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*Center for Urban and Regional Affairs*

A NEW MANAGEMENT MODEL  
FOR DOWNTOWN MINNEAPOLIS

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## I. PURPOSE AND SCOPE

### GENERAL CHARGE

Downtown is already being managed with responsibilities for specific tasks assigned to specific entities, some public and some private. The key assumption for the present management study is that there is a group of functions which, if managed on a more coordinated basis, would enhance the vitality of downtown.

The primary goal of the research is thus to suggest how management of a selected group of functions and activities which are central to maintaining a high activity and diverse downtown can best be carried out in Minneapolis. The questions posed by this goal are:

- What needs to be managed? What are the problems and issues which make downtown vulnerable, less than what it could be, or which point to possible future decline in investor and consumer confidence?
- Over what geographic areas should new management activities extend? Given the nature of the management issues, what are the merits and opportunities for dealing with large or small districts and can subdistricts be viewed as appropriate to achieve objectives?
- How should the specified functional areas be managed? What entity (or entities) should be responsible and accountable, under what type of organizational structure, and how should decision-making be shared between the public and private stakeholders? What are the management principles undergirding the structure?

Answers to the above questions will suggest a future public/private partnership for sharing the costs and benefits associated with a more coordinated management approach.

### RESEARCH DESIGN

Research proceeded in two phases. Phase One involved data collection on the following:

- the processes followed in Minneapolis for managing a broad range of functions: parking, transit, retailing, promotions, infrastructure maintenance, public services for security, amenities and public spaces, etc.;
- current management activities in downtown areas in other cities, with six cities identified as following innovative strategies or having different roles for public and private sector interests;
- focus group interviews representing the vested interests for maintaining a vital downtown, i.e., property and business owners and managers, and downtown residents, workers, and shoppers;
- personal interviews with individuals in both public and private organizations who have a stake in the future of downtown.

Findings from these tasks led to a narrowing of the research focus on those specific functions which were identified as providing opportunity for new management approaches. The second phase of research concentrates on those activities clearly identified as management-related and where the private sector could work more directly with public sector decision makers and managers.

#### REFINED RESEARCH FOCUS

Initial research findings led to three major conclusions. The first is that the diversity of activities in downtown and the symbolic role downtown plays for the community at large, warrant a broad definition of downtown. For example, concentrating on the Nicollet Mall geographically, or on retailing functionally, would inappropriately ignore those other places, functions, and activities which contribute to the economic health and social vitality of the core area. This broad view is confirmed by the management efforts of other cities to achieve similar goals.

While overall concern rests with this broader geographic and functional definition of downtown, it does not preclude a set of smaller scale management designs for specific districts or functional areas from being considered in a future management structure.

The second conclusion is that activities related directly to a future development strategy for downtown should be excluded from immediate efforts to create a more coordinated management framework. This rests on the finding that these activities are closely related to planning and policy making.

The third conclusion is that the functions and problems which need immediate management attention and which can be fitted into a new mold for achieving the stated goals for downtown can be narrowed to four. These are:

- accessibility and convenience--including parking, transit, skyways, and pedestrian circulation;
- cleanliness and maintenance of the physical environment;
- security, both real and perceived, for individuals and property; and
- amenities and use of public spaces.

Focusing on the above and developing a model for managing these activities should set the stage for accomplishing the longer range goals. Marketing and communications will of course be an integral part of achieving the goals of the four functional areas cited above.

## II. COMPARATIVE CITY ANALYSES

### CASE STUDIES OF SIX CITIES

#### PORTLAND

##### A. ORGANIZATIONAL STRUCTURE

The City of Portland takes an active role in the planning and management of downtown. The city has four at-large commissioners who are both legislators and administrators. The city's redevelopment authority--the Portland Development Commission--plays an important role in implementing Portland's downtown plan.

The Association for Portland Progress (APP) is a private business organization made up of 100 high level downtown business people. The APP has a fifteen-member executive committee which provides policy and some project direction to the executive director, deputy director, and five staff. The recently formed Retail Council (part of APP) is intended to represent other business interests in downtown Portland. The head of the Retail Council must be a member of APP. The Retail Council is free to take its own position on issues. The deputy director of APP is its project director and works closely with the Retail Council on project and management issues.

There are two management agreements between the city and the Association for Portland Progress. The Association manages two public short-term parking ramps in the retail core, and administers a sidewalk and street-sweeping program outside the core which employs residents of the Skid Road/Burnside area. The city pays the full cost of the latter program.

##### B. POWER SHARING/GOVERNANCE

The city is an aggressive planner and manager. The city, the general public, and the business interests are well-represented in the development of the Downtown Plan and the Central City Plan. The city approves the plan, delegates or oversees its implementation, and then manages or contracts out the management of the public sector responsibilities as defined in the plan and in city ordinances. See also the attached discussion of Pioneer Courthouse Square Inc.

##### C. LOCUS OF LEADERSHIP/INITIATIVES

Both public and private sectors provide leadership in Portland.

The size, structure, and responsibilities of the elected city government virtually necessitate the exercise of leadership and initiative on their part. Local businesspeople initiate projects and work with each other and the city on an ad hoc basis as issues arise. Working relationships have been established among top level individuals throughout the public and private sectors.

At the suggestion of Neil Goldschmidt, the Association for Portland Progress was formed to provide an organized voice for the downtown business and CEO interests. Policy leadership comes from the executive committee and the executive director. Project leadership comes from a range of members, the Retail Council, and the deputy director.

#### D. FOCUS OF MANAGEMENT EFFORTS

The city's efforts focus on planning the future of downtown, primarily in the areas of infrastructure; "fragile" uses of downtown (i.e., housing, retail, open space, cultural and arts, and historical preservation); zoning; urban design; amenities; and in providing a pedestrian-oriented city.

The Portland Development Commission's efforts focus on the implementation of the Downtown Plan and its specifics: infrastructure improvements, housing and historic preservation programs, siting and development of retail-related developments, assistance to cultural and educational institutions, etc.

The Association for Portland Progress represents business interests in the downtown area. Specific current efforts are: representation of business interests in the Central City Planning Process; management of the retail core parking ramps; administration of the sidewalk/street-sweeping program; parking and transit promotions, including the parking/transit validation system; a three-year downtown marketing effort for downtown as a whole and on a district basis; and organized efforts to deal with specific downtown problems.

#### E. GEOGRAPHICAL COVERAGE

See attached map. Geographic coverage of the city's Downtown Plan, Portland Development Commission's Downtown Development Program, and the Association for Portland Progress efforts are the area within the freeway ring and the Willamette River. This area is marked "Downtown." "N.W. Triangle" area is industrial/railroad land which is slated to become housing and neighborhood retail. The area of coverage will expand in the future.

#### F. BUDGET ALLOCATIONS

The budget of the Association for Portland Progress is approximately \$700,000 per year. \$100,000 comes from membership dues, Retail Council dues, and donations. \$600,000 comes from APP's contract with the city to manage the parking ramps. APP's net from this contract is about \$200,000. Therefore, the bulk of APP's funding comes from this contract with the city. These profits from the retail-oriented parking ramps then finance retail- and downtown-oriented service, promotion, and marketing by APP.

#### G. SOURCE OF FUNDS

There are no special assessments in Portland for maintenance, service, or operations. City management costs are paid by general revenues. The city has a "1% for Public Art" program for publicly funded capital projects.



#### H. MANAGEMENT STYLE/SERVICE DELIVERY

The Association for Portland Progress has a small, aggressive staff, and sells itself to potential members by providing service and a unified business community voice. The organization tends to operate on a consensual basis. Since membership is voluntary, the Association must have quality programs which have broad support, as well as specific programs for specific functions and areas. APP delivers services on contract as well, so it needs to provide a good product in order to maintain its contracts and its primary source of funding. Projects and service are based on the "Main Street Model."

# Central City Planning Area

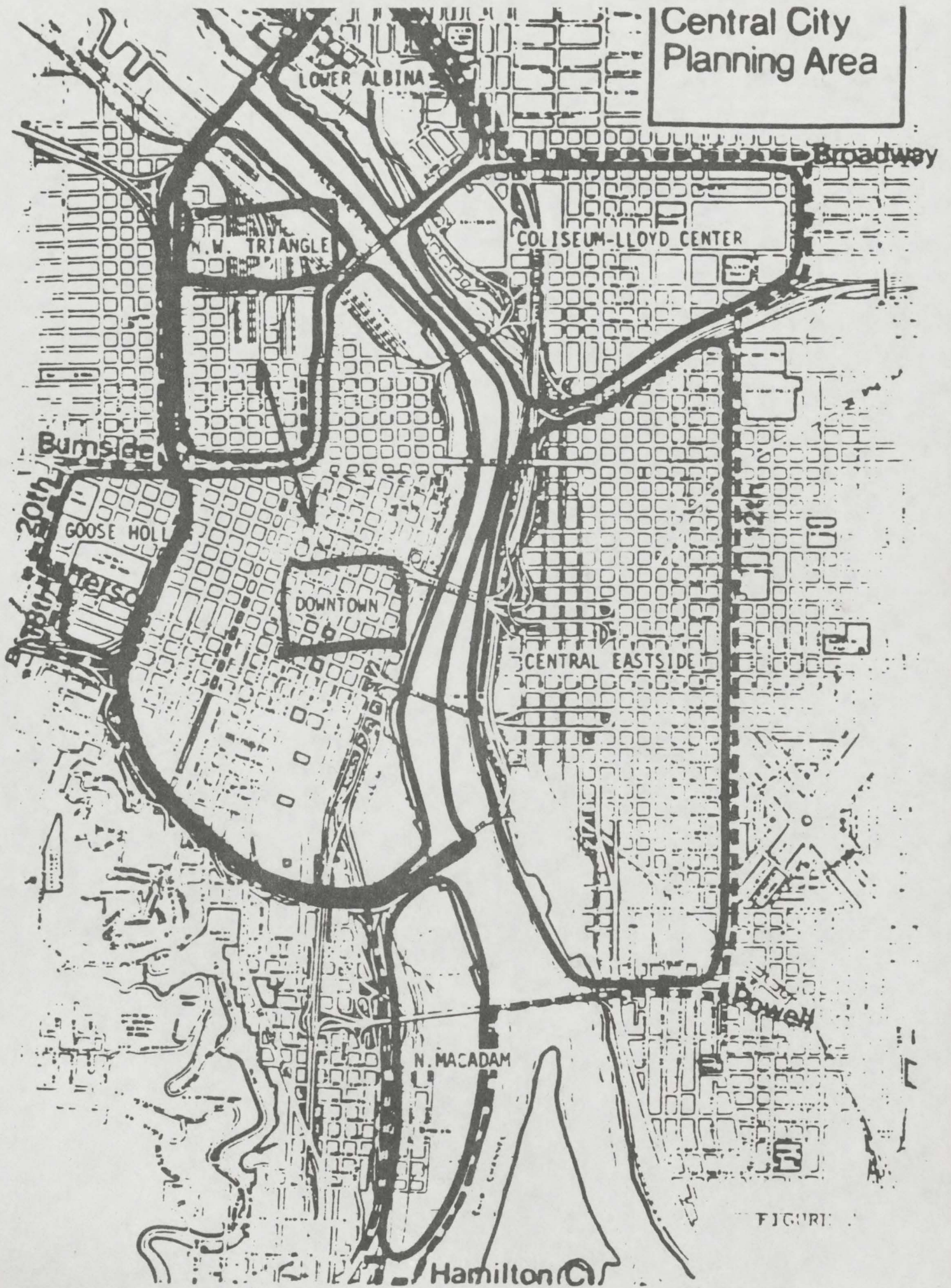


FIGURE 1

## PORTLAND

### MANAGEMENT MODEL -- PIONEER COURTHOUSE SQUARE INC. (PCSI)

Pioneer Courthouse Square is a nonprofit (501c3) management organization set up by the city and the business community to manage Portland's primary downtown open space.

#### 1. ORGANIZATIONAL STRUCTURE

The City Council appoints a nine-member board composed of four downtown business people, four people representing the community at large, and the Parks Commissioner (member of the City Council). The board hires an executive director who in turn hires an administrative director and two staff who run events. The board members are all top level people.

The executive director formed a board development committee composed of the executive director, board chair, Parks Commissioner, executive director of the Association for Portland Progress, and the head of the Bureau of Neighborhood Associations (city department). They meet several times each year to identify and make contact with a wide range of potential board members.

#### 2. FINANCING AND RELATIONSHIP WITH THE CITY

Pioneer Courthouse Square Inc. receives an annual \$75,000 management fee from the city to manage a city park. All maintenance is done by the Parks Department without a formal contractual agreement; in 1986 the Parks Department spent \$88,000 on maintenance and cleaning. PCSI is free to spend additional funds on cleaning. PCSI raises funds from memberships and contributions; receives rent from a bookstore and restaurant; charges vendors a percentage fee; sells space for events; and receives other miscellaneous fees.

#### 3. MANAGEMENT

PCSI has a management contract with the city, and is a "one stop" office for all activities on the square. They have a blanket noise variance from the city and deal with all noise complaints, issue vendor permits (vendors must also deal with the Health Department and have a city business license), license park performers, and can issue alcohol permits. Pioneer Courthouse Square Inc. also hires private security people who have radio contact with the police.

## SEATTLE

### A. ORGANIZATIONAL STRUCTURE

The City of Seattle and the Downtown Seattle Association (DSA) have entered into formal agreements for the management of the downtown Seattle retail core Business Improvement Area. The organizational structure flows from an Agency Service Agreement under which the city contracts with the DSA for the Association to serve as program management contractor for the Business Improvement Area. The city also contracts with the Association for marketing, general advertising, and a public information service for the specific purpose of mitigating the disruption caused by current and proposed downtown construction projects.

The Downtown Seattle Association has established its own nonprofit housing arm, the Seattle Housing Resources Group, as a 501c3 organization.

For other activities carried out by the DSA (e.g., participation in the preparation of the Downtown Plan), organizational structures are established on an ad hoc basis according to the nature of the work.

### B. POWER SHARING/GOVERNANCE

Legally, the city is the governing body of the Business Improvement Area, and it contracts the management of the area to the Downtown Seattle Association. The city retains budgetary and financial control over DSA's management program with this contract. DSA makes appointments to the Ratepayers Advisory Board, subject to city approval; the city is also represented on the Advisory Board. These board members are drawn, generally, from business and property owners subject to the special assessment. The DSA staffs the Advisory Board, which appears to effectively function as a management board for the Business Improvement Area.

The second agreement between the city and the DSA covering marketing, etc., reflects a similar relationship between the two parties.

Control of the Seattle Housing Resources Group rests entirely with the DSA.

### C. LOCUS OF LEADERSHIP/INITIATIVES

All the activities currently undertaken by the Downtown Seattle Association reflect private sector initiative from within the organization. The policies and direction of the Association are determined by a sixteen-person executive committee made up of key private sector players in downtown Seattle.

#### D. FOCUS OF MANAGEMENT EFFORTS

Management of the Business Improvement Area involves multiple functions related to the provision of retail support. These functions embrace maintenance, marketing, parking and transit (through the Easy Streets Program); management of retail mix (through voluntary DSA/property owner agreements covering lease arrangements); and security.

Beyond management of the Business Improvement Area, the Association's role in housing provision covers the development, preservation, management and rehabilitation of low income housing.

The major effort of the DSA over the last four years has been in relation to planning and zoning through discussion with the city on the Downtown Plan.

#### E. GEOGRAPHICAL COVERAGE

The DSA's focus covers the whole downtown area; the Business Improvement Area is limited to a fifteen-square-block area of downtown concentrated on the retail and office core.

#### F. BUDGET ALLOCATIONS

DSA's overall annual budget is about \$1 million of which some \$620,000 is expended in the Business Improvement Area for the Retail Core Support Program.

#### G. SOURCE OF FUNDS

The Business Improvement Area is a special assessment district, approved by property and business owners. These owners pay charges based on an apportionment formula related to square footage of land area, which differentiates between the marketing and common area maintenance programs. Of the overall \$620,000 budget for the Retail Core Support Program, about 28 percent of the funds come through the Business Improvement Area assessment mechanism; 24 percent from businesses outside the retail core; and the remaining funds are being provided by the city and by Metro Transit in equal 24 percent shares.

Funding for the Seattle Housing Resources Group is achieved by contributions from business interests and by leveraging other public and private resources.

The remainder of the Downtown Seattle Association's funds are obtained through membership dues--about \$450,000 annually.

#### H. MANAGEMENT STYLE/SERVICE DELIVERY

As indicated earlier, the DSA's management and marketing activities in the Business Improvement Area rest on two Agency Service Agreements from the city. Within the framework of these agreements, service delivery takes several forms: delivery by the DSA itself; procurement of specific activities by other private sector organizations and nonprofit bodies (e.g., for sidewalk cleaning); and voluntary participation by the public and private sectors in specific activities (e.g., the master lease agreements and the Easy Streets Program for parking and transit validation).

## DENVER

### A. ORGANIZATIONAL STRUCTURE

The City of Denver and the Denver Partnership have established a formal organizational structure for the Downtown Mall Management District. The mayor appoints a five-member board of directors to oversee the district. The city's Manager of Public Works serves ex officio as Chairman of the Board. The remaining four board members are representatives of the downtown community and property owners within the district. Board members serve three-year terms. The Mall District Board is assisted by a Board of Advisors, with representatives drawn from the Regional Transportation District; the Denver Police Department; the Denver Partnership; and the downtown merchant, development, and residential communities. The day-to-day management, maintenance and promotion of the Mall is directed by Downtown Denver, Inc. (one of the two nonprofit operating corporations of the Denver Partnership) under a management agreement with the Mall District Board.

Cooperative arrangements between the Denver Partnership and the city and other public bodies on matters other than Mall management are made on an ad hoc basis according to the nature of the work (e.g., preparation of the Downtown Area Plan, urban design work, management of public spaces).

### B. POWER SHARING/GOVERNANCE

The city and the Denver Partnership share governance of the Downtown Mall Management District; the mayor has control over board appointments; a representative of the city is Chairman of the Board; and the city has ultimate budgetary powers. However, the Board--which is essentially responsible for the policy of the district and for setting its budget--includes four private sector nominees. Day-to-day Mall management rests with the Denver Partnership. The Advisory Board represents a balanced public/private membership.

When the Partnership undertakes additional activities, its role is normally that of a consultee or contractor; control generally rests in the public sector. In the special case of the Downtown Area Plan, however, the Partnership exerted a particular influence through its joint chairmanship with the city of the Plan's steering committee; its substantial representation on the committee; and the joint staffing and funding arrangements which the Partnership initiated (involving greater private than public input).

### C. LOCUS OF LEADERSHIP/INITIATIVES

All the activities currently undertaken by the Denver Partnership reflect private sector initiative within the organization; most recently as a direct result of its President's style and influence.

#### D. FOCUS OF MANAGEMENT EFFORTS

The Mall management effort embraces multiple activities: special maintenance; planning and design work; promotions, special events, and festivals; landscaping repairs, capital improvements, and replacements; security; utilities; assistance to merchants in design improvements, streetscape, signage, etc.; and parking strategy.

#### E. GEOGRAPHICAL COVERAGE

The Denver Partnership's focus covers the whole downtown area as reflected in the Downtown Area Plan. The Denver Mall Management District is limited to a seventy-block area of downtown concentrated in the retail and office core.

#### F. BUDGET ALLOCATIONS

The current annual budget for the Downtown Mall Management District is some \$1.9 million. A broad expenditure breakdown (based on the latest figures available) is attached.

#### G. SOURCE OF FUNDS

The Denver Mall Management District is a special benefit and assessment district. Property owners within the district pay charges based on an apportionment formula related to square footage of land area and proximity to the Mall.

#### H. MANAGEMENT STYLE/SERVICE DELIVERY

The Denver Mall Management District is underpinned by a cooperative agreement between the city and the Denver Partnership for overall Mall management. Delivery of specific services includes public and private sector provision. The city provides supplemental security services, street lighting and water for washing the Mall on repayment terms from the Mall District Budget. The Regional Transportation District operates the Fare-Free Mall shuttle. The Denver Partnership repairs Mall surfaces under direct contract from the Regional Transportation District; it provides day-to-day management services, promotions, festivals, events, planning and design work. The Partnership contracts Mall maintenance activities to a firm specializing in providing job opportunities for disadvantaged and handicapped people.

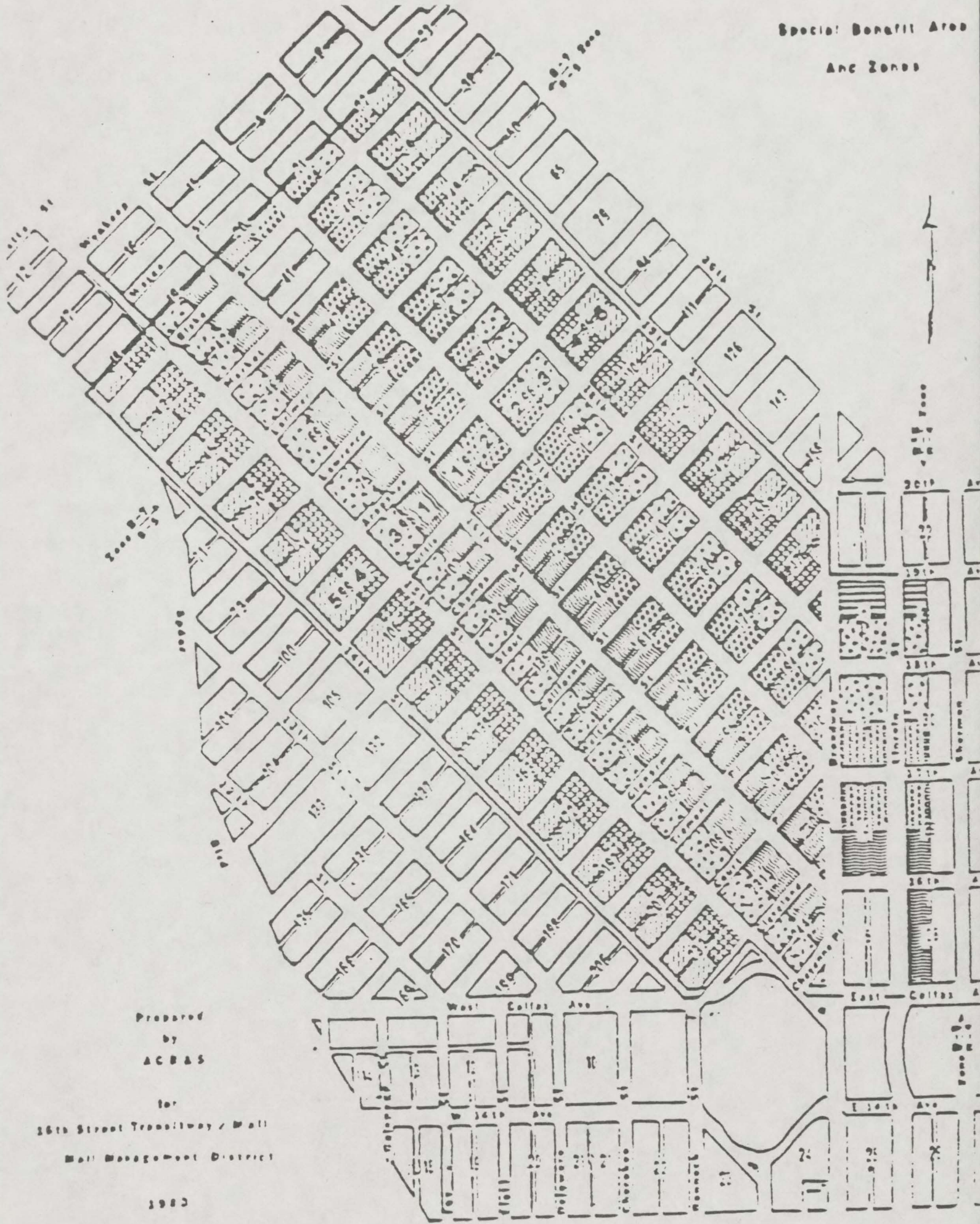


1985 SPECIAL ASSESSMENT BUDGET

Downtown Denver, Inc.	
management services	\$ 356,500
maintenance services	636,000
planning and coordinating services	60,000
special events	90,000
capital replacement and repair services	145,000
technical support services	15,000
	<hr/>
Total DDI	\$1,302,500
Police	440,000
Electricity	0
Water	10,000
City expenses	8,000
City collection fees	15,000
	<hr/>
TOTAL	\$1,775,500

Special Benefit Area

and Zones



Prepared  
by  
ACBAS

for  
16th Street Transitway / Mall  
Mall Management District

1983

## ORLANDO

### A. ORGANIZATIONAL STRUCTURE

The Downtown Development Board (DDB) was created under state enabling legislation to develop and implement plans for a designated downtown district. The DDB is organized as a special benefit assessment district.

The Downtown Development Board is a semi-autonomous governing body. The five Board members are appointed to three-year terms by the mayor with City Council concurrence. The Board members are chosen to represent private sector interests in downtown development. The City Council approves the DDB budget, but after that, the DDB expends according to its own decisions.

The same person serves as the executive director of both Orlando's Community Redevelopment Agency and the Downtown Development Board. This facilitates informal as well as formal ties between the city and DDB.

### B. POWER SHARING/GOVERNANCE

The city delegates considerable power to the DDB to create plans, to be consulted on all development decisions, to be at the table with city staffs in creation of capital improvement plans for downtown, and to financially assist specific development. The DDB generates ideas and proposed design guidelines which must be approved by the city prior to enforcement of the law. The city retains absolute decision-making power to approve land development projects and capital improvement projects, approves the Downtown Development Board budget, and appoints Board members.

The city created a separate redevelopment agency with powers to bond under tax increment financing legislation and to use part of the increased property taxes generated by new investments to finance infrastructure improvements in the designated downtown redevelopment area and to assist in gap financing for downtown investments in accordance with plan.

### C. LOCUS OF LEADERSHIP/INITIATIVES

Leadership is shared although the Downtown Development Board tends to initiate proposals for downtown which guide public sector decisions. The mayor, as chief executive officer and president of the City Council, is a key link in effective leadership and cooperation between public and private sectors. The mayor is in a position to promote or impede realization of DDB proposals.

### D. FOCUS OF MANAGEMENT EFFORTS

Efforts are focused on planning; encouraging development; implementing and managing improvements in the streetscape; landscape and maintenance; assistance to merchants; and review process over land use.

#### E. GEOGRAPHICAL COVERAGE

The Downtown Development District covers a 1,000 acre, multi-use area which includes not only the retail/financial core, but peripheral residential and entertainment (auditorium) uses.

The Community Redevelopment District is only 500 acres, and is focused on the core area.

#### F. BUDGET ALLOCATIONS

The DDB raises \$700,000 annually to deliver its services; the Community Redevelopment Authority has a current budget of \$2.3 million for infrastructure/development financing in 1987 which will change according to new assessed valuations.

Downtown Orlando Inc., a nonprofit/merchants-oriented organization, raises \$20,000+ to carry out promotional and special events, plus business recruitment. Funds are dues for membership in the private organization.

No Chamber of Commerce or Convention Visitors Bureau funds are channeled to downtown management.

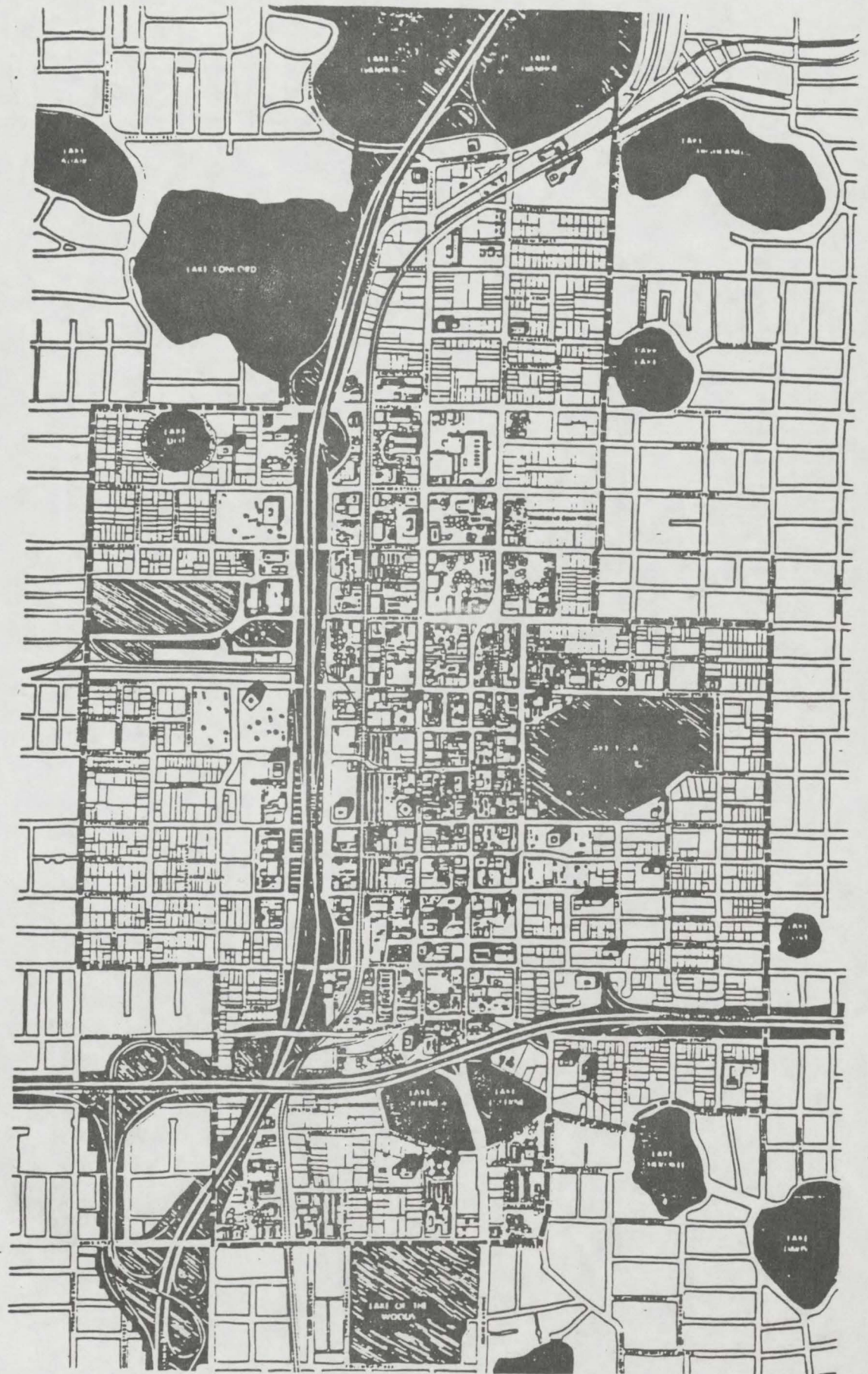
#### G. SOURCE OF FUNDS

Funds to implement plans and deliver services come from several sources: general revenue to deliver standard services; assessments from the Downtown Development District for supplementing services and to provide input, technical assistance, and advocacy for downtown interests; tax increment financing funds for infrastructure investments; and gap financing for downtown private sector investments.

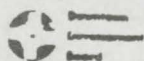
#### H. MANAGEMENT STYLE/SERVICE DELIVERY

A great emphasis is placed on informal coordination/networking among stakeholders. Preserving the prerogatives of government while delegating and consulting diverse stakeholders in downtown management exemplifies the style.

Downtown Development Board staff work with city employees in the planning and development areas. Public Works employees do the landscaping, streetscape, and maintenance. Downtown Orlando Inc. is responsible for promotions and special events.



Orlando: Downtown Development District



## FORT WORTH

### A. ORGANIZATIONAL STRUCTURE

The Fort Worth special assessment district was legally created by the City Council at the petition request of 56 percent of the landowners. The city manager collects assessment revenues and contracts with Downtown Fort Worth, Inc. (DFWI) for service provision. The City Council appoints a thirty-member advisory board, with twenty-three of the members recommended by Downtown Fort Worth, Inc. The remaining seven members must be property owners or tenants in the district.

Downtown Fort Worth Inc. initiated the idea for the district and made it a top organizational priority. DFWI was awarded the district management contract which is renewed yearly at the city's prerogative. The Downtown Fort Worth, Inc. Board of Directors is self-appointed, with board members paying higher dues than general members. An executive committee is drawn from within the board of directors.

### B. POWER SHARING/GOVERNANCE

Governance and power is balanced between public and private sectors in Downtown Fort Worth. While the city maintains formal control over the district through contracting and review procedures, Downtown Fort Worth, Inc. has day-to-day responsibility for management activities, and possesses the political influence of top business leaders.

### C. LOCUS OF LEADERSHIP/INITIATIVES

The initiative for the special assessment district came directly from a long range planning process within DFWI. The leadership for the district has been primarily from influential private sector businessmen. The mayor provides a consensus building capacity, and interacts well with both the public and private sectors.

### D. FOCUS OF MANAGEMENT EFFORTS

The district is multiple function in scope. It provides funds for management services, landscaping and maintenance, security enhancement, promotions and marketing, and transportation and parking improvements.

The district management contract is a significant piece of Downtown Fort Worth, Inc.'s work plan, but they are also involved in membership services, development activities, communications and promotions.

### E. GEOGRAPHICAL COVERAGE

The district covers 140 square blocks.

F. BUDGET ALLOCATIONS

A draft budget for the district shows total expenses by line item as follows: maintenance and landscaping--\$506,238; downtown promotions--\$98,313; security enhancement--\$19,147; transportation and parking--\$2,000; and administration--\$141,888.

G. SOURCE OF FUNDS

The district will generate \$750,000 in revenues for the central business district. Property is assessed .08 cents per \$100 of property valuation. Approximately \$550,000 will come from assessments of private property owners, \$85,000 from the city's assessment (municipality must pay in also). The balance comes from direct payments for services previously provided by the city and the Transit Authority.

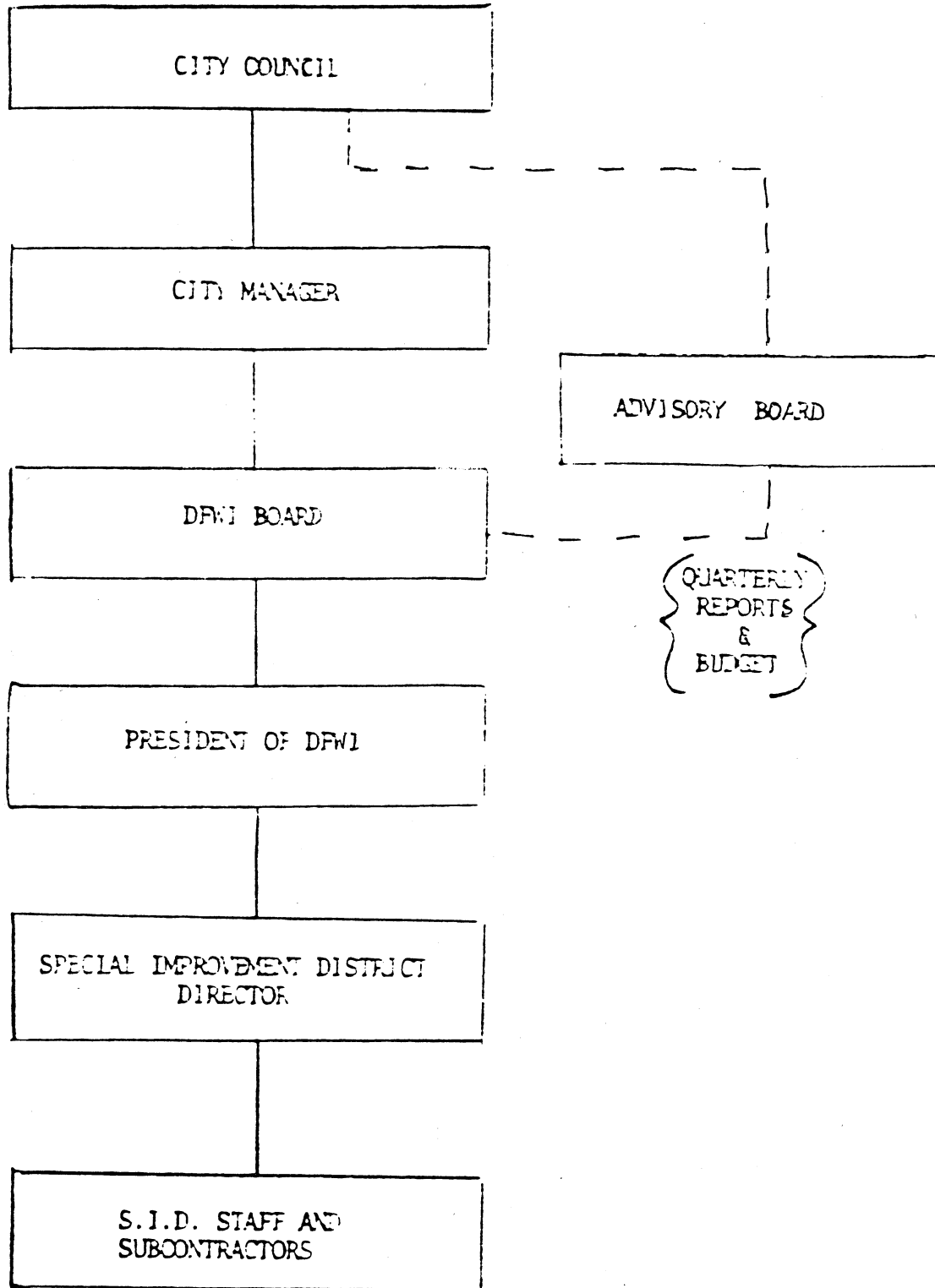
Downtown Fort Worth, Inc. receives administrative funds from the district (\$142,000) for management services. DFWI also generates \$145,000 annually in membership dues. Board Members pay \$5,000 per year, and general members pay \$1,500.

H. MANAGEMENT STYLE/SERVICE DELIVERY

The management and services contract for the district is contracted out and monitored by the city manager's office. Service delivery methods vary by function; DFWI contracts back with the city for additional street sweeping. Other services are sub-contracted to private sector entities, or provided directly by Downtown Fort Worth, Inc.

ORGANIZATIONAL CHART FOR THE SPECIAL IMPROVEMENT DISTRICT

as set forth in the Management Plan





## NEW ORLEANS

### A. ORGANIZATIONAL STRUCTURE

The Downtown Development District (DDD) is a private nonprofit organization with roles in strategic planning, management, and development of downtown New Orleans. State legislation and a local referendum allow a special ad valorem tax to be assessed on non-residential property within the district. The Downtown Development District has four professional and two clerical staff members. The mayor appoints a nine-member board of commissioners which provides policy guidance to the organization. The Downtown Development District works closely with the city in carrying out its mission.

The organizational structure has both formal and informal elements. Hearings and task forces provide structured avenues for public input, and the yearly budget process is a formalized procedure. DDD also has contractual agreements with the city for service provision. However, Downtown Development District staff have established working relationships with local actors, and the organization tends to operate informally in many ways.

### B. POWER-SHARING/GOVERNANCE

The Downtown Development District has a high degree of autonomy, with the private sector board holding most of the decision-making power. However, the city exerts formal control at several points: the City Planning Department reviews the Downtown Development District yearly plan before it is presented to the City Council; the City Council approves the yearly plan and establishes the mill levy rate each year; City Planning has powers that may apply to specific projects (for example, they must approve developments over 100,000 square feet); the City Council representative for each district has lead position on zoning changes if required for a capital project; and the mayor appoints a Downtown Development District Board of Commissioners.

### C. LOCUS OF LEADERSHIP/INITIATIVES

The decision to create the Downtown Development District was made jointly by the public/private sectors. Most project initiatives now come from the private sector, although the city may provide input and influence Downtown Development District activities.

The Downtown Development District makes management decisions independently within the terms of the enabling legislation. However, the legislation requires that they contract with the city for service provision. The District decides on the level and type of service, and also has the right of approval for all city employees that are assigned to Downtown Development District jobs. Although the employees are supervised by city departments, the District has oversight powers.

#### D. FOCUS OF MANAGEMENT EFFORTS

Management efforts concentrate on service delivery and on capital construction.

Service delivery programs include promotions; a downtown shuttle subsidy; parking information program; parkway maintenance; and supplementary police, sanitation, and maintenance.

Capital construction projects include streetscape and sidewalk improvement projects, downtown arts program, convention center expansion, and transit information system.

#### E. GEOGRAPHICAL COVERAGE

100 square blocks. (About 750 acres.)

#### F. BUDGET ALLOCATIONS

The DDD budget for 1987 is \$5.1 million. Over half of this is allocated for capital construction, including \$1 million for the convention center expansion. Administrative costs are low (7 percent) because city departments provide administration for all contracted services. (See attached sheet.)

#### G. SOURCE OF FUNDS

Funds are generated through an assessment on commercial property in the development district. Enabling legislation permits maximum assessment of 18.5 mills for a period of fifty years. The present budget is based on a 16 mill assessment.

#### H. MANAGEMENT STYLE/SERVICE DELIVERY

Services are delivered by the city through contracts with the Downtown Development District. DDD staff oversee city provision of services. The contract specifies that DDD has no liability for workmen's compensation, unemployment compensation, or employee benefits--these are all provided by the city.

PROPOSED 1987 PLAN FOR THE DOWNTOWN DEVELOPMENT DISTRICT  
Public Hearing - November 11, 1986

REVENUE

Tax Receipts	\$5,300,000
Interest on Taxes	20,000
Interest on Investments	50,000
Allowance for Uncollectible Taxes	(250,000)

TOTAL REVENUE	\$5,120,000
	=====

EXPENSES - CAPITAL PROGRAM CONSTRUCTION

Convention Blvd. Project	\$1,178,781
Convention Center Expansion	1,000,000
DDD Arts Program/Capital	200,000
Sidewalk Improvement Program	100,000
Street Tree Program	75,000
Transit and Information System	50,000
	\$2,603,781
	=====

EXPENSES - CAPITAL PROGRAM IMPLEMENTATION

Transit and Information System Retainer	24,000
	\$ 24,000
	=====

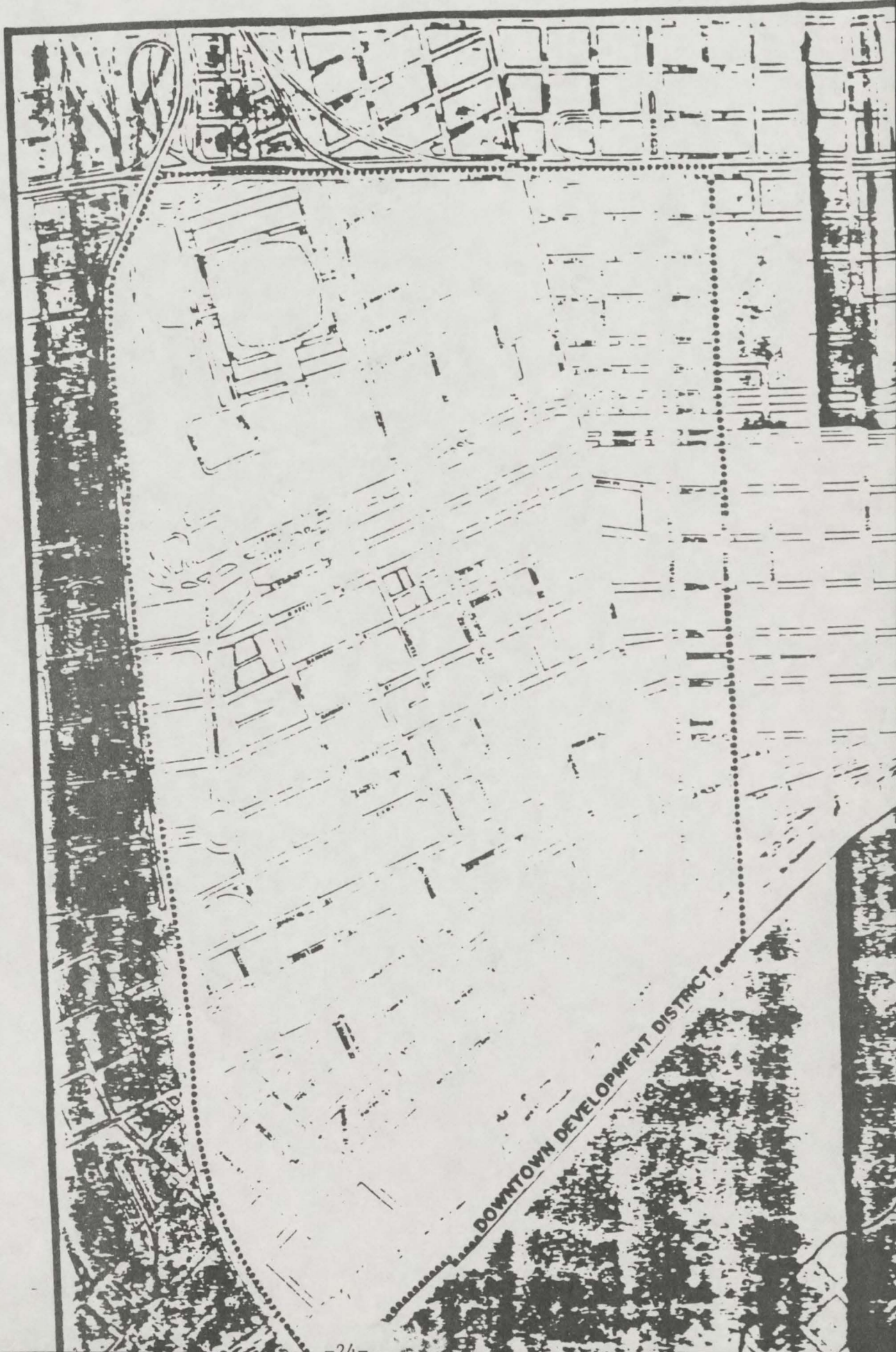
EXPENSES - SERVICES

Cultural	100,000
GMP Update Program	375,000
Parking	50,000
Parkways	55,598
Police	460,232
Promotions	90,000
Sanitation	309,799
Science Center	200,000
Shuttle Subsidy	100,000
Special Area Maintenance Program	392,726
	\$2,133,355
	=====

EXPENSES - ADMINISTRATION	\$ 358,864
	=====

TOTAL EXPENSES	\$5,120,000
	=====

NEW ORLEANS



DOWNTOWN DEVELOPMENT DISTRICT

## MANAGEMENT ACROSS FOUR FUNCTIONAL AREAS

The following matrices identify the types of management which are undertaken in these six cities for the functional areas and solutions/options we recommend for Minneapolis. These recommendations for Minneapolis can be found in Section III, pages 48-51.

ACCESSIBILITY/CONVENIENCE

<u>Solution</u>	<u>Portland</u>	<u>Seattle</u>	<u>Denver</u>	<u>Orlando</u>	<u>Fort Worth</u>	<u>New Orleans</u>
1. Centralized information base - parking	Y/P	N	N	N	N	Y/M (partial)
2. Centralized information base - transit	Y/P	Y/M (partial)	Y/M (partial)	Y/M (partial)	N	Y/M (partial)
3. Parking/transit validation	Y/M	Y/M	N	N	N	N
4. Extended signage program	Y/P	N	N	N	N	Y/M
5. Transit and parking promotions	Y/M	Y/M	Y/M	Y/M	N	Y/M
6. Skyway signage, map, hours	--	--	--	--	--	--
7. Functionally differentiated skyways	--	--	--	--	--	--
8. Pedestrian guide	Y/M	N	N	N	N	Y/M
9. Transit shelters, schedules, kiosks	Y/P	Y/M	Y/M	Y/M	Y/M (partial)	Y/M
10. Transit links	Y/P	Y/M	Y/M	Y/M	Y/M (partial)	Y/M
11. Improved taxi service	N	N	N	N	N	N

N = no    Y = yes    M = management    P = public

SUMMARY: Portland, Seattle, Denver, Orlando and New Orleans have management entities which are active in the accessibility and convenience solutions/options outlined above, while Fort Worth has very little involvement in this area. Portland and New Orleans are pursuing almost all of the solutions outlined in the matrix through two different management models. The Portland model has strong public sector involvement in management, while New Orleans management is based on a nonprofit organization that represents the private sector. More cities are involved in the transit solutions to accessibility and convenience problems than any of the other types of activities listed above. These transit solutions encompass a wide range of activities: transit subsidies, provision of marketing, promotions, information/scheduling, shelters, downtown transit links or validation programs.

CLEANLINESS/MAINTENANCE

<u>Solution</u>	<u>Portland</u>	<u>Seattle</u>	<u>Denver</u>	<u>Orlando</u>	<u>Fort Worth</u>	<u>New Orleans</u>
1. Uniform level of cleanliness	Y/M	Y/M	Y/M	Y/M	Y/M	Y/M
2. Highly visible trash containers	Y/P	?	Y/M	Y/M	Y/M	Y/M
3. Systematic maintenance program	Y/P	Y/M	Y/M	Y/M	Y/M	Y/M
4. Enforce trash/litter ordinances	N	N	?	?	N	N
5. Responsive maintenance system	N	N	Y/M	N	N	?
6. Comprehensive landscaping	Y/P	N	Y/M	Y/M	Y/M	Y/M
7. Snow and ice removal	--	--	--	--	--	--

N = no    Y = yes    M = management    P = public

SUMMARY: All of the city models have enhanced maintenance programs in the downtown area. Activities include supplementary maintenance, additional trash receptacles and landscaping programs. In each case the maintenance programs are in addition to regular maintenance provided by the city. For the most part, supplementary maintenance programs are overseen by a management entity other than the city. However, in Portland, the public sector is responsible for higher levels of maintenance in the downtown area. Methods of service delivery vary from city to city. Some entities have contractual arrangements with the city or private sector organizations, while in other cities, services are provided by staff of the management organization.

SECURITY

<u>Solution</u>	<u>Portland</u>	<u>Seattle</u>	<u>Denver</u>	<u>Orlando</u>	<u>Fort Worth</u>	<u>New Orleans</u>
1. Supplementary security	Y/M	N	Y/M	N	N	Y/M
2. Reallocate police	N	Y/M	Y/M	N	Y/M(?)	Y/M
3. Increase police presence	N	N	Y/M	Y/P	N	Y/M
4. Voluntary escort service	N	N	N	N	N	N
5. Improved lighting	N	N	N	N	N	N
6. Precinct station in problem area	N	N	N	N	N	N
7. Coordinate private security	Y/M	N	N	N	N	N
8. Services for special-needs population	Y/P/M	Y/M/P	Y/M	N	N	N

N = no    Y = yes    M = management    P = public

SUMMARY: All of the cities are active in pursuing one or more of the security solutions listed above. A reallocation of existing police resources, with an emphasis on downtown, is the most frequently observed of the solutions. Denver, New Orleans and Portland have supplemental security forces in the downtown area. Management entities in Denver and New Orleans contract with the city for extra police coverage, while a private security force patrols a downtown park area in Portland. Several cities have taken action to increase police presence by using horseback or motorcycle patrols. Attempts to provide services to populations with special needs are part of the security effort in four of the cities. Overall, the management entities in Denver and New Orleans are most active in pursuing the security solutions listed above.



AMENITIES AND PUBLIC SPACES

<u>Solution</u>	<u>Portland</u>	<u>Seattle</u>	<u>Denver</u>	<u>Orlando</u>	<u>Fort Worth</u>	<u>New Orleans</u>
1. Ample seating	Y/P/M	N	Y/M	Y/P/M	N	N
2. Special events spaces	Y/P/M	Y/P	N	Y/P/M	N	Y/P/M
3. Street activities (vendors, etc.)	Y/P/M	Y/M	Y/M	Y/M	Y/M	N
4. Art in public spaces	Y/P/M	Y/P	N	Y/M	Y/M(?)	N
5. Public restroom facilities	Y/M	N	N	N	N	N

N = no    Y = yes    M = management    P = public

-29-

SUMMARY: Portland and Orlando are involved in all of the activities suggested to enhance amenities and public spaces in downtown Minneapolis. All other cities are pursuing one or more of these solutions. Portland, Seattle, Orlando, and New Orleans have public-private partnerships in this functional area. For example, all activities to ensure suitable performance and special event spaces are cooperative public-private efforts.

### III. DOWNTOWN MANAGEMENT FOR MINNEAPOLIS

In section I of this report, dealing with the purpose and scope of the research, we indicated that the functions and problems which needed management attention were accessibility and convenience; cleanliness and maintenance; security; and amenities and use of public space.

In this section we do two things. First we show in tabular form the management arrangements which currently exist in Minneapolis for handling these four areas, pointing up the management dynamics and identifying some of the major issues which arise under each heading.

Second, we propose a set of goals for each of the four functional areas together with a list of suggested solutions/options for achieving each goal.

The lists of solutions/options bring together the types of activity being undertaken (in whole or in part) in the other cities we have studied with our analysis of what needs to be done in Minneapolis, based on the research undertaken here. In some instances, the suggestions put forward are already being pursued in downtown Minneapolis. In that case, their reason for inclusion in the lists is that the research to date suggests that the current effort needs to be maintained or increased. In a few instances (e.g., security) some of the proposals may be mutually exclusive. In that case, the proposals put forward may be regarded as alternative options.

NEW VISIONS FOR DOWNTOWN MANAGEMENT  
 MANAGEMENT MATRIX  
 PRIVATE PARKING

DOWNTOWN ISSUE	FUNCTION					
	PLANNERS/ INITIATORS	DECISION-MAKERS	MANAGERS	CONSULTEES	PAYORS	DYNAMICS
1. Location	City--zoning and planning Private business	Private business City--special use permit	N/A	Public hearing for variance Other businesses	Private business Users	Banks--land value market influences location.
2. Fees	Market economy	Private owners				Prices set by market economy. Business goal to maximize profit.
3. Operations and Maintenance	Owners	Private owners City--building inspection	Private owners		Users	Privately managed. City enforces building code and inspections.
4. Capital Expenditure	Owners Managers Investors Developers	Same				

NEW VISIONS FOR DOWNTOWN MANAGEMENT  
 MANAGEMENT MATRIX  
 PUBLIC PARKING

DOWNTOWN ISSUE	FUNCTION					
	PLANNERS/ INITIATORS	DECISION-MAKERS	MANAGERS	CONSULTEES	PAYORS	DYNAMICS
1. Location	City	City MPCA	City Private sector	Businesses Downtown Council	N/A	Planning, Traffic Engineering, MCDA plan location of ramps in conjunction with interested parties.
2. Fees	City	City Council	City	Traffic Engineering	Users	Set by Council. Reflect market rates. Goal to attract commuter to peripheral ramps without undercutting private facilities.
3. Operations and Maintenance	City	City Federal (3rd Ave)	City Private	City departments Federal (3rd Ave)	Users Federal (3rd Ave) City	City, although it contracts some management out. City issues bonds, also has sinking fund.
4. Capital Expenditure	City	City Council Federal	City Finance	N/A	User fees cover Federal (3rd Ave)	City issues bonds. Repays with parking fees.

## CURRENT MANAGEMENT STRUCTURES ACROSS FOUR FUNCTIONAL AREAS

### PARKING DYNAMICS

#### Private

In the early 1950s, Downtown Auto Park was established by retail merchants to provide parking for their customers. It included several stand-alone ramps in the core, which are now owned by others. There was strong feeling for many years that the public sector should not be involved with this. In recent years real estate values have risen to the point where construction of new stand-alone ramps in the core is not feasible, and existing core surface lots are slowly giving way to more intensive developments. Now, new private ramps and garages are being built only as part of a larger development. New private surface lots appear occasionally in the core as an interim land use, such as at the Andrews Hotel site. Private surface lots are primarily on the edges of the downtown area where land values are lower. The private sector controls about 31,000 spaces in the central business district.

#### Public

Since the early 1970s the city has pursued the "fringe parking" concept. This involves building public ramps on the fringe of the downtown area which are designed primarily for the use of the regular commuter. This reduces the amount of traffic and parking demand in the core, and frees up those spaces for the shopper or short-term parker. These fringe ramps have skyway connections and are located on bus routes in the dime zone to facilitate access. The city currently has about 8,000 ramp spaces, and is committed to build an additional 12,000. The city currently controls a total of 12,000-15,000 spaces. City zoning requires the provision of a certain number of parking spaces in conjunction with a development. In the central area the minimum requirement varies from 0 percent of this in the core to 100 percent in the fringe. The city has a policy of maintaining central business district parking supply at 85 percent of demand. The city's Traffic Engineering Department conducts the long term parking demand studies and plans everything related to the municipal parking facilities. The business community's perspective on parking issues is expressed through the Downtown Council's Parking Committee.

#### Rates

Those involved in the business say that the parking system functions as a free market. Long term parkers are very sensitive to rates and can be induced to park in a certain area by adjusting rates. Lower rates in the fringe induce long term parkers to use those facilities, thereby freeing up the core facilities for the short term parker who is less sensitive to (and less informed about) rates. Profit maximizing goals tend to coincide with this. The core private ramp operator sets a long term rate high enough to keep just enough spaces open for the more lucrative short term parker. The city maximizes profit by setting rates to fill up with long term parkers without undercutting the private competition.

## Economics

Due to real estate values, parking rates, and construction, operation and maintenance costs, it is not possible to build private stand-alone ramps in the core area. Due to real estate taxes, parking rates, and construction, operation, and maintenance costs, it is not possible to build private ramps in the fringe area. Since the city does not wish to devote large amounts of fringe land to surface lots, the city fulfills its policy goals by building and operating fringe ramps. Additionally, public ramps appear to be a major form of public subsidy to private developments in the central area.

Parking issues include:

1. Rates, availability, and visibility of short-term parking.
2. Consistent meter regulations and enforcement.
3. Coordination of public and private parking facilities and transit in conjunction with zoning requirements.
4. How is parking demand calculated and defined by the city and consultants? Is it empirical or theoretical? (i.e., does it reflect actual needs in Minneapolis?)

NEW VISIONS FOR DOWNTOWN MANAGEMENT  
MANAGEMENT MATRIX  
PROMOTIONS

DOWNTOWN ISSUE	FUNCTION					
	PLANNERS/ INITIATORS	DECISION-MAKERS	MANAGERS	CONSULTEES	PAYORS	DYNAMICS
1. Planning	Downtown Council City Other business owners Other event sponsors	Downtown Council City Nicollet Mall Advisory Committee Other business owners Other event sponsors	Downtown Council Other event sponsors	Interested and affected parties City Nicollet Mall Advisory Committee	Downtown Council Other event sponsors Private contractors	Downtown Council or other event sponsor initiates idea. Works in conjunction with city and other interested parties.
2. Funding	Downtown Council Other event sponsors Other business people	Downtown Council Other event sponsors Other business people City	Downtown Council Other event sponsors	Contractors	Downtown Council Other event sponsors Contractors	The Downtown Council pays for its own events. Other event sponsors pay for theirs. There are often private as well as public contribu- tions for any given event.
3. Operations	Downtown Council Volunteers Other event sponsors	Downtown Council Nicollet Mall Advisory Committee City Other event sponsors	Downtown Council Other event sponsors	Interested and affected parties City	Downtown Council Other event sponsors Contractors	The Downtown Council and other event sponsors must work through the Nicollet Mall Advisory Committee and city for appropriate authorizations and permits. Operators are supervised by Downtown Council staff, other event sponsors and volunteers.

## PROMOTIONS AND SPECIAL EVENTS

Most downtown promotions and special events are handled by the Downtown Council. They initiate 90 percent of all promotional activities on the Nicollet Mall as well as a number of activities in other downtown locations. They sponsor activities such as the annual "Block Party," Spring and Fall fashion shows, and "Agri-Pride."

When the Downtown Council or anyone else wants to have an event on the Mall, they must submit a letter to the Nicollet Mall Advisory Board. The Board reviews the request and advises the City Council. The City Council has ultimate decision-making power. Providing the proposal is approved, the applicant must obtain all necessary permits and approvals (including food, liquor, traffic control).

Peavey Plaza is under the jurisdiction of the Department of Public Works. Public Works provides guidelines for public uses on the Plaza. The Orchestra Association sponsors "Summer Fest" each year on the Plaza. They follow the same process as mentioned above except that they make a proposal to Public Works instead of the Nicollet Mall Advisory Board. Again, the City Council has final approval.

The Downtown Council has experimented with a variety of events. They believe that this is important in order to determine what does and does not work. For example, the "Block Party" idea was well received and has become a successful annual event. On the other hand, they found that chamber music from 4:30--5:30 p.m. did not work as an inducement to keep people downtown after hours. They found that people were generally in too much of a hurry to get home at that hour. Ideas for events come from Downtown Council members as well as other interested parties. When asked how they determine the mix and type of promotions and special events, Downtown Council staff related that they "look for events that are in good taste and provide the greatest enjoyment for people."

The Downtown Council pays for the promotions that they initiate; others pay for the events that they initiate. The city will sometimes contribute; they have contributed free parking, for example. Private individuals and corporations also will frequently contribute.

The Aquatennial Association is an independent group which sponsors the Aquatennial each year. They work with the Nicollet Mall Advisory Board and the Downtown Council on events related to the Mall and downtown in general.

The Chamber of Commerce and the Convention Bureau do not generally get involved in downtown promotions. The Chamber has a membership with a range of interests beyond downtown Minneapolis.

### Issues

1. What is an "adequate" level of funding and staffing for downtown promotions and special events?
2. How do you most effectively draw people downtown? What is really unique about the downtown environment which can be attractive to



unique about the downtown environment which can be attractive to people? How do you tie in other downtown-related assets like the theater, neighborhoods, the Art Institute, the riverfront, the Dome and so forth.

3. How do you ascertain a mix of events that "works" and is "representative."

NEW VISIONS FOR DOWNTOWN MANAGEMENT  
MANAGEMENT MATRIX  
RETAIL

DOWNTOWN ISSUE	FUNCTION					
	PLANNERS/ INITIATORS	DECISION-MAKERS	MANAGERS	CONSULTEES	PAYORS	DYNAMICS
1. Location	Developers Land/building owners Proprietors City Downtown Council Nicollet Mall Advisory Committee	Developers Land/building owners City Proprietors Investors	N/A	Nicollet Mall Advisory Committee Marketing Consultants Adjacent owners	N/A	City encourages compact retail core on Nicollet. Some flexibility (Powers, for example). Smaller retail in office buildings on 1st, 2nd levels.
2. Design	Developers Owners	Developers Owners City	N/A	City Nicollet Mall Advisory Committee	N/A	Ordinances on signage, some facade design. Owners control window display.
3. Capital Cost	Developers Owners City Lenders Investors MCDA	Investors Developers Lenders City MCDA	Developers City Nicollet Mall Advisory Committee MCDA	City Other parties financially involved	Investors Owners in special assessment district	City may provide financing assistance through MCDA.
4. Operations	Proprietors Building managers Building owners Downtown Council	Proprietors Building managers Nicollet Mall Advisory Committee Building owners City	Proprietors/ Building managers	Downtown Council	Proprietors Owners in special assessment district	Individual tenant, owner, manager relationships. Some information sharing among groups. Volun- tary cooperation for hours, coordinated by the Downtown Council. Some lease require- ments (City Center).

## RETAIL DYNAMICS

Retail in downtown Minneapolis is primarily located along the Nicollet Mall. Office-oriented retail is located along the skyway system and on the first and second floors of office buildings. City policy encourages a compact retail core.

The city uses financial assistance to encourage retailers to locate in downtown. This assistance can take the form of tax increment financing, land write-downs or various types of loans. MGDA works with developers on financing packages.

### Nicollet Mall

Construction and maintenance of the Nicollet Mall are funded through a special assessment paid by property owners. Maintenance costs are \$1.3 million per year. The city's Public Works Department does the maintenance on a contractual basis.

Operations and maintenance are managed by the Nicollet Mall Advisory Committee, which consists of property owners, managers, tenants on the Nicollet Mall, and city employees. The Advisory Committee is staffed by the Downtown Council. This Committee makes recommendations to the City Council on all matters relating to the Nicollet Mall, and refers requests and complaints to the proper entities.

Several new retail developments are currently under construction on the Mall, including the Conservatory and Saks. A development for the south end of the Mall has been proposed by LSGI, a French company that currently holds the development rights for that area.

The Committee on the Future of the Nicollet Mall recently issued a report which outlined possibilities for improving the Mall, and recommended that an implementation committee be formed. The City Council recently formed a Board to make recommendations to the City Council on how best to complete physical improvements to Nicollet Mall. The Implementation Board, which consists of both public and private sector representatives, is to make recommendations on a public/private concept, design for public and private sector improvements on the Mall, funding, and enabling legislation.

### Issues

The basic issue for the retail function is how to make/keep a viable downtown retail area. Sub-issues include the following:

1. Should downtown concentrate on high fashion retail? Have medium-priced stores as well?
2. Should LSGI be allowed to close off the Mall at 10th Street, as outlined in their proposal?
3. Should improvements to the Nicollet Mall be major (such as covering the Mall) or minor (such as repaving)?

4. What is the best way to generate more activity on the Mall?
5. How can related problems or perceptions that affect retail--such as parking and security--best be dealt with?

NEW VISIONS FOR DOWNTOWN MANAGEMENT  
MANAGEMENT MATRIX  
SKYWAYS

DOWNTOWN ISSUE	FUNCTION					
	PLANNERS/ INITIATORS	DECISION-MAKERS	MANAGERS	CONSULTEES	PAYORS	DYNAMICS
1. Location	Building owners Building managers City/county	Building owners City	N/A	Skyway Advisory Committee Affected building owners/managers Lessees	N/A	Initiator negotiates with other affected parties on financial, physical plans. Skyway Advisory Committee consulted.
2. Skyway Design	Skyway owners Building managers City Skyway Advisory Committee	Building owners City	N/A	Skyway Advisory Committee Affected building owners/managers Lessees	N/A	Initiator designs, negotiates with other parties. Must meet code and Skyway Advisory Committee guidelines.
3. Capital Cost	N/A	Skyway initiator Adjacent building owners City	City Property managers	N/A	City Skyway initiator Adjacent owners Assessment district Lessees Federal government	Usually paid by initiator, or shared with adjacent build- ings. City can issue bonds and assess owners.
4. Operations and Maintenance	Skyway owners Building managers Skyway Advisory Committee	Skyway owners Building managers	Skyway owners Building managers	Skyway Advisory Committee Lessees Affected building owners/managers	Skyway owners Other businesses (voluntary) Lessees	Skyway Advisory Committee coordinates hours, signage on voluntary basis. Negotiates among owners. Maintenance/ security done indiv- idually.

## SKYWAY DYNAMICS

### Ownership

Skyways in Minneapolis are normally owned and operated by the private sector. Owners of buildings connected by a skyway negotiate cost sharing for construction and operations. Maintenance, security, and hours are managed by individual skyway owners.

The city or county may also be skyway owners, although this has only occurred when skyways connect to public buildings or municipal ramps. In these cases the city or county may initiate construction of a skyway, and will share the capital and maintenance costs with private owners.

### Public Sector Involvement

It is the city's policy to encourage skyway construction by the private sector. Minneapolis Community Development Agency (MCDA) contracts normally include "best effort" language to encourage developers to build skyways.

The city can assist private sector financing of skyways by issuing bonds for the capital costs and then assessing building owners. This is helpful to owners with older mortgages (which set limits on borrowing), or with tenants holding older leases that lack a skyway assessment clause.

The city must grant an encroachment easement before skyway construction can begin. This cannot be done until the Skyway Advisory Committee has reviewed the plans for compliance with skyway design guidelines. The guidelines are somewhat flexible, depending upon the circumstances.

### Skyway Advisory Committee

The Advisory Committee consists of skyway owners, building managers, tenants, and city employees and is staffed by the Downtown Council. The committee was established by city ordinance, and exists to make recommendations to the city on all matters pertaining to skyways. The Advisory Committee will often require design changes in proposed skyways before they recommend that the City Council approve the easement.

Coordination of hours and signage in the skyway system are major goals of the Advisory Committee. Negotiations are conducted with individual skyway owners to obtain agreement for uniform hours and signage. While the Downtown Council and the Skyway Advisory Committee have made a great deal of progress in this area, compliance with any agreement is voluntary and the hours of opening are not yet identical.

### Issues

While both public and private sectors seem content to leave the initiative for construction of skyways with the private sector, skyway operations are presently an issue.

1. Hours. Many people, particularly retail, hotel, and entertainment operators, would like to see the skyways open from 7:00--10:00 p.m. The owners of skyways feel that this poses a security risk to their buildings since corridors often cut directly through buildings. The issue of liability for security incidents concerning pedestrians is also of concern to owners.
2. Security. There are those who feel that skyways need more security, or coordinated security. At present, each skyway may have a different security force which is only responsible for a particular section of the skyway corridor. The Downtown Council and Skyway Advisory Committee are now working on coordinating security in the skyways.

NEW VISIONS FOR DOWNTOWN MANAGEMENT  
 MANAGEMENT MATRIX  
 TRANSIT

DOWNTOWN ISSUE	FUNCTION					
	PLANNERS/ INITIATORS	DECISION-MAKERS	MANAGERS	CONSULTEES	PAYORS	DYNAMICS
1. Routes	MTC RTB City Private industry	MTC - primary Metro Council RTB	MTC	Cities Private industry Public hearing	N/A	MTC has authority. Consults with and responds to cities/ private industry.
2. Stops	City Private industry MTC	City	MTC City	MTC Property owners Public hearing	MTC City	City has authority. Negotiates with MTC. Responds to property owners, businesses.
3. Shelters/ benches	City MTC Private industry	City	MTC Shelter owners	Public hearing Adjoining property owners	Adjoining owners MTC Shelter owners	City sets location, works with MTC, franchisee. Holds hearings, ensures compliance with code.
4. Scheduling	MTC Private industry City	MTC	MTC	Public hearing Cities Private industry	N/A	MTC initiates or responds to request to change schedules. Holds hearings.
5. Fares	Legislature MTC Metro Council RTB (Metro Mobility)	Legislature MTC RTB	MTC Metro Council Legislature	Public hearing Metro Council Legislature	Users Property owners (taxed)	State legislature decides with input from others.

Continued...



FUNCTION

DOWNTOWN ISSUE	PLANNERS/ INITIATORS	DECISION-MAKERS	MANAGERS	CONSULTEES	PAYORS	DYNAMICS
6. Dime Zone	MTC City Private industry	MTC	MTC City	All affected parties	N/A ?	MTC, city negotiate.
7. Mall shuttle	City MTC Business Private operator	City MTC	City MTC	Business Affected parties	Assessments MTC	Negotiate between city, MTC, private operator.
8. Capital Expenditure	Metro Council MTC RTB	Federal State Metro Council UMTA	MTC	Public hearings Affected parties City	Federal State Local	MTC, RTB have transportation plan, submit funding requests.

## TRANSIT DYNAMICS

1. The MTC is responsible for short-term transit planning and bus operations. The MTC receives revenues from: the farebox, property taxes in the metro area, state appropriations, and the federal government (primarily for capital expenditure assistance). The city's Traffic Engineering Department employs a full time municipal transit aide who works with the MTC on transit issues on a regular basis. The designation of routes, stops, and shelter locations is a negotiating process. The MTC has final approval over the routes and schedules, and the City Council has final approval over the location of stops and shelters. The city grants a franchise for shelters, and they are owned by either the MTC or a private franchisee. The MTC is fully included in the Traffic Engineering Department's planning process and five-year plan. Minneapolis dime zone limits are set by negotiations between the city and MTC. There is no financial exchange involved when these limits are expanded or contracted. The city is heavily involved in the planning of improvements with large city impact such as the Hiawatha Corridor LRT.
2. The Regional Transit Board (RTB) is responsible for medium range transit planning and the operation of contract routes and Metro Mobility. The RTB is responsible for identifying transit needs and planning for service changes over the next five to ten years. It has recently completed a "Regional Transit Service Needs Assessment" which has identified major corridor and suburban service improvements (primarily bus) to be undertaken in this time frame. The MTC would then plan and implement such changes and operate this service. The RTB is also responsible for detailed studies and engineering design relating to such projects as light rail transit in the University and Hiawatha corridors. The RTB receives a biennial appropriation from the legislature.
3. The Metropolitan Council is responsible for long-range transit planning, and is the agency designated to work with MnDOT and the federal Department of Transportation on transit planning and funding. The Council is completing a long range transit analysis which has identified about ten metropolitan corridors which will need major transit improvements in the period beyond ten years.
4. The Hennepin County Regional Railroad Authority currently owns rail right-of-way from Minneapolis to Victoria and plans to build the Southwest Corridor LRT line along part of this route. This could be financed out of current Authority receipts (property tax).
5. The state legislature has created these five entities and provides or enables funding. Therefore it has considerable control over transit policy, planning, operations, and funding. In 1986 the legislature banned any public spending on rail transit planning or construction.

## Issues

Major transit issues include:

1. Increasing people's awareness of service within the dime zone, and coordinating this with outlying parking facilities.
2. Should there be diesel buses on the mall?
3. Should there be a mall shuttle connecting the riverfront area and the convention center area?
4. How should light rail transit be implemented downtown--where should routes and stations be located? Should it be underground or at grade?
5. How should LRT capital costs be paid from private, local, regional, state, and federal sources?

## GOALS AND SOLUTIONS

### ACCESSIBILITY/CONVENIENCE

#### GOAL

To make access and movement into, around, and out of downtown as easy and convenient as in major competing areas.

#### SOLUTIONS

##### PROVISION OF:

1. A centralized information base on parking demand, spaces, utilization rates, validation systems, etc., for management and outreach.
2. A centralized information base on transit availability, utilization rates, scheduling, etc., for management and outreach (e.g., to promote dime zone).
3. A comprehensive parking/transit validation plan.
4. An extended signage program for clearer identification of parking and bicycle facilities, transit services, and skyway connections.
5. Transit and parking promotions and marketing for specific users and uses.
6. Clear and understandable skyway signage, maps, and hours of operation.
7. A functionally differentiated skyway system designed to serve varying purposes according to hour of the day.
8. Design of a pedestrian guide to promote downtown, stressing its accessibility/convenience for a wide range of activities and services in close proximity.
9. A fine-tuning of transit service provision; input into schedules and routes; design and placement of shelters; information kiosks.
10. Promotion and enhancement of transit links between downtown and other destinations (e.g. Metrodome shuttle, airport limo services, bus transfers, taxis).
11. An improved downtown taxi service, e.g., promotion of downtown fare zone, loading and unloading zones, cab stands.

## CLEANLINESS/MAINTENANCE

### GOAL

To achieve a high standard of cleanliness, appearance, and general repair of streets, sidewalks, alleys, buildings, and open spaces throughout downtown.

### SOLUTIONS

#### PROVISION OF:

1. A uniform level of cleaning throughout downtown, supplemented by more frequent and intensive efforts in those areas of greatest density and usage (e.g., retail, entertainment, and fast food operations).
2. Increased availability and visibility of public trash containers, with special attention to public waiting areas, ensuring regular collection of disposed material.
3. A systematic maintenance program including regular inspection, program of future repairs, advance budgeting.
4. Stringently enforced (existing) ordinances on trash removal and littering.
5. A mechanism for quick responsiveness to unforeseen maintenance needs.
6. A comprehensive landscaping program, including improved selection of landscaping materials and high level of maintenance.
7. A special snow removal program.

## SECURITY

### GOAL

To provide a safe and comfortable environment which will encourage people to come and stay downtown, and to provide security for real property.

### SOLUTIONS

#### PROVISION OF:

1. A supplementary security force.
2. A reallocation of existing police effort with more emphasis on downtown.
3. An increased police/security presence on the street to enhance perception of downtown as a safe place (e.g., horseback or motorcycle patrols).
4. A voluntary escort service for parking lots and ramps.
5. Improved lighting for streets, ramps, lots, and alleys.
6. A storefront police precinct station in the highest problem area of downtown.
7. Coordinated security arrangements between private property owners, including skyways.
8. An adequate range of services and facilities for downtown populations with special needs.

## AMENITIES AND PUBLIC SPACES

### GOAL

To make downtown a physically attractive, comfortable, pleasing, and exciting place to work, visit, shop, and live.

### SOLUTIONS

#### PROVISION OF:

1. Ample seating available to the public in both private and public spaces.
2. Suitable performance and special event spaces for a full range of year-round activities, night and day.
3. A high level of street activity such as vendors, performers, sidewalk cafes and special events.
4. Art in public places including murals, sculptures, and performances.
5. Provision of and clear signage for safe and clean handicapped accessible public restroom facilities at street and skyway level in strategic locations throughout downtown.

#### IV. PROPOSED MANAGEMENT MODEL FOR MINNEAPOLIS

##### RATIONALE

Our research suggests that the vitality and quality of life of downtown Minneapolis can be enhanced if a range of services and activities are increased and managed proactively. We have identified what would constitute an appropriate range of activities and have drawn on our analysis of management arrangements elsewhere to highlight the essential ingredients of these models. These represent the key components that would need to be incorporated into any equivalent management arrangements in Minneapolis.

Against this background, we now offer a recommended financial and management structure for downtown Minneapolis. Our recommendations deliberately restrict themselves to providing a management framework and an outline set of principles only. They leave over for later discussion between the stakeholders the detailed implementation strategy and the precise way the management organization would work. Any attempt to specify these details in advance of negotiations between the interested parties is likely to be counterproductive.

##### A Special Improvement District for Downtown Minneapolis

Our research suggests that a successful management model needs to be focused geographically, have organizational and financial stability, and be accountable to its constituency. These criteria require an adequate legal and financial framework. We therefore recommend that the City of Minneapolis seek legislation to enable the establishment of a special improvement district for downtown Minneapolis. Within this district an ad valorem tax or service charge would be imposed on commercial, business, or industrial uses (i.e., nonresidential uses) to finance special services over and above those ordinarily provided through the City. There is precedent for this concept in the 1985 enabling legislation for special service districts in thirteen Minnesota cities and the Hennepin-Lake area of Minneapolis. The City of Minneapolis has also developed proposed legislation along these lines.

Any such legislation may be expected to incorporate a petition process to establish the district, together with appropriate public consultation procedures. These procedures provide a clear measure of public accountability. We believe, however, that the special district must be able to prove its worth. The management body for the district (see below) will need to consider how it can best monitor and evaluate the effectiveness of its activities on a continuing basis in order to ensure that the goals defined in this report for each of the main functional areas can be achieved. In addition, we believe that those who are liable for the additional taxes and charges should have an opportunity, after a due period, to express their views on the value of the district. We therefore recommend that the legislation establishing the district should incorporate a five year sunset clause, subject to an expeditious renewal process.



## Management and Organizational Structure

The services and activities carried on in the special improvement district are likely to be a mixture of programs and activities undertaken entirely by the private sector together with enhanced public services. In order to achieve maximum economy, efficiency, and effectiveness of delivery, the management of the various activities will need proper coordination. Based on experience elsewhere, we believe that this can best be accomplished by a management organization which has a formal and on-going relationship with City Hall but which is established as a public/private management body. We therefore recommend that the legislation establishing the special improvement district should provide for its oversight and management to be placed in the hands of a new Special Improvement District Board (SID Board).

The precise composition of the SID Board, its mode of operation and the way it secures the delivery of specific services are matters for future negotiation between the stakeholders. However, we suggest that the following recommendations should guide the discussions.

First, we recommend that the SID Board should be a small body consisting of seven people appointed by the City Council.

Second, the essence of a special improvement district is that business interests agree to tax themselves to provide an increased level of service over and above that normally provided by the City. It follows from this that the private sector should constitute a majority of the Board's membership and that the four private sector representatives should be drawn from property and business owners within the Special Improvement District (SID). Consideration should be given to the role of the Downtown Council in relation to SID Board membership. Subject to conflict of interest considerations, the Downtown Council might be represented directly on the Board or invited to provide a list of private sector Board nominations to the City.

Third, the City will have a close interest in the services carried out in the special improvement district and effective coordination will be necessary between the SID Board and the City. We therefore recommend that the City should fill the remaining three seats on the SID Board. Since the City Council will be making all Board appointments, it will be open to the Council to select the city's representatives from amongst its own membership or by designating key officials to serve on the City's behalf. It is our recommendation, however, that elected representatives of the City should fill the SID Board positions.

Fourth, the full SID Board should select its Chair from among the private sector members. This will give full freedom to the Chair to present and advocate the SID budget to the City Council.

Fifth, in carrying out its responsibilities, it will be desirable for the SID Board to take account of the views of downtown users. We therefore recommend that the legislation establishing the special improvement district should provide for the SID Board to appoint an Advisory Board representing the user interests of downtown employers, owners, tenants, workers, and residents.

Sixth, the SID Board should become the single management entity for the delivery of all special services and activities within the downtown area, including areas with special management needs, notably Nicollet Mall.

This does not mean that the SID Board should be responsible for delivering all services. Indeed, the underlying presumption of the district is that it will facilitate the provision of services supplemental to those currently provided by the City. However, the nature of the SID Board's responsibilities means that it should be closely concerned with the management of the district generally, whether through direct service provision or, for example, through facilitating higher standards of delivery by others; or by simply acting in an advocacy role to make sure things are done better. It is likely also that new and different tasks will be identified as the work of the SID Board proceeds.

In the particular case of the Nicollet Mall, we have suggested earlier in this report that different areas of downtown have their own special needs which may require specially tailored management services. The Nicollet Mall is such an area; it will require a focused and diverse management effort in keeping with the redevelopment objectives. Such action can best be carried out under the aegis of the new, single-purpose SID with its clear mission to intensify downtown management. We recommend that the Nicollet Mall Advisory Committee be subsumed within the SID as a means of facilitating this proposal.

Seventh, the primary role of the Board should be to set the organization's policy and provide general oversight of its activities. The SID Board should not be involved with detailed, day to day management duties. We therefore recommend that day-to-day management of the Special Improvement District should be overseen by an Executive Manager employed either directly by the Board or by a for-profit or non-profit private management corporation. Regardless of how the Executive Manager is employed, the person appointed should be given maximum authority and clear operational guidelines to ensure that the Executive Manager's role becomes central to the success of downtown's management.

#### Alternative Management Structures

Detailed consideration will need to be given to the most appropriate management framework for the SID Board's operations. There are several possible permutations, though some may have practical or other constraints.

One option (shown diagrammatically as Model 1 on page 58) assumes that the SID Board would hire an Executive Manager who, as a paid employee of the Board, would be directly accountable to it. The Executive Manager and staff would then negotiate and manage service delivery contracts with competitive bidders, while retaining in-house the responsibility for securing the provision (though not necessarily actual delivery) of those programs and services which could not be contracted out. An example of this kind of management structure is found in New Orleans (described in Section II) which is the oldest and largest of the downtown management districts.

A variation on this option is shown as Model 2 on page 59. Here, instead of service delivery being managed in-house by an Executive Manager on behalf

of the SID Board, this function would be contracted out on a competitive basis to a management agency which could be either a for-profit or non-profit body. The management agency would have the option of sub-contracting out for specific services or delivering services itself. An example of this kind of management structure is found in Denver (also described in Section II). Under this option, the SID Board's staffing requirement would probably be reduced to an Executive Secretary.

#### Relationship with Existing Public and Private Bodies

Whether or not the management of service delivery is undertaken in-house or contracted out, we believe, as indicated earlier, that close and effective coordination with all relevant City interests will be desirable. Similar considerations apply to other parts of the public sector. We consider that coordination will be facilitated if the SID Board establish a Technical Advisory Board at senior management (i.e. not Board) level comprising representatives of, for example, Public Works, Police Department, Planning Department, MCDA, Hennepin County, Park Board, CUE, Convention and Visitors Bureau, RTB, MTC, etc.

As to existing private sector bodies, it would be possible for the Downtown Council to play a direct role in either of the management and service delivery models described above, subject to conflict of interest considerations. The Downtown Council could, for example, establish a new non-profit subsidiary to bid for the management contract under Model 2. This would have the advantage of maximizing coordination of existing and new programs in downtown Minneapolis. Alternatively, the Downtown Council could simply bid for specific service delivery contracts offered by the SID Board. Participation by the Downtown Council as either a management contractor or service deliverer would be likely to preclude it from direct SID Board membership or from nominating private sector members to the SID Board.

We have already proposed that the Nicollet Mall Advisory Committee be subsumed within the SID in order to help achieve our recommendation that the Board become the single management entity for the delivery of all special services and activities downtown. In order to avoid overlap with other relevant bodies, we think it would also make sense if the Skyway Advisory Committee and the Hennepin Avenue Task Force were brought under the umbrella of the new SID Board. We therefore recommend that consideration be given to the most appropriate means of integrating these 3 bodies within the proposed new management arrangements.

#### Finance

Funding for the activities to be undertaken in the special improvement district should be drawn from a combination of the ad valorem tax or service charge levied on property and business owners by the City (and passed to the SID Board for disbursement on agreed terms) and other resources leveraged by the SID Board from private sources.

We recommend that publicly collected funds should be used by the SID Board for regular day-to-day operations and maintenance and for those long-

term capital improvements carried out by the SID Board. Private resources would be reserved for special projects.

We recommend that the tax or service charge be restricted to nonresidential uses for two reasons. First, because it reflects a long established City policy of subsidizing downtown housing in order to encourage more people to live downtown; and second, because the services and activities to be undertaken in the special improvement district will primarily benefit commercial, rather than residential, interests.

The budget for the Special Improvement District cannot be estimated until the geographical boundaries are drawn and precise areas of responsibility settled. However, whatever the ultimate budget may be, the SID Board should have full responsibility for setting the management organization's budget, subject to City Council approval, and for entering into necessary contractual relationships in order to provide services within the Special Improvement District.

The future special funding requirements of the Nicollet Mall should be considered for inclusion as part of the SID levy and budget. Clearly the future management and maintenance costs associated with the Mall should be part of the financial structure of the SID.

Consideration should be given to including in the legislation establishing the SID a 'not to exceed' limit for the tax or service charge.

#### Geographical Coverage

The preceding paragraphs have touched on the issue of the SID's geographical boundaries and its functions. These issues cannot be resolved in this Report. However, we can offer some pointers. The main lesson to be drawn from other cities is that the boundaries of their downtown districts vary enormously, ranging from a comparatively few blocks in the central core to well over 100 blocks. There are a number of factors which have to be weighed in determining the appropriate boundaries for the Special Improvement District in downtown Minneapolis. We recommend that the focus of the district be the compact, high density core area as defined in Metro 2000. This is the area generally bounded by Washington Avenue, 5th Avenue South, 12th Street, and 3rd Avenue North. In addition, we recommend that consideration be given to the incorporation within the district of selected contiguous areas which are clearly related (e.g., the Metrodome and the Convention Center). (See page 60 for a discussion of geographical coverage.)

Wherever the boundaries of the Special Improvement District are initially drawn, we consider it important to retain the flexibility to make later alterations to respond to changing goals and needs. We therefore recommend that the boundaries of the district be made alterable subject to a city ordinance and a petition process, both provided through the enabling legislation.

## Functions

This Report has identified access/convenience, maintenance/cleanliness, security, and amenities/public spaces as the key areas which the SID Board should address. Within these broad functional areas, we have also proposed a range of solutions/options to achieve our suggested goals. Our specific proposals are set out in Section III.

## Service Delivery

As indicated earlier, we consider that the precise way the SID Board will operate is a matter for later consideration. However, we make one point about service delivery. Experience drawn from other cities suggests a range of approaches. We do not consider that any one route is more appropriate than another. For example, it may be sensible, in the case of some functions already delivered by the City (e.g., street security), for the SID Board to contract with the City to provide enhanced levels of service. In other instances, it may be more sensible for the organization to procure services through private contractors. Finally, the SID Board may find that there are some activities for which it needs to assume direct responsibility. We therefore recommend that the management style of the new organization should be kept as flexible as possible, with service delivery undertaken through procurement with public/private sources or directly, if necessary. Where services are contracted out, we recommend the use of full competitive tendering.

We also recommend that the SID Board should use its procurement strategy to provide employment opportunities for populations with special needs such as disadvantaged youths, homeless persons, very low income adults and the handicapped. While there are embryonic efforts in a number of cities to promote downtown employment in this way, we believe that Minneapolis could go further using the SID Board's public/private partnership to provide a real stimulus to this kind of activity.

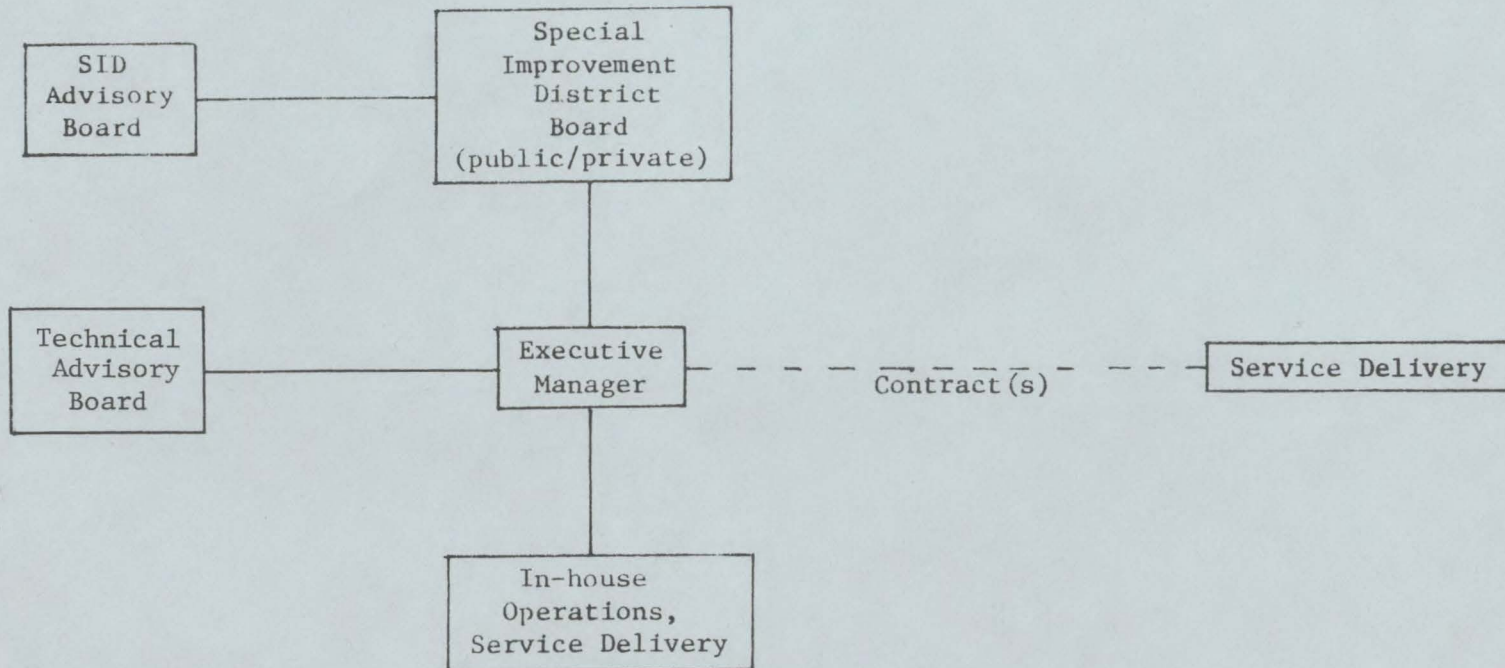
## Role of Downtown Business Leaders

The evidence from other cities suggests that the active participation and commitment of the major private sector players is an important component of the private sector presence in downtown affairs. This is hardly a novel concept to Minneapolis where business leaders have long since been concerned for the well-being and development of the city. However, that concern is not as focused and as institutionalized as in many other cities. While the CEOs in other places do not participate in the day-to-day operation of, for example, mall management, they nevertheless play an active part in influencing the policies and management of their downtowns.

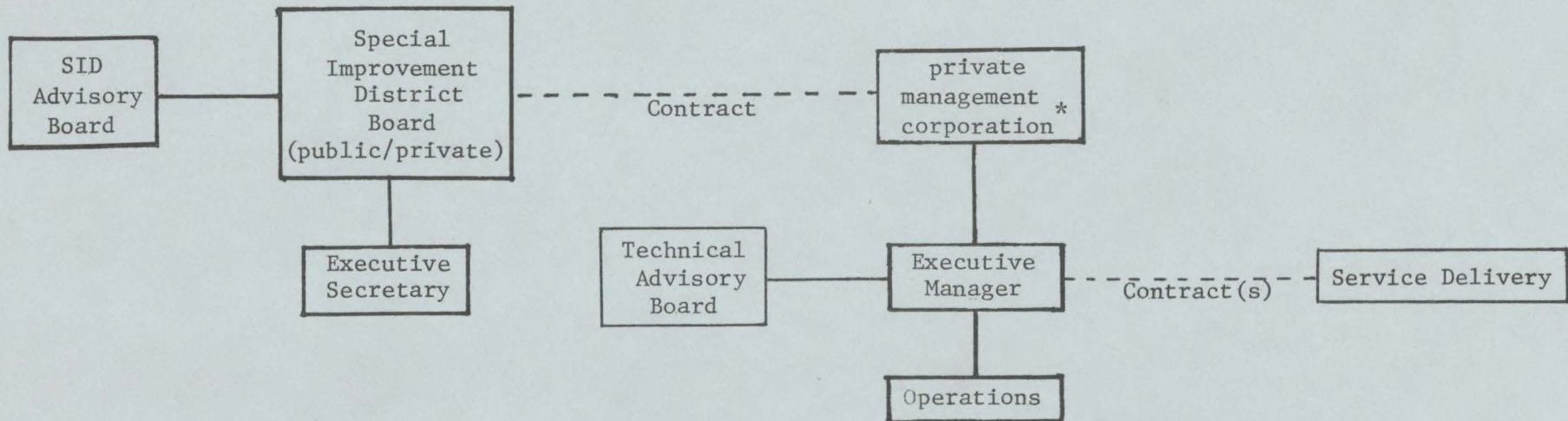
The establishment of a new organization along the lines suggested in this report would enhance the role of the private sector in downtown Minneapolis. This offers an opportunity to local business leaders to consider their part in shaping future events. We are convinced that they must play that part.

Model 1

Special Improvement  
District for  
Downtown Minneapolis



Model 2  
Special Improvement  
District for  
Downtown Minneapolis



-59-

\* The management corporation could be either for-profit or non-profit.

## GEOGRAPHICAL COVERAGE

Based on the functions and purposes we have established for a special service district, it is recommended that a downtown Minneapolis special service district comprise a sizable multifunctional core area and some number of first, second, and third priority areas within the central Minneapolis area.

### The Core

It is widely and long agreed upon in the public and private sectors that there is a commercial core of the city which contains retail, entertainment, and high- and medium-rise office facilities. The Metro 2000 process (as well as its previous incarnations) undertaken by the city Planning Department and the Downtown Council has defined this core as the area bounded by Washington Avenue, 5th Avenue S., 12th Street, and 3rd Avenue N.

#### 1. First Priority Areas

- a. The Nicollet Greenway/Mall Extension and the Convention Center constitute an area which is contiguous and functionally related to the core. This area and its relation to the core will become more important as the Mall is reconstructed and the Convention Center and related developments come into being.
- b. The Metrodome area is also contiguous and functionally related to downtown and would benefit from being in a special service district. The area is beginning to receive some development attention, and there has always been concern over how it relates to and can become part of downtown. Additionally, the Dome area is the only part of downtown which many Dome event patrons are exposed to. Therefore, improvements in the image and appearance of this area and enhancement of its relation to downtown can lead to an improved perception of downtown as a whole by these people.
- c. The east end of the Hennepin/Gateway area is adjacent to the retail and entertainment areas of the core and constitutes a major entrance to the downtown from the east. It is a mixed use area with residential, office, commercial, and industrial uses. It is adjacent to the river and two historic districts, all of which are experiencing a resurgence of activity. Its location, use, and character relate it very closely to the core.

#### 2. Second Priority Areas

- a. The Community College/Vo-Tech area at the west end of Hennepin Avenue adjoins the core and Loring Park. This area is primarily nonresidential, and has a number of small retail and office establishments. The character of the west end of Hennepin, and this area's location and functional relationship to the core make it a good candidate for increased levels of service.
- b. The Mills district, also adjacent to the core, is in the early stages of redevelopment as an area of residential, office, retail,

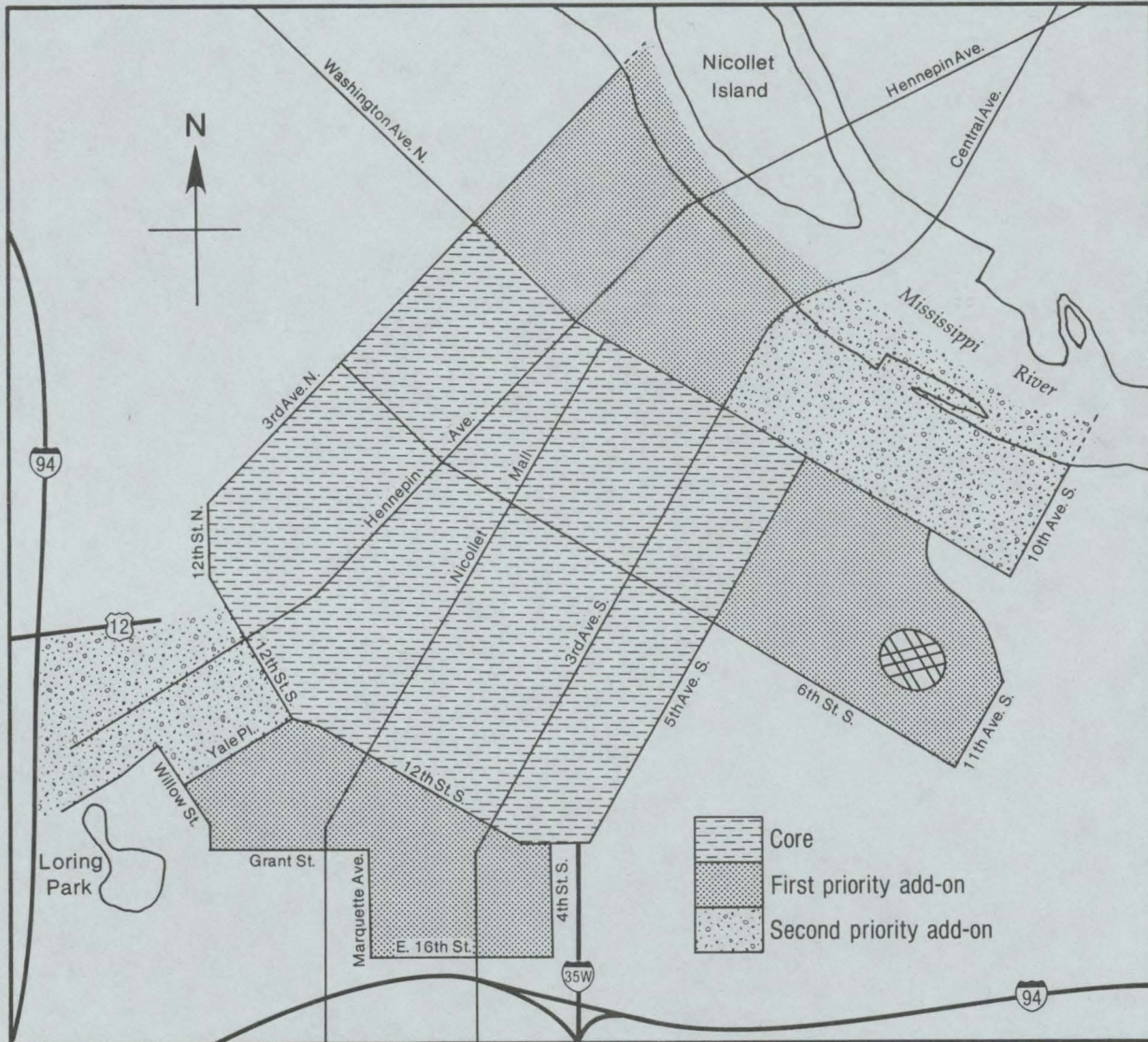


entertainment, and open space uses. Again, its character, functions, and location make it a logical candidate for inclusion in a special service district, though perhaps not immediately. It is a second priority area since it is in the early stages of redevelopment and the Park Board may have a major role in the management of this riverfront and historic area.

### 3. Third Priority Areas

- a. Riverplace/St. Anthony Main. This area is not an attractive candidate for inclusion in a special service district since it is already managed in a different fashion. Each complex is under single ownership and management as a shopping-center type entity, and the Park Board provides a special level of services for the streets and public spaces on the river side of these two facilities. However, even if this area is not included in a special service district, it is important to consider ways in which its retail function can be tied to downtown's. It is almost immediately adjacent to downtown and it represents a significant public investment and historic resource. For the most part, users of downtown consider it to be part of downtown, and the owners and managers of these complexes do want to be considered part of or closely connected to downtown.
- b. Nicollet Island is also not an attractive candidate for inclusion in a service district due to its primary use as residential and open space. The north half of the island is in the process of reverting to private ownership and use, and the southern half is managed by the Park Board. The open space and performing areas on the island are an important resource for the downtown area, and it may be appropriate to coordinate the management of these areas more closely with the management of similar areas in the service district.
- c. Elliott Park and the hospital complex area is also not regarded as an attractive candidate for inclusion due to its primarily residential character and its historic desire to not be overrun by "downtown." The two hospitals, other county facilities, and other institutions in the area are virtually all tax-exempt and are less functionally related to the core than are the others described above.

## New Management Model for Downtown Minneapolis Proposed Geographic Coverage



## APPENDIX A

### MINNEAPOLIS MODEL DESCRIPTION SUMMARY

#### ORGANIZATIONAL STRUCTURE

The organizational structure should be built on the establishment of a special improvement district for downtown Minneapolis which would provide services beyond those currently provided by the City. The City should establish a public/private Special Improvement District Board (SID Board) to oversee the provision of supplemental services in the district.

A five-year sunset provision should be built into the legislation establishing the Special Improvement District (SID). This will enable the effectiveness of the district to be tested by those being taxed or charged for the services provided. The sunset provision should be made subject to an expeditious renewal process.

The SID Board, consisting of seven people, should be responsible for the policy direction and general oversight of all activities undertaken in the district. The Board should contain a mix of private and public representatives, all appointed by the City Council. The City should appoint four private sector Board members representing business and property owners within the Special Improvement District. The other three Board members should be members of the City Council. The full SID Board should select a Chairperson from among its private sector members.

The SID Board should operate with the assistance of an Advisory Board representing the interests of downtown users (e.g. employers, owners, tenants, workers and residents).

Day to day management of the Special Improvement District should be in the hands of an Executive Manager employed either directly by the SID Board or by a for-profit or non-profit private management corporation engaged by it. The Executive Manager should operate with the assistance of a Technical Advisory Board representing relevant City and other public sector interests.

#### POWER SHARING/GOVERNANCE

The SID Board should be fully responsible for setting policy within the Special Improvement District and for overseeing all activities within it for which it has responsibility. The Board should also be responsible for setting the district's annual budget and for entering into necessary contractual relationships in order to provide services within the district.

Because of the legitimate interests of the City Council in the role of the SID Board, the City should be responsible for:

- appointing the Board's members;
- approving the Board's annual budget and revenue-raising rates for the district;

- collecting the taxes/charges raised in the district and passing them to the Board for disbursement on agreed terms.

#### FOCUS OF EFFORTS

The SID Board should become the single management entity for the delivery of all special services and activities within downtown, including the Nicollet Mall.

The SID Board should adopt a multi-functional approach focusing on the inter-related areas of accessibility/convenience; cleanliness/maintenance; security; and amenities and open space. In keeping with the concept of our Special Improvement District, the SID Board's primary responsibility in these functional areas will be to focus on the delivery of supplemental services above the current level of City provision as well as for new tasks not currently carried out; and the coordinated management of these services within the SID.

Some aspects of the management functions to be undertaken by the new SID Board are, in part at least, currently being addressed by the Nicollet Mall Advisory Committee, the Skyway Advisory Committee and the Hennepin Avenue Task Force. These bodies should be brought under the umbrella of the SID Board.

#### GEOGRAPHICAL COVERAGE

The initial boundaries of the Special Improvement District should be based on the compact, high density core defined in Metro 2000. This is the area generally bounded by Washington Avenue, 5th Avenue South, 12th Street, and 3rd Avenue North. Selected contiguous areas which are clearly related to the downtown core (e.g., the Metrodome and the Convention Center) should also be considered for inclusion.

In order to preserve the flexibility to make later boundary changes, the boundaries of the Special Improvement District should be made alterable, subject to a city ordinance and a petition process, both provided through the enabling legislation.

#### BUDGET AND FINANCIAL ARRANGEMENTS

The budget for the Special Improvement District cannot be estimated until the geographical boundaries are drawn and precise areas of activity settled.

The legislation required to enable the establishment of a Special Improvement District should provide for an ad valorem tax or service charge to be imposed on commercial, business or industrial uses (i.e. non-residential uses) to finance the special services to be provided by the new SID Board. As indicated above, these funds should be collected by the City and passed to the management body on agreed terms. In addition, the SID Board will need to look to private sources of funds to finance special projects outside normal, operational activities. Consideration should be given to including in the legislation a 'not to exceed' limit for the ad valorem tax or service charge.

The future special funding requirements of the Nicollet Mall should be considered for inclusion as part of the SID levy and budget.

#### MANAGEMENT STYLE/SERVICE DELIVERY

The Special Improvement District should be underpinned by State and City legislation granting the SID Board the responsibility for management of the district.

Delivery of specific services by the management organization should reflect the mix of functions for which it will be responsible so that service delivery is undertaken through procurement with public/private sources or directly, if necessary. Where services are contracted out, full competitive tendering should be used. The SID Board should use its procurement strategy to provide employment opportunities for populations with special needs such as the disadvantaged and handicapped. The SID Board should establish a clear strategy for carrying out its activities. It should devise appropriate measures to allow for the monitoring and evaluation of its work so that its effectiveness can be publicly assessed (e.g. at the proposed five year sunset point).



APPENDIX B

CASE STUDIES OF EIGHT CITIES--LONGER NARRATIVES

## KANSAS CITY

### CONTEXT

Like Minneapolis, Kansas City is one of the nation's regional "command and control" centers. City population in 1980 was 448,159, or about a third of a large metropolitan area population of 1.4 million. The metro area ranked as twenty-fifth largest in both 1980 and 1985 and is growing at a relatively slow pace--4.2 percent in the last five years vs. a 5.9 percent rate of growth in the Twin Cities.

The region enjoys a diversified economy, with a strongly growing service sector. Some 43 percent of current employment is in the service sector; 22 percent is in manufacturing. Total number of jobs in what is now a ten-county metropolitan region stands at 717,000 in 1987.

City boundaries straddle the Missouri River immediately east of the junction with the Kansas River. Downtown Kansas City is on the south side of the Missouri River and is defined geographically in various ways. The most expansive definition (see Map 1) includes an area from the river south to the Crown Center (31st Street) and extends east/west between the midtown and west freeways. This delineation encompasses four distinct sub-districts: the initial site of the city at the Quay area where the old industrial and market districts are now sandwiched between the river and the intercity freeway; the "Loop" or downtown proper, which contains the major public buildings, the financial and retail cores; the industrial district south of I-70; and finally, Hallmark's Crown Center, built in the 1950s and serving as a "second downtown" where there are more new, first class hotels than in the Loop proper.

The problem of how to define the downtown is a major one. The larger definition has the advantage of bringing in broader business leadership--specifically, Don Hall of Hallmark--but includes such a large and diverse area that to "manage it" in a more structured way would be extremely difficult.

The smaller Loop district (see Map 2) has very precise boundaries and takes in 145 blocks. In 1977 office space and banks were the predominant use, followed by public uses. Retail accounted for 10 percent of the square footage. More than two-thirds of the Loop district was included in the Urban Renewal Plan for the central business district area, adopted by the city in 1968. This is significant because of powers delegated to the renewal agency for approvals of future land use and condemnation powers.

Competition for markets and investment dollars is extremely strong in the Kansas City metro region. The fastest growing and most affluent section is Johnson County to the southwest. Lack of concern to the unique role of downtown after 1945 allowed the shift of purchasing power to build up major competing centers for retail and office functions in suburban locations. Even within the central city, the downtown Loop district had major competition from Crown Center and the Nichols' Country Club Plaza some three miles further south. It is amazing to consider that no new buildings went up in downtown Kansas City between 1945 and the 1980s. Downtown Kansas City is now experiencing the infusion of new investment and confidence experienced by Minneapolis more than twenty years ago.



## LEADERSHIP STRUCTURE

The Missouri state legislature keeps relatively tight control over home rule charters to cities. The city's police department, for example, has a separate board of commissioners appointed through the governor's office. The Park Board is semi-autonomous (as in Minneapolis). The local government structure can be described as a relatively weak mayor/strong city manager form of rule although the mayor also serves as president of the Council. There are two council members from each of the city's six districts. One is elected by the voters within the district, and one is elected by the entire city. The chairs of two standing committees of the Council--finance, and planning and zoning--exercise considerable power and influence together with the city manager who is responsible for all budget preparations.

The public sector structure and the racial mix in the city has fostered strong neighborhood power. Neighborhoods are well organized and their priorities are reflected in how the City Council allocates resources. Neighborhood politics in Kansas City are extremely important in public sector resource decisions.

There were no public sector initiatives to focus attention on downtown issues until the 1980s. Councilmembers were elected with neighborhood constituencies. Although the city prepared and adopted a downtown urban renewal plan in the 1950s, no progress for implementing that plan took place until after 1969. Downtown Kansas City in 1980 has been described as a "desert land" with no buildings constructed since the second world war.

Public sector leadership has only come about in the last six years and there is still consensus that leadership today comes primarily from the business community, followed by public officials when it comes to initiation of projects for the downtown area.

Coalescing of private business and landowner interests to create a significant influence on investment decisions from both the private and public sectors is a very recent phenomenon. Both elected officials and business interests have only seriously looked at the issues of downtown revitalization and management of activities/levels of services for about five years.

## PRESENT SITUATION

It probably is a mistake to imply that there is any structured "management" of downtown per se. Emphasis is on restoring private sector confidence in the future of downtown property investments and getting new projects off the ground. The management of sunk capital from both sectors to insure long term profitability and to coordinate the various activities is only beginning to surface as a concern in public agencies or private business organizations. A 1975 Special Business District law allows for a self-imposed ad valorem tax to cope with the problems inherent in a business district with multiple ownership as in downtown districts. Under this law downtown property owners could tax themselves up to \$.85 per \$100 of assessed valuation and up to 50 percent of existing occupational license tax on the business or property in the district (ch. 71). This enabling legislation has not been used although in 1977 the merchant's association, Downtown Inc., cooperated with the city to prepare a discussion draft for use of this legislation.

The report summarized the opportunities to supplement city services in the areas of: security, promotion and advertising, marketing, supplemental maintenance, beautification, and additional intra-district transportation. It was estimated in 1977 that five of the above projects could be administered for an approximate budget of \$475,000 a year. The report also spoke to a two-tier district--core and fringe--where different levels of self-assessment would be imposed--and how these supplementary management activities would related to city-financed capital improvement projects. No action was taken on this report and today Downtown Inc. is no longer a separate organization. It was folded into the Downtown Council in 1986.

Entities now actively engaged in planning and implementing specific proposals in the downtown area include the following:

1. City Manager's Office. This office is especially important in preparing the recommended capital improvement budget to the Council. A 1/2 percent sales tax is imposed solely for capital improvements and in the past downtown projects have captured a small amount of this resource. This sales tax produces approximately 10 percent of the total city budget with 25 percent going to neighborhood conservation projects and 75 percent allocated district-wide. It is interesting to note that the advisory committee recommended major allocations this year to the downtown "Grand Avenue Corridor" streetscape improvement projects, but the city manager reduced the allocation from \$1.5 million to \$1 million.
2. Kansas City Redevelopment Authority (KCRA). Created in 1952, this agency did not fulfill its promise, with loss of credibility during the 1970s. Businesspeople did not serve on the board and the business retention function was removed from this authority in the 1970s with the creation of a nonprofit agency, the Kansas City Corporation for Industrial Development (KCCID). This agency was funded by the Chamber of Commerce and the Civic Council, a group of 100 Kansas City executives. In the past five years the KCRA has re-exerted its role in revitalization of the downtown area as the City Council has given downtown more of its attention. The city manager has moved downtown planning functions to this agency and in the past year the City Council has clarified the roles of KCCID/KCRA making it clear that the primary planning and implementation functions rest with the redevelopment agency. KCCID's role today is solely in the area of business retention. KCRA is primarily responding to initiatives from the business community but plays a critical role in condemnation of properties within the Redevelopment Plan area, and under the urban renewal authority has powers of design review for proposed projects.
3. City Council/City Staff Members. The chairs of the two standing committees, Councilman Riffel and Councilman Cleaver, have been strong supporters of downtown revitalization over the past four years, but representing somewhat different constituencies. Riffel has supported investment of city funds in downtown projects as part of a strategy to maintain middle class neighborhood viability and turn around the blighting impact of a moribund downtown. Cleaver,

from the black community, has bought into the concept that a revitalized downtown brings in jobs for the minority community and has bartered for these jobs. It is generally acknowledged that the minority community has given its support to resource allocation to downtown in exchange for jobs and a promise of recycled UDAG funds from downtown projects.

John Laney, Deputy City Manager and head of the City Development Department, is also viewed as a strong leader from the bureaucracy-- primarily because of his talents rather than the role per se. Individuals and institutional position both play major roles in how issues are addressed and priorities allocated. In concert, it is fair to say that downtown revitalization is a far higher priority on the public sector's agenda in 1987 than was the case in 1980.

4. Greater Kansas City Chamber of Commerce. With its office in the downtown, the Chamber is viewed as a strong business organization. Bob MacGregor, its executive officer, came to Kansas City in 1980 with a history of being a Minneapolis alderman and an appreciation for the need for a strong voice from a united business community representing downtown property and business interests. One of MacGregor's early priorities was to organize the downtown business community to become a strong voice in setting direction. He took advantage of opportunities to organize a select committee to examine the feasibility of a Downtown Council modeled after the Minneapolis one. The timing was right, for a number of reasons, and in late 1981 a Downtown Council was formed as a division of the Chamber. In the past two years the Council has become more independent of the Chamber with its own board and the executive director no longer reporting to MacGregor. The two organizations, however, are housed in the same building and the Chamber provides the broad administrative support services. MacGregor is a member of the Downtown Council board and a member of its executive committee. The Chamber is a strong supporter of a strengthened downtown economic base but the spokespeople for downtown interests are from the Council.
  
5. Downtown Council, Kansas City. While operating under the Chamber's 501(c)6 charter, the Council has its own board representing business and property owners in the downtown area. Its members come from the larger geographical area and include the Hallmark Crown Center. Bob Turk, former head of the redevelopment agency at City Hall, has served as the Council's executive officer since its inception. The organization is funded by dues from its members, ranging from \$2,500 to \$17,000 and there now appears to be a shift in membership toward a two-tier system--directors representing the larger and more influential corporate community, and membership in a special events/promotional committee where dues are only \$200. Since the former Downtown Inc. merged into the Council there appears to be a need to provide a niche for businesspeople more interested in the marketing and general promotion. Divergence of opinion as to whether the Council should reach out to include a larger geographical representation or remain focused on the Loop area--Grand Avenue Corridor has now surfaced.

The Council operates on a relatively small annual budget of \$300,000 and up until now has seen its mission centered on getting new development projects into the downtown area. It is a development focused group, rather than management focused. Members see themselves as providing the leadership to get difficult projects off the ground. In fact, its first effort centered on working with the city to get the VISTA hotel/garage UDAG project approved. It has been actively engaged in several other projects, including two parking ramps and the newly opened AT&T Office Tower/Town Pavilion retail mall in the heart of downtown.

Since 1986 the Council's work program has begun to reach out into the area of operations: infrastructure/streetscape, security, traffic and parking management, and special events/promotions. The Council, however, is not actively looking at creating any special benefit district to clearly coordinate operations.

6. The Civic Council. This is an exclusive top CEO organization from all of the metropolitan area, somewhat similar in concept to the Atlanta private sector organization. Only the top CEOs participate and though its official annual budget is approximately \$500,000 a year, it operates with minimal overhead. The budget may be increased several-fold with a few phone calls from its executive, James Olson (former president of the University of Missouri system). The influence of these members is very significant but decisions tend to be made informally and in private. The Council supports the mission of the Downtown Council but does not become the advocate for downtown issues per se. Special attention of the Civic Council is given to broader social issues--particularly race relations, jobs for the underprivileged, and the central city school system. This past year the Civic Council has created a political action committee (PAC) and has contributed to the election of specific council members. However, the tacit support of the Civic Council is important, and within the Civic Council/business leadership group the name of Don Hall from Hallmark crops up continually. It appears that no project is launched without testing it for his support.

The public/private partnership has been strengthened considerably over the past five years. The mayor and the head of the City Development Department participate in Downtown Council board meetings; the KCRA passes its project review recommendations through the land use committee of the Downtown Council; the Downtown Council takes positions and advocates for special infrastructure improvement through the city's advisory committee; and most of the recent mixed use projects (from the VISTA hotel, to the Wyandotte Garage, to the AT&T Tower/Town Pavilion, and to the impressive Quality Hill residential development on the west side of downtown by the bluffs) have been financed with cooperation between the city and the private sector. For example, the VISTA, Quality Hill and Town Pavilion have all used borrowings on the city's future CDBG to the tune of \$10-\$12 million; tax abatement is given to practically all new developments although the abatement is not as significant as it would be in Minneapolis since the property tax provides a relatively small part of the city's revenues. Utilities tax, earnings tax, and sales tax for capital improvements are much more significant sources of income for the city. It is thus not surprising that tax increment financing

has not been used to date, although the legislation has been in place for the past two years.

A new Planning Center will operate from the same bank building where the Chamber and Downtown Council now have offices. The KCRA and KCCID will be consolidated in the Center, and a city development planner will also be assigned. The University of Kansas and Kansas State University have agreed to assign two professors in urban planning and design to work with the Center and to have five student interns work from this location. The idea is to have a 'one stop' downtown development location and to create much higher visibility for the implementation of downtown projects. Business leaders from United Telecom, Hall from Hallmark, and other business interests have worked together to create this physical partnership among public and private sector agencies. A large part of this cooperation is informal--designed to facilitate communications and closer networking among the key actors in the various organizations.

To date there is no serious discussion of such issues as managing the hours of skywalks, or extending retail shopping hours. Copaken, the developer of Town Pavilion, is investigating the idea of validated parking primarily on his own initiative and with the blessing of the Downtown Council, but with no commitment to promote this across the district. There is, however, strong concern over the quality of the streetscape and to upgrade the physical appearance of both 12th Street and the Grand Avenue corridor. There are modest commitments to make the initial capital investments, but no discussions as to the nature of continued operation and maintenance of these streetscape improvements.

#### PROCESS

Why did the business leadership decide to organize after 1980 and not before? Why did the City Hall bureaucracies and elected officials decide to share in these new directions while still maintaining their neighborhood constituency support? The answer is a coming together of various strands--serendipity rather than carefully orchestrated leadership strategies.

Factors that triggered a new sense of private sector leadership include the following:

- Increasing concern from corporate businesspeople over race relations and minority issues and interest in being part of a solution.
- New concern from some elected officials and specifically Don Hall at Crown Center about the blighting influence on business from downtown and immediate neighborhoods.
- MacGregor's arrival at the Chamber and his familiarity with the role of a Downtown Council and its effectiveness in Minneapolis.
- Floundering of the VISTA hotel project--the first initiative for downtown investment, with neighborhoods threatening law suits because of their concern that the UDAG be targeted to neighborhood redevelopment.

- Negotiation with the minority community that jobs would be forthcoming from a new construction program in downtown and with the promise that recycled UDAG funds would go the Downtown Minority Development Corporation. Councilmembers Cleaver and Riffel supported this compromise.
- Rallying of certain business leaders to pool loans from the banking community to go toward downtown reinvestment projects. While banker James Kemper is identified as the leader in supporting creation of a new Downtown Council and gaining support from other businessmen, it appears that behind the scenes were other business people from the larger metropolitan area (vis. Frank Morgan, Banker in Johnson County. Don Hall, etc.) who were ready to make the crucial loans or lend the weight of their personal support to ventures.

The stakeholders were, in the last analysis, the property owners, bankers, and the corporate leaders who finally recognized that a great metropolitan area could not exist without a viable downtown. Abandonment meant threats to other investments and to the neighborhood conservation movement itself. Neighborhoods and councilmembers traded off some of the CDBG funds and capital improvement fund sales tax dollars in exchange for even greater private sector investments and restored investment confidence in a downtown area.

All is not well, and downtown Kansas City has still a long way to go to get the mix of functions. There are now two department stores (one just taking over the empty building left by Macy's departure) and a relatively weak retail function. A lack of first class hotels in downtown makes it difficult to book the convention hall facilities at capacity. There is no visual or clear linkage between the downtown area loop district and the Crown Center retail and hotel complexes and really no special reason why visitors/shoppers from the Crown Center should come to the downtown area for specialized events/services. The city is fortunate, however, in having a Don Hall with both the commitment to community and personal fortune to use for projects. Hall serves as a focal point for gathering other private sector support, even though he is not personally identified with the advocacy of the Downtown Council.

#### LESSONS LEARNED

The Downtown Council serves an important function in unifying the private business and property interests in downtown and being able to negotiate with both private developers and city agencies/councilmembers on high priority agenda items. These are still investment/development oriented rather than management related issues. Conservatism within the downtown business community to take minimum risks has been tempered by visible support for downtown revitalization from the broader Chamber businesspeople and the elite Civic Council members. Having the top CEOs in a separate organization appears as a strength rather weakness. The separation does not get the top business leaders in direct advocacy relationships with City Hall when it comes to allocating resources from the public sector to downtown. However, the creation of the Civic Council PAC this year may alter the relationships

between elected officials and the CEOs, depending on who wins the 1987 elections. The Civic Council, however, has provided funds for key downtown projects supported by the Downtown Council.

Politically and strategically, it has helped to have included the larger geographical definition of downtown and Crown Center. Don Hall's influence is substantial to help create consensus on projects supported by the Downtown Council group.

It has also been helpful to have had a well-focused mission for the Downtown Council on attracting new investment into the downtown area and not attempting to take on land use control powers. Close working relationships between Turk at the Downtown Council and Collins at the KCRA permit negotiation and decision-making at the staff level to take place informally. Informality is a style well suited to the process of decision making when both public and private sector interests are involved.

A final strength for these successes in getting new projects built has been the support for downtown redevelopment from the chairs of the two standing committees. Riffel is not running again for City Council and thus future support and leadership from elected officials is not a foregone conclusion.

The private sector's role in future downtown management and operations is still very unclear. With the 1/2 percent sales tax for capital improvement projects, the strategy of the private interests is to capture a larger share of this pot rather than to promote use of the special benefit district legislation. Low property taxation levels could make ad valorem taxes for well identified benefits for supplemental services acceptable but it would have to be strongly marketed, supported by the Chamber spokespersons, and there would perhaps be a need for seed money from the Civic Council in order to develop sufficient support for self-taxation.

#### IMPLICATIONS FOR MINNEAPOLIS

The two cities are in very different stages of revitalization in their downtown districts and in many respects Minneapolis and its private sector initiatives have been the model for Kansas City, rather than vice versa. The strong personal leadership of Don Hall and the focused private sector voice of the Civic Council in Kansas City, however, do point to the importance of having structures for maintaining a strong corporate leadership to achieve the goal of a strong downtown.

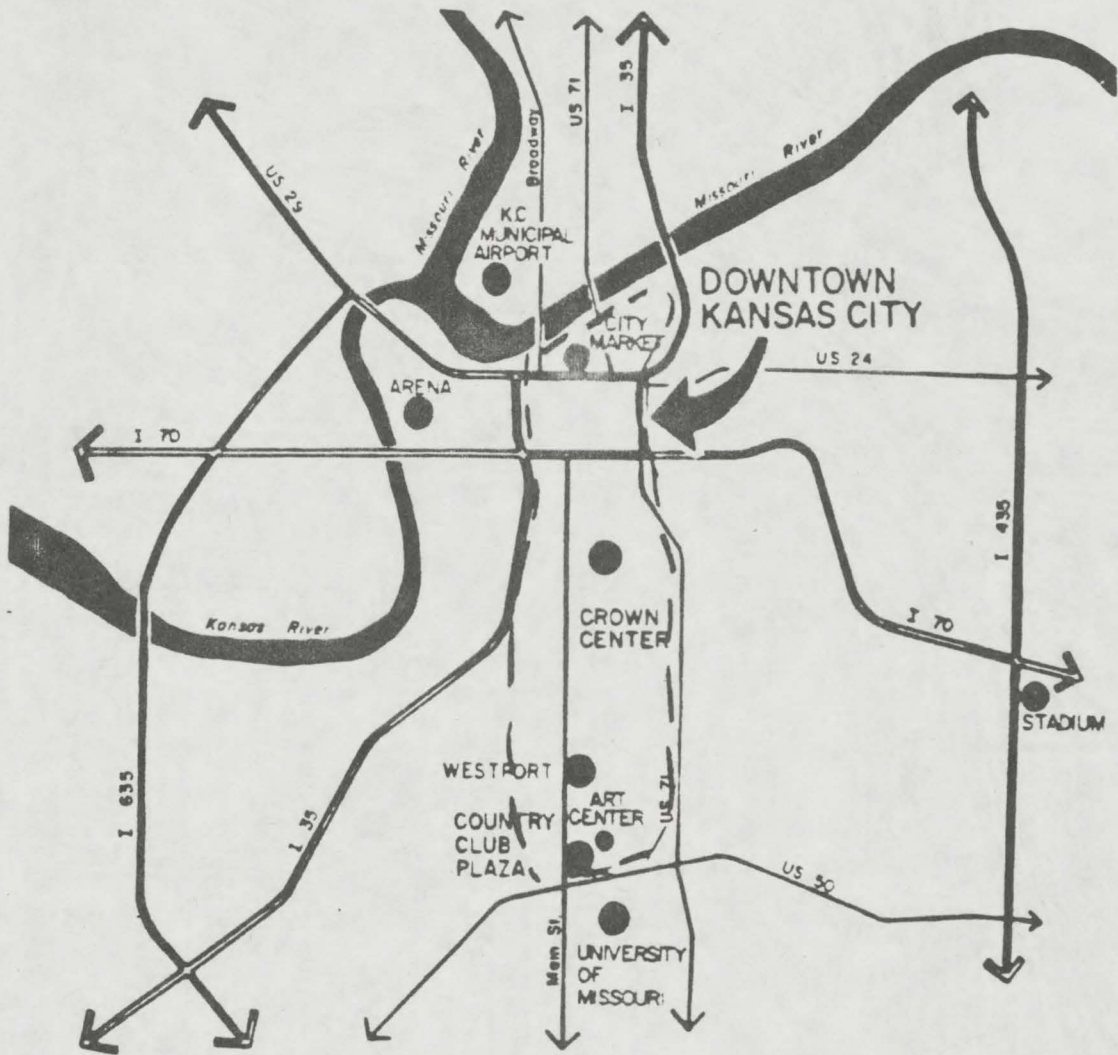
A second prerequisite for successful revitalization is having the broadest possible representation of business interests and neighborhood interests agreeing on the importance of maintaining a strong downtown. If this becomes a priority for neighborhoods, the city at large, and the broader metropolitan region, then the common goal becomes the basis for cooperation. The stumbling blocks to cooperation are all too easy to spot. The comment from a Kansas City business owner who had just paid for his own granite curbs, as to why the proposed Grand Avenue corridor plan called for using the general sales tax capital improvement fund to "give" the same granite curbs to other property owners, points directly to the problem of translating a common vision into what is viewed as an equitable cost allocation.

Leadership style, acceptance of a common vision, trust among individuals in decision making positions, and strong working relationships between the private sector organizations and elected officials and top staff in the public sector are ingredients for success in Kansas City that appear directly relevant to the Minneapolis situation.

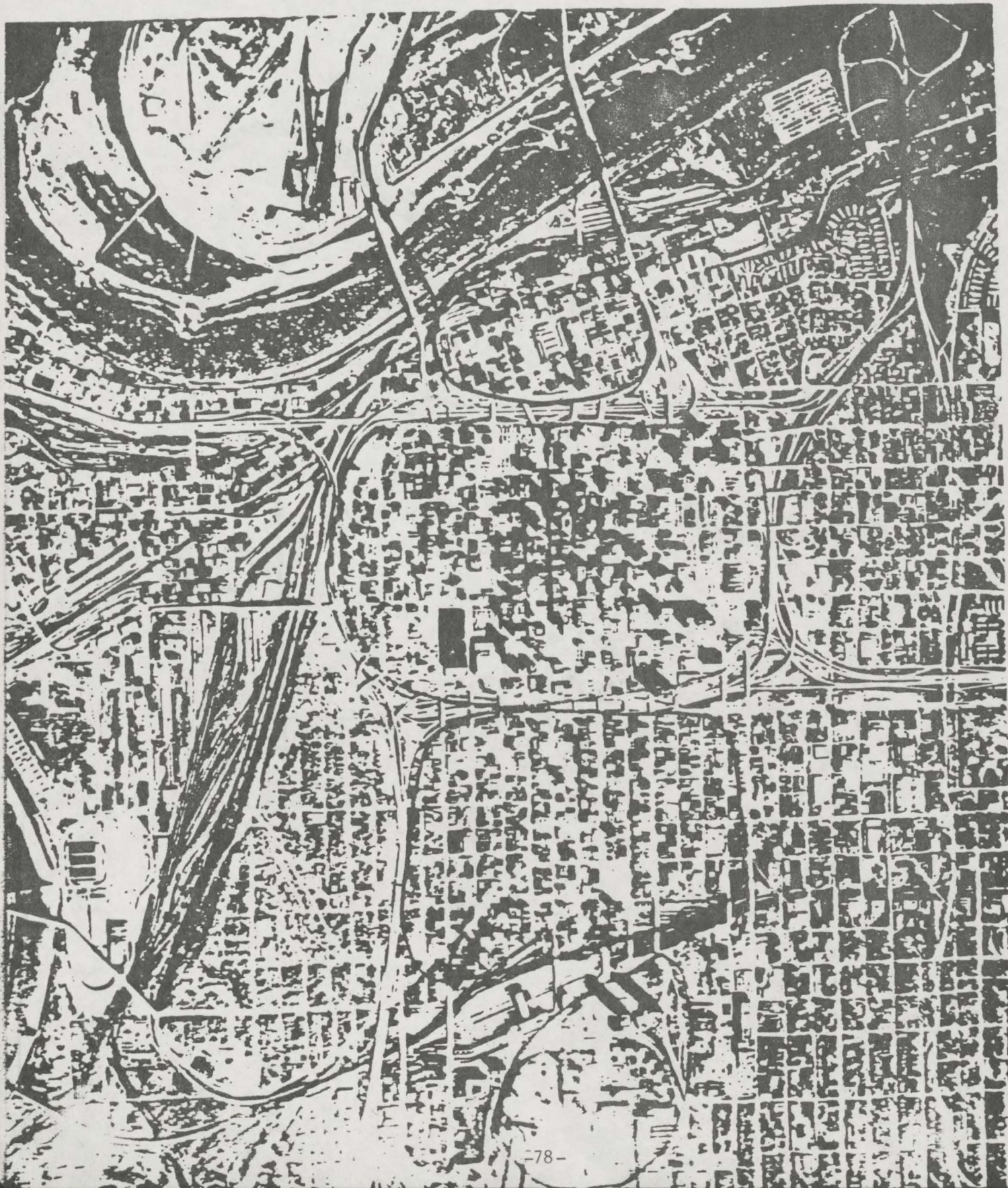


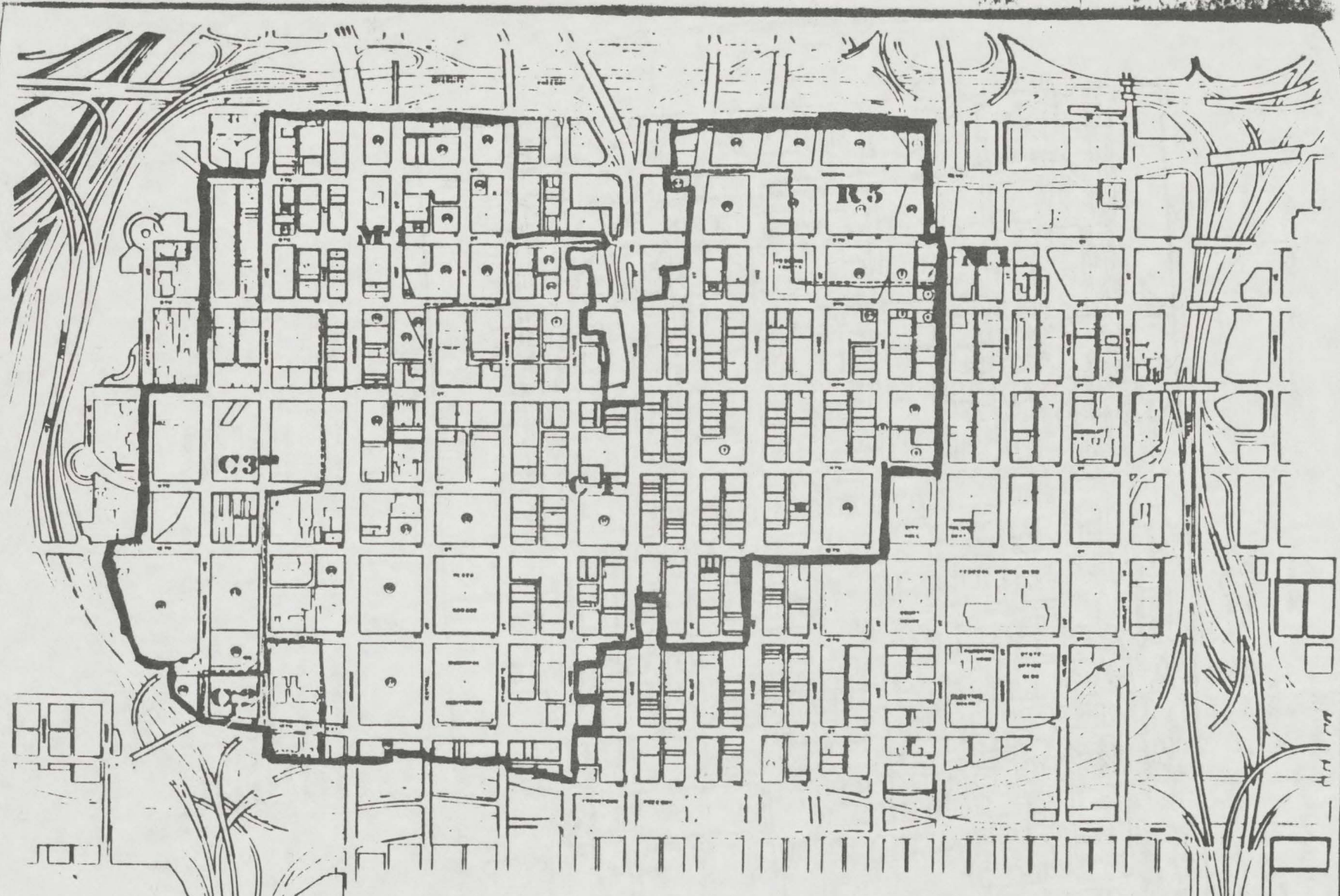
MAP 1A

BROAD GEOGRAPHICAL DEFINITION OF DOWNTOWN KANSAS CITY  
FROM THE RIVER TO THE CROWN CENTER



MAP 1B AIR PHOTO OF THE BROAD GEOGRAPHICAL DEFINITION OF DOWNTOWN:  
KANSAS CITY, IDENTIFYING SUB DISTRICTS.





CORE AREA DOMINANT WITH DEVELOPMENT DISTRICT BOUNDARIES

**CENTRAL BUSINESS DISTRICT URBAN RENEWAL AREA**  
(NDP AREA NO. 14)

- PROPOSED ZONES**
- PROJECT BOUNDARY
  - ZONE BOUNDARY
  - B HIGH DENSITY (HIGH DENSITY)
  - C-3 COMMERCIAL (TRANSITION-BUSINESS RETAIL)
  - C-4 COMMERCIAL (CENTRAL BUSINESS DISTRICT)
  - B-1 INDUSTRIAL (LIGHT)

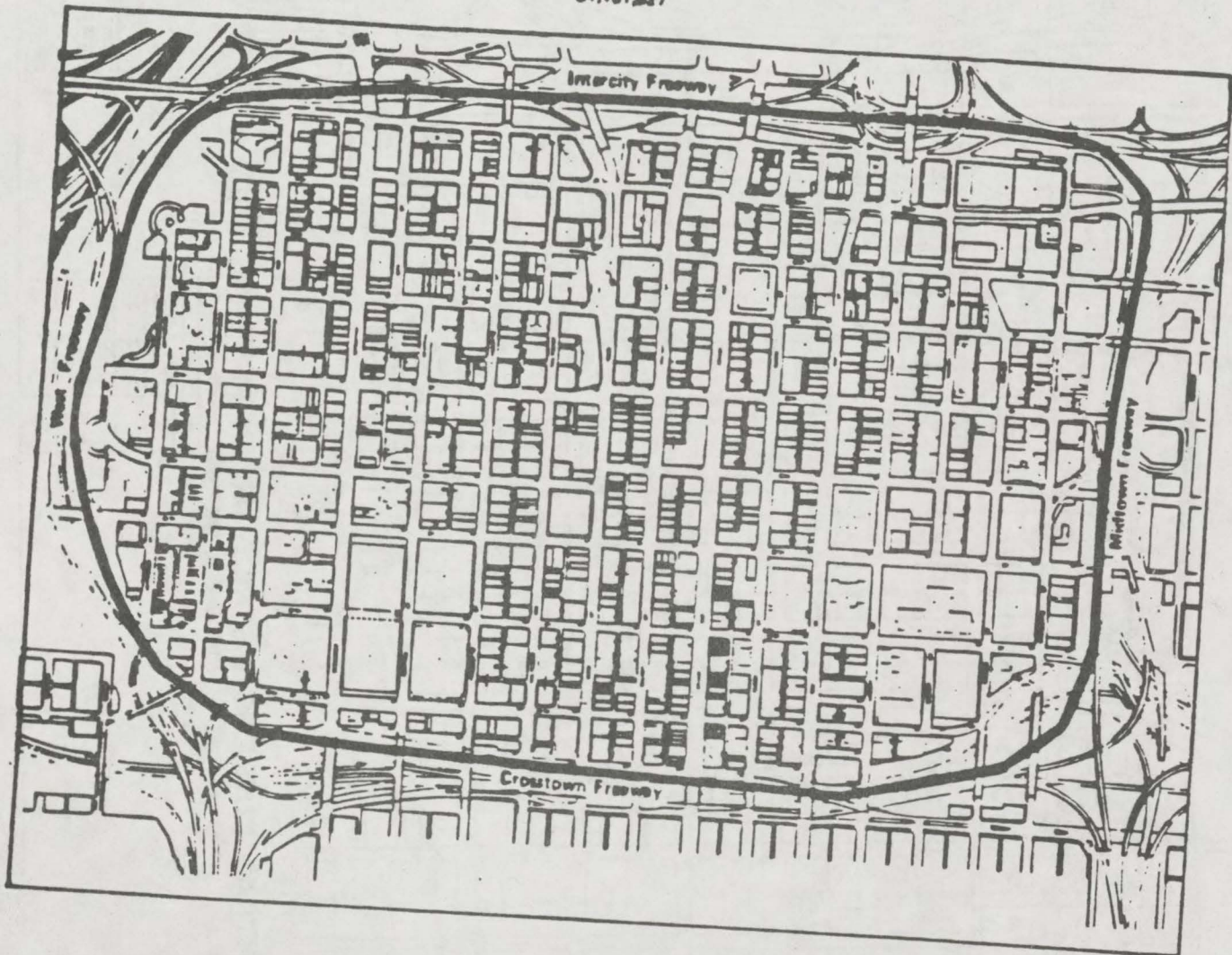
REVISIONS	
DATE	DESCRIPTION
1/15/68	ADD BOUNDARY TO BE MAINTAINED AS SHOWN ON MAP
2/15/68	REVISION TO BE MADE TO THE BOUNDARY TO BE MAINTAINED AS SHOWN ON MAP
3/15/68	REVISION TO BE MADE TO THE BOUNDARY TO BE MAINTAINED AS SHOWN ON MAP
4/15/68	REVISION TO BE MADE TO THE BOUNDARY TO BE MAINTAINED AS SHOWN ON MAP
5/15/68	REVISION TO BE MADE TO THE BOUNDARY TO BE MAINTAINED AS SHOWN ON MAP

CITY OF NEW YORK  
 DEPARTMENT OF PLANNING  
 110 NASSAU ST., NEW YORK, N.Y. 10038  
 TELEPHONE: 674-2000  
 FACSIMILE: 674-2000

# Loop District

Assessed Valuation \$83,179,800  
 Maximum S&D Tax @ .85% 707,817  
 Occupation License \$59,870  
 Maximum S&D Tax @ 80% 484,910  
 Total Maximum S&D Tax \$1,181,827

CORE DISTRICT FOR DOWNTOWN  
 MANAGEMENT



145 Blocks  
 837 Parcels

USE	SQ FT
Commercial - Retail	3,254,000
Commercial - Other	3,377,000
Offices and Banks	8,019,000
Warehouse, Manuf. Wh's'ls	2,853,000
Parking	3,415,000
Public - Semi-Public	8,849,000
Residential	2,986,000
Motel - Motel	3,123,000
Vacant	1,344,000
<b>Total</b>	<b>34,120,000</b>

FIRST REGULAR SESSION  
[PERFECTED]  
**HOUSE BILL NO. 509**  
83RD GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE DAWSON.

Read 1st time January 21, 1985 and 1000 copies ordered printed.

Read 2nd time January 21, 1985 and referred to the committee on Urban Affairs, January 30, 1985.

Reported from the Committee on Urban Affairs, February 20, 1985 with recommendation that the bill Do Pass

Taken up for Perfection March 4, 1985

Bill ordered Perfected and printed.

DOUGLAS W. BURNETT, Chief Clerk

436

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**AN ACT**

To repeal section 71.800, RSMo Supp. 1984, relating to special business districts, and to enact in lieu thereof one new section relating to the same subject.

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*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section 1. Section 71.800, RSMo Supp. 1984, is repealed  
2 and one new section enacted in lieu thereof, to be known as  
3 section 71.800, to read as follows:

71.800. 1. For the purpose of paying for all costs and  
2 expenses incurred in the operation of the district, the  
3 provision of services or improvements authorized in sec-  
4 tion 71.780, and incidental to the leasing, construction,  
5 acquisition, and maintenance of any improvements pro-  
6 vided for under sections 71.780 to 71.808 or for paying  
7 principal and interest on notes or bonds authorized for the  
8 construction or acquisition of any said improvement, the  
9 district may impose a tax upon the owners of real property  
10 within the district which shall not exceed eighty-five cents

11 on the one hundred dollar assessed valuation. In any city  
12 with a population of less than three hundred fifty thousand,  
13 real property subject to partial tax abatement under the  
14 provisions of the urban redevelopment corporations law of  
15 Missouri shall for the purpose of assessment and collection  
16 of ad valorem real estate taxes levied under the provisions  
17 of this section be assessed and ad valorem real estate taxes  
18 shall be collected as if the real estate were not subject to the  
19 tax abatement. The collection of delinquent receipts of said  
20 tax shall be in the same manner and form as that provided  
21 by law for all ad valorem property taxes. Taxes levied and  
22 collected under sections 71.780 to 71.808 shall be uniform  
23 upon the same class of subjects within the territorial limits  
24 of the authority levying the tax.

25 2. For the purpose of paying for all costs and expenses  
26 incurred in the operation of the district and the provisions  
27 of services or improvements authorized in section 71.788,  
28 the district may impose an additional tax on businesses and  
29 individuals doing business within the district. If the gov-  
30 erning body imposes any business license taxes, such  
31 additional taxes shall not exceed fifty percent of the busi-  
32 ness license taxes. Whenever a hearing is held herein, the  
33 governing body shall hear all protests and receive evidence  
34 for or against the proposed action; rule upon all protests  
35 which determination shall be final; and may continue the  
36 hearing from time to time. Proceedings shall terminate if  
37 protest is made by businesses in the proposed area which  
38 pay a majority of the additional taxes within the area. For  
39 purposes of the additional tax to be imposed pursuant to  
40 this part, the governing body of the city may make a  
41 reasonable classification of businesses, giving considera-  
42 tion to various factors.

43       3. In lieu of the tax authorized by subsection 1 of this  
44 section, any district within a city which has a population of  
45 three hundred fifty thousand or more and is located within  
46 more than one county may impose the following special  
47 assessments on all real property located within the district:

48           (1) Not more than five cents per square foot on each  
49 square foot of land; and

50           (2) Not more than one-half of a cent per square foot on  
51 each square foot of improvements on land.

## ATLANTA

The private sector has assumed a strong leadership role in downtown Atlanta. Business interests are represented by Central Atlanta Progress (CAP), a nonprofit association of 200 Atlanta chief executive officers.

To describe the public private partnership that exists in Atlanta, brief overviews of Atlanta and CAP will be presented. Next, factors leading to the present situation will be outlined, followed by the characteristics of CAP that enhance its leadership position, and a summary of activities that the organization has undertaken.

### CONTEXT

Atlanta is situated in a metropolitan area of 2.4 million people. In 1985, the city of Atlanta had a population of about 430,000. Of this number, 100,000 reside in what is called Central Atlanta. Central Atlanta includes Midtown (to the north), Downtown, and the West End (to the south) (see map). About 75 percent of the population in the central area is non-white. Downtown Atlanta is a smaller geographic area within Central Atlanta, and is roughly bounded by North Avenue, the railroad tracks on the west, the Marta line and the freeway on the east. This area includes the core shopping and hotel districts.

Convention and tourism is the largest industry in the Atlanta area, contributing \$3.3 billion to the economy annually. Lack of downtown entertainment is seen as a major problem of the downtown convention district. Development of the entertainment function is a priority at this time.

After a development boom in the 1950s and early 1960s, central Atlanta began to decline in prosperity, experiencing competition from the suburbs for both business and residential populations. A number of retail, manufacturing, and financial businesses moved from the central city to the suburbs. The Midtown area became a red light district. Population in the central area declined by almost 30 percent between 1970 and 1980, although the metropolitan area as a whole was growing quickly.

Social and political changes were occurring at the same time, including the civil rights movement, women's liberation, and the Equal Employment Opportunity Act. Black politicians rose to prominence in Atlanta politics, bringing new priorities to city government. The first black mayor of Atlanta was elected in 1972.

### CENTRAL ATLANTA PROGRESS

Central Atlanta Progress (CAP) was the private sector's response to changes in the social and political structures in the 1960s and early 1970s, which threatened their traditional power base. Central Atlanta Progress was formed in 1967 by merging two existing business associations. This organization protects business interests in the downtown area by working to maintain a healthy central business district. CAP's mission is to:



"...help create an economically viable central city by mobilizing the leadership of the city and the corporate business community to plan and implement projects which will increase property values, create jobs and increase the tax base."

The power of the business community is vested in the executive director of CAP, who wields great influence in Atlanta. Central Atlanta Progress is the catalyst for planning, research, and development in downtown Atlanta.

#### Factors Leading to Present Public/Private Relationship

Several factors led to the present public/private partnership, and enhanced CAP's ability to assume a leadership role:

##### Characteristics of city government

- Councilmembers elected on narrow neighborhood issues.
- Mayor has different priorities than the business community.
- Administrative departments tend not to initiate action.
- City willingly allows CAP to take a leadership role in planning functions.

##### Influence of executive director

- Familiarity and influence in the public sector: previous chief administrative officer for the city and head of the Atlanta Regional Commission.
- Strong leader and power-broker figure.

##### Private sector cohesion

- Threat to status quo provided catalyst to coalesce.
- Willing to provide funds.
- Willing to delegate authority to executive director.

#### Actors

The primary actors in Central Atlanta are:

- Central Atlanta Progress, Dan Sweat, Executive Director
- Mayor Andrew Young
- City Council (eighteen members)
- President of the Council
- Chairman, County Board of Commissioners
- Past Mayor Maynard Jackson

Along with these decision-makers, there are numerous organizations involved in development. Many of these are spin-offs of CAP, set up to coordinate or finance specific projects. For example, Underground Atlanta Festivals Incorporated was created by CAP to coordinate the development of Atlanta Underground.

Another significant organization is the Atlanta Economic Development Corporation, created jointly by the city and CAP, which coordinates development projects with an emphasis on creating jobs. This organization views their role partly as advocating for development in the West End area of the central city.

The Midtown Business Association was set up by CAP to work to revitalize the Midtown area. It now functions independently, with over 500 members.

### Structure of Central Atlanta Progress

CAP is a centralized, special interest, private, nonprofit organization. Several characteristics of CAP contribute to its ability to accumulate and maintain power.

#### Funding

- High level of funding available from member dues and donations.
- Private sources of funding can be released quickly.
- Can maintain autonomy by independence from city funding sources.

#### Scope of activities

- Chosen to represent corporate business interests.
- Moderate scope. Authority remains concentrated rather than delegated.

#### Organizational structure

- Compact staff. Oversight concentrated rather than delegated.
- Very few officers. Only chairman and treasurer.
- Two-year term and no line of succession for chairman; flexibility.
- No standing committees. Task force format allows flexibility and strategic appointment of leadership.

#### Members

- Influential membership by "invitation only."
- Restricted to CEOs or head of Atlanta operations ensures a commitment of those wielding power within a firm.
- Solidarity of business community behind CAP.

#### Control over other organizations

- Creation of spin-off organizations which consult CAP on policy matters.
- CAP on board of other organizations.
- Connection to Metropolitan Foundation.
- Sweat's recruitment of personnel who have moved into key public and private staff positions.

## CAP Areas of Involvement

CAP has chosen to focus on research, planning and implementation functions, and plays a limited role in management and operations. Generally, spin-off organizations are created to fulfill these functions. CAP serves as a catalyst for development and action.

Planning goals for Central Atlanta are set through large scale research, which has been a public-private effort planned and managed by CAP. Central Area Study I guided downtown development in the 1970s and into the 1980s, emphasizing infrastructure issues: freeways, airport, public transit (see attached).

Central Area Study II. Will be completed in one year, and focuses on strengthening functions in the downtown area; strategic planning and economic development; housing; infrastructure and transportation; arts and recreation; commercial and retail; conventions and tourism; and public safety (see attached).

Other project areas that CAP is involved in are:

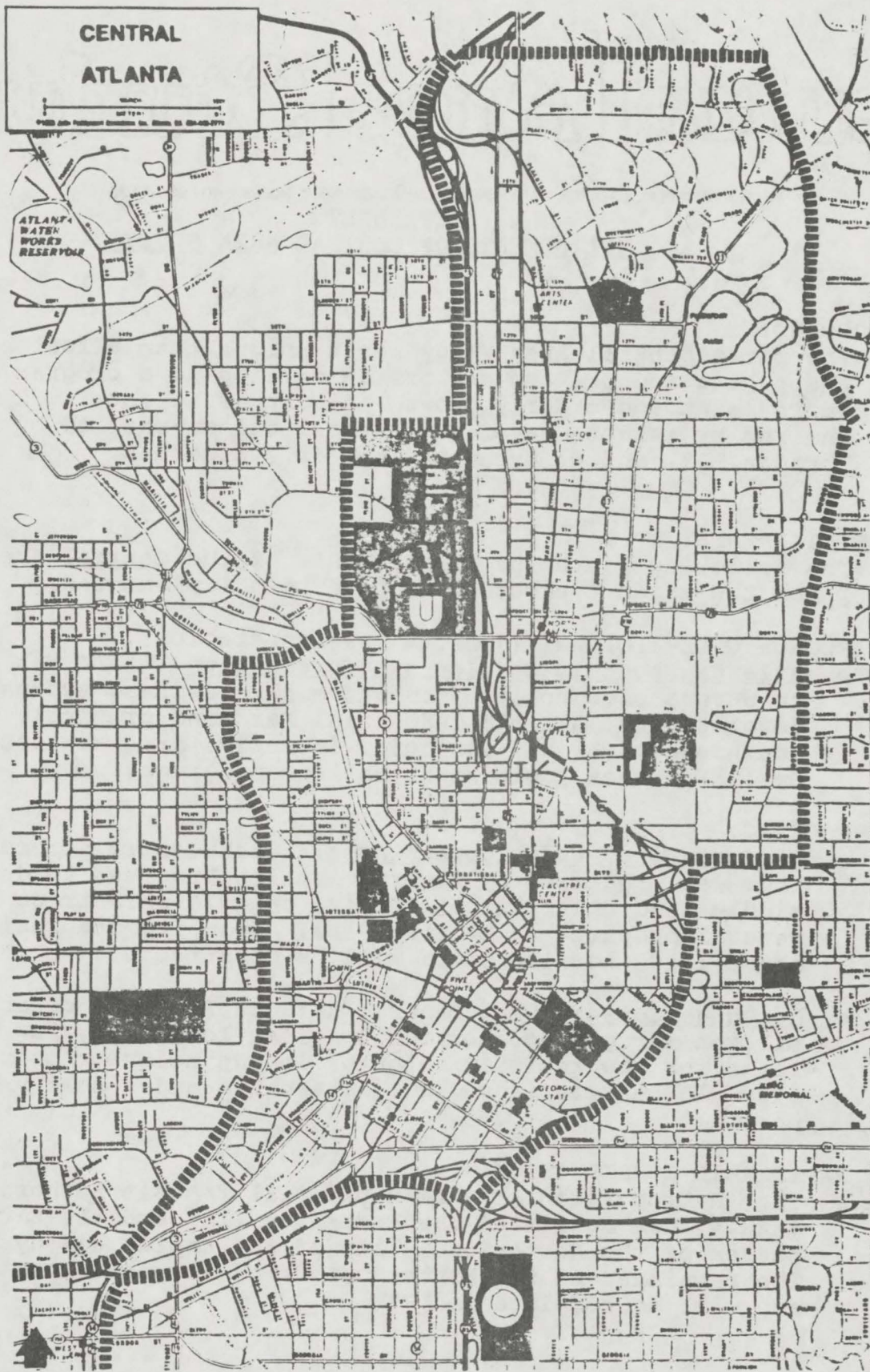
- Underground Atlanta. Planning the redevelopment of Underground Atlanta into a festival marketplace.
- Streetscape and traffic planning. Plan street improvements as the official planning agency for the downtown area traffic. Plan, do construction drawings, and fund streetscape projects.
- Day care. Plan and implement day care through a consortia of businesses which own and operate day care. Private nonprofit organizations manage the centers.
- Public safety. Plan and do some project implementation, including providing horses, barns and training for mounted police, and creating six security kiosks.
- Promotions. No direct involvement. However, created "In-Town-Inc.," a separate private nonprofit organization to plan festivals. Sit on the board of directors.
- Homeless. Plan and implement programs for homeless, including "A Home for the Holidays." Work with churches to establish day care for homeless mothers.
- Alliance for Human Services Planning. Involved with the agency that coordinates human services planning. On board of directors.
- Housing. Plan for downtown housing, conduct housing studies, implement Housing Enterprise Zone tax abatement program. Planned mortgage consortium for homes in the downtown area. Provide assistance to developers doing housing projects: determine where curb cuts go, square footage of buildings, design issues and so forth. Plan and implement Bedford-Pines housing development.

- Arts and social services. Plan and do some implementation through the community foundation for which Sweat heads the board.

CAP does not generally involve itself in parking, retail mix, promotions or maintenance, although some of these issues are being addressed in Central Area Study II. Their thrust in the retail sector has been in the area of data collection, such as market studies and inventory of retail space.

#### Financing Tools

- Enterprise zones. Enterprise zones have been created in housing, commercial, or industrial areas. This involves a graduated tax abatement on real estate taxes (except bond indebtedness) for a period of ten years.
- Community improvement districts. These districts can be created if the the majority of the commercial property owners, and owners of 75 percent of the property value petition the city. The maximum rate is 25 mills. General obligation bonds may also be issued to finance public improvements. The final piece of enabling legislation was passed in March 1986, but this tool has not yet been used in Atlanta.
- Special assessment districts. The city may declare a special assessment district over any part of the city for any public purpose. This has not yet been used.



Map courtesy of Adams/Cates Realty

# Central Area Study II

TEN PARK PLACE SOUTH SUITE 240 ATLANTA, GEORGIA 30328 • 404 681-1538

## FACT SHEET

### ACCOMPLISHMENTS OF CENTRAL AREA STUDY I

#### BACKGROUND:

The first Central Area Study was a unique team effort between the public and private sectors in developing a program for improvement and orderly growth in Central Atlanta. It was chaired by Atlanta Mayor Sam Massell and co-chaired by John C. Portman, Jr. and W. Wyche Fowler, Jr., Alderman.

#### ACCOMPLISHMENTS:

The following lists the key elements of the Central Area Study I and the major projects that have been implemented.

#### ECONOMIC DEVELOPMENT (job/tax base generation):

- Atlanta Economic Development Corporation. AEDC was created to pursue blue collar jobs and small business expansion. It developed the Atlanta Industrial Park and presently administers various financial incentive programs such as the Small Business Administration loan programs.

#### HOUSING:

- Bedford Pine Redevelopment Area. Park Central Communities, Inc. was organized by Central Atlanta Progress to develop middle- and upper-income housing on a 78-acre tract of urban renewal property at Bedford-Pine. Upon its completion, about 1,500 housing units will be constructed.
- Mortgage Consortium. Central Atlanta Progress created a \$63 million mortgage consortium to offer long term, low interest loans for the revitalization of intown neighborhoods. About 3,000 loans were issued during a three-and-a-half year period.

#### RAPID RAIL CONSTRUCTION:

- The Metropolitan Atlanta Rapid rail Transit Authority (MARTA) has completed the East-West line and the first phases of the North-South line of its rapid rail system. The remainder of the North-South line is under construction and will be complete in 1988.

**ACCESS AND CIRCULATION IMPROVEMENTS:**

- One-Way Pairs. Spring/Techwood and West Peachtree/Spring; Piedmont and Courtland Avenues; Martin Luther King, Jr. Drive and Mitchell Street.
- Interstate Improvements Program. The Downtown Connector is undergoing a \$1.6 billion expansion to ten lanes, including the realignment of the Brookwood Interchange.

**URBAN DESIGN:**

- Fairlie-Poplar District. Improvements to the Fairlie-Poplar Districts, the historic core of downtown, include streetscaping along Broad and Poplar Streets, the renovation of Robert W. Woodruff Park and the creation of a public plaza at Margaret Mitchell Square.
- Hurt Plaza. Streetscape improvements along Hurt Plaza created a gateway to Georgia State University.
- Government Walk. Pedestrian improvements are being implemented along Mitchell Street and Martin Luther King, Jr. Drive to link the State Capitol to the Richard B. Russell federal office building.
- Midtown Gateways. The anticipated result of the Midtown Gateways project is an improved pedestrian environment at the intersections of Peachtree Street and Ponce de Leon Avenue and Peachtree Street and Fifteenth Street.

**FINANCIAL TOOLS:**

- Housing Mortgage Consortium.
- Tax Increment Financing.
- Urban Development Action Grants.
- The creation of the Downtown Development Authority to issue Industrial Revenue Bonds.

# Central Area Study II

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## CENTRAL AREA II STUDY OBJECTIVE

TO BUILD CONSENSUS OF A SHARED VISION FOR ATLANTA'S CENTRAL AREA

### TASK FORCE OBJECTIVES

#### HOUSING:

To define strategies for inducing prospective developers to build middle and upper income housing in the Central Area.

#### PUBLIC SAFETY:

To develop a public safety plan which identifies and devises solutions for those real and perceived public safety problems which affect residents, employees and visitors.

#### TRANSPORTATION AND INFRASTRUCTURE:

To maximize the efficiency of the Central Area transportation system, taking advantage of recent investments in the highway and transit systems, and to ensure that adequate infrastructure and services exist to handle existing and planned development in the Central Area.

#### RECREATION, ARTS AND OPEN SPACE:

To provide facilities, open space and programs for residents, office workers, and visitors to spend their leisure time.

#### CONVENTIONS AND TOURISM:

To identify methods to attract more conventioners and tourists to the Central Area who will spend more money and create more jobs in the face of the changing trends in the industry.

#### RETAIL AND COMMERCIAL:

To develop strategies which result in the increase of sales for retailers in the Central Area and expand opportunities for diverse commercial growth.

#### STRATEGIC PLANNING:

To develop a plan to support, expand and identify existing and new opportunities for job creation in the Central Area.



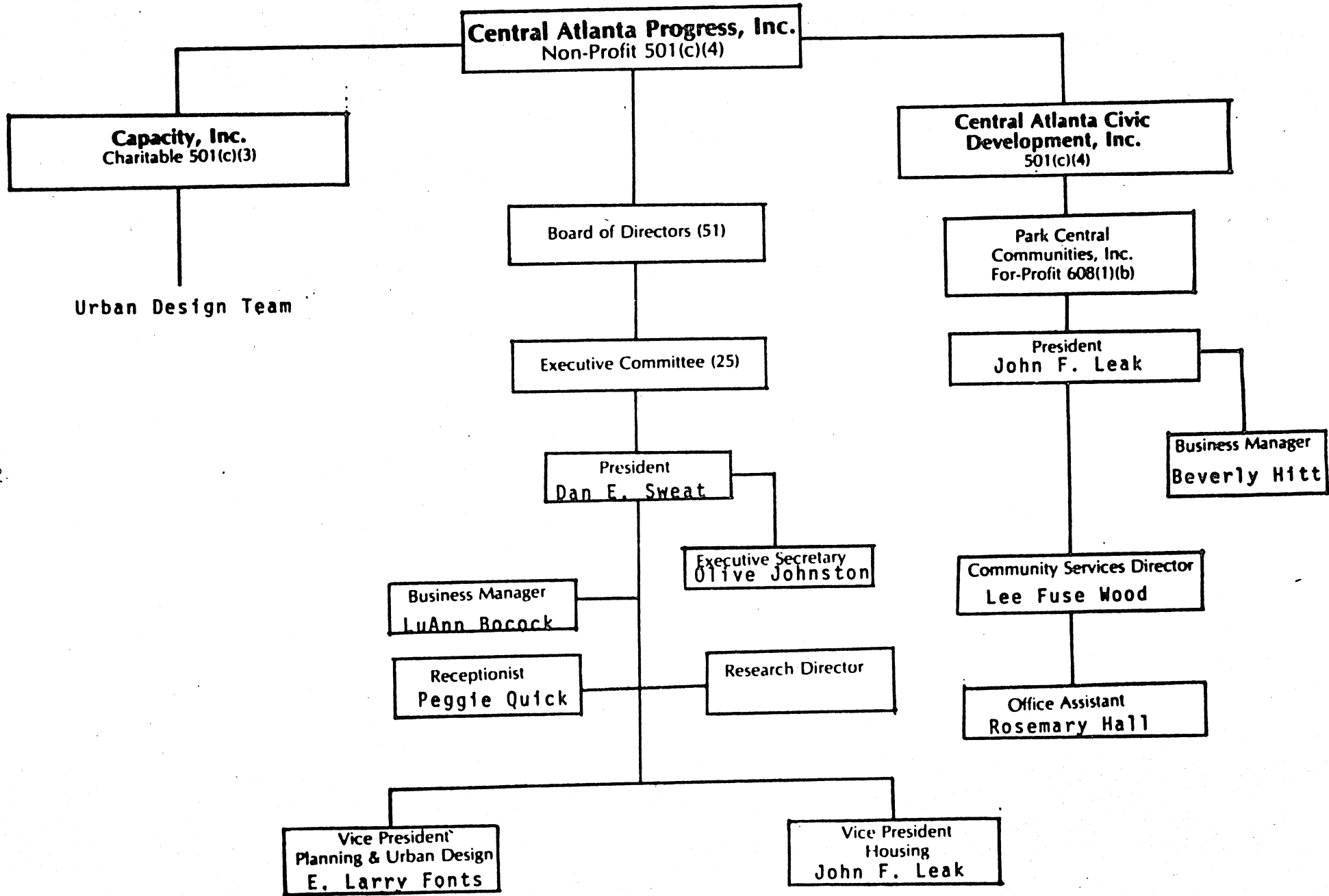
TEAM OBJECTIVES

**URBAN DESIGN:**

To create a humane environment for work and play which provides security, accessibility, health and enjoyment.

**PUBLIC RELATIONS/COMMUNICATIONS:**

To communicate the process and results of the Central Area Study II Project to the appropriate publics and assure their input into the process.



## PORTLAND

### CONTEXT

Portland is a major Pacific Northwest city, and is the leading Pacific port in terms of export volume. It is the largest employment center in the state, and 85,000 people (one-seventh of metro employment) work in downtown Portland. Sixty percent of the city's office space is in the downtown and, until very recently, there was no Class A office space outside of the downtown. The city's population is 400,000 in a metro area of 1.3 million. The downtown has over 2 million square feet of retail space and over 12 million square feet of office space. Office vacancy is currently running at 17 to 18 percent. In 1980 downtown claimed 17 percent of the metro area's department store type sales and 4 percent of total retail sales. Retail sales volume is up since the LRT line opened in September 1986, but conclusive figures are not yet available. There are 1,000 retailers and 3,000 other businesses in Portland's downtown.

Oregon's economy is based on natural resources, primarily lumber, and has been in quite a slump for several years. It is slowly recovering and diversifying. Portland's economy has fared better than the state's and the metro area experienced a 32 percent population growth from 1970 to 1985. Metro Portland employment is nearly half wholesale and retail trade and services, and one-third manufacturing and government.

Downtown Portland is the area bordered by I-405 and the Willamette River. The central city area, currently the subject of a comprehensive planning effort, includes the downtown and has a total area of about four times the downtown. A Central City Plan map is attached. Downtown includes the areas marked "downtown" and "N.W. triangle."

### LEADERSHIP STRUCTURE

#### City of Portland

Portland has a weak mayor-strong council system. City elections are nonpartisan, and the four commissioners are elected at large and serve both legislative and administrative roles. The mayor appoints the commissioners to their administrative positions. Probably the most important of these positions is Commissioner of Transportation and Planning.

#### Portland Development Commission

Portland's redevelopment authority, the Portland Development Commission, was created by city voters in 1958. It has a five-person private sector board which is appointed by the mayor and city council. The board hires an executive director who, in turn, hires the staff. Policy and project issues are developed and recommended by the board through the Planning Commission to the city council. The city council can also direct the PDC to undertake certain studies and projects. PDC can designate a redevelopment district, but

the right of eminent domain is granted to the PDC by the city council only on a case-by-base basis. The PDC has three main departments: Housing, Economic Development, and Downtown Development. Downtown Development implements the downtown plan.

#### Association for Portland Progress

In the early 1970s the most influential downtown business group was BOMA. The Chamber of Commerce did not have a downtown focus, and there was really no group which represented the broad range of downtown business interests. At the suggestion of Mayor Neil Goldschmidt, such a group, the Association for Portland Progress, was formed in about 1978. The structure of this group is quite similar to that of the Downtown Seattle Association. Membership is limited to one-hundred CEOs, presidents, owners, or chief Oregon officers of downtown businesses. There is a fifteen-member executive committee which provides policy direction. The executive committee hires an executive director who is the political director of the organization and is seen by the city and others as representing the interests of APP members (now numbering sixty-two). APP's deputy director is the project director and is primarily concerned with providing services to businesses according to function and district. APP has five other staff, including a marketing director. One year ago, APP set up the Retail Council, which has minimal dues and is intended to represent everyone else in downtown. The Retail Council is free to take political positions of its own.

The executive director of APP is a former politician and has a strong personal and professional relationship with the PDC's director of Downtown Development. Additionally, there has always been at least one APP member on the PDC board, but this is not by design.

#### PRESENT SITUATION

The city's major role in downtown management is expressed through the 1972 plan, zoning regulations, and the Central City Plan; the city provides a framework for development rather than specific management programs.

#### Transportation for Retail and Office

In the early 1970s the EPA imposed a parking lid in the downtown area due to almost constant violation of the CO standard. This lid has now become institutionalized. Because of the parking lid, and the expense of the freeways, the city discarded its freeway plan in the early 1970s and decided to build capacity to downtown with transit. This led to the development of the 5th and 6th Street Transit Malls traversing the office core. Every bus travels through downtown on these malls and they have given the bus system the visibility it has traditionally lacked. The downtown free-fare zone has also served to introduce the bus system to those who ordinarily do not use it. Goldschmidt was an early advocate of light rail transit (LRT) and he and Senator Hatfield were instrumental in obtaining interstate substitution funds for the development of the transit malls and LRT.

Federal funding was approved in 1982, and the LRT line opened in September 1986. Ridership has been about 20,000 on weekdays vs. predictions of about 13,000. Saturday ridership is higher and this is becoming the big shopping day. Retail core ramp use has been up since September also and the feeling is that people are rediscovering downtown for retail. LRT has been used as a development tool. There are no stops in areas where development is not wanted, and other stops are tailored to the area, e.g., park and ride, kiss and ride, major transfer points, and local type stops. Within the downtown, it has been routed through the "old and abandoned" part of town, but it is hard to see this today due to the renovation which has already taken place. There is one new office building being constructed directly on the line as a direct result of it, and one businessman stated that there is a plan for every vacant lot along the line.

LRT was built at street level in downtown Portland, and it loops through the retail district perpendicular to the bus malls in a one-way pair. Both the city planners and the retailers wanted it at street level because they did not want to remove any pedestrian activity from the sidewalk. LRT shares the street, but not the lane, with automobile traffic. The block encircled by the four transit malls is the core's major open space, Pioneer Courthouse Square.

Portland's downtown zoning calls for a maximum number of parking spaces which may be constructed as part of a development. This maximum ranges from .7 spaces per 1,000 square feet in the core to 1 space per 1,000 square feet at the edges of downtown. These are the same for all types of development, but residential and hotel parking are excluded from the lid. The city parking policy forbids stand-alone structures for long-term parking since it wishes to have such people use transit. The city's goal of creating a transit and pedestrian-oriented downtown has led to a gradual transfer of on-street parking spaces into ramps. The city has concentrated on providing short-term parking in the retail core as a support to the retail function of downtown. This is seen as the most fragile use in downtown. The city also requires that private lot owners provide a certain amount of short-term and carpool parking. The city is currently instituting a parking management information system to make sure that parking is being used in the most efficient manner possible. Details of this system are available. The city has built two parking ramps for short-term users, one at each end of the retail core, and these are managed by the Association for Portland Progress. Details of this will be described later.

The parking lid and transit-oriented transportation policy do not seem to have had an adverse effect on the growth of downtown. Downtown employment has increased from 62,000 to 85,000 from 1975 to 1985 without an increase in parking spaces or auto traffic. This increase is carried entirely by transit and carpools. The number of air quality violations has dropped to nearly zero, and there is pressure from business (APP for example) to raise the lid. However, all parties have agreed to wait until the LRT and the parking management information system are up and running for at least two years before such a decision is made. Downtown is the regional transit hub, but Tri-Met has increased the level of local and crosstown service also to relieve some of the pressure on the downtown. Tri-Met receives its major local funding from a metro payroll tax on the employer. This may more accurately reflect the generation of traffic demand than does a property tax. Tri-Met and the city work very closely on transportation policy and the development and implementation of service.

## PORTLAND DEVELOPMENT COMMISSION

The Portland Development Commission is the major public financing and development entity. The PDC's programs include a wide range of city-wide rehabilitation and economic development programs which provide it with a broad base of credibility and experience. The PDC's Downtown Development Program carries out the city's plans. The main objectives of the downtown program are to:

- Stabilize and expand the retail core.
- Support off-hour use of downtown.
- Enhance the waterfront, and stimulate active use and private development of designated waterfront areas.
- Provide incentives for rehabilitation of historic structures and districts.
- Develop convention, trade, and spectator facilities that will improve the region's entertainment and recreation facilities.
- Ensure that downtown housing development complements and strengthens the Downtown Plan, Waterfront Urban Renewal Plans, and South Park Blocks Urban Renewal Plan.
- Undertake public improvements within the South Park Blocks Urban Renewal Area.
- Undertake planning and development activities that enhance the transportation center area.

Since 1970 there has been \$170 million in public investment in downtown and \$1.3 billion in private investment.

Sources of PDC financing include: tax increment bonds, CDBG, UDAG, and private lines of credit at low interest rates. The Portland Development Commission's major financial programs include: owner rehab loans for housing (3 percent), investor rehab loans for housing (3 percent), historic renovation loans, business retention loan program, and public improvements in historic districts.

PDC's programs concentrate on housing, retail, entertainment, cultural, and historic activities; they let the office market take care of itself. The PDC also administers the tax abatement program which allows improvements to housing and historic properties to be exempt from taxation for ten years.

The Portland Development Commission does a great deal of economic research for the city, for businesses, and for APP. Their research of central business district and suburban office markets has shown two separate, virtually independent, markets. Parking does not appear to be a major factor in the office space market.

The Portland Development Commission has designated almost the entire downtown as a redevelopment area. This allows PDC to conduct its loan and public improvement programs throughout the area.

Oregon state law allows for the establishment of a Local Improvement District (LID), in which property owners agree to tax themselves for a

specific physical improvement. Property owners request the establishment of a LID, the city holds a public hearing, and it is approved if no more than 30 or 33 percent object. The county collects the assessment and passes it on to the entity contracting for the improvement. The process of establishing a local improvement district for the retail core transit Mall improvements was initiated in 1980. A PDC staff person lobbied the property owners to establish the local improvement district, and a group representing the city, PDC, property owners, and Tri-Met managed the design and construction of the transit mall. The retail core local improvement district was established to fund sidewalk improvements and because the light rail transit budget had included stone paving in the historical districts, but not in the core. A number of influential people felt that stone paving of the right-of-way was the most aesthetic, and that it should be done consistently throughout the downtown. There was a great deal of controversy about this, but the dissenters now reportedly consider it a good investment.

#### ASSOCIATION FOR PORTLAND PROGRESS

As noted before, the APP is a relatively new organization and is still establishing its political and programmatic credibility. The credibility and respectability of its officers, members, and executive and deputy directors are not at issue. APP's executive director is on the Central City Plan board, and a significant amount of APP's energies have been focused on this, to ensure that the plan has some "realistic" qualities and goals. There is the classic planning vs. business conflict.

APP has a number of programs, some in the development stages, but its primary purpose at this time is to provide management and support services to businesses based on the Main Street Center approach. This involves identifying trends, issues, and interests in districts; collecting data and bringing in specialists to recommend specific actions; to do marketing and promotion emphasizing that each district is part of the whole, etc. Specific programs include the downtown shopping guide; validated parking (paid for by the merchant with a 4 percent fee to APP); working towards uniform operating hours on a district basis; developing a list of preferred business types and disseminating information to owners and leasing agents; publication of the Downtown Bulletin and APP quarterly; and sponsorship of special events. APP staff is just starting a three year marketing program with:

- first year emphasis on entertainment and night life,
- second year emphasis on weekend tourist traffic, and
- third year emphasis on diversity of retail in downtown.

#### APP Budget

APP has an annual budget of \$700,000; \$100,000 from general membership and contributions, and \$600,000 is from APP's contract with the city to manage the two retail core parking garages. Approximately \$400,000 is spent on garage operations, and the remaining \$200,000 is spent on promotions and marketing efforts. The city and APP entered into this agreement because the city would not be able to offer any special event or promotional parking. APP is free to manage the parking as it sees fit as long as the revenues pay off

the bonds. Clearly, this management contract provides the bulk of APP's funding.

APP also has one small maintenance management program. They have organized a sidewalk cleaning crew of residents in the Burnside/Skid Road area. This city-funded program helps keep this area cleaner and safer and provides some opportunities for a hard-to-employ group of people.

APP has been developing a proposal for an Economic Improvement District (EID) which would be primarily the retail core. Approval of 66 percent of the property owners would be required to establish the district, which would exist for three years. The procedure would be similar to the one used to create a development district: the private sector initiates the district, the city holds a public hearing to establish approval, and then collects and disburses the assessment. The economic improvement district would provide additional maintenance and security, primarily in the parking ramps and on the street. Security people would serve mostly as a presence and information source, but would have two-way radios to communicate with police. However, APP did not want to hire police to do this, and the new police chief may allow police to moonlight, and this complicates the idea. The impetus for this program was the building owners' and retailers' desire for enhanced security and a high level of cleanliness. This idea is on hold for now. The perception of crime as a problem is now dropping and funding, city requirements, and the issue of whether off-duty police should be hired have complicated implementation of this program.

#### HISTORY AND PROCESS

History and process are inseparable in Portland. The efforts which have brought Portland to where it is today began in the late 1960s and early 1970s.

Retail sales declined and then stabilized in Portland in the 1960s. The number of housing units in the central business district dropped nearly two-thirds between 1950 and 1972, and in the late 1960s a number of important businessmen began to feel that downtown was becoming dominated by parking lots and disused buildings. At this time, there was a controversial proposal by a department store to build a ramp in the center of downtown, and there was also a successful effort to move a riverfront freeway and reclaim the land as a park. The downtown business interests formed an ad hoc thirteen-member Downtown Committee and raised the money to fund a central business district study and plan. They hired a private planning firm and hired a respected county planner to supervise the project. A number of other plans were being done at the same time, primarily relating to transportation. At this point, a citizens group, led by a number of architects, protested that there was insufficient public representation on an important project which was receiving partial public funding. This led to the appointment of a citizen's advisory committee to the project which had equal public and private representation.

This 1972 Downtown Plan was conducted without an economic analysis. The goal was to find out what was wanted in the downtown area, and then go back to look at financing and economic issues in various areas to see how the plan's goals could be achieved.



The primary result of the study was a comprehensive plan for public investment, primarily parking, transit, and amenities, and a framework for private investment. A plan with such broad-based formulation also provided a wide sense of ownership in downtown.

The nine major goals of Portland's 1972 Downtown Plan are listed below.

1. Enhance downtown's role as a leading center for retail goods and consumer services by providing an atmosphere conducive to investment.
2. To give high priority to increasing the number of residential accommodations in the downtown area for a mix of age and income groups, taking into consideration differing lifestyles; and to provide a "quality" environment in which people can live recognizing that residents of downtown and adjacent areas are essential to the growth, stability and general health of a metropolitan city.
3. Strengthen downtown's role as an important center for administrative, financial, personal, and professional business, service, and governmental activities.
4. Maintain supportive warehousing and wholesaling in a cohesive district close to downtown.
5. Provide major and minor open space along the waterfront and within the downtown areas adaptable to a wide variety of uses.
6. Identify, preserve, protect, and dramatize historical structures and locations within downtown.
7. Promote downtown as the entertainment and cultural center of the metropolitan area.
8. Create in downtown Portland an urban setting with a definite sense of place and identity by developing strong boundaries, emphatic focal points, unique physical designs for identifiable areas, and by enhancing special views such as the waterfront, and historic or architecturally significant buildings.
9. To design a balanced transportation system which is supportive of the other downtown goals; and which recognizes that the transportation system should provide more efficient use of both right-of-way and vehicles. This means reducing reliance on the automobile, increasing the number of persons per car, and increasing the number of persons moving through concentrated areas on multiple-passenger facilities.

Neil Goldschmidt, leader of the citizen efforts to shape the 1972 plan, was elected mayor of Portland in 1972. He worked very hard to implement elements of the plan. For example, Goldschmidt:

- persuaded Nordstrom to build a new store in downtown,
- prevailed on the PDC to begin implementing parts of the program,
- advocated new housing starts and lobbied the state legislature for downtown rental unit tax abatements,

- initiated efforts to rezone downtown, and
- established an Office of Planning and Development.

At this time the mayor of Portland appointed 35 percent of the votes on the Metro Planning Organization so there was considerable influence at the regional level.

Goldschmidt's importance to Portland cannot be overestimated. He campaigned for mayor as a neighborhood activist, but his main interest was in upgrading downtown. He provided dynamic and strong political leadership, established good relations between the city and the business community, and initiated public investment in infrastructure and amenities.

In 1975 the Oregon legislature passed the State Land Use Planning Act which required every governmental unit in the state to develop a land use and zoning plan which has the force of law. State law requires a large amount of citizen participation in the development of these plans, requires environmental zoning to protect natural resources and wildlife habitat, and establishes a State Land Use Board of Appeals to which anyone can appeal.

As a result of this law, Goldschmidt's political leadership, and the efforts of a city commissioner, Portland has gone through two rounds of planning since the 1972 plan.

1. Rezoning of the central business district was begun in 1975 and completed in 1979. Refinement continues. Major features of this rezoning include:
  - designation of three use zones and six districts;
  - maximum building heights;
  - maximum FARs and housing bonus;
  - requirements for retail, building to property line, open space;
  - parking, pedestrian, transit, bicycle zoning; and
  - design guidelines and ordinance.
2. The Central City Plan, a thirty-month study of six districts in and around downtown which will guide development for the next twenty years, will be completed in September 1987.

Copies of the downtown zoning regulations; the design guidelines and ordinance; the downtown plan handbook; and the Central City Plan outline, bibliography, major conclusions; and other materials are available for inspection.

## SEATTLE

### CONTEXT

Seattle is the largest city in Washington State and the Pacific Northwest. It has a population of approximately 500,000 in a metropolitan area of 1.6 million people. The city is prosperous and its economy is strong. Although Boeing remains the largest employer and leading exporter in Seattle, the city's dependence on Boeing has diminished as the economy has diversified. Seattle still has a strong manufacturing base, but in recent years major growth has taken place in the service sector (e.g., retail and wholesale trade, finance, insurance and real estate). The port of Seattle provides the city with important economic advantages; it is the fifth largest container port in the country and has obvious strategic advantages over other ports with its proximity to the Pacific rim markets.

Seattle has one of the highest per capita personal income rates among the nation's largest cities. The city's unemployment rate of 6 percent is lower than the U.S. national average and that of Washington State. In keeping with this healthy economic picture, the city's downtown commercial and retail sectors are doing well. The central business district is growing and downtown Seattle remains the prime location for office space in the metropolitan region. The 15 percent vacancy rate reflects an increase in construction activity over the past few years. Though it has experienced a decline in its share of the regional market over time, downtown's retail center is growing, and total retail volume continues to increase steadily. Downtown employment also continues to rise, with its 170,000 jobs representing about 42 percent of all jobs within the city. Twenty-five important public and private construction projects are currently on the stocks for development over the next few years, including a 370,000 square foot state convention center, an underground transit tunnel through the heart of downtown, and the long-awaited Westlake Center, a mixed use office and retail development by the Rouse Company.

### LEADERSHIP STRUCTURE

The city has a strong mayor-council system. Mayor Charles Royer was elected in 1978 as a neighborhood advocate. This has not prevented him from building effective working relationships with the downtown business community. The Council has nine at-large members with differing views on city priorities and policies as they affect downtown interests.

There is a considerable precedent for private sector involvement in civic affairs in Seattle, not limited to downtown interests. Today, there are a number of key business leaders who are influential on downtown issues. These business leaders combine forces on the Board of the Downtown Seattle Association (DSA) which has existed as a nonprofit private sector advocacy body for twenty-eight years. The Downtown Seattle Association's role in downtown affairs and its relationship with the city has been both stable and evolutionary over time.

## PRESENT MANAGEMENT OF DOWNTOWN

The City of Seattle and the Downtown Seattle Association play the leading roles in downtown management, although Metro Transit is the principal provider of public transportation and around the area and other management entities exist for specific purposes, e.g., the Pike Place Market Preservation and Development Authority.

### The City of Seattle

The city's involvement in downtown is exercised primarily through the Mayor's Office of Long Range Planning and the city's Department of Community Development. The Office of Long Range Planning has responsibility for zoning issues while the Department of Community Development acts as the city's urban renewal authority and provides assistance to the private sector on a general or specific project basis.

The Land Use and Transportation Plan for Downtown contains the city's present policy for downtown. This document was adopted by the City Council in June 1985 after a long and extensive community participation process. An underlying assumption in the Plan is that downtown should continue to grow but that such growth should be properly managed. Management is to occur through policy direction backed by comprehensive zoning and by public improvements. One of the key elements of the Plan is the city's use of floor area ratios as a means of managing the density of development in downtown Seattle. Floor area ratios (FAR) measure density by relating the total area of a building site or piece of land to the total area within the building. The city combines the FAR control with a land use bonus system which allows greater development in return for features considered to be of public benefit and which mitigate the impact of growth. The city's approach to downtown development and management is therefore one of using both a stick and carrot. Other key elements in the Plan include policies for transportation which emphasize a bias towards the use of transit for access into, and internal circulation within downtown; and policies to provide a balanced mix of housing in targeted areas. To achieve this, the Plan incorporates the use of FAR bonuses as incentives to office developers to provide affordable downtown housing units.

### Downtown Seattle Association

With 650 dues-paying members which include all the major downtown business interests, the Downtown Seattle Association is the key private sector organization in the downtown area. Its organizational structure and working methods are fairly conventional: what is crucial to its strength and influence is the active participation of downtown chief executives.

All chief executives of downtown businesses are members of the Association. This sub-group of sixty-five people forms the Association's Board of Trustees. The policies and direction of the DSA are, however, effectively determined by a sixteen-person executive committee. This committee is chaired by the president of the main board, has representation only from the chief executives on that board, and meets on a regular basis.

Beneath the executive committee, numerous operating committees and task forces, composed of hundreds of volunteer business people, are involved in specific downtown-related activities and have individual work programs. Day-to-day management of the DSA, including the staffing of committees, rests with its full-time executive vice president (who sits on both the Board of Trustees and the executive committee) and his staff of six.

The DSA's scope of activities has varied over time. There is some suggestion that the DSA used to operate mainly in a reactive role. But, in recognition of the activist's nature of the City Council, the DSA has taken a more pro-active position in recent years. Most of the Association's attention over the last four years has, for example, been directed towards providing input to the city's consultation process leading to the adoption of the Downtown Plan. Here, a major effort by the DSA to develop its thinking about the future of downtown--drawing on views and material produced by its own committees, several hundred outside participants and advisory consultants--has enabled the Association to play an effective part in helping to frame future downtown development and management. While compromises had to be made, the Downtown Seattle Association is satisfied that the Plan represents a reasonable outcome for its members, and feels that the Association has provided useful input into the city's deliberations. The Association takes credit, for example, for proposing the incentive bonus scheme for developers as an alternative to the city's original preference for a "linkage" fee system based on the San Francisco model.

The DSA also plays a pro-active role in providing low income housing in downtown Seattle. Because the Association wants to encourage inner city living for a full range of residents, its leadership acted decisively in the 1970s and raised funds to establish a nonprofit housing arm of the DSA to involve itself directly with housing provision. The Seattle Housing Resources Group was formed six years ago as a 501(c)3 organization with its own board, director, and staff which now number about twenty. The organization acts under DSA's umbrella and reports to the Association's Board of Trustees. The Seattle Housing Resources Group develops, preserves, manages and rehabilitates low income housing. By using its own funds and leveraging other public and private resources and by acting in partnership with the city and other housing agencies, the Seattle Housing Resources Group increasingly makes an important and well recognized contribution towards the provision of affordable downtown housing. This view is borne out by the city's Downtown Plan, which asks the downtown business community to assist the city in meeting its low income housing objectives for the area through participation in the Seattle Housing Resources Group.

The Downtown Seattle Association has long been concerned with the full range of planning, development, marketing, and management activities affecting downtown. The DSA's concerns in this area have been brought into sharp focus by developing a new Retail Core Support Program which is designed to create a management and financial base which will direct attention to marketing, maintaining, and managing the downtown area.

The Business Improvement Area and  
Retail Core Support Program

The Retail Core Support Program's key elements are funded through a Business Improvement Area (BIA), which is a fifteen-square block self-assessment district for retail core businesses and property owners. Proposed by the DSA, and supported by the City Council, the BIA was established in late 1986 under the State of Washington's authorizing legislation.

The Retail Core Support Program comprises several broad elements:

1. The development of a voluntary master agreement between property owners and the DSA. Under this agreement property owners agree to include lease covenant similar to that of shopping centers which would require retail tenants to participate in mutually agreed upon minimum operating hours, advertising and special event programs, and window and identification standards. The agreement would also allow the DSA, through a specially appointed task force, to have the opportunity to assist in locating retail tenants with the goal of improving downtown's overall retail mix.

The DSA is in the initial stages of launching this element of the program. Because the strongest support for this element of the program comes from the largest property owner in the retail core (who is the immediate past president of the DSA and a current member of the board and executive committee), the DSA believes that an attainable goal for application of the agreement is 80-90 percent of retail core space.

2. A common-area maintenance program is being undertaken for the retail core. This program is over and above the normal level of city service, and includes sidewalk cleaning six day per week, upgrading of trash containers and news vending machines, and assistance to the city in maintaining Westlake Park as the focal point for the retail core. The sidewalk cleaning program is being carried out under contract between the DSA and the YMCA. The YMCA will be responsible for the day-to-day management of the program by expanding on an existing DSA/YMCA sidewalk cleaning program which uses unemployed youngsters to carry out the work. There has been no city or union objections to this proposal.

The Downtown Seattle Association places high priority on security in the retail core. The Association takes the view that security is a clear responsibility for the city. However, the DSA is prepared to provide and pay for additional beat patrol officers on a short-term basis.

3. The Association is developing an aggressive retail marketing program. The program will include advertising, sales promotion, public relations, special events at Westlake Park, research and other communications activities. The program builds on the considerable efforts already made by the DSA to market downtown: in 1986 the DSA marketing and activities campaign produced about 450 events. The new "Let Yourself Go Downtown" marketing campaign is designed to build on

the existing strong calendar of events (using specially hired consultants) with the particular aim of helping to ease the impact of the downtown construction activity currently in progress. The DSA is responsible for developing and managing the program with the assistance (including financial assistance) of the city and Metro Transit.

4. The successful Easy Streets Program, which the DSA developed and sponsored, is being expanded throughout the retail core. Participating businesses give a token to customers who make a minimum purchase of \$20. Tokens can then be used for \$1 worth of parking or for a free ride anywhere, anytime, on Metro Transit. Participating businesses purchase tokens at a cost of \$1 each at any of downtown's commercial banks. Parking facility operators redeem the tokens at any commercial bank at the rate of \$.90 each; and the additional funds realized from the sale of tokens are used for program operations and marketing.

Since its introduction in 1985, the number of participating businesses has doubled to 150 with two participating department stores. More than 34,000 parking spaces in 315 garages and lots, as well as Metro Transit, are accepting the East Street tokens. A quite dramatic increase in both the sale of tokens and redemptions was recorded in December 1986 as compared with the previous year. Participation in the Easy Streets program is limited to DSA members or participants in the Retail Core Support Program.

5. The DSA is considering involvement in the management of public parking facilities. Though the Association is already involved in parking issues through its marketing and Easy Street activities, it has yet to take a firm view on whether it should become further involved in the management of publicly owned parking facilities.

#### BIA/Retail Core Support Program Management

The DSA has established a comprehensive management strategy to plan, fund, and administer the Retail Core Support Program. The strategy is based, in part, on agreements covering funding and administration with the city and Metro Transit.

First, the city has formally contracted with the DSA to serve as the program management contractor for the Downtown Seattle Retail Core Business Improvement Area. This formal contract flows from the legal establishment of the BIA. Under the terms of this agreement, which is for one year, the DSA is required to work under the auspices of a Ratepayers Advisory Board whose membership represents the various classifications subject to the special assessment. Appointment to the Ratepayers Advisory Board is subject to city approval and a city representative is a member of the board. Within this management structure, the DSA is responsible for developing and carrying out a work program for both the marketing and common area maintenance programs mentioned above. For these purposes, the DSA may negotiate and execute subcontracts for work, subject to the approval of the board and the city's Director of Community Development. The Agency Service Agreement also provides

for the DSA to ensure full consultation with ratepayers on the management, financial arrangements, and work program of the BIA' provision is also made for budgetary, financial and program reporting to the city at regular intervals throughout the year. The special assessments due under the BIA are collected by the city and passed on to the DSA to meet program expenditures. For each subcontract entered into under the Agency Service Agreement by the DSA, the agency receives 20 percent of the total to cover its administration costs.

Although not limited to the BIA boundaries, a second Agency Service Agreement with the DSA is directly relevant to the Retail Core Support Program. Under the terms of this agreement, the city has formally contracted with the DSA to undertake a marketing, general advertising and public information service designed to help mitigate the disruption caused by downtown construction projects, specifically on small businesses and businesses along the Transit Tunnel Project Alignment. Under the terms of this agreement, the DSA is developing a marketing plan in conjunction with Metro Transit and the BIA Ratepayers Advisory Board with representation from businesses outside the BIA boundaries. The objective is that the work program carried by the DSA under this agreement should complement rather than duplicate the work program developed for the BIA under the separate agreement with the city.

This second agreement provides for the DSA's work program to be subject to approval by the city; and the usual budgetary, financial, and program reporting is built in. As with the first agreement, this is a one-year agreement for which the DSA is receiving \$150,000 from the city.

These formal agreements underpin the DSA's financial and administrative relationship with the city for the management of the BIA (and the marketing campaign over a wider area). The DSA has tied these agreements into its own management structure so that there is now a Business Improvement Area Advisory Board (equating to the Ratepayers Advisory Board referred to above) responsible for developing and overseeing all marketing and the common-area maintenance program for the DSA. The DSA president and executive vice president serve on this board and membership is drawn from businesses and properties participating in the BIA. Non-voting ex officio members of the board include representatives from the city and Metro Transit. All appointments to the Board are made by the DSA's Board of Trustees, subject to the approval of the city.

Day-to-day management of the BIA is carried out by the staff of the DSA under the supervision of its executive vice president. Under the general oversight of the Business Improvement Area Advisory Board, two main committees exist--the marketing committee and the common area maintenance committee--to develop, implement and manage programs within their sphere of interest. Representatives of the city and Metro Transit serve on appropriate sub-committees dealing with specific subjects.

The operation of the BIA therefore rests on a combination of formal and informal relationships between the city and the DSA but with program management and development left largely in the hands of the private sector under DSA's leadership.



## Funding

The DSA receives some \$450,000 annually in private sector dues. It maintains a reserve of \$300,000-\$400,000 for special projects (e.g., promotions). The new Retail Core Support Program is estimated to cost some \$620,000 a year. Of this, about 28 percent of the budget will come from the retail core through the BIA assessment mechanism (\$172,000); some 24 percent (\$150,000) will come from businesses outside the retail core; and the remaining funds are being provided by the city and by Metro Transit in equal 24 percent shares (\$150,000 each).

## Process

The catalysts for DSA's activities partly reflect the city's priorities, and partly the business community's own concerns.

The triggers for DSA over the last two years have perhaps been of a rather different nature to previous motivations. In proposing the Retail Core Support Program, the DSA realized that downtown was facing major disruptions to its retail activity because of the large number of major construction projects planned or in progress. The Association undertook research to assess the potential retail losses, which more than bore out its concern. The impact of this disruption, together with the decline in downtown's share of the regional market over twenty years, were the primary factors which motivated the DSA's proposal for the Retail Support Core Program. The DSA took the lead in securing support for the BIA from the mayor and City Council, and from the private sector at large. Full support from the concept came from the city, not least because of its concern with the impact on sales tax proceeds of a major retail loss downtown. Within the private sector DSA undertook an extensive briefing, negotiating, consensus building and promotional campaign in order to secure the necessary petition signatures for the BIA. Although the Association did face some lack of interest (mainly on the part of small businesses) and some limited opposition to what was proposed, it successfully secured supporting signatures from businesses representing 67 percent of the proposed contributions (60 percent is the statutory requirement) with less than 5 percent voting against. The BIA legislation was passed unanimously by the City Council and is now established for an indefinite period.

## Timeline of BIA/Retail Core Support Program

- Autumn 1984. DSA proposed Retail Core Support Program based on a BIA.
- 1984-1985. DSA held conceptual briefings with key business leaders and public sector representatives to discuss the proposal.

Advertising agency employed by DSA to produce media and promotional material to use as a sales pitch for consensus building.

DSA develops assessment ratio for businesses within proposed district and secures support from major players.

- January 1986-April 1986. Block approach adopted to carry sales message to small and medium size businesses and property owners. Block captains selected and briefed. Sixty separate meetings held.
- January 1986-June 1986. Campaign to secure petition signatures carried out and completed successfully.
- July 1986. BIA legislation approved by City Council.
- October 1986. "Let Yourself Go Downtown" marketing campaign launched.
- December 1986. Common Area Maintenance Program implemented.

## LESSONS LEARNED

### Strengths and Weaknesses of the Current Approach

The long history of private sector involvement in civic affairs in Seattle combined with the twenty-eight year history of DSA might be expected to result in a formal relationship between the city and the private sector. This is not the case, and neither the city government nor the DSA (representing all the major downtown business interests) would want it any other way. They each wish to protect their independence, and the city is certainly not interested in giving up any of its power. This has not prevented, however, the forging of effective working relationships between the city and the DSA and, through the establishment of the Business Improvement Area, some element of power-sharing.

The general relationship that exists appears to derive from a sense of realism by both the city and the DSA about each other's roles and priorities which is mutually reinforcing. In the preparation of the Downtown Plan, for example, the DSA commitment to full and effective participation in the city's lengthy and citizen-based approach to policy development has resulted in a balanced Downtown Plan acceptable to both sides. Similarly, by using its own nonprofit housing arm (SHRG) to participate in low income housing programs, the DSA meets a clear city priority. With the Retail Core Support Program on the other hand, it is the DSA which has initiated action to protect private sector interests, but with clear support from a City Council that realizes the wider community's interest in program success.

The key to the city's own management role downtown is in its use of zoning. With the Downtown Plan now adopted, the City has provided a clear and comprehensive zoning context for downtown activity. Its approach is now to rely on the Plan to manage downtown development, making use of stick and carrot incentive arrangements to help secure wider policy objectives. This growth management approach enables the city to keep faith with the policies in the Plan and therefore with those citizens who participated in its formulation; it permits the continuation of downtown economic growth which is seen as necessary to maintain Seattle's preeminent position in the region; but it seeks to ensure that growth does not come at the expense of broader community needs. As such, the city's downtown management approach appears to have something for everybody. While reaffirming its commitment to

neighborhoods, the city's Downtown Plan focuses on the "neighborhood everybody shares--Seattle's downtown."

As indicated above, there is nothing in the present relationship between the city and the DSA which has involved the transfer of responsibility and power from the public to the private sector. The recent introduction of the Business Improvement Area and Retail Core Support Program does, however, introduce a new element in the relationship between the two parties. In effect, the city has entered into a power-sharing arrangement under which it enables the DSA to manage and implement a set of activities which complement and enhance existing city services and which support the city's wider economic and social policies for downtown. It would be misleading to regard this as a major power shift or to suggest that this heralds a more formal relationship between the public and private sectors. The BIA has, as noted earlier, been the brain child of the DSA and it was only logical, in the local context, that the Association become the managing agent for the city. Overall financial control of activities still rests with the city and the sums of money it is investing through its agency agreements with the DSA are not especially large. All this said, the establishment of the BIA is another example of the sense of realism that exists within the city and DSA over the desirability of positive and pro-active downtown management; and the programs proposed and agreements reached reflect a full appreciation of the appropriate roles of the private and public sectors.

There is nothing unique about the organizational structure of the DSA. Its network of committees and task forces ebb and flow according to current DSA priorities. What is key to the whole operation, however, is the active participation and commitment of the major private sector players in downtown Seattle. The Association relies on the leadership and influence which these people bring to the organization. As things stand, the DSA is well respected by the city and, judging by the role it has played in the Downtown Plan process, housing, and the introduction of the BIA and Retail Core Support Program, has a strong history of getting things done. In no small measure it is due to the participating role of chief executive officers who make up the Association's board and executive committee.

## DENVER

### CONTEXT

Denver is the dominant metropolitan city in the mountain west. It has a population of some 550,000 in a metro area of about 1.8 million. The city's economic base relies on oil, gas and mining; high technology; agriculture; government service; and tourism. The city's recent economic history is dominated by the impact of the energy boom. The massive expansion in mineral production in Colorado during the 1970s and early 1980s brought vast numbers of energy companies to Denver. With them came a dramatic skyscraper boom with over seventy new buildings going up in a ten year period. Between 1979 and 1983 office space doubled. In the 1970s, the metropolitan area experienced an increase of over 30 percent in employment, and a per capita increase of 27 percent. Retail sales grew by over 12 percent annually.

The national recession of 1981 and falling oil prices then took their toll. Economic activity in all but tourism either held steady or declined. The energy companies started to leave the city and it soon became evident that Denver was over-supplied with office space. It currently has a vacancy rate of about 28 percent. The city's unemployment rate is 9.2 percent and the MSA rate is 7.2 percent. About 120,000 people work downtown.

### LEADERSHIP STRUCTURE

Denver has a strong mayor system with a thirteen-member council, eleven of whom are elected by district, two at large. Although the current mayor, Federico Pena, has repackaged the city's approach to economic development and growth, he has maintained his predecessor's (Mayor McNichols) concern to promote downtown. He is on record as saying that Denver's most significant opportunity to increase job prospects, taxable sales, and the property tax base, lies downtown and in the adjacent central Platte Valley, and in the projects being pursued by the city, including a new convention center, and the construction of a new airport.

Private sector leadership is concentrated in the Denver Partnership. This organization was created in 1980 as a revitalization of Downtown Denver Inc., which had existed as a business advocacy body since 1955. The Denver Partnership has given considerable impetus to the private sector role in downtown Denver. This reflects a combination of the flair and personality of past president Richard Fleming, and of the activities into which he pushed the Denver Partnership. Fleming recently became president of the Denver Chamber of Commerce, which has a metropolitan scope.

### PRESENT SITUATION

The management of downtown Denver may be seen as a partnership between the City, the Regional Transportation District (RTD), and the Denver Partnership. The city carries out normal local government services and RTD is directly responsible for operating the fare-free 16th Street Mall shuttle. The Denver Partnership plays an important part in downtown affairs, specifically in relation to the Downtown Mall Management District.

The Denver Partnership, Inc. is a private sector organization composed of two nonprofit operating corporations--Downtown Denver Inc. and Denver Civic Ventures, Inc. The Denver Partnership acts as the corporate umbrella for both organizations. It has a president/CEO and a sixteen-person Management Group. Funding for all the Partnership's activities comes from membership dues, corporate giving and foundation grants, and earned income from civic ventures.

#### DOWNTOWN DENVER INC. (DDI)

Downtown Denver Inc. (DDI) is the marketing and management arm of the Denver Partnership. It undertakes promotion and marketing activities (including special events and festivals); the management of public spaces under contract with the city and the Regional Transportation District; coordination of downtown parking management programs (mainly in the form of marketing and promotions); and it maintains its thirty year old tradition of serving as a spokesman and advocate for downtown interests. DDI's key activity is the management and maintenance of the 16th Street Mall under contract from the city.

#### The Downtown Mall Management District

The Downtown Mall Management District provides an excellent example of public/private sector cooperation. The district is a special benefit and assessment district created by the city and county of Denver to support the continuing care, operation, maintenance, security, repair and replacement of the 16th Street Transitway/Mall. The district was initiated by the Denver Partnership and approved by city voters in 1978 via city charter amendment. The mayor and City Council approved the charter changes in 1982. The city charter specifies that the district's life should not exceed ten years. The downtown business community has made a commitment to pay for the care and operation of the Mall during the first ten years of its existence. This commitment was made to the city in 1978 in response to the city's and RTD commitments to proceed with the development of the Mall project. Some of the district's main features are described below.

- Geography

A map of the district boundaries is attached. Initially, it only included those properties between 15th and 17th Streets but was expanded in 1984 to encompass about 865 property owners within a seventy-block area of downtown (i.e., five blocks wide between 14th and 19th Streets).

- Operation

Policy for the district is set by a five-member board appointed by the mayor for a three-year term. The city's Manager of Public Works serves ex officio as the chairman of the board. The remaining four board members are representatives of the downtown community and property owners within the district. The board is assisted by a Board of Advisors with representatives from RTD, the Denver Partnership, City Council, Police Department, and the downtown merchant and residential communities.

The day-to-day management, maintenance and promotion of the Mall is directed by the staff of DDI under a management agreement with the Mall District Board. Each year the annual budget of the district is used to provide management, planning and coordination activities, supplemental cleaning and maintenance, police, utility, landscaping repairs and capital replacements and improvements, and strategic support for the Mall's special events and festivals.

The Mall district supplements normal city maintenance services by providing daily sweeping and scrubbing of sidewalks, emptying trash cans, prompt removal of snow, and general repairs and upkeep of Mall furniture, fountains, lights etc. Daily maintenance and some supplemental services are subcontracted to a firm which specializes in providing job opportunities for disadvantaged or handicapped people.

The district pays 95 percent of the cost of supplemental police service on the Mall, which consists primarily of a Mall motorcycle unit and a regular mounted horse patrol.

Other activities with which DDI is involved on the Mall include the major annual efforts in promotions, special events and festivals; the management of kiosks, push carts, street entertainers, and sidewalk cafes on the Mall; downtown parking strategy; design review for Mall-related public and private developments; assistance for merchants in design improvements, streetscape and signage programs; and identification of and assistance to prospective tenants on the Mall.

Current goals for the Downtown Mall Management District include leveraging resources beyond the Mall district to bring about positive changes in the entire downtown area; developing a retail promotions and store hours strategy; enhancing the physical appearance of the Mall and surrounding areas by an integrated system of streetscape, signage, lighting and facades; exploring the possibilities for extending services beyond the boundaries of the Mall to strengthen the consistency of appearance and image throughout downtown; promoting arts and culture in civic spaces; supporting "after 5:00 p.m." programming to stimulate activity and use of the Mall for retail and entertainment; and implementing a comprehensive short-term parking program to enhance the perception of downtown as an accessible place to shop or enjoy the Mall.

- Budget

The annual budget estimate for the district is recommended each year by the full board to the Manager of Public Works and then submitted to the mayor and city council for approval in the form of an annual assessing ordinance. All property owners within the district are formally notified of the proposed budget and a public hearing is conducted before the council--which acts as a Board of Equalization--to consider requests for exemption from the assessment for hardship reasons.

The apportionment formula for determining the special assessment charges is based on the square footage of land area contained in each property within five "zones of contribution." Current assessments range

from 10 cents to 56 cents per square foot of land, depending on proximity to the Mall. The current overall annual budget is about \$1.9 million.

- RTD Involvement

The Regional Transportation District (RTD) operates the fare-free Mall shuttle. Ridership averages 40,000 people per work day, three times more than originally projected. The cost to RTD--said to be about \$2 million per annum--is recouped by RTD through increases in volume. Because busses can move in and out of downtown faster during peak periods by unloading at the two transfer facilities at each end of the Mall, more fare-paying passengers are brought in from the suburbs.

#### DENVER CIVIC VENTURES INC.

The second constituent element of the Denver Partnership is Denver Civic Ventures Inc., a charitable tax-exempt public purpose organization. The goals of Denver Civic Ventures Inc. are to promote good civic planning and urban design, and to stimulate and package economic development. It has made a significant contribution to local planning in Denver by initiating and designing new zoning ordinances for the Mall corridor and the downtown historic district. Its main role in recent years has been the initiation of a collaborative effort to produce a "Downtown Area Plan" in cooperation with the mayor and City Council.

#### Downtown Area Plan

The partnership effort on the downtown plan was established, in part, by Mayor Pena's wish to see the city adopt a more active planning role, and in part because of the increasing interest and activity of Denver Civic Ventures in urban designing and planning. Richard Fleming and Bill Lamont (the city's Director of Planning brought in by Mayor Pena) organized a joint planning effort using combined staffs. Joint funding arrangements were also agreed upon, involving a substantial private sector contribution raised by the Denver Partnership. Mayor Pena appointed a twenty-eight member steering committee in July 1984 to oversee the planning work. Co-chaired by a member of the Partnership's Management Group and the mayor's aide, the steering committee represented all the major interests (businessmen, elected officials, neighborhood representatives, civic groups, etc.) concerned with the future quality of downtown Denver. The resulting plan was produced last year on the basis of consensus among the steering committee and reflecting input from consultants, community-based task forces and sub-committees involving several hundred citizens.

It is generally accepted both in the Partnership and City Hall that the process of producing the plan was a major success. It involved an unusual degree of collaborative problem-solving and decision-making for such a major undertaking and meant that all stakeholders were closely involved in taking discussions forward. The plan was adopted without fuss by the council last summer and has been widely publicized since then.

## CURRENT AND FUTURE DIRECTION OF THE DENVER PARTNERSHIP

The dominant themes of the Partnership's 1987 work program have an emphasis on continuity and reinforcement of current activities. This means that the Partnership will support implementation of the Downtown Area Plan (including undertaking specific design and planning work for the city--for example, on the first phase of the new California Street Transitway Mall). The Partnership wants to expand its role in downtown management beyond the 16th Street Mall into other public spaces. They are continuing their successful festival programs; and will continue their coordinating efforts to improve downtown parking management. New programs include a centralized retail management strategy combining joint promotion, common store hours, improved merchandising, and a stronger retail mix (bound together in common covenants to be included in leases); a new marketing program to boost downtown occupancy rates in professional and business industries; and a new hands-on program to provide technical assistance and marketing expertise in the lower downtown historic area to stimulate economic development there.

## PROCESS

In the 1960s downtown businesses began feeling the increased competition from suburban shopping parks and malls. Sixteenth Street, the spine of downtown Denver and long regarded as the region's main retail shopping area, was deteriorating; and as Denver moved toward the 1970s the decline in downtown's share of regional sales continued. It was against this background that the board of Downtown Development Inc. developed the concept of a center-city retail mall in 1971. The idea took firm root in 1976 when the proposal of DDI merged with that of RTD, which had been investigating ways to relieve massive bus congestion downtown. The joint proposal called for a combined pedestrian and thirteen-block transitway mall along 16th Street with bus transfer centers at each end. The mall was born when Governor Lamm decided to divert highway funds to transit and UMTA approved 80 percent federal funding. Construction began in 1980 and the transitway opened in 1982.

Private sector backers of the Mall realized that it would require an array of supplemental services over and above city programs to succeed, and concluded that its management would require special attention. In 1978 downtown business leaders initiated an amendment to Denver's city charter creating a special mall benefit district to pay for the care, management, and operation of the Mall.

Although Downtown Denver Inc. clearly played an effective advocacy role in developing the Mall concept, it was generally perceived that the organization needed new leadership. The board began a search for a new president around 1980, and contacts were made with Richard Fleming who was, coincidentally, starting to look for a new job. Fleming, who had worked as a deputy assistant secretary for housing and urban development at HUD under the Carter administration, at Atlanta Progress, and with the Rouse Company, was appointed in 1980. He quickly became the major private sector leader in a city which was perceived to lack business leadership.

Once appointed, Fleming expanded the sources of funding to include leveraged foundation funds and earned income, and refocused the organization's



area of activities. To do this, he created a new organizational structure in the form of the present Denver Partnership.

As the Denver Partnership has progressed in its downtown activities, so too has the city. Policy issues apart, the primary change has been in its long term planning role. Mayor Pena's election in 1983 effectively reintroduced a planning role for the city, replacing what had largely been a pro-growth, laissez faire approach to private sector economic development by the previous administration. Mayor Pena's wish to have the city play a more positive role in planning downtown Denver's future coincided with Denver Partnership's urban design and planning agenda. It seems, therefore, that the combination of circumstances caused by leadership changes in the Denver Partnership and the city provided the framework for what subsequently became an effective public/private partnership.

## ORLANDO

### CONTEXT

Orlando has a population of approximately 160,000 in a metropolitan area of 900,000. Rapid growth of the urban area is primarily due to expansion of the tourist industry and more modest growth in office space and associated retail/service industries. The downtown area consists of 6+ blocks of core retail surrounded by office and government buildings, with an auditorium/arena complex to the west of the freeway. The "designated downtown area" as a development district consists of 1,000 acres (see attached map).

Revitalization for the downtown core is described below under the headings of:

- factors responsible for current public/private partnership
- principal actors involved in revitalization
- accomplishments

### FACTORS RESPONSIBLE FOR CURRENT PUBLIC/PRIVATE PARTNERSHIP

1. A crisis condition in downtown existed in the early 1960s which catapulted corporate interests into action. A downtown executives association merged with an existing merchants association into the Downtown Orlando Council in 1965. Its central mission was to retrieve the retail function and put new life into a decayed and unsafe downtown. It took until 1968 to move to the point of looking to special legislation to create a Downtown Improvement District as the needed structure to achieve their goals. A special act passed the legislature in 1971 and created the Downtown Development Board (DDB) through a referendum of affected residents/property owners.
2. City government and the new DDB saw (and still see) themselves with identical missions--to revitalize the central business district, upgrade its physical appearance and re-establish this core area as the "image" and identity of the city. Merging of private and public missions has not been fragmented by political constituencies in the neighborhoods and their needs, although the city would claim they allocate "fair shares" of public expenditures to all neighborhoods.
3. Private sector interests have been well represented in the mission and accomplishments of DDB--particularly since the creation of a Community Redevelopment Agency (CRA) in 1983 which has increased the financial capacity of the city to implement infrastructure improvements in the downtown.
4. Stable financial resources of DDB (supported by a 1 percent ad valorem tax on the approximately 1,000 acres of non-homestead property) and the CRA tax increment financing funds have facilitated planning and implementation of impressive upgrading of the physical environment and a plan of action to attract further weaknesses in the economic base.
5. The executive director of the DDB, Tom Kohler, also serves as the director of the CRA and can ably accommodate the twin set of

responsibilities to both public agencies and his appointed board representing private sector interests. Kohler came out of the mayor's office and has the trust and respect of both sectors.

6. Orlando does not have a large corporate presence, either in the downtown area or the city at large. Private sector role in recent years has been more "merchant oriented" although the DDB has moved into functional areas other than amenity and retail--specifically into the entertainment/hospitality, mixed use office development and more recently the arts and culture. Future involvement in downtown housing is planned but currently not "on the books."
7. Chamber and Convention Bureau influences have been minimal--being directed toward the "Disney World" and tourist industry expanding in the southwest in Orange County.
8. The real power and influence rests with a strong DDB, CRA and firm linkages into City Hall and operating departments. A private non-profit organization, Downtown Orlando, Inc. (DOI), handles the retail promotions and special events activities and works "hand-in-glove" with DDB on retail recruitment.
9. Florida state legislation has shaped the specific response of Orlando. Cities such as Jacksonville, Miami and West Palm Beach paved the way for special legislation for downtown improvement but there has been strong local political initiative to take advantage of opportunities to create the development district and a Community Redevelopment Agency to use tax increment financing. Florida mandated growth management planning for all communities in 1979 and the downtown plan was the first in a series of neighborhood plans in Orlando.
10. Sustained priority toward downtown improvement has been helped by a strong mayor (in office since 1980 and highly respected) who is both president of the City Council and chief executive officer.
11. High standards of public maintenance and public service in the downtown area is also a factor in attainment of private sector goals.

#### PRINCIPAL ACTORS INVOLVED IN REVITALIZATION

The accompanying chart describes the three chief actors focusing on downtown improvement--the DDB, the CRA and the DOI. To these three must be added several operating city agencies: Parks and Recreation, Parking Enterprise Fund, Municipal Expo/Bob Carr Center, Public Arts Board, Historic Preservation Board and the city Planning and Zoning Department. Note that the DDB serves as the advisory board to the public CRA and also has "mandatory advisory" review functions over all land use/development approvals in the downtown area.

#### ACCOMPLISHMENTS

1. Completion of a detailed downtown neighborhood plan which has become a model for other neighborhoods.

2. Adoption of a new downtown Land Development Code, Streetscape Design Guidelines and Facade Design Guidelines which create a firm framework for land use approvals and environmental quality.
3. Massive public infrastructure improvements--street scape, landscaping and ongoing maintenance. Standards are high and the city has changed enviromental quality and image.
4. Major new developments projects in downtown--including new first class hotels, mixed use office towers and entertainment center "Church Street Station." More of these developments are under construction.
5. Expanded promotion and special events, spearheaded by DOI, with linkages back to DDB.
6. High visibility of DOI and DDB to the retail merchants providing both promotion services, assistance in recruitment of tenants and facade/streescap designs. Note that the evaluation of a centralized retail management/master lease approach has been to drop the idea of replicating a shopping center model in favor of outreach services...at least for the time being.
7. Institutionalization of the DDB with its review powers over all land use changes, stable funding base for planning activities, financing arm through CRA and support from elected officials/city operating departments.

DOWNTOWN  
DEVELOPMENT BOARD  
(DDB)

COMMUNITY  
REDEVELOPMENT AGENCY  
(CRA)

DOWNTOWN  
ORLANDO, INC.  
(DOI)

ENABLING  
LEGISLATION

Created by referendum in December 1972 under the "Orlando Central City Neighborhood Development Board Act," Chapter 71-810, Laws of Florida

Created by ordinance in July 1982 under Chapter 163 of Florida Statutes

Private nonprofit 501 (c)3 organization

FUNDING

Special ad valorem assessment not to exceed 1 mil on all non-homestead properties within district boundaries (approximately 1,000 acres)

Contribution by city, county, DDB and Library Board based on formula of ad valorem taxes generated by new developments within redevelopment area (approximately 500 acres)

Membership dues from approximately 300+ in the downtown area (\$100-\$600)

BOARD MEMBERS

Kaye Don Lewis, Chairman  
Wilbur S. Gary, Vice Chairman  
Niki T. Bryan, Secretary  
Richard L. Fletcher, Jr.  
John K. Awsumb

Bill Frederick, Chairman  
Mary J. Johnson, Vice Chairman  
Pat Schwartz  
Glenda Hood  
Mable Butler  
Nap Ford  
Jeff Clark

Howard Schiefer Decker, President  
(Developer, Property Manager)  
(Past presidents include William Owen, planning consultant/real estate consultant; Corbet Sachet, former executive director of the predecessor of DDB, currently real estate broker.)

1985-86 BUDGET

\$700,000

\$2,300,000

\$200,000 (1986)

STAFF

Thomas R. Kohler, Executive Director  
Daisy Staniszki, Assistant Director  
Louise Atkins, Executive Secretary  
Carole Lomax, Administrative Secretary  
Ruth Ellis, Secretary I

Thomas R. Kohler, Executive Director  
Joyce Sellen, Assistant Director  
Louise Atkins, Executive Secretary  
Carole Lomax, Administrative Secretary  
Ruth Ellis, Secretary I

Buffie Pawlauski, Activities Coordinator  
(new retail specialist, joint hire with DDB)

LOCATION

120 South Orange Avenue  
Orlando, Florida 32801

120 South Orange Avenue  
Orlando, Florida 32801

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TELEPHONE

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## FORT WORTH

### CONTEXT

Fort Worth is located in north-central Texas in Tarrant County. It is approximately 30 miles west of Dallas and 250 miles northwest of Houston. While Dallas and Houston swelled in numbers during the Texas economic boom of the 70s, Fort Worth's population actually shrank from 393,455 in 1970 to 385,141 in 1980 (a 2 percent decrease). Fort Worth has experienced significant population growth in the 80s and the estimated population for 1985 is 446,550. According to the 1980 Census, Fort Worth's ethnic make-up is approximately 67 percent white, 19 percent black, 11 percent Hispanic, and 3 percent other.

Fort Worth did not experience an economic boom during the 70s like Dallas or Houston did, although it has undergone an economic boomlet in the 80s. The Chamber of Commerce and other civic leaders began to wonder why Fort Worth had been left out of the Sunbelt/Texas boom, and sponsored a survey in 1982. They discovered that most of the country knew nothing about Fort Worth. It became clear that they needed to convince executives to do business in Fort Worth. An aggressive economic development campaign has been waged in recent years, and several large business concerns have moved to or expanded in Fort Worth.

The labor force is growing. The metropolitan area has a diversified economy with manufacturing and wholesale/retail trade being the two largest areas of employment. Fort Worth has less reliance on the oil industry than Dallas. General Dynamics, Bell Helicopter, Tandy and General Motors were the four largest manufacturing employers as of 1985. (One local economist postulates that one reason for the growing labor force is because as oil workers leave west Texas, they head for Fort Worth, the first big city.)

Civic leaders pushed for a strong downtown as well as a strong metro-wide area. Significant downtown revitalization work has been accomplished in the 80s; two major office towers were built in the CBD in 1983, and a major historic restoration district project was also undertaken. Fort Worth's western heritage as well as its "liveability" are being flaunted to make it distinct from Dallas. The Tandy Corporation built a major downtown mall which contains considerable retail space.

Downtown continues to have a very weak retail component with only two major department stores, one of which just went in with the Tandy Center. There also continues to be a significant vacancy problem in the central business district; the 1985 vacancy rate for downtown office space was 26.5 percent. Office space and banks are the predominant uses in downtown, followed by public uses.

### LEADERSHIP STRUCTURE

Fort Worth has a city manager form of local government. There is an eight-member City Council that receives \$10 per week for their services (the mayor is also paid according to this \$10/week system). They are a policy-

making board. The city manager is to execute the policies of the City Council. The mayor presides over the Council and is a voting member. Council members are elected to two-year terms. The City Council has no aids or assistants. There are three minority council representatives who have been in power for about ten years. They have developed considerable influence in council matters.

Local private sector leaders coalesced in response to Fort Worth's poor visibility and economic stagnation in the 70s. There had been a downtown merchants' association in earlier days but it was disbanded in 1971. There had been four major department stores back in the 60s but downtown leadership had eroded and there was considerable movement out of downtown in the 60s and 70s. The private sector interests pulled together in the early 80s in a spirit of enlightened self-interest.

This new private sector leadership base of the 80s consisted of powerful chief executive officers with strong ties and commitments to downtown Fort Worth, and included Tandy, Bass Real Estate, several major banks, a Hunt family representative, and major utility companies. This group filled a serious private sector leadership vacuum, and as a result of this new vigor, the Chamber of Commerce, Fort Worth Corporation and Downtown Fort Worth, Inc. became active instruments of downtown revitalization in the 1980s.

Business-government ties have grown unusually strong in the 80s. The mayor is known as a consensus builder and is a businessman himself; he meets regularly with key private sector people. The city manager is also a former businessman and is comfortable working closely with the private sector interests. Both government and private sector representatives report a strong public-private working relationship in Fort Worth.

Fort Worth also has a special advantage in its charitable foundations. According to a recent Forbes article, the foundations' combined endowments total nearly \$1 billion or \$2,300 per capita, more than twice the per capita figure for heavily endowed Houston or Dallas. Most of the expenditures are focused locally. The larger foundations take an unusually active role in civic affairs.

#### DOWNTOWN FORT WORTH INC. AND THE SPECIAL ASSESSMENT DISTRICT

##### Beginnings

Downtown Fort Worth, Inc. (DFWI), a private nonprofit development corporation, was formed in 1981 to: insure the implementation of the Central Business District Plan; act as a liason between the downtown business community and city government; increase activity in downtown; and spur new business development. In its first three years of existence, it sponsored several downtown promotional events, monitored several city projects, and put resources in place to be able to accomplish many of its original objectives. In 1984, Downtown Fort Worth, Inc. decided to re-examine its purpose and goals. The Board formed a Long Range Planning Committee to determine the future role of the organization in downtown development matters.

The Planning Committee visited improvement districts in Tulsa, Denver, and New Orleans. They also held a series of sessions to examine downtown Fort

Worth's relative strengths and weaknesses as part of a process to develop a strategic plan for DFWI for the coming three to five years. In the final analysis, three objectives emerged for DFWI:

- The development of a management plan and the establishment of a special improvement district to implement the management plan.
- The development of an organizational approach to downtown revitalization which is both catalytic and coordinating.
- The development of an effective communications program which is effective at marketing, promotion and information sharing.

DFWI set out to fine-tune these recommendations and to examine the feasibility of the special assessment district by conducting a series of interviews with public officials, downtown businessmen, and professional consultants. From this process they produced an assessment matrix. This matrix was used to guide an ad hoc steering committee to categorize the needs of the central business district into four areas. The steering committee was made up of Downtown Fort Worth Inc. members, non-member businessmen, and city staff. The four central business district need areas were: 1) landscaping and maintenance, 2) security enhancement, 3) promotions and marketing, and 4) transportation and parking improvements. The steering committee then appointed a budget committee to detail a proposed program description and cost analysis. They produced a sixty-page document.

#### Process

This proposed budget and plan of services was approved by the DFWI board and general membership in October of 1985. What followed was a nine-month process of building support for the concept. Considerable attention was focused on property owners and the City Council. Four well-publicized public meetings were included in this process; they were poorly attended. There were follow-up letters, phone calls, and personal visits by DFWI staff and membership.

To create a special improvement district, Texas law requires a petition signed by property owners within the proposed boundaries which represent both more than 50 percent of the taxable land area and more than 50 percent of the value of the taxable property. It was determined that in order to get City Council approval, much higher percentages would be needed. When the district was finally approved by the City Council in July of 1986, 60 percent of all property owners had signed and they represented 82 percent of the taxable land area and 92 percent of the taxable value within the district. It should be noted that this was the first special improvement district ever created in Texas.

During the entire seventeen-month process of establishing the special improvement district, there was a constant flow of meetings between the City Manager's office, the City Attorney's office, DFWI staff and members as they struggled with the formation of this new district in the context of rather ambiguous Texas law on the subject. The constant DFWI/city communications were critical to the passage of this district plan.



Over the course of the seventeen-month consensus building process a number of important reservations came to the surface from property owners and DFWI membership. They included:

- Concern that the city would not continue to provide the same level of services that they had prior to the actual start-up of this new district.
- Concern that once a tax is established it is difficult to eliminate.
- Fear that dramatic jumps in land appraisals would hike assessments paid to the district by the property owners.
- Concern about a potential lack of control over activities in the district once it is established.

These concerns were dealt with through an addendum to the original petition. The following items were included:

- A detailed report on current levels of city services and revenues generated within the district.
- A three-year automatic sunset clause that would terminate the district unless it is renewed through a majority vote by district property owners.
- A ceiling on the assessment rate of no more than 8.5 cents on \$100 of assessed value and a five-year plan that shows a modest 5 percent increase in the cost of services by the district.
- The formation of a Special Improvement District Advisory Board made up of downtown property owners who will review the district budget as well as the service provisions of the prime contractor on at least a quarterly basis, thus local control was assured.

These changes to the petition were critical in gaining the level of support which finally developed for the district. There was an element of ongoing resistance to the formation of the district. Fewer people resisted as it came time for Council to vote but there remained a small but vocal resistance up until the final vote. At least one outspoken minority councilman still expresses disenchantment with the district development process; he felt that DFWI staff were unnecessarily pushy and abrasive. He liked the general idea of the district but thought the process was too preconceived (a "loaded deck") and did not do enough to consider the small businessman, especially those on the fringe area of the district. He understood the need to spread costs over a large area but felt that the downtown was primarily three main streets and that the fringe people felt they were being asked to pay for something which didn't appear to give them much benefit. Another councilman agreed that many on the fringe had hard feelings. As it turned out, those on the fringe who requested it were able to receive a 50 percent mark-down on their assessment.

The City Manager's office has the responsibility to put out bids and administer contracts for the district. They put out a request for proposals

for the main management contract and had two competitive bids. Downtown Fort Worth Inc. assumed that they would automatically receive a professional contract and there were some tense moments when it became clear that the City Manager's office intended to conduct an open bidding procedure. As it turned out, DFWI was the low bidder and they were awarded the management contract for the district on September 23, 1986.

The Council expressed concern about making sure minority interests were represented in the district management contract. One of the other bidders for the management contract was a minority contractor. Before giving DFWI the management contract, the city made it clear that DFWI would have to meet the city hiring practices for minorities and women (12 percent and 3 percent). DFWI had seen to it that they have met these requirements through their subcontracting arrangements (currently, 17 percent of DFWI'S management contract is subcontracted to minority business).

The special assessment district is now up and running but it is too early to report on actual results. Ken Devroe, President of DFWI, reports that quantifying results may be the most difficult part of the whole operation. He said the city is to evaluate their performance but there are no concrete performance measures with which to gauge "success." The city echoed this concern and both parties will no doubt be grappling with ways to measure results in the coming months.

#### LESSONS LEARNED

Activities that proved particularly time-consuming included:

- Determining the ownership of 920 separate lots within the district. The local taxing entity only keeps on record the address where the tax bill is sent. This may or may not be the address of the property owner. Many individuals go to great lengths to hide their ownership of property, while other pieces of property may be held by thirty or more heirs in common. Each heir must be notified of the proposed special improvement district by letter. Very often, the heir does not even know what percentage of the property he or she owns in common. Compiling an accurate ownership list and map is a time consuming endeavor.
- Gaining consensus on needs and problems in the central business district that the proposed district will address. Be prepared to modify your plan of services at some point in the process, as all interested parties have a different agenda of priorities.
- Educating the elected officials about the nature, constraints, and powers of a special improvement district. This is not a one step proposition but rather an ongoing process that continues even beyond the establishment of the district. Fort Worth is the first city in Texas to create a special improvement district and thus, there was no "road map" to follow. This fact also accounts for the caution that the City Council took in deliberations.
- Consensus-building among the property owners. This part of the process can be hampered considerably by an unfavorable press. Every

effort was made to keep the press up-to-date on every aspect of the process. In turn, the press was helpful in informing the citizens of the nature of a special improvement district and what the proposed plan of services contained.

- The creation of a special improvement district because it is time consuming and even an expensive process must have the 100 percent commitment by the Board and general membership of the downtown organization in order to be successful.
- It seems that a strong public/private relationship was critical to the establishment and implementation of the district.
- City staff commented that there was no awareness of just how much city personnel time and cost would be involved in the development and start-up of the district. The city attorney spent hundreds of hours, the Department of Finance spent lots of time on the review of downtown service allocations, other staff were constant participants throughout the process. Collection of the assessment each year will also be quite time consuming.

## NEW ORLEANS

### CONTEXT

New Orleans is the largest city in Louisiana, with a population of 600,000. It is located in a six-parish metropolitan area of 1.2 million people. Major industries include oil, tourism, and shipping-related business. Because of its dependence on the oil industry, the economic health of New Orleans has declined in recent years as oil prices have fallen. In January of 1987 the city had a 12 percent unemployment rate, and a 40 percent vacancy rate in downtown office buildings. Presently, the tourism industry and the attractions of the Vieux Carre district are cited as major strengths of New Orleans.

City government faces a budgetary crisis because sales and property taxes do not presently generate enough revenue to run the city. Because New Orleans is economically dependent on the oil industry, sales tax revenue has been greatly affected by the slump in the oil industry. Property taxes provide a weak revenue base in Louisiana because the first \$75,000 of assessed value is exempted from taxes. In addition, property taxes are assessed by elected tax officials, who are generally considered to vastly under-assess the majority of the commercial property. Local business people report that 7.5 percent of the property owners pay almost all of the property taxes.

The downtown area is about 100 square blocks and is bounded by Claiborne Avenue, the Pontchartrain Expressway, Iberville Street, and the Mississippi River. (See map.) The Vieux Carre is not generally considered a part of downtown, though the two are adjacent. Sixty percent of the downtown area is in one of four historic preservation districts. Although the preservation districts have not been established without opposition from property owners, the concept of preserving the city's historic buildings is generally accepted. Most controversy centers around the degree to which this should occur, and in what areas of the city.

Downtown retail activity is concentrated on Canal Street, and is said to be healthy despite the recent closing of several department stores. Though suburban shopping malls attract a large share of the downtown office employee's trade, lower income downtown dwellers support moderately priced stores at one end of Canal Street, and tourists support upscale retail at the other end of the street. A major retail development is under construction on Poydras Street and Loyala Avenue in the downtown office district. The 750,000 square foot development will be anchored by Macy's and Lord and Taylor.

### LEADERSHIP STRUCTURE

New Orleans has a strong mayor form of government with seven city council members, five elected from districts and two at-large. The Mayor appoints the chief administrative officer, who in turn appoints the top three positions in each department. The City Council is responsible for the budget, and individual councilpeople have been allowed by the mayor to take the lead position in zoning for their districts.

Black citizens are represented in the City Council in proportion to their representation in the population. Sixty-two percent of the population and sixty percent of the City Council members are black.

One councilperson represents all but a small portion of the downtown area. Although the downtown does not have a large part of this councilperson's constituency in terms of voters, downtown businesses are significant campaign contributors. James Singleton, the present Councilperson in the downtown district, has been in office for nine years. He is supportive of downtown development, and feels that a good relationship with business is necessary to help the rest of the community.

There is some degree of political tension between the traditionally Democratic City Hall and the conservative Republican private sector. A private sector organization, the Downtown Development District, (DDD) plays a mediating role between the business community and City Hall. Although the Chamber of Commerce has traditionally been the focus of private sector leadership, in recent years the Downtown Development District has come to represent businesses in the central area, while the Chamber has taken on a metropolitan role. However, the two are interrelated, as the Chamber recommends five members for appointment on the Downtown Development District Board of Commissioners.

New Orleans tends to have an adversarial relationship with the rest of the state in the legislature. Although Louisiana operates on a parish system, New Orleans is a parish in itself and does not have a separate parish governmental system.

#### PRESENT MANAGEMENT OF DOWNTOWN

The Downtown Development District and city government are cooperatively involved in managing downtown. The DDD appears to take a lead role within its areas of activity; with the city in a position to influence, assist, or at certain points, veto, DDD projects.

#### Downtown Development District

The Downtown Development District is a private nonprofit organization which works to strengthen the downtown area of New Orleans. Its efforts are concentrated on planning and implementing capital projects, and supplementing the level of basic services to downtown businesses. Funding comes entirely from an assessment on commercial property within the development district. The organization is the direct result of the Growth Management Program, a cooperative public/private planning effort that took place in the late 1970s.

The DDD is governed by nine commissioners who are appointed by the mayor to serve five year terms. Five of the commissioners must be chosen from a list submitted by the Chamber of Commerce. The commissioners are responsible for preparing an annual plan of DDD services and projects, as well as estimating the revenues necessary to complete these projects. The annual budget and mill rate request are submitted to the City Council for approval.

The organization is staffed by four professional and two clerical employees. The small staff size results from a stipulation in the enabling legislation which requires that all services furnished in the district be provided by the city. For example, DDD contracts with the city for sixteen additional police to patrol the downtown area. Maintenance, sanitation and landscape maintenance are handled in much the same way.

The Downtown Development District budget for 1987 is \$5.1 million. The DDD is allowed to assess businesses at a maximum rate of 18.5 mills. Over half the budget (\$2.6 million) is budgeted for capital construction expenses, with an additional \$2.1 million for supplementary services, and about \$359,000 for administration.

Projects in the capital construction budget include streetscape and sidewalk improvement, a downtown arts program, funding for an expansion of the convention center, and a transit information system. The service portion of the budget includes funds for promotions; a subsidy for the shuttle system; a parking information program; parkway maintenance; and supplementary police, sanitation, and maintenance. DDD is also spending \$375,000 on an update of the ten-year-old Growth Management Plan.

The Downtown Development District interacts closely with the city. Several factors help maintain a strong working relationship:

1. In contracting with the city for service provision, the DDD provides additional funding to city departments. Construction projects include both public and private capital improvements.
2. Two key staff members worked for the city prior to obtaining their positions at DDD. They were able to bring to DDD an understanding of the public sector, as well as established relationships with city staff.
3. The DDD emerged out of a shared vision of public and private sector representatives. The City Planning director was on the staff of the original Growth Management planning effort.

Although ties to the city are strong, the DDD clearly represents the private sector. The Board of Commissioners is completely from the private sector, and appointments have remained non-politicized. Feedback from the business community is encouraged through comment cards which are periodically sent to each business in the district.

There is room for citizen comment into DDD projects. DDD policy is to not advance projects without community consensus. Task forces and hearings provide an opportunity for public input.

The DDD has accomplished 80 percent of the projects outlined in the Growth Management Program Report, the cooperative planning effort that spawned the organization. The Downtown Development District may assume new roles as the capital construction efforts in downtown are completed. The vision for this new role has not been agreed upon. Suggested roles include more involvement in marketing and promotions (both in New Orleans and nationwide),

or a maintenance focus. Also suggested is greater emphasis on development and leveraging funds for development, such as the \$1 million that the DDD has budgeted for the convention center extension.

### Public Sector

The City Charter gives the Planning Commission powers over subdivisions, construction, zoning reviews, streets and budget changes. All developments over 100,000 square feet must have Planning Commission approval unless they are in a historic district. The Planning Commission also becomes involved if any sort of city assistance is requested. State legislation requires the DDD to get planning approval before the yearly budget is presented to the City Council.

The City Council must approve the Downtown Development District budget and mill rate request. They have the power to pass ordinances that help or hinder the work of DDD. For the most part, the City Council lets the development district play a lead role in downtown, perhaps because it has other priorities.

### PROCESS

In the late 1950s a group of business-people formed the Central Area Council (CAC) to address problems facing the downtown area of New Orleans. This Council was voluntarily folded into the New Orleans Chamber of Commerce, but retained a degree of autonomy; Central Area Council board members served on the Chamber board, and had one representative on the Chamber's executive committee. The Central Area Council also maintained its own separate funds.

During the early 1970s civic and political leaders became concerned about the state of the downtown area, and about the lack of a public/private agenda for the future of downtown. Typically, planning studies had been fragmented; done by either public or private sector without the cooperation of the other. Implementation was difficult in the absence of a commitment on both parts.

To coordinate efforts in the downtown area, the city and the Central Area Committee initiated a Growth Management Program for downtown New Orleans in 1973. The program was funded jointly by the public and private sectors, and attempted to:

"establish an ongoing planning process and procedure to set goals for and to guide growth in the central business district of the city."

The Growth Management Program report recommended that a new body be created to implement the changes envisioned by the study team. The Downtown Development District was formed for this purpose.

Enabling legislation was passed at the state level in 1974, which allowed businesses to voluntarily tax themselves upon local initiative. The legislation specified that any services provided in the district be in addition to those already provided by the city. The legislation also required

that all services be provided through city departments in order to avoid duplication of administration. A city-wide referendum approved the creation of a special downtown taxing district.

#### LESSONS LEARNED

Lessons that can be learned from the New Orleans model are listed below in the form of strengths and weaknesses of the New Orleans model.

##### Strengths

- Higher level of service provision and more physical improvements than the city can afford to provide.
- Those who pay (private sector) decide how money is spent; businesses have sense of ownership.
- The Development District Board of Directors is not highly political; can operate with relative independence.
- Contracts with city help city avoid layoffs. This also avoids costly duplication of administration.
- Decision-making process has place for public input through task forces, hearings and so forth.
- Property taxes already low so businesses do not mind additional tax levy.
- New Orleans has only two or three corporate headquarters, and no large manufacturing firms, so would have trouble raising money voluntarily; ad valorem tax provides stable source of funds.
- Cooperation between public and private sector, both working toward common vision. The leadership of the DDD is able to relate to both the private sector that it represents, and the public sector.

##### Weaknesses

- The future role of the DDD has not yet been agreed upon.
- Mayoral appointment has some potential for politicizing Board of Commissioners, although this has not been a problem to date.
- No measurement of the level of services provided by the city prior to the development district.
- Sets precedent for those who can pay to receive higher level of services than less affluent areas.



## APPLICABILITY TO MINNEAPOLIS

### Contrasts

- Political differences; more than one Minneapolis councilperson with stake in downtown. New Orleans has strong mayor form of government.
- Minneapolis BOMA will not oppose improvement district legislation only if it requires 65 percent of total owners and 65 percent of assessed property value owners approval to implement. New Orleans was able to call for a city-wide referendum.
- Minneapolis has a relatively high level of basic services compared to New Orleans. Businesses pay high property taxes already--may be unwilling to pay additional levy.
- Philosophical differences: more concern in Minneapolis for fairness to neighborhoods that cannot afford supplemental services.
- City government of New Orleans in more of an economic crisis than Minneapolis. Generally weaker economic climate in New Orleans; high unemployment rate, office vacancy rate.

### Similarities

- Both cities are able to maintain cooperation between the public and private sectors on task forces etc.
- Comparable size of downtown area.
- Both cities face similar concerns in the areas of cleanliness, security and attractiveness of central area.

## LESSONS FOR MINNEAPOLIS

- De-politicize. Keep the board control out of the hands of the politicians. Have a design competition to remove it from the political scene.
- If using supplementary services, determine the level of services that already exists before the supplement begins.
- Keep your options open about using the money outside the district. There are some areas that may lie half in and out of the development district.
- Hard to change boundaries with the way their legislation reads. One of the recommendations of the GMP update is to look at the boundaries of the district.
- Mill rate has some relationship to services received.

- You cannot put too much money into any one area.

APPENDIX C  
SPECIAL BENEFIT LEGISLATION SUMMARIES

SUMMARY

HENNEPIN-LAKE SPECIAL SERVICE DISTRICT

In 1985, the State Legislature passed a bill which allowed a special service district to be created in the Hennepin-Lake area of Minneapolis. The legislation allows the city to assess service charges or a tax levy on non-residentially zoned property in the district in order to pay for special services over and above those normally provided by the city.

The Hennepin-Lake special service district was created by city ordinance during the summer of 1986. Public input was solicited through hearings held at two separate points in the process, and through the creation of an Advisory Board, which includes residents and business-people from the district.

Although the enabling legislation included the area from 28th to 31st Sts. between Fremont and Humboldt Avenues, the actual district is smaller and excludes some residential areas.

Owners of non-residential property pay a service charge which is calculated on a front-foot basis. The charge per front-foot varies according to the level of service received. The basic level of service consists of daily litter pick-up. The high level of service includes daily litter pick-up, snow shoveling, snow removal, and daily sidewalk sweeping. An administrative charge is added to both levels of service.

Service charges for the district are as follows:

Basic Level

Basic Rate	\$1.58 per front-foot
Administration	1.27
Total	\$2.85 per front-foot

Higher Level

Basic Rate	\$1.58 per front-foot
Administration	1.27
Sidewalk Sweeping	3.21
Snow Shoveling & Removal	9.64
Total	\$15.70

The administrative charge goes to the City Public Works Department to offset administrative costs. The city contracts with a private sector entity for service delivery.

The budget for 1987 is:

\$12,000	Administration (includes front-end costs)
15,000	Basic Service (litter pick-up)
45,000	Snow Shoveling and Removal
15,000	Sidewalk Sweeping
\$87,000	Total

SUMMARY

BLOOMINGTON SPECIAL SERVICE DISTRICT  
(Chapter 361, 1983 Session Laws)

The enabling legislation for the Bloomington district was passed in 1983, but the taxing authority has not yet been used. The district runs west from East Bush Lake Road to encompass (and maybe surpass) the stadium site, and from Interstate 494 on the north to 82nd, 84th or 86th Streets, on the south. The "downtown" area of Bloomington is also included: from Nicollet to Humboldt between 90th and 100th Streets. The tax can be applied to all or any portion of the district.

The legislation authorizes the city to apply a property tax levy on commercial property for services over and above those normally provided by the city, such as special lighting or snow removal. The process requires a public hearing and City Council vote. Dwayne Schuck of the Bloomington Assessor's Office states that this type of district might potentially be used in the mega-mall area.

## SUMMARY

### ORLANDO CENTRAL CITY NEIGHBORHOOD DEVELOPMENT BOARD ACT

Special legislation passed by the State of Florida in 1971 allowed the City of Orlando to create a special benefit district for the downtown area, with boundaries to be set by city ordinance. Creation of the district was contingent on approval of a majority of district property owners and residents voting in a referendum.

Under this act, a board is created to manage the district to ensure its economic growth. Powers of the board include the power to levy an ad valorem tax of up to 1 mill of assessed value subject to property taxation; sole control over funds legally available to it (though its budget must be approved by the City Council); ability to own property; manage publicly owned facilities when delegated by the City Council; create plans for the district subject to City Council approval; to recommend means for implementing the plans; and to be an active participant in the implementation of the plans. The Board also has the authority to float its own bonds and to receive gifts and grants. The Board is a City Agency. Homesteaded property is exempt from the ad valorem assessment.

A five member board is appointed by the Mayor and ratified by the City Council. Board members must reside, work, or own property in the district. Board members serve three year terms.

The district can be repealed if a petition of not less than 25 percent of the freeholders in the district is approved by at least 50 percent of those voting in a repeal referendum. There is no sunset clause.

District boundaries can be adjusted with majority approval of those in the area to be added or dropped.

## SUMMARY

### SEATTLE BUSINESS IMPROVEMENT AREA LEGISLATION

The 15-square block Downtown Seattle Retail Core Business Improvement Area established in 1986 was enacted under State of Washington authorizing legislation. The key elements of the legislation are:

- (1) Counties, cities and towns may create parking and business improvement areas within which special assessments are imposed on all businesses or on owners or operators of office buildings and hotels to finance (a) the acquisition, construction or maintenance of parking facilities for the area; (b) decoration of public areas; (c) promotion of public events in public places; (d) furnishing of music in public places; (e) provision of professional management, planning and promotion for the area, including the management and promotion of retail trade activities; or (f) the provision of maintenance and security for common areas.
- (2) A petition process is required before the proposed improvement area can be established, submitted by the operators responsible for 60 percent of the assessments by businesses within the area. If the proposed improvement area is for the sole purpose of providing maintenance and security for common areas, the petition requirement is for signatures to be obtained from owners or operators of office buildings and hotels in the area representing 60 percent of the square footage of such buildings in the area.
- (3) This "initiation petition" must be presented to the local council concerned and it is up to that body to resolve that an improvement area may be established. The initiation petition or resolution must contain a description of the boundaries; the proposed uses and projects to which the proposed special assessment revenues are to be put and the total estimated cost; and the estimated rate of levy of special assessment with a proposed breakdown by class of business, and classes of office building and hotels that are participating.
- (4) Provision is made for publication of the resolution of intention to initiate an improvement area and for a hearing to enable people to present their views for and against. All proceedings are terminated if protest is made by participants in the proposed area who would pay a majority of the proposed special assessments.
- (5) Provision is made for the local council to classify participants in the area as it sees fit but taking into account the benefits received. The consequence is that special assessments may be imposed on different classes of participants on different bases and rates.
- (6) Once the local council has decided, following a hearing, to establish a proposed area, it formally adopts an ordinance to that effect. Changes may be made in the rate of special assessment specified in the establishing ordinance by a later ordinance using the procedure described in paragraph (4) above.



## Process

The Downtown Seattle Association was responsible for proposing the Business Improvement Area now in place. This was required in order to effect the Association's proposed Retail Core Support Program. It took two years from the time the DSA proposed this program to the official establishment of the BIA in 1986.

The actions carried out by the DSA to secure acceptance of the BIA included:

- (1) Early conceptual briefings with key business leaders including department store representatives, small business operators and public sector representatives.
- (2) With assistance from an advertising agency, a theme, supporting art work, tv and radio spots were developed to use as a sales package for consensus building.
- (3) Work on an assessment ratio was undertaken to secure something acceptable to the business within the proposed BIA while at the same time insuring that funds raised from this source were significant enough to have a major impact. Discussions were held with department stores, hotels, small business and property owner representatives to establish an acceptable schedule of assessments, with the DSA's efforts clearly aimed at major players.
- (4) Once support was obtained from this group, the DSA campaigned to solicit petitioned signatures. It carried its sales message to small and medium sized businesses and property owners on a block basis. Block captains were selected and fully briefed. About 60 separate meetings were held.

Although the DSA did face some lack of interest, mainly on the part of small businesses and some limited opposition to what was proposed, it successfully secured supporting signatures from businesses representing 67 percent of the proposed contributions (60 percent is the statutory requirement) with less than 5 percent voting against. The BIA legislation was passed unanimously by the City Council in July of 1986 and is now established for an indefinite period.

## SUMMARY

### FORT WORTH: A SPECIAL IMPROVEMENT DISTRICT IS CREATED

Downtown Fort Worth, Inc. (DFWI) was established in 1981. DFWI's original objectives were to: increase the activity in the downtown area, spur new business development, to provide a liason between the City and County administration and the business leaders and to assist in implementing the Central Business District Plan to improve the downtown. During its first three years, DFWI put resources in place to accomplish many of the original objectives. In September of 1984, the Board of DFWI decided to form a Long Range Planning Committee to determine what the role of the organization would be in assisting downtown development over the next three to five years.

The Long Range Planning Committee, including the City Planning Director, in its efforts to assess how other cities were dealing with their problems and opportunities, visited Tulsa and Denver. After evaluating the Improvement Districts in these and other cities, the Committee convened a series of planning sessions to identify the CBD's strengths and weaknesses, and to develop a strategic plan that would extend DFWI's efforts over the next 3 to 5 years.

The strategy which evolved out of these meetings concentrated on three major activities:

- the development of a management plan and establishment of an Assessment District to implement that plan,
- the development of an approach to downtown revitalization that is catalytic and coordinating in intent,
- the development of a communications program that is more effective at marketing, promotion and information sharing.

Following the adoption of the Long Range Planning Committee's report: "New Directions", DFWI President Kenneth R. Devero set about to develop a more systematic study of the feasibility of establishing a Special Improvement District (District) in Fort Worth. Staff was hired for this effort and a plan of action was developed with the assistance of IDA President Richard Bradley and Projects for Public Spaces.

A series of 40 interviews were conducted by DFWI staff and Projects for Public Spaces staff, of downtown Fort Worth businessmen, decision makers, and public agency staff members.

As a result of these interviews, an Assessment Matrix was developed that succinctly itemized the existing programs, their effectiveness and the problems and opportunities remaining in the downtown. This Matrix was studied by a Steering Committee composed of DFWI members, non-member businessmen, merchants and city staff over several meetings. The result was a prioritization of the needs of the CBD into four areas:

LANDSCAPING AND MAINTENANCE,  
SECURITY ENHANCEMENT  
PROMOTIONS AND MARKETING  
TRANSPORTATION AND PARKING IMPROVEMENTS

The Steering Committee then appointed a Budget Committee to develop programs and cost figures to address the problems in the above four mentioned areas. After three months of meetings, the Budget Committee developed a 60-page plan of services outlining in detail the programs, and including staff and material costs.

The proposed Special Improvement District budget and plan of services was approved in October of 1985 by the Board of Directors and general membership of DFWI. This approval was followed by a nine month process of consensus building among the property owners within the proposed district and among the City Council. This process included a series of four well publicized public meetings for the property owners. As these meetings were poorly attended, several letters were sent to the various property owners, with many property owners receiving phone calls or personal visits from Board members or staff.

In Texas, the process of establishing a Special Improvement District requires that petitions must be signed and submitted by the property owners within the proposed boundaries of the district representing more than 50% of the assessed value of the property and representing a majority of the property owners or representing a majority of the taxable land area within the district. The membership of DFWI owned or controlled more than 50% of the taxable land area and more than 50% of the value of the taxable property. However, it was felt that in order to achieve City Council approval, a significant majority of the property owners also had to be in favor of the district. Therefore, DFWI staff attempted to contact and convince as many of the property owners as possible to sign their petitions. The District, as it was finally approved by the City Council on July 22, 1986 had the support of 60% of the property owners who represented the ownership of 82% of the taxable land area within the district and 92% of the taxable value within the district.

Securing the City Council's approval of the Special Improvement District required many hours of briefing meetings throughout this entire seventeen month process. These briefing sessions occurred during City Council's work sessions and on an individual basis. The legislation enabling Special Improvement District's in Texas is not simple nor free from ambiguity; therefore, a constant communication between the City Manager's office, the City Attorney's office, and DFWI staff was necessary to insure that the process occurred in a timely fashion and within the perimeters as set forth in the state legislation. Without the cooperation of the City Staff the process would have been much more time consuming and costly.

From the very beginning of this endeavor it was assumed by DFWI staff that a Special Improvement District was a public-private partnership. Therefore; working with the municipality's legal staff and management team, rather than independent of their input, was critical to the success of establishing the District and to its final design.

During the concensus building part of the process it became clear that there were certain concerns among our own membership as well as other property owners. These concerns were grouped into four areas:

- a concern that the City government would not continue to provide the same level of services that it had prior to the creation of the District.
- a distrust of "taxes" in general and a concern that once a "tax" is imposed it can never be eliminated.
- a concern that drastic increases in land appraisals would catipult the assessments paid to the District by the property owners
- a fear of a lack of control over the activities of the District once it was established.

These concerns were dealt with through an addendum to the original petition to be signed by all property owners in favor of the District.

This addendum included:

- as part of the petition a detailed report of the present level of city services and revenues generated within the proposed District.
- a three year automatic sunset clause that would terminate the District unless the required majority of property owners signed petitions again requesting that the District remain in existence.
- a ceiling on the assessment rate of no more than 8.5 cents on \$100 of assessed value and a five year plan that shows a modest 5% increase in the cost of services by the District
- the creation of a Special Improvement District Advisory Board made up of downtown property owners who would review the budget preparation as well as the service provision of the prime contractor on at least a quarterly basis. Thus local control was assured.

These amendments to the petition had the successful result of convincing the owners of the largest parcels of property to sign their petitions thus insuring a significant majority of support for the proposed District.

Although the ground work was extensive and even though it was combined with an overwhelming majority of the taxable property area and value represented on the petitions signed, the outcome could never be assured until City Council voted its approval. It was necessary to encourage many of the DFWI's membership to appear at the public meetings and voice their

support. The resistance to establishing the District was small but vocal. There was always the possibility that the wishes of the majority of property owners within the proposed District would be overshadowed by the resistance and the District would not be established. However, the City Council did act upon the City Manager's recommendation and the Fort Worth Improvement District No. 1 was created on July 22, 1986.

Presently, DFWI is submitting a bid to be the main contractor to provide services in the District. The plan of services and budget is that recommended by the DFWI Steering Committee. The bid opening is followed by a public hearing on fixing the assessments for all property owners within the District.

This assessment hearing will dispel the notion that the property owners on the fringe of the District would be paying far more than they would be receiving in benefits. The opposite, in fact, is the case. The large property owners in the core area, many of whom already provide thousands of dollars for their own security, public space maintenance and landscaping, will be supporting the maintenance costs in the outlying areas as well as their own with their assessment payments. Following these assessment hearings the District should be operational between mid-September and October 1.

The district will provide almost \$750,000 in services in the CBD; \$553,000 of which will be provided by assessments of the property owners, \$85,000 from the City's assessment. Under state law the municipality is the only public entity which must pay into the District. The balance will come from direct payments for services previously provided by the City and Transit Authority. Revenues are also anticipated from advertising and concession sales within the district.

Areas within the process of creating a Special Assessment District which took an unforeseen amount of time and energy were:

- Determining the ownership of 920 separate lots within the District,

The local taxing entity only keeps on record the address where the tax bill is sent. This may or may not be the address of the property owner. Many individuals go to great lengths to hide their ownership of property, while other pieces of property may be held by 30 or more heirs in common. Each heir must be notified of the proposed Special Improvement District by letter. Very often, the heirs do not even know what percentage of the property he or she owns in common. Compiling an accurate ownership list and map is a time consuming endeavor.

- Gaining consensus on the needs and problems in the CBD that the proposed District will address is also a lengthy process. Be prepared to modify your plan of services at some point in the process, as all interested parties have a different agenda of priorities.

- Educating the elected officials about the nature, constraints, and powers of a Special Improvement District is not a one step proposition but rather an ongoing process that continues even beyond the establishment of the District. In Texas, Fort Worth is the first city to have created a Special Improvement District and thus, we have no "roadmap" to follow. This fact also accounts for the caution that the City Council took in its deliberation.
- Concensus building among the property owners is a time consuming part of the process that can be hampered considerably by an unfavorable press. We made every effort to keep the press up to date on every aspect of the process. In turn, the press was helpful in informing the citizens of the nature of an Special Improvement District and what the proposed plan of service contained.

In retrospect, the process could possibly have been abbreviated if an accurate list of all property owners had been available and if a body of research data confirming that Special Improvement District's have benefited developers and retailers in other cities had been available. We also would have had a much more difficult time had we not had the shining examples and generous assistance from the downtown organizations in Denver, New Orleans, and Tulsa.

Finally, the creation of a Special Improvement District because it is a time consuming and even an expensive process must have the 100% commitment by the Board and general membership of the downtown organization in order to be successful. The staff can research the issues and recommend the plans of service, etc., but it is the Board and general membership who set policy and in the end pay the freight. Therefore, in the final analysis, a downtown can only become as successful as its business leadership is willing to make it. Our leadership was committed to the creation of an Special Improvement District as a vehicle to improve the CBD. The challenge of improving the environment of the downtown through the comprehensive management of its services now lays before us.

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## SUMMARY

### NEW ORLEANS SPECIAL TAXING DISTRICT

One of the key recommendations of the Growth Management Program was the establishment of an implementing authority to translate the goals and objectives of the GMP into workable programs and improvements. As a consequence of the Growth Management Program and with the backing of the business community and the public sector, legislation was passed that enabled the establishment of a special taxing district for the CBD.

#### Enabling Legislation

Act 498 of the 1974 State Legislature allowed the City of New Orleans, upon appropriate local action, to establish a special taxing district for the downtown area. A feature of such a district was the ability to levy an additional tax on real property within the district. In this way, the Downtown Development District (originally called the Core Area Development District) was designed to assure the major implementation functions of the GMP as well as to generate additional funds to carry out specific improvements in the CBD. (A copy of the enabling legislation is contained in Appendix I.)

The legislation which established the District contained two very important requirements for the expenditure of the special tax funds:

1. Implicit in the concept of the tax district as well as a requirement of the legislation which created the District is the principle that special tax funds are to be used for services and improvements over and above those normally provided by the city or which in the future it might be obligated to provide. Thus, tax district funds are not a substitute for city funds, but in addition to regular city expenditures and investments in the CBD. All District programs are designed either to undertake activities which have been a part of regular city investments, i.e., shuttle bus service, or to increase the level of existing services, i.e., police protection or sanitation pickup.

2. All services to be furnished within the District must be furnished by the City of New Orleans through its regularly constituted departments and agencies. The intent of this requirement is to avoid duplication of administrative and management efforts and expense.

## District Administration and Operation

The Downtown Development District is governed by a nine member Board of Commissioners. All Commissioners are appointed by the Mayor, approved by the City Council, with five of the nine selected from a list of nominees submitted by the Chamber of Commerce.

The primary responsibility of the District Board is to prepare an annual plan specifying the public improvements, facilities and services proposed for the District. The District's annual plan also outlines the projected cost of each program, and designates the number of mills required to provide the necessary funds for the implementation of the plan.

The District's annual plan is reviewed by the City Planning Commission before submission to the City Council. The Council then reviews the plan and establishes the millage levy in accordance with the projected expenditure.

After plan approval, the District is then responsible for planning, implementing and monitoring the improvement programs and additional services. The Board is assisted in carrying out these responsibilities by a six-person staff composed of an executive director, a deputy director, director of capital projects, public information director, and two secretaries. Additional administration, planning, legal, or promotional services, as needed, are retained by the Board on a contractual basis. The collection, allocation and expenditure of taxes are in accordance with procedures established jointly by the Chief Administrative Office, Department of Finance, Board of Liquidation, and District auditors.

### Long Range Goals of the District

The additional services and improvements programs funded by the District are designed to strengthen downtown New Orleans as the administrative, office, retail and entertainment center of the region.

The long-range goals and objectives of the Downtown Development District are:

GOAL I: ACT AS A CATALYST TO ENCOURAGE RESIDENTIAL DEVELOPMENT FOR A FULL RANGE OF POPULATION INCOMES.

#### Objectives

1. Establish public policies to support residential development.
2. Provide direct and indirect financial incentives for CBD residential development.





1        Subd. 4. [SPECIAL SERVICE DISTRICT.] "Special service  
2 district" means a defined area within the city where special  
3 services are rendered and the costs of the special services are  
4 paid from revenues collected from taxes and service charges  
5 imposed within that area.

6        Subd. 5. [ASSESSED VALUE.] "Assessed value" means the  
7 assessed value most recently certified by the county auditor  
8 before the effective date of the ordinance or resolution adopted  
9 under section 2 or 3.

10       Subd. 6. [LAND AREA.] "Land area" means the land area in  
11 the district that is subject to property taxes.

12       Sec. 2. [429A.02] [ESTABLISHMENT OF SPECIAL SERVICE  
13 DISTRICT.]

14       Subdivision 1. [ORDINANCE.] The governing body of the city  
15 may adopt an ordinance establishing a special service district.  
16 Only property which is classified as commercial, industrial,  
17 public utility, or vacant land under section 273.13 and located  
18 in the special service district may be subject to the levies and  
19 charges imposed by the city on the special service district.  
20 Other types of property may be included within the boundaries of  
21 the special service district but are not subject to the levies  
22 or charges imposed by the city on the special service district.  
23 If 50 percent or more of the market value of a parcel of  
24 property is classified as commercial, industrial, vacant land,  
25 or public utility under section 273.13 for the current  
26 assessment year, then the entire market value of the property is  
27 subject to tax for purposes of sections 1 to 10. The ordinance  
28 shall describe with particularity the area within the city to be  
29 included in the district and the special services to be  
30 furnished in the district. The ordinance may not be adopted  
31 until after a public hearing has been held on the question.  
32 Notice of the hearing shall include the time and place of  
33 hearing, a map showing the boundaries of the proposed district,  
34 and a statement that all persons owning property in the proposed  
35 district will be given opportunity to be heard at the hearing.

36       Subd. 2. [NOTICE.] Notice of the hearing must be given by

1 publication in two issues of the official newspaper of the  
2 city. The two publications must be a week apart and the hearing  
3 must be held at least three days after the last publication.  
4 Not less than ten days before the hearing, notice must also be  
5 mailed to the owner of each parcel within the area proposed to  
6 be included in the district. For the purpose of giving mailed  
7 notice, owners are those shown on the records of the county  
8 auditor. Other records may be used to supply the necessary  
9 information. For properties that are tax exempt or subject to  
10 taxation on a gross earnings basis in lieu of property tax and  
11 are not listed on the records of the county auditor, the owners  
12 must be ascertained by any practicable means and mailed notice  
13 given them. At the public hearing a person affected by the  
14 proposed district may be heard orally in respect to any issues  
15 relevant to the proposed district. The hearing may be adjourned  
16 from time to time and the ordinance establishing the district  
17 may be adopted at any time within six months after the date of  
18 the conclusion of the hearing by a vote of the majority of the  
19 governing body of the city.

20       Sec. 3. [429A.03] [TAXING AUTHORITY; NOTICE AND HEARING  
21 REQUIREMENTS.]

22       Subdivision 1. [TAXES; HEARING.] Ad valorem taxes may be  
23 levied on taxable property or service charges may be imposed by  
24 the city within the special service district at a rate or amount  
25 sufficient to produce the revenues required to provide special  
26 services in the district. To determine the appropriate mill  
27 rate, taxable property or value must be determined without  
28 regard to captured or original assessed value under section  
29 273.76. Taxes and service charges may not be imposed to finance  
30 a special service if the service is ordinarily provided by the  
31 city from its general fund revenues unless the service is  
32 provided in the district at an increased level. In that case,  
33 only an amount to pay for the increased level may be imposed. A  
34 service charge may not be imposed on the receipts from the sale  
35 of intoxicating liquor, food, or lodging. Before the levy of  
36 taxes or imposition of service charges in a district, for each

1 calendar year, notice must be given and hearing must be held  
2 under section 2 and notice must also be mailed to any individual  
3 or business organization subject to a service charge. For  
4 purposes of this section the notice shall also include:

5 (1) a statement that all interested persons will be given  
6 an opportunity to be heard at the hearing regarding a proposed  
7 tax levy or service charge;

8 (2) the estimated cost of improvements to be paid for in  
9 whole or in part by taxes or service charges imposed under this  
10 section, the estimated cost of operating and maintaining the  
11 improvements during the first year and completion of the  
12 improvements, the proposed method and source of financing the  
13 improvements, and the annual cost of operating and maintaining  
14 the improvements;

15 (3) the proposed rate or amount of taxes to be extended or  
16 the proposed service charge to be imposed in the district during  
17 the calendar year and the nature and character of special  
18 services to be rendered in the district during the calendar  
19 year; and

20 (4) a statement that the petition requirements of section 8  
21 have either been met or do not apply to the proposed taxes or  
22 service charge.

23 Within six months of the public hearing, the city may adopt  
24 a resolution levying a tax or imposing a service charge within  
25 the district not exceeding the amount or rate expressed in the  
26 notice issued under this section.

27 Subd. 2. [EXEMPTION OF CERTAIN PROPERTIES FROM  
28 TAXES.] Property exempt from taxation by section 272.02 is  
29 exempt from any ad valorem taxes imposed under sections 1 to 10.

30 Subd. 3. [EXCLUSION FROM HOMESTEAD CREDIT.] Taxes levied  
31 under this section must not be reduced by a homestead credit.

32 Subd. 4. [LEVY LIMIT.] Taxes and service charges imposed  
33 under sections 1 to 10 are not included in the calculation of  
34 levies or limits on levies imposed under law or charter.

35 Sec. 4. [429A.04] [ENLARGEMENT OF SPECIAL SERVICE  
36 DISTRICTS.]

1 Boundaries of a special service district may be enlarged  
2 only after hearing and notice as provided in sections 2 and 3.  
3 Notice must be served in the original district and in the area  
4 proposed to be added to the district. Taxable property added to  
5 the district is subject to all taxes levied and service charges  
6 imposed within the district after the property becomes a part of  
7 the district. The petition requirement in section 8 and the  
8 veto power in section 9 apply only to owners, individuals, and  
9 business organizations in the area proposed to be added to the  
10 district.

11 Sec. 5. [429A.05] [COLLECTION OF TAXES.]

12 Ad valorem taxes levied in a special service district must  
13 be collected and paid over as other ad valorem taxes but must be  
14 spread only upon the assessed value of the taxable property  
15 described in the ordinance. Service charges imposed must be  
16 collected as provided by ordinance. Taxes collected under  
17 sections 1 to 10 are not included in computations under section  
18 273.76 or any other law that applies to general ad valorem  
19 levies.

20 Sec. 6. [429A.06] [BONDS.]

21 At any time after a contract for the construction of all or  
22 part of an improvement authorized under this act has been  
23 entered into or the work has been ordered done by day labor, the  
24 governing body of the city may issue obligations in the amount  
25 it deems necessary to defray in whole or in part the expense  
26 incurred and estimated to be incurred in making the improvement,  
27 including every item of cost from inception to completion and  
28 all fees and expenses incurred in connection with the  
29 improvement or the financing. The obligations are payable  
30 primarily out of the proceeds of the tax levied under section 3,  
31 or from any other special assessments or nontax revenues  
32 available to be pledged for their payment under charter or  
33 statutory authority, or from two or more of those sources. The  
34 governing body may, by resolution adopted prior to the sale of  
35 obligations, pledge the full faith, credit, and taxing power of  
36 the city to assure payment of the principal and interest if the

1 proceeds of the tax levy in the district are insufficient to pay  
2 the principal and interest. The obligations must be issued in  
3 accordance with chapter 475, except that an election is not  
4 required, and the amount of the obligations need not be included  
5 in determining the net debt of the city under the provisions of  
6 any law or charter limiting debt.

7 Sec. 7. [429A.07] [ADVISORY BOARD.]

8 The governing body of the city may create and appoint an  
9 advisory board for each special service district in the city to  
10 advise the governing body in connection with the construction,  
11 maintenance, and operation of improvements, and the furnishing  
12 of special services in a district. The advisory board shall  
13 make recommendations to the governing body on the requests and  
14 complaints of owners, occupants, and users of property within  
15 the district and members of the public. Before the adoption of  
16 any proposal by the governing body to provide services or impose  
17 taxes or service charges within the district, the advisory board  
18 of the district shall have an opportunity to review and comment  
19 upon the proposal.

20 Sec. 8. [429A.08] [PETITION REQUIRED.]

21 No action may be taken under section 2 unless owners of 15  
22 percent or more of the land area of the proposed special service  
23 district and owners of 15 percent or more of the assessed value  
24 of the proposed special service district file a petition  
25 requesting a public hearing on the proposed action with the city  
26 clerk. No action may be taken under section 3 to impose an ad  
27 valorem tax unless owners of 15 percent or more of the land area  
28 subject to a proposed tax and owners of 15 percent or more of  
29 the assessed value subject to a proposed tax file a petition  
30 requesting a public hearing on the proposed action with the city  
31 clerk. No action may be taken under section 3 to impose a  
32 service charge unless 15 percent or more of the individual or  
33 business organizations subject to the proposed service charge  
34 file a petition requesting a public hearing on the proposed  
35 action with the city clerk. If the boundaries of a proposed  
36 district are changed or the land area or assessed value subject

1 to a tax or the individuals or business organizations subject to  
2 a service charge are changed after the public hearing, a  
3 petition meeting the requirements of this section must be filed  
4 with the city clerk before the ordinance establishing the  
5 district or resolution imposing the tax or service charge may  
6 become effective.

7       Sec. 9. [429A.09] [VETO POWER OF OWNERS.]  
8       Subdivision 1. [NOTICE OF RIGHT TO FILE  
9 OBJECTIONS.] Except as provided in section 10, the effective  
10 date of any ordinance or resolution adopted under sections 2 and  
11 3 must be at least 45 days after it is adopted. Within five  
12 days after adoption of the ordinance or resolution, a summary of  
13 the ordinance or resolution must be mailed to the owner of each  
14 parcel included in the special service district and any  
15 individual or business organization subject to a service charge  
16 in the same manner that notice is mailed under section 2. The  
17 mailing must include a notice that owners subject to a tax and  
18 individuals and business organizations subject to a service  
19 charge have a right to veto the ordinance or resolution by  
20 filing the required number of objections with the city clerk  
21 before the effective date of the ordinance or resolution and  
22 that a copy of the ordinance or resolution is on file with the  
23 city clerk for public inspection.

24       Subd. 2. [REQUIREMENTS FOR VETO.] If owners of 50 percent  
25 or more of the land area in the district subject to the tax and  
26 owners of 50 percent or more of the assessed value in the  
27 district subject to the tax file an objection to the ordinance  
28 adopted by the city under section 2 with the city clerk before  
29 the effective date of the ordinance, the ordinance does not  
30 become effective. If owners of 50 percent or more of the land  
31 area subject to the tax and owners of 50 percent or more of the  
32 assessed value subject to the tax file an objection to the  
33 resolution adopted levying an ad valorem tax under section 3  
34 with the city clerk before the effective date of the resolution,  
35 the resolution does not become effective. If 50 percent or more  
36 of individuals and business organizations subject to a service

1 charge file an objection to the resolution adopted imposing a  
2 service charge under section 3 with the city clerk before the  
3 effective date of the resolution, the resolution does not become  
4 effective.

5       Sec. 10. [429A.10] [EXCLUSION FROM PETITION REQUIREMENTS  
6 AND VETO POWER.]

7       The petition requirements of section 8 and the right of  
8 owners and those subject to a service charge to veto a  
9 resolution in section 9 do not apply to second or subsequent  
10 years' applications of a tax or service charge that is  
11 authorized to be in effect for more than one year under a  
12 resolution that has met the petition requirements of section 8  
13 and which has not been vetoed under section 9 for the first  
14 year's application. A resolution levying a tax or imposing a  
15 service charge for more than one year must not be adopted unless  
16 the notice of public hearing required by section 3 and the  
17 notice mailed with the adopted resolution under section 9  
18 include the following information:

19       (1) in the case of improvements, the maximum rate of amount  
20 of taxes to be levied or the maximum service charge to be  
21 imposed in any year and the maximum number of years the taxes  
22 will be levied or service charges imposed to pay for the  
23 improvement; and

24       (2) in the case of operating and maintenance services, the  
25 maximum rate or amount of taxes to be levied or the maximum  
26 service charge to be imposed in any year and the maximum number  
27 of years, or a statement that the tax will be imposed for an  
28 indefinite number of years, the taxes will be levied or service  
29 charges imposed to pay for operation and maintenance services.

30       The resolution may provide that the maximum amount of tax  
31 to be levied or maximum service charge to be imposed in any year  
32 will increase or decrease from the maximum amount authorized in  
33 the preceding year based on an indicator of increased cost or a  
34 percentage amount established by the resolution.

35       Sec. 11. [429A.11] [CITY OPTION.]

36       A city subject to sections 1 to 10 may elect to exercise



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- 1 the powers provided by sections 1 to 10 or the powers provided
- 2 by special law of the city relating to the same subject.

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