rate for BIDs is 99%.
2. **Strengthen the area's Competitiveness in the Regional Marketplace:** The District plan supports a results-oriented set of programs that will produce both short-term and long-term tangible improvements. These improvements and services will help accelerate efforts to attract and retain consumers, visitors, new businesses, and investment to the area.

3. **Create a Unified Voice:** The District will help broaden the foundation for developing a viable and unified private sector voice for the EMSD. The District will be able to create a public/private partnership to enhance the efforts of the City, neighborhood organizations, and Roosevelt Row Community Development Corporation (CDC) in promoting and improving the area. A unified voice will be an effective, influential, and strong advocate for area stakeholders.
4. **Coordinate Community Efforts:** Neighborhood leaders say an EMSD as a companion organization would help the Roosevelt Row CDC, Evans Churchill Community Association, and Roosevelt Action Association realize their long-term goals for the area. CDC leaders volunteer their time to events and activities that raise only a portion of a modest budget, and in so doing sacrifice time working on their businesses and the arts. By delegating advocacy, business support, and promotions to the District, the CDC can shift its focus more closely on retaining and growing the arts and culture community that has become a distinctive and important character element for the area.

III. PROCESS TO CREATE THE DISTRICT OPERATING PLAN

The Plan for creating the Roosevelt EMSD is the result of a community process in which more than 125 proposed District property and business owners participated from fall 2014 through summer 2015. The City of Phoenix through Downtown Phoenix Inc. (DPI) retained the consulting firm of Hormann and Associates to determine the feasibility and coordinate the formation of the District. Key steps of the process that led to the formation of the operating plan include:

- **Steering Committee:** A Working Group and Advisory Committee composed of Roosevelt Row property owners and business owners were formed to help guide the process and test the viability of the District concept (see member list in Appendix B).
- **One-On-One Meetings with Key Property Owners:** A series of one-on-one meetings were held with business and property owners in the District study area.
- **Stakeholder Focus Groups:** To involve Roosevelt Row property and business owners in the design and development of the plan, ten different focus groups were held in August and September 2014. Over 75 participants were surveyed to determine desired service priorities and whether there was an appetite to support various improvements and activities in the Roosevelt Row/Evans Churchill area.
- **Online Survey:** To complement the focus groups and expand stakeholder participation, an Internet survey link was sent with focus group invitations to 426 study area property and business owners. Similar to the focus groups, the survey aimed to assess priority needs and the appetite for financially supporting new District services. The same survey was also used in the focus groups to keep info consistent. 37 surveys were filled out providing additional input for the design of the District work plan.
- **Feasibility Report:** In October 2014, a Feasibility Report was compiled with the results of all interactions. The report was distributed to all participants through an online link and in November of 2014 the Working Group voted to proceed with the District formation process.
- **Plan Review Workshops/Final Plan:** The draft work plan and budget were reviewed by the Steering Committee and then presented to eight public workshops in February and March 2015. Input from the workshops and Steering Committee were incorporated into the final plan. 52 property owners attended the workshops.

- **Community Forum:** As a first step in the campaign strategy to complete the property owner support drive, a Community Forum was conducted. A direct mail piece was sent to each of the 244 property owners in the condensed boundaries; the mailing packet included: cover letter, draft plan in newsletter form, and invitation to the Community Forum. Additionally, neighborhood associations and the CDC forwarded the invite to their memberships. 124 stakeholders RSVP'd and 72 attended.
- **Consensus priorities of property and business owners** from surveys, one-on-one meetings, focus groups, community forum, and direct mail included four major categories. The services are detailed in the following operating plan.

IV. ROOSEVELT ROW BUSINESS IMPROVEMENT DISTRICT OPERATING PLAN

The following narrative provides recommendations for the first operating year of the District. Program activities may be amended by the District in subsequent years within the general categories authorized by state law and in the annual operating plan and budget.

DISTRICT SERVICES AND PROGRAMS

Based upon feedback from Roosevelt Row stakeholders, the following categories are recommended for the Roosevelt EMSD:

- A. **Enhanced Safety, Beautification, and Maintenance** - Roosevelt Row community and business and property owners have expressed concerns regarding perceptions of safety and cleanliness. Enhancing public safety services beyond those currently provided by the City are required to reverse this perception and prevent and mitigate property and nuisance crimes. Options include:
 - **Clean & Safe Initiatives** – Maintaining safety and cleanliness is a proven staple strategy of EMSDs and BIDs across America to influence positive perceptions of potential property and business owners, residents, and customers.
 - i. **Maintenance:** A “clean team” does more than clean. In addition to working to remove litter and graffiti, maintain selected landscaping, and assure sidewalk cleanliness, the visible presence of this staff demonstrates care for the neighborhood.
 - ii. **Safety:** This initiative works to find solutions to change perceptions of safety in the District, including ordinance changes, partnering with service providers, homeless outreach to reduce impacts of street population, and deploying private safety personnel to the patrol and respond to calls for service.

The combined teams would spend approximately 100 hours a week throughout the District and an additional 15 hours concentrating in Zone 1.

- **Beautification** – potential strategies include:
 - i. Window displays and murals by local artists
 - ii. Planting shade trees
 - iii. Artist-designed banners
 - iv. Holiday decorations

This service is a successful strategy in districts nationwide, serving to enhance the artistic and neighborhood environment and to draw residents, employers, employees, and customers by providing them with aesthetically pleasing enhancements to behold and make their district experience more pleasing.

- B. Economic Development** – Stakeholders recognized this unique moment in time where the neighborhood has begun, and is positioned to continue, to blossom. Enhanced focus on growing this micro-economy would assist in guiding the area’s evolution. Options include:
- **Business Recruitment and Retention/Development Assistance** – potential strategies include:
 - i. Create a retail mix plan to draw new businesses to fill vacancies and complement existing businesses, residential, and art/artist spaces with a mix of office, shopping, dining, and entertainment.
 - ii. Facilitate grant proposals to help sustain arts and culture uses and still allow owners to achieve market-rate leases.
 - iii. Empower existing businesses by means of education and training.
 - iv. Work toward being the one stop shop for prospective businesses and developers, providing resources and facilitating ease of start-up.

 - **Parking** - potential strategies include:
 - i. Create a cohesive public/private parking plan that serves both the City’s and private sector’s interests, to be managed by the District through its Executive Director. Components might include:
 1. Coordinating the myriad of parking proposals being created by different entities within the Downtown area.
 2. Addressing costs, duration, equipment, and enforcement of on-street and off-street spaces.
 3. Creating additional parking options.
 4. Assuring stakeholders have a seat at the table when parking issues occur and future plans are being discussed.
 5. Educating users on parking locations, availability, and transportation options.

 - **Marketing/Branding** - potential strategies include:
 - i. Develop a comprehensive marketing and branding program that is consistent with the District’s character.
 - ii. Produce collateral materials including a brochure, business directory, enhanced website, and social media campaigns to attract business owners and property investors, engage the community, and entice and assist customers.

 - **Event Management** - potential strategies include:
 - i. Foster and use events to enhance street level vitality, build community, and implant a vision of the District’s future potential for prospective residential, commercial, and business owners.
 - ii. Coordinate event activities to prevent impacts and minimize disruption.
 - iii. Encourage business participation in events.
 - iv. Protect the interests of District stakeholders and evaluate ROI before taking on new events.

C. **Management/Administration** – The most valuable asset of successful districts is an Executive Director to advocate and mediate on behalf of the owners within the district. Hiring an Executive Director for the Roosevelt EMSD is an option that would:

- Develop and manage programs and staff decided on by assessment payers.
- Give assessment payers a point of contact so District issues can be addressed as they arise.
- Assure a cohesive, balanced approach to implementing improvements in the District and perpetuating its ability to maintain the District character.
- Provide for general administration, including facilitation of Board and committee meetings and communications among stakeholders.
- Represent the assessment payers’ interests to the City and act as a government liaison to advocate in policy discussions.
- Work to leverage more benefits and money for the District.

V. BUDGET

The District’s proposed annual assessment budget for Year 1 is \$375,000, to be allocated as follows:

Enhanced Service	Proposed Budget
Clean, Safe, and Beautification	\$135,000
Economic Development	\$135,000
Administration & Advocacy	\$100,000
Contingency	\$5,000
TOTAL	\$ 375,000

In subsequent years, the budget may be re-allocated within these service categories.

It is recommended that to create economies of scale, the District should enter into a Services and Collaboration Agreement with Downtown Phoenix Inc. for some services. They can take advantage of sharing administrative costs of the “clean and safe” programs as well as substantial savings by consolidating employee benefits.

VI. SPECIAL ASSESSMENT METHODOLOGY

In order to allocate the costs of the services and improvements to be furnished by the District in a way that most closely reflects the benefits conferred upon the properties in the District by those services and improvements, the District will seek authorization to determine, impose, and collect special assessments based on the following formula.

The assessment rate structure is based upon two criteria:

1. **Basic Land Rate, Zone 1 & 2**
2. **Land and Building Use Rate**

Structuring the assessment methodology in this manner provides several rate category combinations, allowing each property assessment to be individually calculated based upon its zone, use, and size characteristics and the relationships between these two criteria.

The two-rate formula will be applied to each parcel of assessable, non-exempt property and its buildings. Existing single-family residences and residential structures of four units or less are exempt by state law and will not be assessed. Similarly, property owned by the federal, city, county, and state government is exempt by law from assessment.

The basic rate assumes a level of overall benefits derived from being within the EMSD; e.g., enhanced business development, liaison services, marketing and promotion of the District, increased maintenance and landscape improvements, property value increase, advocacy on policy issues, merchant/member relations, land planning, etc.

The basic rate reflects a general upgrading of the geographic area that will affect all assessable property when the District is operational.

The basic land rate is divided into two zones:

A. Zone Rates: There are two zones (refer to map in Appendix A) recommended with annual zone rates as follows:

Zone 1 = \$.032 per square foot + \$1.00 per linear frontage

Zone 2 = \$.032 per square foot

Zone 1 is assessed an additional \$1.00 per linear frontage because those properties will benefit slightly more than properties on the other District streets and they will receive a higher level of service – that service will be deployed equally throughout Zone 1 and is equal to the amount raised by the linear frontage assessment.

The use rate is divided into five categories:

B. Land and Building Use Rate By Type: One of the most important dimensions of this assessment formula is the building type rate category. These building type criteria add a considerable amount of specificity and equity to the overall formula since they are tailored to each property's circumstance.

- **Category 1, Commercial - \$0.06 per building square foot.** This type of building use includes all commercial properties or commercial space in residential buildings.
- **Category 2, Vacant Lot - \$0.07 per lot square foot.** This use type includes all vacant lots. These parcels have a great deal to gain by the activities of the District and can improve in desirability and development opportunities. Undeveloped lots cause the greatest need for image enhancement as they lend to the perception of blight.
- **Category 3, Parking - \$0.03 per lot square foot or per building square footage of a structure.** This use type includes parking. Because parking lots and structures are a major benefit to all downtown businesses, the formula treats them specially. Parking associated with a building or development, or parking provided free to the public will be exempt from this Use Rate calculation.
- **Category 4, Hotel - \$15 per guest room.** This building use type includes all hotels and motels.
- **Category 5, Assessable Residential - \$15 per unit.** This building use type includes all apartment complexes with over four units.

C. Annual Adjustments: In order to provide adequate funding for the costs of providing its services and improvements in the future, the District shall be authorized to increase the rates of assessment set forth above to no more than the Consumer Price Index (CPI) or 2% (whichever is greater) each year, on a cumulative basis. The District will work with the Maricopa County Assessor to determine the best way for the County to collect the assessments on behalf of the District pursuant to a written agreement between the District, City, and County.

D. Means of Collection: The assessment will be a line item on the parcel property tax bill. The funds will be collected by the County, paid to the City, and supplied through contract to the District's governing organization for operations.

VII. DISTRICT GOVERNANCE

Per Arizona statute, an EMSD is a special district within the City. Commonly, local governments will then contract with a non-profit organization to manage District services. This governance model is proposed for the Roosevelt EMSD.

To ensure that District property owners have direct accountability in the development of District work programs and services, the creation of a 501-c-6 management organization is recommended. A 15-member Board will be elected by all the ratepayers within the District. To elect Board members annually, each property within the District will have a weighted vote. Each property owner will have one (1) vote for every one dollar (\$1.00) of their assessments paid.

A. Board of Directors Responsibilities: The proposed Board would be responsible to:

- Develop and recommend an annual District budget and work plan to District stakeholders.
- Serve as the voice of area property and business owners.
- Monitor the performance and provision of District services.
- Provide an annual personnel evaluation of the Executive Director.

B. Number and Eligibility of Voting Directors: The Board of Directors shall consist of 15 voting Directors. To be eligible to serve on the Board, a person must either be a property owner or the designated representative of a property owner paying an assessment within the District.

The Board should represent all ratepayers within the District. To the extent reasonably possible, a mix of large and small property and/or business owners will be sought, as well as different use types, including arts & culture. It is proposed that the make-up of the Board stay consistent with the percentage breakdown of the assessment property types and represent all quadrants of the District.

The following is a guideline for representation of interests on the Board by categories:

- Chosen from the top ten assessed property owners, in dollar amount
- Commercial Property Owners (at least one being an owner of an art related business)
- Assessed Residential Property Owners
- Vacant Lot Property Owner
- City of Phoenix Staff and City Council
- Executive Director
- Past Chair

Each Director shall be entitled to one vote except for the Directors representing the City of Phoenix Staff and City Council, only one (1) of whom will be entitled to vote.

C. Advisory Seats: In addition to the voting Directors, the Board may appoint Advisors, such as a business representative, resident representative, and relevant neighborhood association chairs. Advisory Directors would be able to attend and participate in all Board meetings, but would not have voting rights on any matter coming before the Board.

D. Approval and Adoption of Work Plan and Budget: Once the annual budget and work plan have been developed and recommended to the District property owners, the property owners would vote on those two items with a weighted vote. Each owner will have one (1) vote for every one dollar (\$1.00) of their assessments paid. The District's Board would then present the budget and work plan to the City of Phoenix for adoption.

E. Annual Meetings, Surveys, and Financial Audit: In order to maximize accountability to assessment payers, the District shall utilize the following communications procedures that are common to EMSDs and BIDs generally:

- An annual meeting to present the proposed work plan and budget for the upcoming year.
- An annual assessment payer satisfaction survey to determine strengths, weaknesses, and opportunities within the work plan.
- An annual independent audit of the use of District funds.

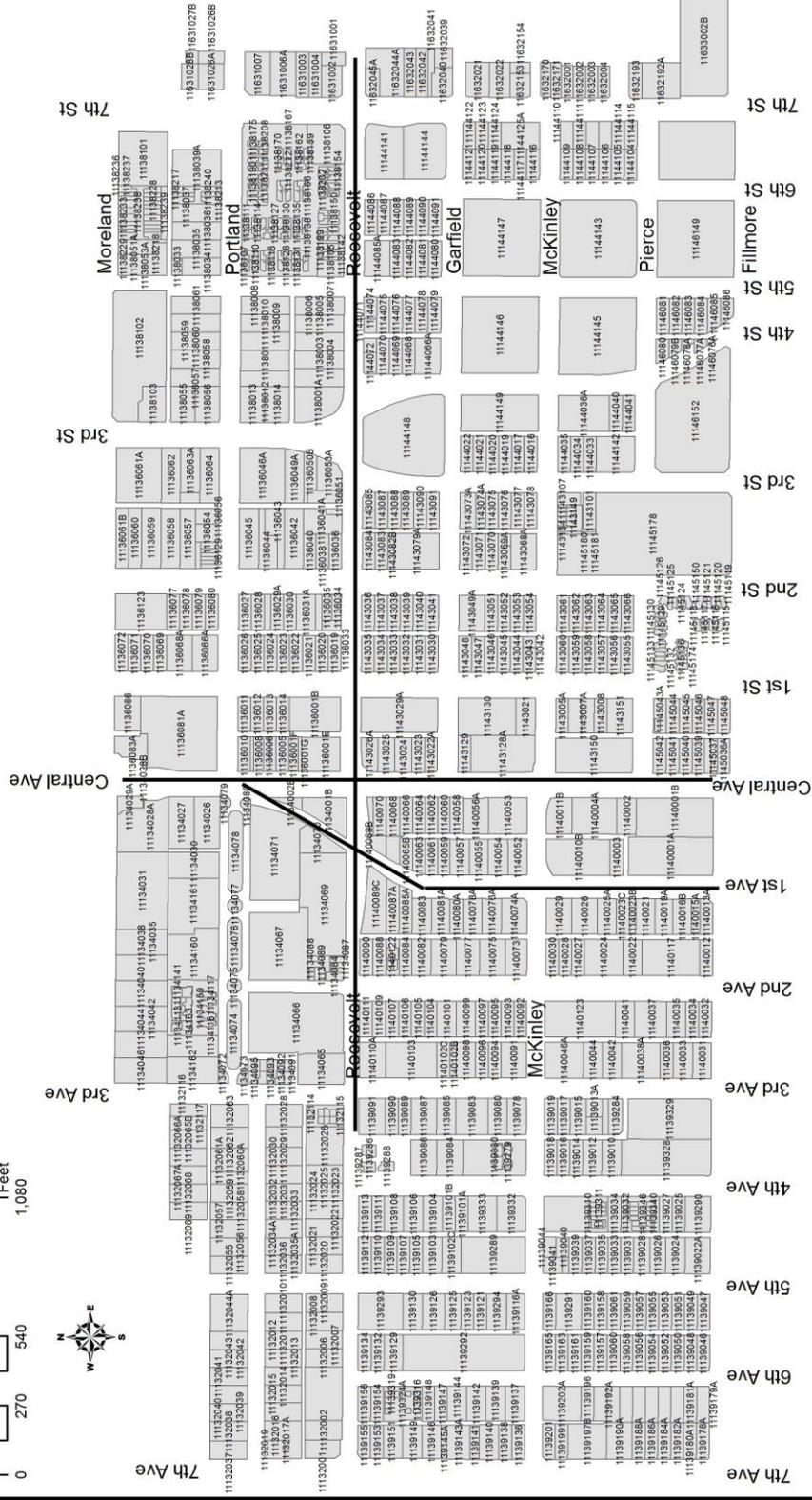
F. Affiliation Agreements: It is recommended that the District Board of Directors enter into Affiliation Agreements with both Downtown Phoenix Inc. (to enhance overall downtown-wide collaboration opportunities) and Roosevelt Row Community Development Corporation (to coordinate administrative and marketing efforts and share costs).

Appendix A

RREC ESD - July 2015 All Properties

Parcels fronting Roosevelt, Central & 1st Ave
are in Zone 1

All other parcels are in Zone 2



Appendix B

The Roosevelt District Working Group

Alison Rainey

Roosevelt Row CDC

Carla Logan

Carly's Bistro

Chuck Coughlin

Highground, Inc.

Chuckie Duff

EQ Properties

David Krietor

Downtown Phoenix, Inc.

Doug Weber

Miller Weber Kory, LLP

Greg Esser

Roosevelt Row CDC

Jeff Miller

Miller Weber Kory, LLP

Jennifer Delgado

Roosevelt Row CDC

Jim Baca

Central City Ventures

Jim McPherson

Arizona Preservation Foundation

Judy Bernas

University of Arizona

Kevin Rille

Evans Churchill
Community Association

Matt Seaman

MetroWest

Patrick Panetta

Arizona State University

Tim Eigo

Downtown Voices Coalition

Tim Sprague

Hance Park Conservancy

Vermon Pierre

Roosevelt Row CDC

Wathsna Sayasane

City of Phoenix (Community &
Economic Development)

Wayne Rainey

monOrchid