

THE EAST SIDE
BUSINESS IMPROVEMENT DISTRICT NO. 20
2008 OPERATING PLAN

September 27th, 2007

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THE EAST SIDE BUSINESS IMPROVEMENT DISTRICT 2008 OPERATING PLAN

I. INTRODUCTION

In 1984, the Wisconsin legislature created Sec. 66.608 of the Statutes enabling cities to establish Business Improvement Districts (BIDs) upon the petition of at least one property owner within the proposed district. The purpose of the law is ". . .to allow businesses within those districts to develop, manage and promote the districts and to establish an assessment method to fund these activities." Upon petition from property owners within the East Side business district, the Common Council of the City of Milwaukee on 9/23/97 Resolution File Number 970779 created BID No. 20 (The East Side Business Improvement District) and adopted its initial operating plan.

Section 66.608 (3) (b), Wis. Stats., requires that a BID Board "shall annually consider and make changes to the operation plan. . .The board shall then submit the operating plan to the local legislative body for approval." The Board of BID No. 20 (The East Side Business Improvement District) submits this 2008 BID operating plan in fulfillment of the statutory requirement.

This plan proposes a continuation and expansion of the activities described in the initial 1997 BID operating plan. Therefore, it incorporates by reference the earlier plans as adopted by the Common Council. In the interest of brevity, this plan emphasizes the elements, which are required by Sec. 66.608, Wis. Stats. and the proposed changes for 2008. This plan does not repeat the background information that is contained in the initial operating plan.

II. RELATIONSHIP TO MILWAUKEE COMPREHENSIVE PLAN AND ORDERLY DEVELOPMENT OF THE CITY

No changes in the District planning or zoning have occurred since adoption of the initial operating plan.

III. DISTRICT BOUNDARIES

A listing of the properties in the district is provided in Appendix A.

IV. PROPOSED OPERATING PLAN 2008

A. Plan Objectives

The objectives of the BID are as follows:

- Act as a catalyst for private investment. Closely monitor new development opportunities, active recruiting of quality retail in new development and new vacancies, and marketing of area for renewed reinvestment.
- Promotion of the BID District as a desirable place to do business and to visit. Create signature events that drive traffic to the district.
- Improve the overall appearance and image of the area via clean programs, landscaping, and holiday lighting programs.

Proposed Activities

Principal activities to be undertaken by the BID during 2008 include, but are not limited to:

- 1) Continued promotion of the district via special events including the *East Side Open Market*, *Summer Soulstice Music Festival*, and the new Tomato Romp! festival, and general marketing initiatives for the neighborhood.
- 2) Increased programming for planters, trash maintenance, and graffiti removal.
- 3) Promotion of the district as a place to do business, live, work, and recreate.
- 4) Recruitment of new businesses, retail, and retention of existing businesses.
- 5) Seek approval of grant funds from new DCD BID Commercial and Economic Development fund for activities included for 2008. This includes an effort to created formal design and development guidelines for the district.

C. Proposed Expenditures

Income for 2008
(numbers rounded)

Carryover 07 to 08	\$45,000
<u>2007 Assessment (received 3/08)</u>	<u>\$208,266</u>
Projected Income Available in 2008	\$253,266

Expenses for 2008

Operating Expenses (office, salary, district maintenance, etc.)	\$136,450
<u>Loan Payment for 2008</u>	<u>\$78,000</u>
Total Expenses for 2008	\$214,450

The BID Board will have the authority and responsibility to prioritize expenditures and to revise the district budget as necessary to match the funds actually available. Any funds unspent at the end of 2008 shall be carried over to 2009 and applied against future expenses.

D. Financing Method

The City of Milwaukee and the district jointly and cooperatively funded the streetscaping. The district's share of the cost of the streetscaping and the operating expenses of the district will be funded by BID assessments on taxable properties within the district.

The district entered into a Development Agreement with the City of Milwaukee in 2001. The Agreement includes the issuing of municipal bonds to finance the district's portion of the total cost. The district shall pay, each year for the term of the bonds, the amount necessary for principal, interest and other expenses on its portion of the cost. This year's annual payment is \$64,241. The total loan period will be for 20 years.

The Development Agreement will constitute a long-term commitment and the district will not be terminated until all repayments to the City have been made and adequate provision is made for the operation and management of improvements financed through the district. The Development Agreement will be in addition to the operating plan. Both parties have executed the Development Agreement.

V. METHOD OF ASSESSMENT

A. Assessment Rate and Method

As of January 1, 2007, the properties in the district had a total BID assessable value of \$81,116,400. This plan proposes to assess the taxable property in the district at a rate of \$5.00 per \$1,000 of assessed value with a cap at \$5,000 for the purposes of the BID. Appendix A shows the projected BID assessment for each property included in the district.

The principle behind the assessment methodology is that each property owner should contribute to the BID in proportion to the benefit derived from the BID. After consideration of assessment methods, it was determined that the assessed value of a property was the characteristic most directly related to the potential benefit provided by the BID. Therefore, a uniform rate applied on the assessed value of each property was selected as the basic assessment method for BID No. 20.

The variables used to determine the regular BID assessments are:

- 1) The total assessed value of each tax key parcel within the district; and
- 2) the specific dollar amount per \$1,000 of the assessed value of each tax key parcel.

The assessment methodology is as follows: For each of the taxable tax key parcels within the BID boundaries, the BID assessment is calculated by applying a \$5.00 per \$1000 charge against the assessed value of the parcel.

B. Excluded and Exempt Property

The BID law requires explicit consideration of certain classes of property.

In compliance with the law, the following statements are provided:

- 1) *Sec. 66.608 (1) (f) Im: The district may contain property used exclusively for manufacturing purposes, as well as properties used in part for manufacturing. These properties will be assessed according to the method set forth in this plan because it is assumed that they will benefit from development in the district.*
- 2) *Sec. 66.608 (5) (a): Property known to be used exclusively for residential purposes will not be assessed. Such properties are identified as BID Exempt Properties in Appendix B, as revised each year.*

Real property, of which more than 66 2/3 percent of the square footage of the floor area of the building is used for residential purposes, is defined as "substantially residential property." The law authorizing the creation of BIDs states the intention that residential space is considered a residential, and not commercial use. Therefore, the owner of any substantial residential property within the BID may certify to the BID Board the square footage of such real property used for residential and non-residential purposes. The percentage of square footage used for non-residential, as compared to the total square footage of such building, multiplied by the assessed value for the entire building on such real property, shall be the value of the real property used for multiplication against the BID assessment rate, subject to the \$5,000 per parcel cap. Calculation of floor area shall exclude basement area. Properties that receive an adjusted BID assessment in 2000 shall be assessed in 2004 only on the non-residential portion of the property as certified by the owner and accepted by the Board of Directors of BID No. 20.

- 3) *In accordance with the interpretation of the City Attorney regarding Sec. 66.608 (1) (b), Wis. Stats., property exempt from general real estate taxes have been excluded from the district. Privately owned tax exempt*

property, which is expected to benefit from district activities, may be asked to make a financial contribution on a voluntary basis.

VI. CITY ROLE IN DISTRICT OPERATION

The City of Milwaukee has committed to helping private property owners in the district promote its development. To this end, the City has played a significant role in the creation of the BID and in the implementation of its operating plan. In particular, the City will continue to:

- 1) Provide technical assistance to the proponents of the district through adoption of the operating plan and provide assistance as appropriate thereafter.
- 2) Monitor and, when appropriate, apply for outside funds, which could be used in support of the district.
- 3) Collect BID assessments; maintain the BID assessments in a segregated account; and disburse the BID assessments to the district.
- 4) Receive annual audits as required per Sec. 66.608 (3) (c) of the BID law.
- 5) On or before June 1st of each plan year, provide the Board, through the Tax Commissioner's Office, with the official City records on the assessed value of each tax key number within the district as of January 1st of each plan year for the purposes of calculating the BID assessments.
- 6) Encourage the State of Wisconsin, Milwaukee County and other units of government to support the activities of the district.

VII. BUSINESS IMPROVEMENT DISTRICT NO. 20 BOARD OF DIRECTORS AND EXECUTIVE DIRECTOR

The Board's primary responsibility will be implementation of this operating plan. The current BID No. 20 Board of Directors is comprised as follows:

- ❖ **Peg Silvestrini**, President, property owner, business owner, North Avenue
- ❖ **Bob Domrois**, Treasurer, representative of manufacturing interest, North Avenue
- ❖ **John Sidoff**, property owner, business owner, Farwell and North Avenue
- ❖ **Eric Wagner**, local business owner, resident
- ❖ **Geralyn Flick**, business owner, Murray Ave.
- ❖ **Jeff Sherman**, business owner, North Ave.
- ❖ **Paul Miller**, Vice-President, property owner, business owner, Prospect Avenue location
- ❖ **Tyler Reiter**, business owner, Farwell Avenue
- ❖ **Jim Plaisted** -- Executive Director

VIII. EAST SIDE ASSOCIATION

The BID shall be a separate entity from the East Side Association notwithstanding the fact that members, officers, and directors of each may be shared. The Association shall remain a private organization, not subject to the open meeting law and not subject to the public record law except for its records generated in connection the BID Board. In accordance with this plan, the Association may contract with the BID to provide services to the BID.

IX. FUTURE YEARS' OPERATING PLANS

It is anticipated that the BID will continue to revise and develop the operating plan annually in response to changing development needs and opportunities in the district, in accordance with the purposes and objectives defined in this operating plan.

Section 66.608 (3) (a) of the BID law requires the BID Board and the City to annually review and make changes as appropriate in the operating plan. Therefore, while this document outlines in general terms the complete development project, it focuses upon 2008 activities. Information on specific assessed values, budget amounts, and assessment amounts are based on 2007 conditions. Greater detail about subsequent years' activities will be provided in the required annual plan updates. Approval by the Common Council of such operating plan updates shall be conclusive evidence of compliance with this operating plan and the BID law.

In later years, the BID operating plan will continue to apply the assessment formula, as adjusted, to raise funds to meet the next annual budget. The method of assessing shall not be materially altered, except with the consent of the City of Milwaukee.

X. AMENDMENT, SEVERABILITY, AND EXPANSION

The BID has been created under the authority of Section 66.608 of the Statutes of the State of Wisconsin. Should any court find any portion of this statute invalid or unconstitutional, its decision will not invalidate or terminate the BID and this BID operating plan shall be amended to conform to the law without need of re-establishment.

Should the legislature amend the statute to narrow or broaden the process of a BID so as to exclude or include as assessable properties of a certain class or classes of properties, then this BID operating plan may be amended by the Common Council of the City of Milwaukee as and when it conducts its annual review and approval of the operating plan and without necessity to undertake any other act. This is specifically authorized under Sec. 66.608 (3) (b), Wis. Stats.

Appendix A

Properties included in BID #20

Address	Tax Key	2007 Property Assessments	BID #20 Assessment
2427 N. Murray	3190699000	\$263,000	\$1,315
2423 N. Murray	3190700000	\$282,000	\$1,410
1922 E. Thomas	3190704000	\$259,000	\$1,295
2018 E. Thomas	3190721000	\$371,000	\$1,855
2400 N. Murray	3190722000	\$654,000	\$3,270
2406 N. Murray	3190723000	\$271,000	\$1,355
2410 N. Murray	3190724000	\$154,000	\$770
2430 N. Murray	3190727100	\$742,000	\$3,710
2426 N. Farwell	3190743000	\$604,800	\$3,024
2414 N. Farwell	3190744000	\$267,000	\$1,335
2401 N. Maryland	3190745000	\$849,000	\$4,245
2311 N. Prospect Ave.	3191372000	\$14,800,000	\$5,000
2035 N. Prospect Ave	3191371000	\$14,268,000	\$5,000
2012 E. North Ave	3190757000	\$1,225,000	\$5,000
2330 N. Farwell	3190760100	\$1,880,000	\$5,000
2303 N. Farwell	3190764111	\$1,376,000	\$5,000
2339 N. Murray	3190767000	\$847,000	\$4,235
2333 N. Murray	3190768000	\$346,000	\$1,730
2327 N. Murray	3190769000	\$227,000	\$1,135
2319 N. Murray	3190770100	\$1,081,000	\$5,000
1930 E. North	3190770200	\$746,000	\$3,730
1832 E. North	3190790000	\$399,000	\$1,995
1800 E. North	3190793000	\$1,457,000	\$5,000
1514 E. Thomas	3200302111		\$5,000
1726 E. North	3201523000	\$385,000	\$1,925
2303 N. Oakland	3201524000	\$480,000	\$288
1700 E. North	3201525000	\$1,350,000	\$5,000
2342 N. Newhall	3201531100	\$1,156,000	\$5,000
1614 E. North	3201532110	\$765,000	\$3,825
2333 N. Newhall	3201534000		\$0
1530 E. North	3201535100	\$365,000	\$1,825
1518 E. North	3201537100	\$362,000	\$1,810
1504 E. North	3201539000	\$639,000	\$3,195
2320 N. Cambridge	3201540000	\$15,000	\$75
1436 E. North	3209948114	\$1,335,000	\$5,000
1507 E. North Ave	3550101000	\$242,800	\$1,214
1515 E. North Ave	3550103000	\$315,000	\$1,575
1431 E. North Ave	3550139110	\$502,000	\$2,510
2202 N. Bartlett	3550431116	\$3,497,800	\$5,000
1617 E. North	3550432000	\$436,000	\$2,180
1609 E. North	3550448100	\$345,000	\$1,725
2252 N. Propsect	3560215100	\$2,858,000	\$5,000

2150 N. Prospect	3560229000	\$1,000,000	\$5,000
2211 N. Prospect	3560278000	\$623,100	\$3,116
2201 N. Prospect	3560279000	\$1,258,000	\$2,096
2214 N. Farwell	3560281100	\$631,000	\$3,155
2216 N. Farwell	3560282000	\$1,733,000	\$5,000
2238 N. Farwell	3560283000	\$1,400,000	\$2,333
2217 N. Prospect	3560284000	\$1,888,000	\$5,000
2017 E. North	3560285000	\$441,000	\$2,205
2043 E. North	3560286000	\$897,000	\$4,485
2034 E. Ivanhoe Pl.	3560287000	\$725,000	\$3,625
1901 E. North	3560289111	\$1,710,000	\$5,000
2227 N. Farwell	3560290100	\$515,800	\$2,579
2219 N. Farwell	3560296120	\$658,000	\$3,290
2201 N. Farwell	3560297000	\$1,423,900	\$2,373
1852 E. Kenilworth	3560298110	\$412,000	\$2,060
1801 E. North	3560301000	\$172,900	\$865
1819 E. Kenilworth	3560302000	\$1,360,000	\$5,000
1835 E. Kenilworth	3560303100	\$944,800	\$4,724
2169 N. Farwell	3560310100	\$486,000	\$2,430
2159 N. Farwell	3560311000	\$259,000	\$1,295
2121 N. Farwell	3560312111	\$1,344,700	\$5,000
2200 N. Prospect	3560609100	\$648,500	\$3,243
2214 N. Prospect	3560611100	\$871,300	\$4,357
2170 N. Prospect	3561471000	\$383,000	\$1,915
2009 E. Kenilworth Pl.	3561472000	\$913,000	\$4,565
		\$81,116,400	\$208,266

Appendix B

2008 Approved Budget

	2008
Ordinary Income/Expense	
Income	
Assessment Receipts	208,266.00
Reimbursed Expenses	600.00
2007 Carryover	45,000.00
Total Income	253,866.00
Expense	
Bank Service Charges	50.00
Contract Labor	
Executive Director	46,200.00
Graphics for Kiosk	5,000.00
Holiday Lighting	2,000.00
Kiosks/Iron Work	500.00
Open Market Director	8,000.00
Planter Maintenance	10,000.00
Public Relations and Events	25,000.00
Street Cleaning	7,000.00
Streetscape	3,000.00
Contract Labor - Other	5,000.00
Dues and Subscriptions	500.00
Insurance	
DNO	800.00
Liability Insurance	1,600.00
Total Insurance	
Internet Service	10,000.00
Licenses and Permits	500.00
Loan Payment	78,000.00
Office Supplies	500.00
Postage and Delivery	300.00
Printing and Reproduction	3,000.00
Professional Fees	
Accounting	1,000.00
Total Professional Fees	
Supplies	
Landscaping	2,500.00
Supplies - Other	500.00
Total Supplies	
Telephone	
Travel & Ent	
Meals	

Total Travel & Ent	1,000.00
Utilities	
Gas and Electric	2,500.00
Total Utilities	
Total Expense	214,450.00
Net Ordinary Income	39,416.00
Other Income/Expense	
Other Income	
Interest Income	500.00
Total Other Income	<u>500.00</u>
Net Other Income	<u>500.00</u>
Net Income	<u><u>39,916.00</u></u>