


City of Alexandria, Virginia

MEMORANDUM

DATE: SEPTEMBER 11, 2017

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER 

SUBJECT: STATUS REPORT ON THE FURTHER CONSIDERATION OF AN OLD TOWN BUSINESS IMPROVEMENT DISTRICT

On June 24, 2017 after previously holding an evening long work session on the subject, City Council held a public hearing on the establishment of an Old Town Business Improvement District (BID) and then on June 27, 2017, Council adopted a process (attached) for the BID to be further considered and voted on by commercial property owners and the business community. The key elements of the BID consideration process that Council adopted included:

1. Reducing the BID coverage area to commercial properties between Duke and Cameron Streets;
2. Preparing a budget for the BID's first three years with priorities set based upon input from those who will be impacted by the BID;
3. Establishing measurable success criteria;
4. Education of those impacted by the formation of a BID;
5. Voting of business and commercial property owners within the proposed boundaries; and
6. 55% approval threshold for docketing a BID ordinance for Council consideration.

Since the time of Council's adoption of the BID consideration process in June, those involved in the development of the BID proposal through the BID Exploratory Committee have met and have discussed the Council adopted BID consideration process. It has been reported to me that a clear majority of those who served on the BID Exploratory Committee have concluded that they cannot voluntarily contribute additional time and energy in pursuit of the Old Town BID. Their rationale for not continuing the process apparently includes:

1. The BID Exploratory Committee feels that the BID proposal (and background documentation) that they put forward included the items Council asked for- a framework budget and success criteria- and believes additional study and program development duplicates research and outreach done over the last year.
2. That the 55% threshold set for approval in the process plan is not attainable and was unlikely to be able to be met in a vote this fall without an organized and appropriately

resourced education and advocacy effort led by a group of businesses who helped formulate the plan and budget.

3. That the members of the BID Exploratory Committee who had spent much time and effort preparing the proposed BID plan and who had businesses to operate, needed to return and focus on their businesses.

Without a core group to participate in the formation of a development of a BID program (a key part of Council's request), and without a core group willing to undertake an advocacy and educational campaign, proceeding any further with the BID process at this time appears to not be a productive use of City government resources, AEDP's staff time, as well as the time and energy of the Old Town business community members and residents. Successful BIDs, where they have been created in this region or in the United States, almost always originate from the business community itself. While government can be supportive of a BID, it is not appropriate for a government to lead a BID effort. With active leadership for a BID no longer evident, I do not believe we have this critical component for the successful creation of a BID, and do not recommend that a BID be further pursued at this time. Complicating matters in the near term is that there is now insufficient time to undertake the Council established BID process before the start of calendar year 2018, as a special tax district needs to be established by a governing body prior to the start of the calendar year in which the related real estate tax in that district is levied.

The creation of BIDs are also the product of time, place and circumstance. While I believe that an Old Town BID would be a positive addition to the City's economics, as well as have a positive impact on businesses, property owners and the residents of both Old Town and the City, a number of market factors and economic environmental conditions may need to play out before the need for a BID would be clearer to more of the business and residential community. Currently the national retail sector is undergoing a major shakeout as the increase in internet-based sales and the shift away from brick and mortar stores continues.

At the same time, there is an increasing trend towards authentic urban downtown retail (which well describes Old Town's King Street corridor), as well as a desire by the consumer for more experiential-type activities. More downtown urban areas are being revitalized or newly constructed in our region. The growth of the U Street corridor, the Capitol Riverfront and the delivery of phase 1 of The Wharf project in DC are three compelling examples. The Wharf also represents new major, direct competition for Old Town. As a final disrupter of the status quo, Asana Partners has recently purchased more than 20 retail and office buildings on or near King Street. Other established developers and investors are following, and as a result we will likely see recruitment and repositioning of retail tenants which should strengthen Old Town retail, but how and if there are any unintended consequences is currently unknown.

cc: Stephanie Landrum, CEO, Alexandria Economic Development Partnership (AEDP)

*City of Alexandria, Virginia***MEMORANDUM**

DATE: JUNE 27, 2017

TO: THE HONORABLE MAYOR & MEMBERS OF THE CITY COUNCIL

FROM: COUNCILMAN PAUL SMEDBERG, COUNCILMAN WILLIE BAILEY, COUNCILMAN JOHN TAYLOR CHAPMAN & VICE MAYOR JUSTIN WILSON

SUBJECT: OLD TOWN BUSINESS IMPROVEMENT DISTRICT NEXT STEPS

The consideration as to whether an Old Town Business Improvement District (BID) shall be created has sparked spirited conversation within our community. Driven by recommendations from the 2009 King Street Retail Analysis, the Waterfront Commission Governance Subcommittee, the 2016 MGM Readiness Task Force, and now two separate private initiatives, the concept of a BID continues to be advanced in our City.

Increased commercial vacancies and decreases in retail activity in our central business district compel action to maintain the core of small, independent businesses that have been the hallmark for Old Town for decades. Changes to retail and the way customers access retail require new thinking.

We have been fortunate that business owners in support of the BID have spent countless volunteer hours to improve the future of Alexandria's most important commercial activity zone.

Those with different perspectives have raised important concerns that have merit and must be considered and addressed as we move forward.

Yet several broad themes about the pending proposal have emerged:

- There is support for new marketing initiatives, new programming and improved caretaking of our public spaces.
- There is a desire for clarity of mission for any proposed BID.
- There are concerns that any BID be designed to have members with clear shared interests.
- There is a desire that any BID not simply replace existing General Fund sources.

- There is belief that business owners should have the opportunity to determine their own direction.

With that input in mind, we believe that Council should work to guide the next steps in the consideration of such a BID.

We request Council's concurrence in directing the City Manager to:

- Prepare a revised ordinance that includes the commercial properties from the waterfront to the railroad tracks along King Street, extended to Cameron and Duke to the north and south respectively.
- Prepare a framework budget for the first three years of operation with identified priority areas based on the input that has been received from those who will be subject to the revised BID.
- Prepare a set of specific and measurable success criteria for each of the first three years of operation.
- Prepare a mailing to all business and property owners subject to a potential BID tax detailing the proposal and encouraging input.
- Host public meetings and update existing web content to reflect this revised proposal.
- Contract with a third-party election company to register eligible voters and conduct a vote of eligible business and property owners. Vote totals shall be reported using both methodologies (based on the proposed bylaws AND one vote per commercial taxpayer).
- If either vote total meets 55% approval, the City Manager shall docket the revised ordinance for approval by the Council no later than October 2017.

We believe this approach will allow the City to quickly determine the viability of a Business Improvement District. With support, we will be able to move forward in creating such a district. Without support, the City can move onto other efforts to support the success of commercial activity in Old Town.

Cc: Mark Jinks, City Manager; Stephanie Landrum, CEO, Alexandria Economic Development Partnership