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Remarks for City Council on Bid Work Session—June 6, 2017 Rodger Digilio

Brief Intro: Commercial Property Owner, Business Owner, Resident of Area. I am a 48 year resident. Even though I am speaking in opposition to this Bid proposal I am for doing significantly more to preserve and enhance Alexandria's competitive position in the region as a premier shopping and dining location.

2 parts: First is what is wrong with business and will this proposal fix it.

3 major problems: High Rents, Poor Parking, E commerce. No one can roll back the growth of internet shopping. Parking is what it is and no BID can increase it. Rents are not under the control of the BID and are rising. Therefore it seems that we are being talked into spending a great deal of money on a structure that can do little about the major issues. The increased tax proposed of 10 cents will exacerbate the high rents issue. A friend who looked at space in the project under development on the former ABC-Giant site in north Old Town reported asking rents in the \$90 range including the add ons for taxes, etc.

There are approaches that can be taken and some will be mentioned by other panel members in their presentations but they can be taken without the need for a BID of the size and scope proposed.

Reading the Annual Reports of the Georgetown Bid is revealing. They have many of the same issues. They did better in 2016 than in 2015, most recent years for which data is available. Very high rents are an issue. Office space does much better due to lower than region average rents for office space in their area. Retail struggles because of high rents.

Part 2: Second, the split nature of the BID means trouble ahead.

The BID came out of the W.F. Commission in part as an attempt to fund maintenance and activation of the new improvements on the waterfront. The reasoning seems to be Business will benefit from a better waterfront and they should pay for it.

Some business will benefit—Vola's Restaurant for example—but most will not. It is hard to envisage anyone in the Condo Office highrise known as 1101 King Street benefiting from it and they will pay a significant amount. We all know that maintaining stuff on the river is expensive. Moisture and crowds wear out improvements pretty quickly. As time passes the costs of maintenance will increase leading to ever increasing BID taxes on top of ever increasing City Taxes. Before too long there will be a revolt. This will also involve the residents who are getting to enjoy these benefits at the expense of businesses. The residents will get sucked into paying for the BID just like is happening in Arlington.

Rodger Digilio

You say not but you do not realize that the raft of changes you have made to the established order had created an enormous credibility gap.

Part 3: Cutesy Solutions make problems WORSE!!!

I few years ago the Vice Mayor and I discussed the "Fire Medic" Program. I felt it was unworkable and would require significantly more costs then forecasted. He disagreed with me at the time and pointed out that the savings were to be used to fund the new Engine going into Firehouse 10. I was very doubtful that would happen. About a year later the Fire Chief came before you and confessed that the program could not move quickly enough or produce the savings and you made an appropriation of around a \$ 1million and a half dollars so the Engine could be put in service.

This BID package is another example of creative thinking run amok! But it will have far more serous impacts. In my view, we need to stop this stampede to oblivion and put together a select committee to examine what needs to be done and how to do it just like you have done on the capital budget. We need to spend more on Park Maintenance across the City. We need to push our brand more to help out businesses. We should do these tasks in ways that make sense.

It has been my impression as the BID has become more known there has been a substantial growth in opposition to it from the Business Community. Hunt Burke sent a very thoughtful letter on the subject recently and we have a list of well over a hundred businesses that are opposed. The response from the Pro Bid forces has been to rush the timetable lest we have more time for reasoned discussion. THAT IS WRONG. Scare tactics are being employed. What about SEWERS they say? I was under the impression that SEWERS were to be handled far from the business district. If you can't do that then NO BID WILL HELP US ANYWAY!

Let's stop the rapid push, Let's stop the scare tactics, Let's do this right!!! Thank YOU!!!

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My name is Dan Hazelwood I am resident in the Bid area, I am commercial property owner and I own a business with offices all in the BID area.

In the last 2-3 months I have walked into nearly 70 businesses and spoken or emailed to dozens more about this BID tax.

Their universal reaction is like being punch in the gut.

Let me run through a sampling of specific problems:

The Boundaries.

The boundaries were clearly drawn for tax purposes with no business improvement purpose. No sane person would draw this map.

AEDP says this map includes the main arteries into Old Town. Breaking news, Route 1 is not a main traffic artery.

Many random blocks are oddly skipped that contain businesses. My favorite is the "Old Town School for Dogs" is not in Old Town. But if you walk South, West or East you are back in the BID. MANY more examples include Gibbon, Queen, Royal, Oronoco.

The map includes Oronoco Bay Park where the BID expressly plans to hold "thoughtful events". But the boundaries don't tax the businesses near the park.

AEDP includes their own building, which is required for the BID offices to be located there. But then says Old Town stops at Wythe street.

The BID includes several church properties which I believe are exempted from the tax -- please confirm that. Practically that means religious schools will not see this tax, but secular schools of which there are many in the BID will be taxed.

Governance.

The written governance document is anti-democratic.

There is no public list of who controls how many votes. We know AEDP staff said about 50 businesses would control 50% of the vote. We know AEDP met with these major business owners. This is not transparent process.

The interim board's powers and selection process just changed 3 hours ago. Last Thursday they had no answers, now they claim the exploratory committee met and proposed a policy. These rapid and privately made decisions by public entities are not confidence inspiring.

Election to the board is through a slate controlled by a nominating committee, restricting the opportunity of who can get elected.

There are "to be determined" **additional** registration process inhibiting the right to vote. This secretive and lengthy process puts the City on record opposing automatic voter registration proposals for other elections.

Other BIDs allowed businesses to vote before its creation. Not here.

The Ordinance agrees with the Supreme Court decision that businesses are people and have rights and in this case corporations will be voting--not just people.

The 3 person executive committee has all board powers except those restricted. Currently there are no restrictions.

If the Ordinance is passed on June 24, the 120 day timetable is October 22. The first business plan is due to be delivered no later than December 15.

That is 8 weeks to do, what the AEDP and the BID advocates have been unable to do in 12 months.

MOU

Too many problems are “to be solved” by a negotiated MOU. This MUST be rapidly negotiated in the 8 week window. To date, neither the City Manager nor the BID advocates have outlined what may or may not be in that MOU.

We have seen copies of internal city documents totaling what departments hope to shift from their existing budget to the BID.

Today the BID advocates went from previously denying this would pay for the Waterfront and parks to stating outright the BID is now supposed to pay for parks and the Waterfront. This should be specifically outlined so businesses can know what they are footing the bill for.

Lack of Vision.

The vision of the BID tax has been butterflies and puppies and its specifics are troubling.

This past Thursday, AEDP updated that vision. I could respond in detail to each of their points, but the highlights.

The **threat** of a cut in services made by AEDP against businesses and residents should be explicitly responded to by Council. Either reject it or itemize it. Combined with today's statements that the BID is to finance the waterfront and parks, the central BID argument of "increasing services" is no longer true.

Allegedly public spaces are not being used and will now have "thoughtful" events. But no analysis of past events has been done. Dozens of business owners tell me current events often negatively impact business. AEDP now says the BID money is needed to fund the waterfront and parks specifically including Fitzgerald Square. I thought the City was assured the waterfront would not require additional tax money.

According to internal AEDP documents Old Town vacancy rates are below our competitors.

The BID wants to create an engaged a vocal business community.

Congratulations, you've done that. We are engaged and vocally opposed to the BID Tax.

Two last points I would like to discuss in Q&A.

Restaurant opponents were specifically excluded from the "con" panel. I'd love to share with you what I have heard.

Parking is repeatedly mentioned as the #1 problem in Old Town and there is no vision to address it.

This BID as configured is a fiasco and lacks transparency and should end now. #

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A statement by Bert Ely to the Alexandria City Council regarding an Old Town Business Improvement District, or BID

June 6, 2017

Madam Mayor and members of Council I am Bert Ely and I am testifying this evening on behalf of the Old Town Civic Association. My comments will reflect widely held and growing concerns many Old Town residents have about the effect of the proposed Old Town BID on Old Town residents as well as residential areas intermixed with or adjacent to the proposed BID.

As suggested by the map of the proposed boundaries of the BID, numerous properties inside the BID are residential, many of which are single-family homes. Much of Prince Street, for example, as well as several blocks on Cameron, are occupied exclusively or largely by residences. The same is true of many blocks along the north-south streets within the BID. Additionally, many buildings inside the BID are mixed-use, often with retail on the first floor and apartments above. Many owners of mixed-use buildings do not know how the BID will affect them.

What started out as a relatively compact BID centered on the waterfront and lower King Street has been stretched in several directions for a substantial distance solely to increase the BID's tax base. Ironically, waterfront development was supposed to pay for waterfront capital improvements and increased maintenance. Apparently that will not be the case

There are three key reasons why this residential/commercial mix is fatal to the proposed BID. **First**, the BID, a marketing scheme intended to bring more visitors to Old Town, will worsen already serious traffic and parking problems in Old Town. Further, many Old Town businesses, such as lawyers, doctors, consultants, trade associations, etc., will not benefit from increased marketing of Old Town.

The elimination or downsizing of several waterfront parking lots and the elimination of numerous on-street parking spaces have greatly increased parking problems, making Old Town less attractive to visitors and residents alike. The City's plans to sell several parking lots on or near upper King Street will aggravate parking problems in that area.

Trying to squeeze even more visitors into fewer parking spaces will cause many of them to park on nearby residential streets where finding a parking space already is very difficult for residents. As it is, many residents feel trapped in their homes, especially on weekends, because if they leave a parking space near their home to shop or visit friends they often have to park blocks away when they return.

More visitors will mean congested streets will become even more gridlocked and more dangerous to pedestrians and bicyclists. Do you really want more vehicles trying to get through the King and Union intersection on a nice weekend day? That additional congestion will hardly enhance Old Town as a tourist destination yet it is not evident that the BID's

backers have any interest in enhancing Old Town's unique historical and architectural heritage that appeals to both residents and visitors. Instead, they seem intent on turning Old Town into a generic tourist trap, albeit a highly congested trap with a diminished appeal to residents and visitors alike.

Second, the proposed BID raises serious governance issues for those areas encompassed by the BID because the BID's proposed services will duplicate or supplement City-provided services, yet residents within the BID will have no say over the manner in which the BID operates or coordinates with the City. In effect, the BID will be like a private club, with residents excluded from membership, yet that club will make decisions affecting the daily lives of the thousands of residents living within the BID. That is hardly democratic; in fact, it will be very divisive politically.

The proposed BID Advisory Committee of three to five members is totally insufficient and will not provide meaningful resident input in BID decision-making, especially since non-residents – representatives of owners of exempt properties and arts, cultural, and historic organizations –also can serve on that committee.

Third, to the extent the BID performs services now provided by the City or enhances the delivery of those services, such as cleaner streets, streetscape improvements, and improved public space and park management, those improved services will inevitably benefit residents living next door to or just down the street from commercial properties subject to the BID tax.

As that reality became evident, pressure would grow to increase the BID tax base by extending it to residential properties within in BID, for the Code of Virginia clearly provides that the BID tax can be levied on residential properties that Council "deems the provided governmental services to benefit." Residential properties within the Rosslyn and Crystal City BIDs in Arlington certainly appear to be taxed by their respective BIDs.

Of course, if the BID tax was levied on residential properties, then the owners and tenants of those properties quite understandably would be entitled to representation on the BID Board of Directors. I seriously doubt if the commercial interests promoting the BID relish that prospect, yet that possibility – extension of the BID tax to residential properties and the BID representation issues that will raise – should concern Council as it evaluates the pros and cons of the proposed BID, for let us not forget: No taxation without representation!

This Council cannot bind future Councils so it cannot guarantee that a future Council will not extend the BID tax to residential properties. Council should state as much tonight!

In closing, it is most unfortunate that members of the public have been told they cannot speak this evening on this most important issue. It is not too late to allow them to do so!

Thank you for your time this evening – I welcome your questions.

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The opponents of this BID Tax ordinance believe the current ordinance and plan should be rejected. There are some opponents that are open to a BID concept but specifically reject this plan. Furthermore we did not select ourselves to be on this panel and wish to point out many others would like to have their voice heard.

The specific objections to this are many.

1. We believe this has been a tax in search of a spending plan. No specific vision with goals and tracking metrics has been offered – only vague themes.
2. The specific boundaries of the BID are capricious and do not represent any reasonable definition of an area that is Old Town or a broadly defined inclusive Old Town.
3. The benefits for many taxed businesses are not apparent.
4. Many of the arguments for the BID are countered by the City's own facts.
5. The proposed governing document is neither transparent nor democratic and will lead to further problems.
6. Many residents worry that this tax will be expanded to include them and at the same time jeopardize their quality of life in Old Town.
7. Assurances that these problems can be fixed after approval of an ordinance are not met with confidence.