Recently there has been interest expressed by the city council regarding the establishment of a business improvement district (BID) for the downtown area. Specifically, there is interest in the process involved to create a district and the past history of such efforts in Charlottesville.

A business improvement district (BID) as a mechanism to fund physical improvements and create a stream of funding for a marketing effort for a specific geographic area – typically a downtown area. BIDs can be found in cities of all sizes throughout the United States and have been increasing in numbers and popularity over the past 30 years. The basic premise of a BID is to assess an additional tax on a designated area and use the proceeds to enhance the area from which the funds are drawn.

In Virginia, the state code (Sections 15.1-18.2 and 15.1-18.3) allows localities to establish a special service district through adoption of a local ordinance by the city council. Projects which can be funded include:

1. Public improvement projects such as lighting, paving, seating, landscaping and building or improving parking facilities.
2. Street cleaning and security services.
3. Transportation plans and enhancement of transportation corridors.
4. Business development, marketing and promotion services.
5. Cultural and recreational activities.
6. Non-profit management of the entity charge with providing the services.

Special service districts (SSD) in Virginia are synonymous with business improvement districts elsewhere. These districts currently exist in Richmond, Culpeper, Staunton and Roanoke.

The most recent attempt to create a district in Charlottesville occurred in 2002. The chronology of this effort was as follows:

1. March 12, 2002 – Downtown Property Owners Council (DPOC) initiated a request to city council to establish a district. The letter included a plan and the signatures of 2/3 of the commercial property owners in the downtown area. The proposal included an additional $0.20 assessment on
the real estate tax within the boundary of the district for the first year and a $0.15 for each year thereafter. At the time the $0.15 assessment was expected to generate approximately $300,000 annually. For comparison purposes a $0.15 assessment (i.e. properties within the district would pay real estate tax at $1.10 per $100 of assessed value rate) in 2012 would generate approximately $400,000 annually.

2. June 3, 2002 – The city council heard a report and held a public hearing on the matter at its regular meeting. Over twenty five people spoke during the public hearing.

3. July 16, 2002 – The city council held a work session on the subject of downtown district. Representatives from Richmond and Staunton were on hand to discuss their districts.

4. September 16, 2002 – At the council’s regular meeting, the matter was discussed during other business and it was determined that there was not sufficient interest to proceed with a district at this time.

Excerpts from the minutes of each of the above meetings relating to this matter are included in this memo. The letter of request from DPOC is also included.

As the minutes indicate there were a number of areas of disagreement with the proposal and ordinance. These can be summarized as 1) the geographic boundary of the district and specifically how far from the center of the mall area it should go, 2) the types of property to be included i.e. residential and commercial or just commercial, 3) the governance of the board that would administer the funds and its make-up and 4) the issue of the appropriation clause not permitting the city to appropriate future funds beyond the current budget year.

Our records also include a report that was submitted to the city dated 1995. This report was commissioned by Lee Danielson to research the feasibility of a special service district for the downtown area. Mr. Danielson was instrumental in developing several major mall properties at the time and appeared to be encouraging the city to consider such a district as a way to enhance and preserve the character and economic viability of the mall.

A portion of this report, outlining the steps needed to create a special service district, are also included.

There are many examples of successful BIDs and service districts throughout the country and this mechanism has proven to be an effective way to create a revenue stream for enhanced services in a downtown or shopping district. However, as these documents make clear any future effort to create a special service district in Charlottesville needs to be initiated by, and, with the support of at least a majority of the property owners of the affected area.
THE BASIC STEPS IN CREATING A SPECIAL SERVICE DISTRICT

Step 1. Identify interest in the community for a special service district.

Hold a public meeting and invite all community members to discuss the benefits to the community of a special service district, and to gather initial responses to a district proposal. Because downtown is a public space, it is important to extend an invitation to all interested citizens, perhaps through a meeting notice in local newspapers and a mailing to all affected downtown merchants and property owners. Identify who would be interested in leading the effort to create a district.

Step 2. Form a committee or advisory group to prepare the initial special service district plan.

The committee may be drawn from interested parties identified in the public meeting. It should include individuals representing those who would be affected by the plan, as well as representatives from the city government.

If a non-profit organization which will administer the district does not already exist, form one. The committee identified above may form the board of the new organization. The Code of Virginia establishes that the city government has the power to collect and administer funds, although it also allows the city to delegate to another group the power to administer funds. In most Virginia Special Service Districts, a local non-profit organization, such as the downtown association, is responsible for allocating the funds. It will be much easier to gather support for the district if property owners understand that the city government will not be responsible for administering as well as collecting the funds. It is too easy to perceive the assessment as "just another tax" if a separate non-profit organization is not given local control over the funds.

Step 3. Prepare an initial special service district proposal including plans for facilities or services to be financed by the district; boundaries; and assessment method.

Describe the plans or projects which the district will finance. To assure broad support for the district, the committee must talk with property and business owners, and interested citizens, about their priorities for downtown projects so that this information can be used to draw up the proposal.

Calculate the boundaries of the district which will receive benefits from the plan. Draw the district carefully: the boundaries should reflect the benefited district and account for potential
Step 4. Calculate the assessment rate.

Consider other sources of funds for the plan and the share which must be raised by the service district. Figure the assessment rate based upon the value of properties within the district and the cost of planned improvements or services.

If the district will pay for discrete projects with a clearly defined cost, it may be appropriate for the district to be the sole source of funding. If the plan is for ongoing management of projects or overall economic development, it is best to have several other sources of funding in addition to district financing (for example, membership contributions, city funds, service fees) to create a more diversified, stable base.

Step 5. Meet with members of the city council and city government to describe and promote the plan.

Continue to meet with city staff throughout the process. District proposals have died early in the process without the support of the City Manager, City Attorney and other city staff.

Step 6. Work with city staff to write the draft ordinance.

The Code of Virginia mandates that the local ordinance must:

1. Name the district and specify its boundaries. It is helpful to include a map with the ordinance, showing the
boundaries of the district and any areas excluded.

2. Describe the services and facilities which the district will provide.

3. Describe a plan for providing these services and facilities.

4. Specify the probable benefits of the services provided.

Other details which should appear in the local ordinance are:

1. The proposed tax rate, expressed in terms of an amount per assessed value or amount per square footage.

2. The duration of the district. Although the Code does not mandate a sunset period, many districts limit their duration so that they may be evaluated at the end of the period. Five years commonly is used since it is long enough to achieve real change in the district, but is short enough that property owners feel more comfortable about trying the special service district.

3. A description of any exceptions to the properties being taxed. Exemptions are usually made in response to substantial objections to the district, or when including particular properties would jeopardize the creation of the district. For example, churches or other properties owned by non-profit organizations are sometimes exempted, as are areas of commercial property within the district which are used for residential purposes.

**Step 7. Gather support in the community. Inform and educate property owners and others in the proposed district about it.**

This is the most important part of the process and continues throughout it. Use several approaches to reach the community:

a. A general meeting of those affected, with testimonials from supportive property owners and members of existing special service districts;

b. Mailings to property owners in the proposed district, explaining plans, district boundaries and the proposed assessment method;

c. Education of the general public through the media;

d. Most importantly, one-on-one meetings with property owners, tenants, other downtown stakeholders, and concerned citizens.

Meet with property owners to explain the plan and ask for their support. It is a good idea to present individual property owners with as much information as possible: the boundaries of the district; how much will be raised (and how much their individual assessment will be per year under the proposed tax rate); how the funds will be administered; and especially what services can be provided.
with funds raised and how the district will benefit in the long term.

Information to bring to these meetings should include the initial, and later, developing plan and budget for the district; a map of the proposed special service district; information about assessments to be paid by individual property owners under the plan; the history of effectiveness of the group proposing the plan; information about successful districts elsewhere; and a petition or statement of support which the property owners may sign.

Collect signatures on a petition to establish the district or in letters of support for the district. If property owners do not agree to support the district, ask if they will agree not to oppose it. Categories on the petition might be “in favor of,” “do not oppose,” “go with the majority,” and “against.”

**Step 8. Adjust the proposed ordinance as necessary.**

While some adjustment of boundaries or rates may be desirable, resist redrafting the proposal each time the slightest opposition is met. Credibility is lost if it is perceived that the proposal can be altered easily for political reasons, for there are always “nay-sayers” to any public proposal.

**Step 9. Request a City Council hearing on the district proposal.**

Once at least two-thirds support of the total property value in the district is gained (or of the total square footage, whichever assessment rate is used), and city council support has been secured, ask city council for a hearing on creation of the district. The council must hold two hearings or readings of the proposed ordinance. Have major supporters of the district appear at the hearings and speak in its favor. Both the number of supporters, and the depth of their knowledge and enthusiasm for the proposal, will be important.

In the city council hearings, individual property owners may appear and object to the assessment. It is dependent on the city council to decide whether these properties may be excluded from the district. The sponsoring organization should anticipate these requests and be able to argue why exclusion should or should not be allowed.

Once the district has been created, it may be necessary to supplement the ordinance by drawing up an agreement between the city and the administering non-profit organization to authorize appropriation of the funds.

**Step 10. Continue “selling” the district.**

Report regularly to the district’s members and the media about accomplishments and progress on the district plan. The property owners who are financing improvements have a right to know how their funds are being spent and how the improvements are benefitting the district as a whole. Keep records on new businesses, employees, and
signs of progress on the district plan. Keeping the community informed about the district’s successes will make it that much easier to renew the district when the sunset period approaches.
TIMELINE

How much time is needed to create a special service district?

The time necessary to create the district depends greatly on community receptivity to the plan. If there is a general consensus that downtown is in need of improvement and a particular group has been identified to lead the effort, the plan may take less than a year.

For example, the Staunton Downtown Development Association took only six months to create its district. Before the process began, a group of Staunton city leaders had already agreed that a revitalization program, financed by community support, was necessary.

In addition, it was clear that the Staunton Downtown Development Association should lead the effort. An executive director with experience in creating and managing such districts was hired before the work began.

Galax took six months to pass its plan as well, but its city staff began the process already convinced that an assessment district should be created; in fact, city government provided the primary staffing to pass and administer the district. In addition, Galax is a substantially smaller community than Charlottesville (population: 6,700), with fewer property owners to win over to the plan.

Another consideration in gauging the amount of time needed to create the district is the number of volunteer supporters and staff who are available to assist in the project (see Issues and Recommendations).

Estimated time and workplan

Because Charlottesville appears to require time to reach a consensus on downtown improvements (see Issues and Recommendations), the following timeline estimates that the “gather support” phase will take longer than the six months in the examples cited above. This phase could require twelve months, although it may take less than a year. Overall, the whole process is estimated to take as long as 1½ years.
## TIMELINE FOR CREATING A SPECIAL SERVICE DISTRICT (CHART)

<table>
<thead>
<tr>
<th>Timeline</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Month 1</td>
<td>Hold an initial public meeting to discuss benefits of a proposed district and to identify potential leaders of the effort.</td>
</tr>
<tr>
<td>Month 2</td>
<td>Form the special service district committee. The committee should include individuals who will be paying and benefiting under the plan.</td>
</tr>
<tr>
<td>Month 3</td>
<td>Prepare the initial proposal. Include plans for services to be financed by the special service district, boundaries, assessment method and assessment rate.</td>
</tr>
<tr>
<td>Month 4</td>
<td>Meet with the city council and city staff to describe and promote the plan. Draft the ordinance with the help of city staff.</td>
</tr>
<tr>
<td>Months 5-17</td>
<td>Gather further support from the community and address community concerns. The time needed for this process depends on the receptivity of community members to the plan.</td>
</tr>
<tr>
<td>Month 17</td>
<td>Adjust the ordinance and proposal as needed.</td>
</tr>
<tr>
<td>Month 18</td>
<td>Request a City Council hearing and creation of the special service district.</td>
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</tbody>
</table>
ISSUES

There are two important issues which must be resolved before a successful campaign to create a district can begin.

1. A clear mandate for a Special Service District for downtown does not appear to exist.

While several Charlottesville downtown property owners have been actively improving their holdings in the last year, the rank and file of downtown property owners, business owners and users of downtown seem content with the status quo. A recent proposal to open a cross street to traffic on the west end of the mall generated substantial opposition. There appears to be some wariness in the community toward changes to downtown in general. Therefore, any proposal for an assessment district must be initiated by a strong core of downtown leaders who place an emphasis on the cooperative nature of downtown improvements. Leaders of the effort must take the time to keep the community informed and to convince downtown stakeholders about the benefits of the proposal to the district, and to the city as a whole.

Assessment districts have already been used successfully in Charlottesville to fund public improvements. It will be important to draw parallels between these successful efforts and the plan for a new downtown assessment district.

2. There is no obvious organization, such as a "Main Street" program, which should lead the effort to create a district.

Often the downtown association or "Main Street" program in a community will lead the effort to create a district. Usually these organizations have a history of success in their communities which lends them credibility in the campaign to create their districts.

While Charlottesville's city government appears to be interested in a downtown assessment district, it is inappropriate for the city government to lead an effort which should substantially concern downtown property and business owners. A few property owners downtown have expressed interest in a district, but some of these individuals have acquired their property in the last two years and have not yet built a strong base of support downtown.

The most likely leader of the effort could be the Charlottesville Downtown Foundation. While the efforts of this organization in the downtown have been commendable, its focus so far appears to be primarily on promotion of downtown rather than overall downtown management. It would be worth exploring whether the Charlottesville Downtown Foundation would be interested in taking on the project.
RECOMMENDATIONS

The following are special considerations for the creation of Charlottesville’s Special Service District.

1. Cooperative effort.

   The keys to creating an assessment district are: having a clearly articulated, realistic plan for funds generated by the district; and spending the time to talk to every property owner in the proposed district to secure their support or understand their objections. The process of adopting the district is a cooperative effort. It will require the efforts of a committee of property owners, business owners, city officials and others impacted by the district. Even though property owners will pay the assessment fee, their business tenants will be affected, as will those businesses’ customers, so it is important to garner broad-based support. In addition, it will be important to have the involvement of the city government early in the process.

   The community will not support the district if it is perceived to benefit a few individuals rather than the area as a whole. Get as many people involved and supportive as possible. Although the plan may start out as the vision of a few, it must be accepted, and marketed, by many others.

2. Local Control.

   Designate an existing organization, or form a new non-profit improvement organization, to lead the creation of the district and to implement the district plan. The district is not likely to be passed if funds are dispersed as well as collected by the city, since property owners will feel they have limited control over how the funds are being spent.


   Because of the administration and management necessary to mobilize supporters and to promote the creation of the district, it would be advantageous to have the help of at least part-time staff. Although staff should not be at the forefront of efforts to recruit supporters (this must be done by other property owners and board members of the non-profit organization), staff can assist greatly in preparing the project plans and the district map, compiling assessment information, briefing the media and district constituents, and working with the city staff on the ordinance. Staff helps to keep the momentum going in a way that is difficult for an all-volunteer effort.

   While city staff can certainly be a great help in assisting the non-profit organization to secure passage of the district, it is best if the city is not the
sole staff support on the project. Community members should perceive that the efforts to pass the district are coming from a coalition of their peers, not from city government.

4. Media Relations.
In Charlottesville, try to inform and involve the mainstream and alternative media. The media will be interested in progress on the assessment district, so get them involved early in the process. Invite them to the public meetings and send them the same promotional materials which the property and business owners receive. In several cities, such as Galax and Staunton, the local newspapers supported the district and were beneficial in explaining its purpose and attracting supporters.

5. Testimonials.
Since Special Service Districts have already been used in several cities in Virginia, invite downtown association members and city staff from those programs to speak in Charlottesville. The executive directors of the downtown associations in Culpeper and Staunton could be effective speakers, as would a spokesman from Downtown Richmond, Inc. In addition, these leaders can recommend supporters in their communities who could speak to the concerns of Charlottesville’s community.

6. VDDA.
The organization sponsoring the district proposal should become a member of the Virginia Downtown Development Association (VDDA). This organization is the best source of information on creating and maintaining Special Service Districts in Virginia. The VDDA provides access to a network of professionals who have created and operated Special Service Districts in the state and throughout the country.

7. Long-term: Create a downtown management or “Main Street” Program.
To create the most lasting, effective changes in downtown, the “Main Street” Approach has been proven to achieve results. Nearly 20 years ago, the National Main Street Program was created by the National Trust for Historic Preservation to revitalize downtowns and central business districts throughout the country. Today, the National Main Street Center counts over 35 states and 900 communities as members. The program emphasizes a comprehensive approach in four areas simultaneously: organization, promotion, design and economic restructuring. By efforts in all of these areas, especially the latter, improvements can be maintained over an extended period. For downtown to retain the community’s investment and to weaken the adverse impact of continuing Route 29 development, it will be important for downtown Charlottesville to have a long-term approach.
Dear Members of Council and Mr. O'Connell:

The Downtown Property Owners Council and local property owners propose the creation of a Downtown Area Service District pursuant to state enabling legislation outlined under 15.2-2400 of Virginia state code.

The function of the proposed Downtown Service District is to provide funding to enhance certain services currently being provided by the City to the Downtown Charlottesville area, and to fund the addition of certain services not currently being provided. Its goal is to strengthen Downtown's position as one of Central Virginia's primary destinations for business, entertainment, tourism and residency. The Downtown Service District will build upon Downtown's current family-friendly, pro-tourist and pro-business environment, to enable it to better serve tourists and area residents alike.

The Downtown Service District will be governed by a Service Authority Board of Directors comprised of four members of the Downtown Property Owners Association, two retail merchants from the Downtown Business Council, one city official, one member of the Charlottesville Downtown Foundation and one at large member.

The District boundaries are defined on the enclosed map. We believe that the services to be provided will attract additional consumers and businesses to the District, thereby increasing business revenues, property values and tax revenues.

Our initial service program is defined as "Destination Downtown." The parameters of Destination Downtown are outlined in the enclosed document.

The proposed Service District assessment rate per $100 of taxable property is .20 for year one and .15 for years two through five as governed by prevailing statute.

We intend to coordinate Destination Downtown with the current Urban Design Plan. In addition, we will coordinate our efforts with the City of Charlottesville Department of Economic Development, The Downtown Property Owners Council, Downtown Business Association of Charlottesville, The Charlottesville Downtown Foundation and individual property owners.

The enclosed signatures represent two-thirds of the commercial real estate owners within the proposed service district.

Thank you for your consideration of this proposal.
Colin Rolph
Partner, D & R Development

Susan Payne
Partner, Payne + Ross & Associates

Oliver Kuttner

Bob Stroh
General Manager
Charlottesville Parking Center

Stephen V. Heim, Ph.D.
Partner, Charlottesville Psychological Associates

Cap Mattie
Mattie ColorMark Business Development

David Pettit
Partner, Fell, Pettit & Williams PLC

Lisa Murphy
Partner, MTE LLC.

Suzanne Staton
Executive Vice President
Pepsi-Cola Bottling Co.

Dr. Albert Tabackinan
Vice President, Qualls unlimited

Jessica Nagle
Director of Marketing, EXL Securities

Gabe Silverman

Mark Giles
President & CEO
Virginia National Bank

Sheldon Anderson
Owner, University Florist, Inc.

Joe Gieck
Director of Sports Medicine UVA

Chuck Lewis

Hunter Craig

Ludwig Kuttner
Destination Downtown

Destination Downtown is a comprehensive community awareness program designed to accentuate and enhance current City services for the Downtown Charlottesville area.

Downtown Charlottesville lies at the epicenter of the larger Central Virginia Community, and it serves as the hub around which thousands of people travel. Every year approximately 1.1 million tourists travel to our community to experience the likes of Monticello, the University of Virginia, Montpelier and Ash Lawn. Local visitors and commuters from Albemarle, Greene, Louisa, Charlottesville and other outlying areas travel to Downtown daily. Bringing more of these visitors Downtown and enhancing their experience while they are here is our goal. In so doing, the economic and residential vitality of Downtown Charlottesville will continue to prosper.

Because Downtown offers no single or easily recognizable attraction, it is a notoriously difficult region for visitors to negotiate. Residents and business owners are continually asked where "Historic Downtown" is or where the entrance to the "Mall" lies. To attract and keep visitors returning, we believe it is incumbent upon Downtown stakeholders to make accessing Downtown simple, intuitive and easy. Through means other than historic architecture alone, visitors must immediately recognize that they are standing in a special, unique and different location. Downtown must be inviting and visually enticing. Equally important, the area must also employ a consistent theme throughout its boundaries to visually identify its location.

Destination Downtown encompasses five service components that are delivered sequentially, based on immediacy of need and funding availability. The service deliverables are listed below.

We intend to coordinate Destination Downtown with the current Urban Design Plan and are pleased that the architects chosen to redesign "The Downtown Mall" have presented concepts in keeping with our goals. In addition, we will coordinate our efforts with the City of Charlottesville Department of Economic Development, The Downtown Property Owners Council, The Downtown Business Association of Charlottesville, The Charlottesville Downtown Foundation, individual property owners and the Board of Architectural Review.

1. Service District Ambassadors:

The Service District plans to employ "Downtown Ambassadors" to provide additional eyes, ears and helping hands Downtown. Much like key employees of some America's best hotels, these ambassadors will act as roving concierge providing directions and helping with reservations, parking advice and general information to enhance the visitor's "Downtown Experience." While the ambassadors would not be charged with police work, they could assist local law enforcement via two-way radios or cell phones. The Service District plans to reach out to wireless carriers for sponsorship funding or phone donation.

- Trained in CPR, First AID and public safety initiatives.
- Provide directions within the Service District.
- Provide reservations within the Service District
- Respond to safety and emergency incidents and contact appropriate agencies.
- Provide escorts within the Service District.
- Report and track lighting issues.
2. Enhanced Signage:

Many restaurants, boutiques and new establishments have recently opened on the side streets between Market and the Mall and Water and the Mall. These new businesses have expanded Downtown’s boundaries beyond our traditional “Bricked-Mall.” While the presence of these merchants does give some loose indication that you are “somewhere”, placement of additional signage would psychologically reinforce the sense of standing in a vital retail district.

Solutions include banners, improved street signs and new Mall Directory Maps.

A. Banners:

Many destinations have begun displaying decorative banners to delineate the boundaries of a geographically unique area. These festive decorations are quite cost effective in marketing an area.

Due to Dominion Power restrictions we are unable to install banner hardware on utility poles. The solution is to attach traditional 45° or 90° flag poles to the facades of buildings which front Market and Water Streets and are at an intersection of a cross street. Preference is for a design that declares “Historic District” or “Welcome”.

Flags will be paced on the side of the street closest to the Downtown Mall i.e. the south side of Market Street, the north side of Water Street. Via visual survey, we have identified at least 20 locations.

B. Street Signs:

Drivers traveling along Market, McIntire, Garrett and Water Streets may have no idea that they are actually within the “Downtown Mall” area. And, while some tourists are likely to travel directly from Monticello to the Rotunda, we’d like to give them a visual reason to stop Downtown.

A simple addition to the street signs will notify travelers that they have just entered Historic Downtown Cherriesville.

There are two options:

I. Should funding be constrained, the addition of a smaller sign produced in accordance with the City stating “Historic Downtown Mall” with an arrow indicating to the direction to the Mall could be attached below the existing brown and white signs.

This would require coordination with VDOT, Public Works, the BAR, as well as the Police.
II. Should funding allow, custom aluminum street signs will create a more professional and aesthetically pleasing designation.

These signs will include a "bump up" naming the district on the physical street sign. Cost of these aluminum signs will be significantly more than option 1, however, placing them along Market and Water Streets from McIntire to the 7th Street E only could reduce costs.

C. Mall Directory Maps: There are 22 mall directory maps. They provide visitors with mall orientation as well as a directory of all shops and restaurants in the downtown area. The last time these signs were updated was March 2000. Over the last year and a half many stores have moved or come onto the Mall.

1) Graphic design
2) Digital Scotchprint 0.040”
3) Materials for mounting signs to existing structures
4) Removal of old signs and mounting of new signs

3. Enhanced Mall Furniture, Improved Lighting and Logo Trashcans:

Much of the current Mall furniture is outdated and the City has placed different styles of outdoor pedestrian lighting throughout the Downtown Area. In addition, our Downtown trash receptacles are weary with age.

A. Enhanced Mall Furniture and Improved Lighting

The Urban Design Area Consultants are evaluating the existing street furniture. Upon their recommendation and, as funds allow, within the years of three and four we will attempt to enhance the numbers and quality of the area’s outdoor furniture and lighting.

This is an additive project serving to enhance current City plans and to ensure greater public safety. It is not intended as an alternative to current redesign specifications.

B. Logo Trashcans:

The goal is to further visually reinforce “Downtown Charlottesville” via a logo or decal that states “Historic Downtown or Welcome.” As with outdoor lighting and furniture, this is an additive project serving to enhance current City plans.
4. Destination Downtown Charlottesville Website:

As funds allow, Destination Downtown would like to create a small, simple website that outlines Downtown Charlottesville's many attractions, including immediate hotel room availability. Our chief intention is to use the website as a tool to generate a comprehensive e-mail database via sweepstakes and promotions. This way the Service District can employ e-mail direct marketing to promote special events, hotel room availability and travel packages. This program will be coordinated with CDF, local hotels and merchants.

5. Public Relations, Events and Guerilla Marketing:

With signage, ambassadors and improvements in place, Destination Downtown can then turn its focus to directed promotion. This will involve retaining public relations professionals and targeting metropolitan areas and cities within a two-hour drive. Through coordinated event planning, timely public relations and marketing bursts targeted at specific demographic groups like University of Virginia Graduates, we can build a “once a year” or return traveler program that promotes traveling to Downtown Charlottesville annually.

We intend to coordinate our efforts with the marketing team of the Charlottesville/ Albemarle Convention and Visitors Bureau.
This is what I found in Jeanne's old files - looks like it was on the agenda for May 20, 2002 but was not actually discussed until the June 3, 2002 Council meeting. Here are the minutes from that discussion:

REPORT/PUBLIC HEARING: DOWNTOWN AREA SERVICE DISTRICTS

Mr. O'Connell explained that State law provides options for creation of special districts to provide revenue for enhanced services. The revenue is generated based on the assessment of real property within the designated boundary. Mr. O'Connell said that all property owners within the boundary have been notified of the proposal and the public hearing.

Ms. Renee Knake, Assistant City Attorney, reviewed the proposed ordinance that creates the special service district and contains the following: boundary of the service district; the duration of the ordinance; the amount of the tax to be assessed; the exclusion of owner-occupied residences; and the services to be provided to the district. Ms. Knake said that a few issues need to be resolved, particularly with respect to the proposed plan for providing services in the district, including administration, procurement, budget and fiscal controls.

Mr. David Repass, a member of the audience, asked about notification requirements for the ordinance, and Mr. Craig Brown, City Attorney, said that the public hearing has been legally advertised, but there is no legal requirement about publishing the ordinance itself.

Mr. David Pettit, a member of the Board of Directors of the Downtown Property Owners Council (DPOC) who proposed the service district to the City, noted that the scope of the ordinance has been narrowed and administration of the district by a non-profit organization has been added.

Mr. Colin Rolph, Chairman of DPOC, offered the support of DPOC for the service district. Mr. Rolph said the group has concluded that the model used in Richmond is the best way to proceed. Mr. Rolph presented a video showing support from business people in the downtown area for the service district.

The public hearing was opened.

Mr. Brent Nelson, 214 West South Street, opposed the proposal. He said members of DPOC have been meeting behind closed doors to discuss the proposal with the City, and many people know nothing about it. Mr. Nelson said it is getting too expensive to live and work downtown. Mr. Nelson said that if the special district is approved, his taxes will have increased 53% in this year alone. Mr. Nelson said the district offers no benefit to him and he is fed up with the tax and spend mentality.

Ms. Pam Fitzgerald, 3005 Waverly Drive, managing partner in the Ivy Group which manages Seminole Square's marketing program, applauded the initiative of downtown businesses, but she challenged creation of the district as proposed and said it needs more work. Ms. Fitzgerald suggested that a voluntary and private program be encouraged, and asked DPOC to identify things that a voluntary program would not provide. Ms. Fitzgerald asked how the assessments for this program would realign with annual reassessments. Ms. Fitzgerald reminded Council that they need to provide assistance to businesses on the ring of the proposed district. Ms. Fitzgerald noted that banners are not allowed in private retail developments such as Seminole

1
Square, but they would be allowed under this program downtown which would be unfair. Ms. Fitzgerald called for additional study and for Council to consider the needs of other City businesses.

Ms. Mary Gilliam, 218 South Street, spoke against the service district, especially the spending of tax money by a non-governmental entity. Ms. Gilliam said that perhaps the entire City should be taxed.

Mr. Bud Treacle, 70C E. High Street, an attorney with an office within the proposed boundary of the service district, said that most people he knows with an office oppose the district because they view it as benefiting merchants on the downtown mall, but not those who just have office space. Mr. Treacle said he thinks a lot of these services are already being provided, and suggested that any such program be done as a private group.

Ms. Susan Payne, 206 E. Jefferson St., a small business owner within the proposed boundary, said she thinks everyone downtown should help, and her business is willing to support the service district.

Mr. Albert Tabakmar, 105 3rd Street, S.E., supported the proposal. He read a letter from Virginia Richie who now lives in Charlottesville, but worked with the service district in Richmond. She supported the proposal and encouraged Council to contact other communities in the country who have adopted such districts. Mr. Tabakman said that when the downtown mall was built, retail shops paid a special assessment and others in the area have benefited from the mall's success.

Mr. Julian Calvet, 226 South Street, owner of an apartment building on South Street, said that he was first opposed to the district, but has been convinced that it is a great idea.

Mr. Steve Heim, 100 E. South Street, managing partner of a building that has no retail space within proposed boundary, said that his group supports the proposal, and noted that the ordinance has a sunset clause.

Ms. Camille Cooper, 107 W. Water Street, said she supports DPOC's proposal, but not the City's ordinance. Ms. Cooper said she lives downtown and her tires have been slashed and she has been assaulted on Water Street, and increased safety measures are needed. Ms. Cooper said the service district will bring increased vitality downtown, will increase revenues, and will encourage growth of small businesses.

Mr. Sheldon Anderson, owner of University Florist downtown and a member of DPOC, said he thinks the service district is a unique opportunity to form a partnership. Mr. Anderson said he sees the people who have opposed the proposal on the downtown mall everyday and he thinks they will benefit from it.

Mr. Bob Archer of Bob's Wheel Alignment, said he appreciates the boundary being moved so his business is no longer within the district. Mr. Archer said Council has to realize where the money is coming from before they keep imposing taxes.

Mr. Bill Nitchman, owner of property within the proposed district, said he is very concerned about the proposal and the process, and said it could cost him $15,000 to $20,000 over the next five years. Mr. Nitchman said Council could increase the business tax for retail businesses. He said it is the City's responsibility now to solve the safety issues. Mr. Nitchman asked that more time be given to property owners to deal with the proposal.

Ms. Joan Fenton, 105 3rd Street, S.E., supported the ordinance. She said that the experience in Richmond was that those were originally opposed the district later supported it. Ms. Fenton said the proposal will spread the success to High Street and Garrett Street, and if downtown thrives all of Charlottesville thrives. Ms. Fenton said that if the district does not work it will sunset.
Ms. Lisa Murphy, Bcx 4226, said that property will increase in value as a result of the district, and the average store will only be taxed an additional $30 a month which is equal to a small newspaper ad. Ms. Murphy said she believes the money will come back ten fold. Ms. Murphy credited Council for changing the ordinance and said she thinks it has been a very open process.

Mr. Ralph Main, 703 E. Jefferson Street, an attorney owning an office building within the proposed boundary, vehemently opposed the inclusion of his property within the district. He said he sees no rational basis to include it within the district, and feels it only benefits merchants. Mr. Main said that if Council levies a tax, which he hopes they will not, everyone should participate.

Ms. Alexandria Searls, 1316 Chesapeake Street, said she thinks that since a new ordinance has been prepared that Council should have two more public hearings to be fair. Ms. Searls said it probably addresses real needs, but she encouraged Council to wait until the new Councillor takes office to vote on the matter.

Mr. Tyler Sewell of DPOC, said we need to think about what the downtown area can be in the future, and supported the proposal. Mr. Sewell said he welcomes more participation in DPOC.

Ms. Kay Peaslee, Second Street, N.W. said she has lived downtown for 20 years and had a business downtown for ten years. She said that Fridays After Five, the City Market, and various festivals are what make downtown a special place. Ms. Peaslee said that if property values go too high small businesses will be driven out.

Mr. Vestegarden, owner of an office building within the proposed district, said that the proposal is taxing many for the benefit of the few.

Mr. Simon Harvey, a business owner downtown, said he likes the idea of a service district, but questions some of the reasoning behind the proposal. Mr. Harvey suggested that instead of adopting the proposal that Council make it easier to do certain things and hold off on the tax part. Mr. Harvey said that signage is a big issue, and said more input is needed on the proposal.

Mr. John Dezio, owner of property at 414-416 E. Jefferson Street, said that he will not benefit from the proposal. He said the downtown mall is an urban park and the expense belongs to all of us. He said it is also a business location and those who choose to be there benefit because they are in an urban park. Mr. Dezio said the boundary lines should be narrowed to only include merchants who will benefit. Mr. Dezio said the concerns of merchants are different than those with offices in the Court Square area.

Mr. Larry Engle, downtown business owner, said that he thinks the district is a good idea, but he has questions about the ordinance, and is concerned that the business community has not really been involved. Mr. Engle suggested that Council step back and study it more, and said the ordinance needs to be more concrete.

Mr. David Pettit said that it is hard to finance special needs within the district out of general government revenues. Mr. Pettit said others will benefit if the area is economically viable.

As there were no further speakers, the public hearing was closed.

Mr. Caravati said that he feels more outreach is needed and there needs to be a period of study with a large public element to it.

Mr. Toscano said he thinks it is appropriate for Council to take time to digest what they have heard, and suggested that a subcommittee be formed to include at least one Councilors and representatives from DPOC to sort out the issues. Mr. Toscano suggested that questions from Council be funneled to the City Manager.
Ms. Richards agreed with Mr. Toscano, and said the issue needs to be vetted more with the public, further discussed, and better understood.

Mr. Cox said he has supported the idea since he first heard it. Mr. Cox said he does not think that downtown is well publicized, and the question is how you ultimately pay for it. Mr. Cox said he believes we all have to pay. Mr. Cox said he has trouble with those who say there is no benefit to them, and he feels they share the responsibility to keep downtown vibrant. Mr. Cox said he hopes Council does not belabor this by thinking we can change the minds of those who oppose it. Mr. Cox said he thinks Council needs to show some leadership in moving the proposal forward.

Mr. Caravati said he thinks it is a good idea that can get better with more input, and he agreed with the idea of forming a small group.

Mr. Cox said he does not think a small group will get at the broader concerns.

Mr. Caravati suggested that the City Manager recommend a group.

Mr. Cox asked what the group is supposed to do, and Mr. Caravati said it can assist in getting out information to the public.

Ms. Richards suggested that a public meeting be held such as was done with the proposed urban design plan.

Mr. Toscano said Council could have a work session and redraw the district. Mr. Toscano said that perhaps the district should only include the retail core, but he noted that might not get what is needed in terms of revenue.

Mr. Cox said he would prefer having a Council work session, but he does not think Council should expect a consensus from the public on the district.

Paige Barfield
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----Original Message----
From: CMRICOH@charlottesville.org [mailto:CMRICOH@charlottesville.org]
Sent: Friday, October 05, 2012 10:43 AM
To: Barfield, Paige
Subject: Message from "RNP0026734A250E"

This E-mail was sent from "RNP0026734A250E" (Aficio MP C4502).

Scan Date: 10.05.2012 10:43:25 (-0400)
Queries to: CMRICOH@charlottesville.org
NOTICE OF SPECIAL MEETING

A SPECIAL MEETING OF THE CHARLOTTESVILLE CITY COUNCIL WILL BE HELD ON Tuesday, July 16, 2002 AT 5:00 p.m. IN THE Council Chamber.

THE PROPOSED AGENDA IS AS FOLLOWS:

Work Session: Proposed Downtown Service District

BY ORDER OF THE MAYOR

BY Jeanne Cox

COUNCIL CHAMBER - July 16, 2002

Council met in special session on this date with the following members present: Mr. Cox, Mr. Lynch, Ms. Richards, Mr. Schilling. Absent: Mr. Caravati.

Ms. Lucy Meade, Director of Business Development for Richmond Renaissance, a public private partnership in Richmond, gave an overview of service provided by Richmond Renaissance. Ms. Meade said their budget is $1.4 million total, with half contributed by the City of Richmond. She said they have five full-time employees and 12 to 15 part-time contract employees.

Ms. Kim Waters, Executive Director of Staunton's downtown tax district, said their budget is approximately $110,000, with $60,000 to $63,000 raised through the tax assessment and the remainder contributed by the City of Staunton. She said they have one full-time and one half-time employee.

Responding to a question from Mr. Lynch, Ms. Waters said their board is voted on by the membership, and Ms. Meade said their board is chosen by their executive committee.

Responding to a question from Mr. Schilling, Ms. Waters said 50% of their budget goes toward administration and 10% for marketing, and Ms. Meade said 15% of Richmond's budget goes toward administration, and $174,000 toward advertising.

Mr. Cox asked how the cities of Richmond and Staunton exercise control over the districts.

Ms. Meade said that the City of Richmond is involved in the development of a work plan and budget, and Richmond Renaissance submits a series of reports and an annual summary of accomplishments to the City. Ms. Meade said an independent audit is also done, and the City Manager or Deputy City Manager is involved on a regular basis.

Ms. Waters said the involvement by the City of Staunton is similar to that in Richmond, with monthly reports submitted to the City Council. Ms. Waters said the City Manager or Assistant City Manager also sit in on meetings of the board.

Responding to a question from Mr. Cox, Ms. Meade said assessments in Richmond were initially differential, some paying 3% and some paying 18%, but now everyone pays 5%.

Ms. Richards asked if Richmond Renaissance has received feedback from
Ms. Meade said their board is a mixture of property owners, architects, retail, residential, library director, Historic Staunton Foundation, and bankers.

Responding to a question from Mr. Cox about tax abatement, Ms. Meade said that if buildings are renovated, the increased assessment is abated for ten years, and then phased in over five years.

Mr. Schilling asked about the base tax rates, and Ms. Meade said Richmond's is $1.47 and Ms. Waters said Staunton's is $1.

Ms. Renee Knake, Assistant City Attorney, said that the Downtown Property Owners Council is in agreement with the proposed ordinance creating the service district.

Mr. Lynch asked who would appoint the board in Charlottesville and how would oversight work, and Ms. Knake said that is not included in the ordinance.

Mr. Lynch asked what are the big goals we are trying to accomplish, and said he thinks that we first need to see if those can be accomplished with existing resources.

Mr. Cox said the idea of the service districts was brought to Council by the Downtown Property Owners Council, and he thinks it is the responsibility of those who have brought it to Council to help sell the idea.

Mr. Schilling expressed concern that Council is being put in the middle of this issue, and suggested that the Chamber of Commerce or someone else hold a forum to address concerns directly with those who are promoting it.

Mr. Cox said the he thinks the idea of a forum is good, but feels that Council needs to define something to put before the public.

Mr. Schilling said he would rather hear the arguments before putting something forward.

Mr. Lynch expressed agreement with Mr. Schilling.

Boundaries of a district were discussed.

Ms. Richards said she feels the district boundaries would be defined somewhat by the goals.

Mr. O'Connell said that the annual revenue generated from including only the main downtown mall area, excluding residential property, would be $289,000.

Mr. Cox asked Councilors asked which boundary they would favor if they approved the concept of the district.

Mr. Lynch said that goes back to what the goals are, but he is inclined to go with option "e" (the entire area less subareas 1 and 2) given DPOC's objectives.

Ms. Richards agreed with option "e" which she feels is more consistent with the current goals.
Ms. Richards said she thinks this proposed district is different from Richmond's, and would prefer to exclude all residential property.

Mr. Lynch said he agrees, but again said it depends on the scope. Mr. Lynch said he feels a resident or residential property owner should be eligible to serve on the board.

Mr. Schilling agreed, and said he thinks it would be hard to keep track of which residential properties are owner occupied. Mr. Schilling said he recognizes that there is an issue of affordable housing in Charlottesville.

Mr. Cox agreed and said he does not want to create something that suppresses the market for residential properties downtown, especially moderate income housing.

Mr. Cox asked for Councilor's top three elements in services that would be provided in a service district.

Mr. Schilling said he would include all the elements, with option "b" (enhanced signage, banners, street signs and map) and option "c" (enhanced furniture, lighting and trashcans) being his top priorities. Mr. Schilling said he would favor having the businesses run the program the way they want, and has heard concerns about it being too heavy with administration.

Mr. Lynch said he would want to ask City staff what they are doing in all the areas, including the Tourism Bureau, but he feels options "b" and "c" could be useful. Mr. Lynch said he thinks public safety and maintenance should be on the list. Mr. Lynch said that if the board of the district is representative and taxing themselves then he feels they can program the funds to be used however they want. Mr. Lynch said he has no real preference, but he would be hesitant about option "a" (employment of service district ambassadors).

Ms. Richards said she would support all of the elements, and would support part-time ambassadors. Ms. Richards said she feels marketing and advertising are definite needs, but she would not want this to substitute for marketing and advertising efforts currently done by existing organizations.

Mr. Cox said he feels an executive director and part-time staff are probably appropriate for our size district. He said he would also favor options "b" and "c." Mr. Cox said he feels there needs to be a cohesive marketing image. He said he is hesitant about the ambassadors unless they are tied to special events. He also said that they could be beneficial for future tourism that is not here yet.

Regarding the composition of the board, Mr. Cox said the proposal is four DPOC members, two retail business owners from DBAC, one City official, one members of CDF and one member at large.

Mr. Lynch said he does not think that the proposed board is nearly diverse enough, and said he feels that anyone within the boundary should be eligible to serve, including bank representatives, office building owners, small businesses, etc. Mr. Lynch expressed concern about designating six slots for DPOC and DBAC. Mr. Lynch asked what would be the oversight of the board.

Ms. Richards said she feels we need to look at the broadest involvement we can get, and said the issue was something we (the Board) need to work on.
membership, and while he thinks that might be difficult to achieve here, feels diversity is needed.

It was agreed that a public hearing will be held on the proposal, tentatively on September 3rd, with notices sent to all property owners who were originally affected, with draft versions of the ordinance.

Mr. Cox said he would be happy to facilitate a meeting, but feels the lion’s share of the effort should be on the proposers of the district.

Ms. Richards said she feels a meeting needs to happen between the proposers and those affected, but questioned whether that can happen in August and whether the September 3rd public hearing date is too soon.

The meeting was adjourned.

President

Clerk
From 9/16/2002, and this is the last I found on the topic.

OTHER BUSINESS

Mr. Cox said he would like an indication of whether to discuss the Business Service District at an upcoming Council meeting and would also like suggestions about how to structure the TIP discussion at the next meeting.

Mr. O'Connell said that the Downtown Property Owners Council wants to extend the Service District boundary back to High Street and have it include apartments in the calculations, which means that the proponents of the District are at a different place than Council. Mr. O'Connell said there has been no activity happening with DPOC setting up meetings to sell their approach.

Mr. Cox said other downtown property owners are exploring alternatives at a meeting tomorrow at the Chamber of Commerce. Mr. Cox said that the only outstanding issue among these property owners is one of governance.

Mr. Caravati said he is frustrated by the situation and said the idea of a Service District needs a champion.

Ms. Richards said there is growing, organized opposition to a Service District.

Mr. Lynch said he thinks the Service District is a decent idea whose time has not come yet. Mr. Lynch said there are a number of developments happening downtown that will bring focus to the area for the next couple of years. Mr. Lynch said he prefers to wait on this proposal.

Mr. Schilling said he agrees in large part with Mr. Lynch's comments, but would be anxious to hear what other people have proposed.

Ms. Richards said the challenge to the City will be how to repair the mall bricks, improve lights, and create an urban design plan.

Mr. Cox said that long-term maintenance of the mall is not funded. Mr. Cox suggested considering a Mall Director to work out of City Hall.

There was insufficient support to put the Service District on a future agenda.