

MIDCITY BUSINESS IMPROVEMENT DISTRICT

Business Plan

October 2017



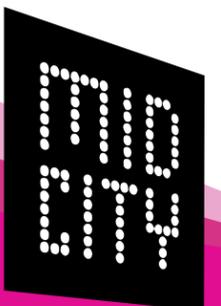
BACKGROUND

The MidCity area of Washington, DC, is a vibrant, diverse cross-section of the Logan Circle and U Street neighborhoods defined essentially by the intersection of 14th and U Streets NW, and radiating from that center. It is one of the most dynamic and burgeoning mixed-use areas not only in the city but also in the region. Long an historic area of the city, it houses many iconic cultural institutions including the historic Lincoln and Howard theaters, Studio Theatre, the 9:30 Club, and The Source Theatre. Over the last decade, the area has undergone a dramatic transformation. Beginning with its evolution as a dining and entertainment destination, coupled with vibrant retail with a design and furniture focus, it has become a sought-after residential and commercial corridor. It also enjoys a relatively diverse and close-knit group of local businesses, many of whom have worked together for decades to lay the groundwork for this transformation. Clearly the area also benefits from its transit accessibility, which includes both a Metro station as well as major north/south and east/west bus lines.

While the MidCity area bursts with energy, its brand has yet to be clearly defined and there are many aspects, particularly in the public realm, which need to be improved. This is central to a process of defining the area with a high-quality and distinct identity that can unify the area and attract more business, residents, and other investments. In particular, the area continues to struggle with the nature and quality of the sidewalk experience, especially key blocks along U Street, with inconsistency of presentation, the lack of green space, and continuing safety and crime issues. **In many respects, the primary needs of the area are clear: to reinvest in its physical environment, to manage the public space and expand marketing, and to establish and promote its identity as a prime destination to shop, live, work and visit.**

The model for building on the assets of MidCity already exist in other areas of the city. Older areas like Georgetown, as well as newer areas like Capitol Riverfront, have established comprehensive programs to meet similar needs that have ignited new markets and reignited older ones. By creating Business Improvement Districts, they have coordinated a variety of placemaking and management efforts with an initial focus on physical improvements, such as hanging flowers, cleaning sidewalks, improving street signage, and establishing inviting public space. BIDs in these areas have established and implemented a better design standard and managed the public space. Through a variety of leadership, marketing and communication activities, including events, special promotions and a robust use of social media, they have also provided a clear and consistent message about the area and established a strong brand.

A group of business and property owners in the MidCity area are now proposing a similar set of strategies to assert a vision of the commercial area as among the most distinctive places in the city. The proposed initiative consists of a three-part program that includes place management, place enhancement and place branding. Such an initiative can yield the same benefits as BIDs in other areas that have made similar investments. These include: appreciation of property values between 10-20% as a premium over and above what could normally be expected, higher residential and commercial occupancy rates, improved retail sales, and greater attendance at events, activities and cultural institutions.





MISSION OF THE BID

The mission of the MidCity Business Improvement District is to provide a range of public space enhancement and management services that will assist in creating a vibrant, dynamic environment intended to help stimulate commercial, retail and residential quality of life, as well as attract users to the many cultural institutions in the area. Beyond focusing on the immediate needs of ensuring that the area is clean, safe and friendly, with well-maintained and inviting public spaces, the BID will also sustain a vision of the area that is vibrant, dynamic and inclusive.

GOALS OF THE BID

- To increase sales and occupancy
- To improve the perception of the area both for consumers and investors
- To increase visitation to area attractions and businesses
- To attract and retain more residents
- To attract and retain local businesses of all sizes as part of the vibrant retail mix
- To raise the stature of the area with public sector leaders and agency directors
- To improve the public space
- To create a safe and inviting environment for businesses, residents, visitors, and patrons

BOUNDARIES

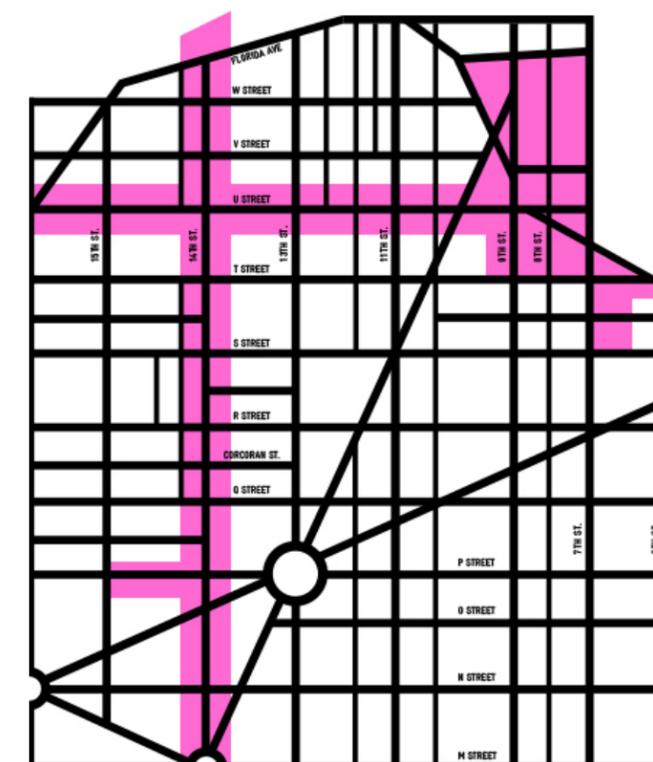
The proposed MidCity BID boundaries are based on those of the MidCity Business Association. The proposed service area stretches from Thomas Circle to Florida Avenue on 14th Street NW, and from 16th to 6th Street on U Street NW. It also includes some commercial strips: 7th, 8th and 9th streets NW that radiate a few blocks out from U Street. A map with proposed boundaries is below.

LEGAL DESCRIPTION

The MidCity Business Improvement District will be managed by a publicly chartered, private nonprofit organization. It will seek registration by a Mayoral order as a business improvement district under the District of Columbia Business Improvement District Act. It will also register as a 501(c)6 organization under the IRS code. As such it will be exempt from federal income taxes under the code.

GOVERNANCE

The organization will be governed by a board of directors who will set broad policies and goals; an executive committee of officers and appointed board members; and a chief executive officer who will manage the day-to-day affairs of the organization.



>> BID BOUNDARY
BOUNDARY IS A DRAFT AND IS SUBJECT TO ALTERATION.





BOARD OF DIRECTORS

The board of directors will consist of between 15-19 voting members, including property owners (who will hold at least 50% of the board positions), business tenants, and representatives of multifamily buildings and cultural and civic institutions. There may be board seats reserved for community organizations as ex-officio non-voting members. Voting members will be elected to three-year terms with an election held each year at the annual meeting. Approximately one-third of the board will be elected each year. The proposed board includes representatives from the following organizations, and BID Exploratory Committee members are still seeking engaged stakeholders who would like to join:

1905 Bistro & Bar	Eat Well
9:30 Club	Dweck Properties
Ben's Chili Bowl	JBG Smith
City First Bank of DC	Miss Pixie's furnishings and whatnot...
Colors	SJG Properties
Cork Wine Bar & Market	Washington Fine Properties

EXECUTIVE COMMITTEE

The Executive Committee will serve as the primary governance contact with the CEO and includes officers and additional members appointed by the chair and confirmed by the board. It will guide the day-to-day operations and practices of the BID. There are two committees that will be organized annually to fulfill specific tasks: (1) the nominating committee and (2) the audit committee. Additionally, ad-hoc committees may be regularly formed to work on specific programs and organizational needs of the BID. The Executive Committee has all the powers of the board within the limits set by the

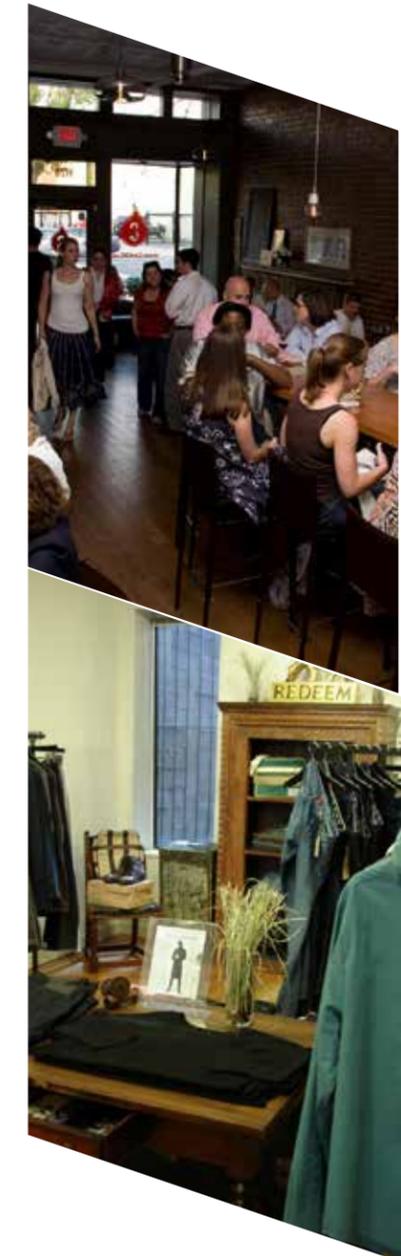
policies and procedures as described in its board-approved bylaws. It is expected that the Executive Committee will meet monthly while the full board will meet quarterly. An annual meeting will be conducted each year to highlight the accomplishments of the current BID administration and conduct organizational and member business as necessary. The officers will be appointed each year after the election of the Executive Committee.

VOTING PROCEDURES

The MidCity BID, a registered 501(c)(6) organization, will be governed by a Board of Directors of up to 19 members. The Business and Community Improvement Districts Act of 1996 (the "Act") as amended requires that a majority of BID board members be property owners. The MidCity BID will strive to include property owners who also operate small businesses. The Act also stipulates that the board of an organization such as the MidCity BID must include commercial tenants of non-exempt property. Tenant representatives will include a healthy mix of retail, restaurants and nightlife businesses. The MidCity BID may also include representatives of civic, cultural, religious and social service organizations as non-voting members.

MEMBERS

MidCity BID Members will include non-exempt property owners and commercial tenants. The MidCity BID will hold annual meetings among members to (1) elect the board of directors and (2) adopt the annual budget and business plan.





MEMBER VOTING

As stated in D.C. Code Section 2-1215.11(a): "The articles of incorporation and the bylaws may allocate to each BID member a number of votes. The number of votes allocated to each member may be based on any fair and equitable formula that ensures not less than one vote per member (except in the case of (1) a residential tenant, where such residential tenant may receive a fraction vote based on the total votes for a building divided by the number of units, and (2) a commercial tenant, where such commercial tenant may receive a fraction vote based on the tenant's rentable square footage as a percentage of the total rentable square footage multiplied by the number of votes for a building) and may take into account certain variables, including, but not limited to, assessed value of property owned or occupied, square footage owned or occupied, street frontage owned or occupied, location of property owned or occupied within the BID, obligations to pay BID taxes in the case of property owners, voluntary contributions to the BID in the case of exempt property owners, and payment for services under contract in the case of the federal government's General Services Administration."

Tenants and owners will be allocated votes. Each tenant will have one vote. Property owners' votes will be allocated proportionally, with every \$500 paid in BID tax representing one vote with a one-vote minimum. For example, if a commercial building pays \$15,000 in BID taxes, that property will have 30 votes.

MANAGEMENT TEAM

CHIEF EXECUTIVE OFFICER

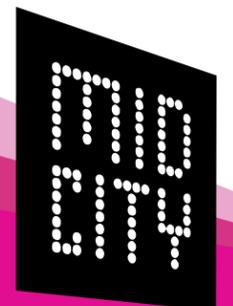
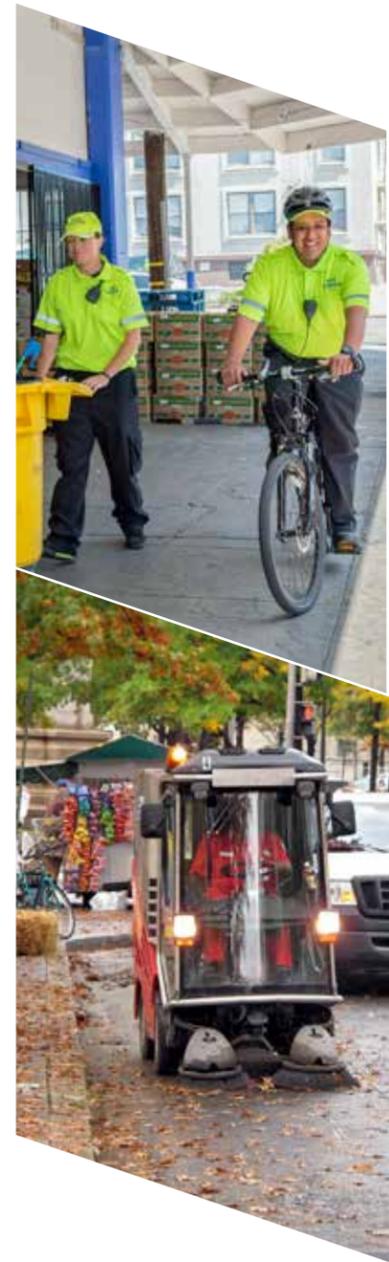
The BID will employ an executive director who will have overall responsibility for the management of day-to-day programs, oversight of financial and operating performance, and will also provide strategic direction for the organization. The director will ensure that the organization follows the policies and procedures as promulgated by the Board of Directors. The director will represent the organization to its members, to the community, to the media and to the government.

COMMUNICATIONS MANAGER

This person will have the responsibility for the design of the marketing, communication, public relations and events planning for the organization. In addition, this person will help develop retail and other business promotions programs, and will serve as the organization's brand manager.

OPERATIONS DIRECTOR

This staff person will oversee all the various programs intended to create a sense of place and manage the physical space. This will include such programs as cleaning, maintenance, security, landscaping, and streetscape enhancements, as well as anything else that would ensure the area is vibrant and exciting.





OPERATING PLAN

PLACE MANAGEMENT

Working in conjunction with individual property owners and businesses, the MidCity BID will be committed to enhancing the experience of a welcoming and inviting place with a variety of activities and initiatives. It will focus most immediately on ensuring that the area is clean, safe, and friendly. This will include activities such as:

- Sidewalk cleaning
- Trash collection
- Litter removal
- Tree box maintenance
- Graffiti removal
- Snow and ice removal
- Maintenance of elements in the public streetscape needing repair

The BID staff will be trained in hospitality services as well, so that they can provide direction and information about the area to visitors.

Additionally, as part of the place management program, the MidCity BID will engage with city agencies to ensure that the area receives the highest level of attention for its basic services, concerns, and community priorities. In this context, as part of the management program, the MidCity BID will also engage in a public safety program that will be in constant communication with the Metropolitan Police Department, businesses, and property owners, to keep the neighborhood safe. It will meet with MPD service officers, the commander of the area, and security guards of the mutual property owners on a regular basis.

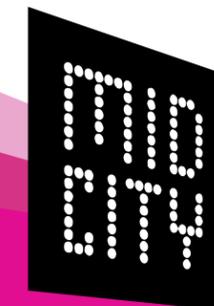
As part of the place management program, the BID will also pay attention to the mix of retail stores and, where appropriate, work with individual property owners to assist in either retaining or recruiting retailers who will help contribute to the desirability of the area as a retail marketplace.

PLACE ENHANCEMENT

In addition to ensuring that the public spaces are well maintained and secure, the MidCity BID will work to enhance the sense of place by creating a more dynamic and vibrant public realm. This will include but not be limited to such initiatives as:

- Planting and landscaping services
- Installing additional bike racks
- Installing public art
- Providing street pole decorations and street banners
- Assisting with façade improvements
- Activating public spaces with events and activities.

Additionally, the staff will work with the Urban Forestry Administration to perform tree maintenance and replacement programs for the entire area. For the holiday season, the BID will develop a high-quality set of streetscape enhancements to create a decorative atmosphere and promote retail shopping.





PLACE BRANDING

Marketing and communication will be a key function of the MidCity BID. The place branding program will work to promote MidCity as a unique destination to live and visit, not only for city and regional visitors but for national and international tourists. In addition to providing consumer marketing and communication activities, it will also focus on investor needs to communicate the benefits of opening businesses or living in the area. It will employ an integrated marketing strategy to include cultivating relationships with the media and PR outlets, building community partnerships in collaboration, and differentiating the MidCity brand among others. Due to the diversity of the area, which includes more than 25 blocks, the MidCity BID will focus on presenting a cohesive, unified brand that differentiates yet unites the various nodes in the neighborhood.

To carry out the overall program, it will focus on specific areas of attention including digital marketing, social media, and public relations.

One of its strongest features will be to continue to build on and expand events — such as the Dog Days Sidewalk Sale and Holiday Lights — and to support grassroots events like the Funk Parade.

MEASURING SUCCESS

The MidCity BID will measure its impacts in the following ways:

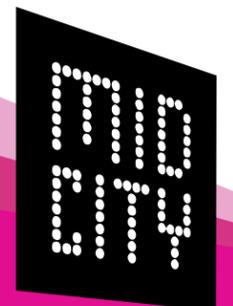
- Attendance at events and activities
- Pedestrian counts
- Attitudinal surveys of businesses, residents, and visitors
- Website hits
- Social media followers
- Amount of trash collected
- Crime statistics
- Number of media citations using BID information

BID TAX RATE

The MidCity BID area proposes the following tax rates:

- Commercial buildings at \$0.11 cents per \$100 of assessed value
- Hotels at \$90 per room
- Multifamily residential rental units at \$120 per unit

It is the intention of the initial board of directors to attempt to keep the tax rates fixed for the initial five years that the BID is in existence. However, if there are additional needs to meet the cost of inflation or structural projects, the BID may adjust the assessment rate up to 3% a year as permitted by legislation. The BID tax will be paid bi-annually in two payments submitted to the DC Office of Tax and Revenue, similarly to property tax bills. The Office of Tax and Revenue will account for the payments and transfer the funds to the MidCity BID.





BUDGET

PLACE MANAGEMENT

Clean Team	MidCity (0.18 square miles)	\$270,000
Infrastructure (Street cleaning equipment, etc)		\$15,000
Total Place Management		\$285,000

PLACEMAKING/ENHANCEMENT

Safe & Clean (streetscape projects, flowers, lights)	\$150,000
Total Placemaking/Enhancement	\$150,000

PLACE BRANDING

Comprehensive branding/marketing initiatives	\$80,000
Events	\$70,000
Total Place Branding	\$150,000

ADMINISTRATION AND CONTINGENCY

BID staff (3): 1 Executive, 1 Manager, 1 Support staff	
Executive Director (includes benefits)	\$150,000
Operations Director (includes benefits)	\$100,000
Marketing (contract)	\$45,000
Financial Management/Billing (contract)	\$24,000
Office space/utilities	\$36,000
Office services (i.e., FedEx)	\$2,400
Misc. & Uncategorized Expenses (estimating approximately 5%)	\$43,920
Total Administrative	\$401,320

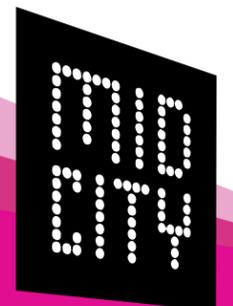
Total Budget	\$986,320
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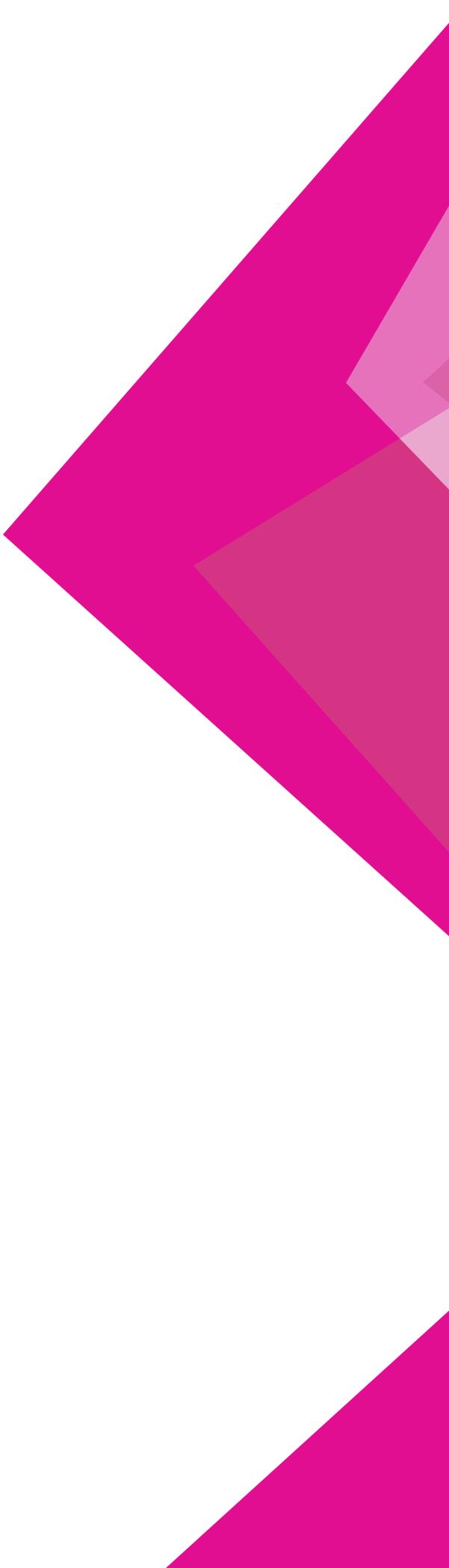
FIVE YEAR SPENDING PLAN

MIDCITY BID BUDGET

\$0.11 per \$100 of assessed value
\$120 per apt unit and \$90 per hotel room

	FY18	FY19	FY20	FY21	FY22
Revenue					
Bid Taxes	\$1,030,000	\$1,050,600	\$1,071,612	\$1,093,044	\$1,114,905
Reserve	\$0	\$43,680	\$39,622	\$30,885	\$26,192
Total Revenue	\$1,030,000	\$1,094,280	\$1,111,234	\$1,123,930	\$1,141,098
Expense					
Place Management subtotal	\$285,000	\$290,700	\$296,514	\$302,444	\$308,493
Place Making subtotal	\$150,000	\$153,000	\$156,060	\$159,181	\$162,365
Place Branding subtotal	\$150,000	\$153,000	\$156,060	\$159,181	\$162,365
Administration subtotal	\$401,320	\$409,346	\$417,533	\$425,884	\$434,402
Total Expenses	\$986,320	\$1,010,978	\$1,036,252	\$1,062,159	\$1,088,713
Income over Expenses	\$43,680	\$39,622	\$35,360	\$30,885	\$26,192





MIDCITY BUSINESS IMPROVEMENT DISTRICT

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