



Downtown New Bedford Business Improvement District (Community Benefit District) Final Budget and Assessment Methodology Winter 2020

New City America, Inc., a national district management corporation, has donated its services to develop a plan for a proposed Business Improvement District in downtown New Bedford, which would be formed under the regulations set forth in Section 6 of Chapter 400 of the General Laws of Massachusetts.

Overview

As the City of New Bedford continues to solidify its position as the dominant commercial fishing port on the east coast and works to establish itself as the epicenter of the emerging offshore wind industry, we want to ensure continued evolution and success of our downtown. Overall, our downtown is visually appealing, generally clean and safe, and it serves the businesses, communities, and citizens' interests. The opportunity is now here to take our downtown to the next level and position it as the number one restaurant, retail, office and residential destination in southeastern Massachusetts.

Downtown New Bedford is already gaining a reputation as a forward-thinking place. However, development of a comprehensive downtown management plan and a mechanism for executing that plan, working in concert with downtown property owners, merchants, and the City, can take our downtown to new heights. *With this in mind, the Downtown property owners have been exploring ways to provide enhanced services to complement what services the City already provides, attract new businesses and new downtown residential development and transform our downtown into a center of commerce, market rate housing, retail, and restaurants, and a cultural destination in the southeastern portion of the state.*

One of the models that many similar downtowns in Massachusetts have utilized is the adoption of a "Business Improvement District" (BID) which would be formed under the state's Business Improvement District (BID) law, Chapter 400 of the General Laws of Massachusetts.



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The full stakeholder community in the downtown would benefit, not just commercial property owners. This would include City properties, tax-exempt non-profit properties and those properties which would benefit from the services funded from this new Downtown New Bedford Improvement District.

Nationwide, the Business Improvement District/Community Benefit District model is a proven method whereby property owners initiate a new stakeholder-controlled financing district to fund special benefit services – or those services over and above what the City of New Bedford is currently providing downtown. Property owner assessments are an essential funding component of CBD revenue, but it may also come from other sources such as parking, state and local grants, private foundation grants, entrepreneurial activities, special events and projects. Businesses, non-profit organizations, and educational institutions may also contribute.

What can a BID do for Downtown New Bedford Business and Property Owners in 2021?

The BID assessment is not a tax. The revenues generated may be billed by the City on the property tax bills, however they DO NOT go into the City's general fund as property taxes do. They are considered "special assessments" and can only be allocated within the boundaries of the Downtown BID and can only be used to fund services OVER AND ABOVE what the City is currently providing.

The deliverables resulting from a well-funded and well managed Downtown CBD through a new District Management Corporation include the following:

- *Generate greater business activity through the promotion of downtown as a visitor destination, shopping district and mixed-use neighborhood, resulting in higher visitor related room rates and occupancy rates.*
- *Create greater demand on building rental space and parcels, resulting in increased rental rates, based upon the promotion of downtown New Bedford's image and brand.*
- *Increase property values through greater demand for land in downtown.*
- *Attract new businesses, anchor institutions, and residential development.*
- *Increase visitor and tourist related activity.*
- *Provide better parking management for businesses.*
- *Provide a safer, more attractive and orderly experience in downtown.*
- *Provide one voice and stronger leverage with City staff, the Mayor and City Council.*
- *Prepare Downtown as a whole for the positive impact of the completion of the new rail station which will connect Downtown New Bedford with South Station in Boston beginning in 2023.*

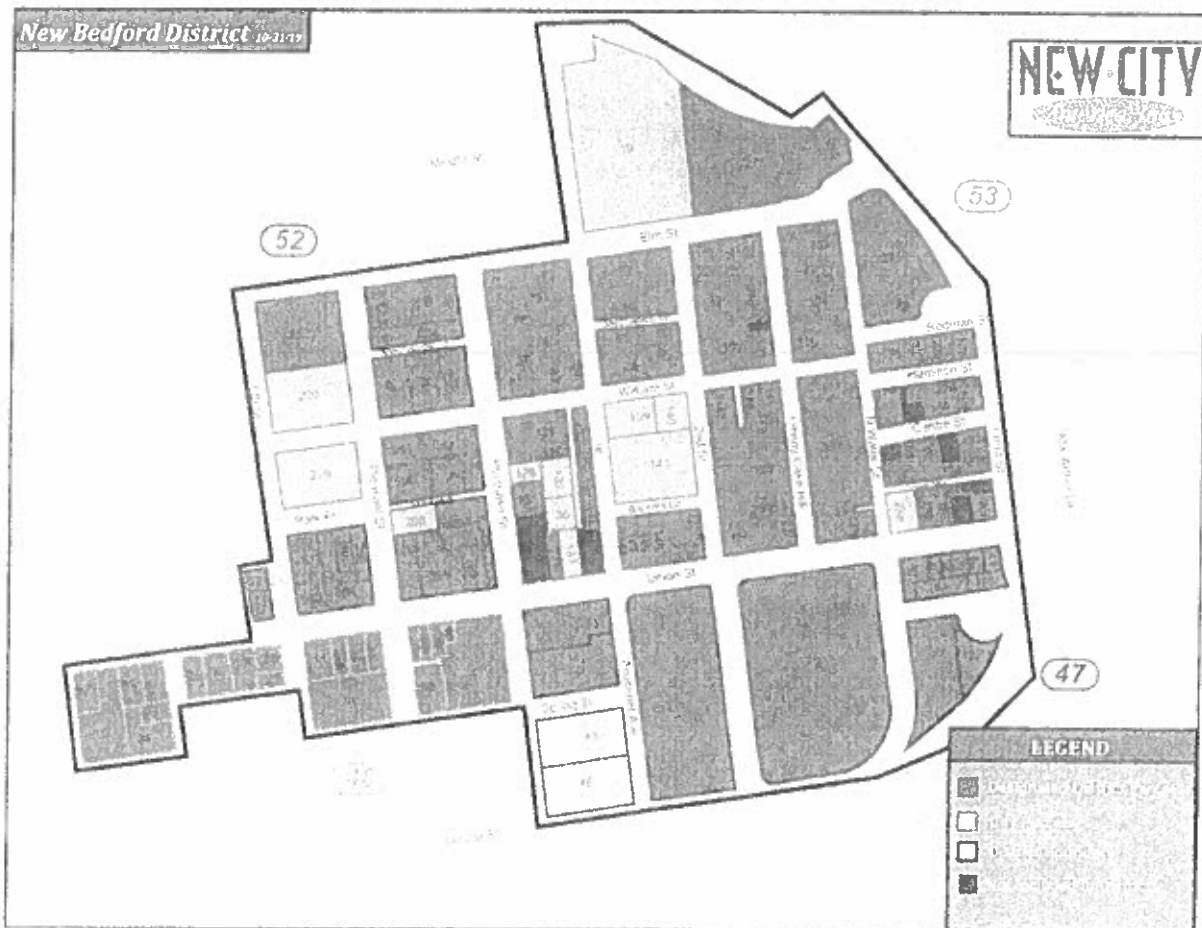
The Downtown New Bedford CBD will also be managed and directed by a new independent corporation of property and business owners paying into the District.

ALL property owners, including tax-exempt property owners (City-owned properties included), may pay their fair share into the CBD based upon their parcel size and building square footage. It is anticipated that under this proposed BID plan, verified by signed affirmative petitions, that all benefitting property owners shall pay into the proposed Downtown New Bedford BID.

In summary, a BID or CBD can improve the image of Downtown New Bedford through public relations, marketing, advertising, social media, parking/transportation services, and cleanliness; install/improve decorative outdoor amenities such as furniture, fixtures, equipment, and lighting; promote and enhance brand/image; and manage events and other activities that are warranted.

As Downtown New Bedford becomes more attractive and desirable, this will create new demand to bring in new residents, visitors, employees, students and businesses. Based upon other district successes in larger municipalities, City municipal services may not be able to keep up with the new intensity of use. Increasingly we see Downtown New Bedford becoming a center of new market rate housing, new mixed-use developments and the expansion of, or more, higher education institutions. We need to work to construct that future.

Boundaries of the proposed district



Description of Boundaries:

The proposed Downtown CBD will include 175 parcels and 122 property owners. A rough description of the boundaries is as follows:

On the North: Starting at 6th Street on the west, running eastward down the middle of Elm Street including all the parcels on the south side of Elm up to Highway 18. Heading east, include parcels 53-19 (Parking Structure) and 53-27 and 53-289, (Bay Coast Bank) on the north side of Elm Street. Ending at the intersection of Highway 18 and Elm Street.

On the South: Starting at the intersection of 8th Street and Union Street, heading east on Union including parcels on the south side of Union Street up to the intersection of Union Street and 6th Street. Then heading eastward including all the parcels on both sides of Union Street from 6th Street on the west and Highway 18 on the east. The furthest southern side of the boundaries includes all parcels on the north side of School Street from Highway 18 on the east and the intersection of School Street and Purchase Street (parcels on the north and east side of that intersection).

On the East: Starting at Highway 18, including all the parcels on the west side of the Highway 18, running from the intersection of Elm Street and Highway 18 on the north, running southward to the intersection of Highway 18 and School Street on the south.

On the West: Starting at the parcel at the southeastern corner of the intersection of Elm Street and 6th Street, running southward along 6th Street, including all of the parcels on the east side of 6th Street, ending at the intersection of 6th Street and Union Street, including all four corners of the intersection (including parcels 46-278 and 46-331). Continuing westward along Union Street including the parcels on the south side of Union Street, up to 8th Street and including all the parcels within the block of 8th Street, Union Street, 7th Street and Spring Street.

Assumptions in Making this Downtown New Bedford BID Plan

- City-funded general benefits currently in place will remain at their same frequency (trash pickup, snow removal on sidewalks, tree trimming, lighting, landscaping, NBPD patrols).
- Private property owners will still be responsible for snow removal in front of their buildings or properties.
- Parking district enterprise funds may be available for parking and transportation/mobility related programs and activities.
- Property assessments will be the fundamental sources of revenues to fund the services outlined in this BID plan (See attached City Baseline Services sheet)
- The eventual total BID budget in the coming years will consist of:
 - a. *property assessments from all benefitting property owners (with the exclusion of residential condo owners who would pay less than \$500 annually into the district)*
 - b. *potential parking district enterprise funds.*
 - c. *potential event underwriters.*
 - d. *potential donations, sponsorships, grants.*

- Safe and dynamic walkability throughout all of downtown is a key goal of this BID.
- Upon approval of the BID by the City Council and a subsequent vote of the BID's governing body, the BID would be managed by an existing or newly formed non-profit public benefit district management corporation whose sole goal will be to implement the programs and activities of the BID plan.
- It is possible that some current services provided by the City, such as landscaping, hanging plants and flowers, could be performed by the BID Management corporation through a contract with the City.
- The ability to assess tax-exempt parcels is listed in Section 6 of Chapter 400 of the General Laws of Massachusetts which states:

"All property located within the proposed BID shall be considered in the fee formula for the supplemental services and programs as outlined in the improvement plan. The Municipality MAY exempt from fees certain properties, specifically classified as (1) owner occupied residential, (2) agricultural, or (3) tax exempt."

Downtown New Bedford BID Proposed Services Budget

There are 19,309 linear feet, or a little over five miles of linear frontage in the proposed BID plan. The following represents the categories of special benefit services that will guide the independent BID Board of Directors in the allocation of funds. The Board will set priorities based upon the available revenue and category of services, on a year-to-year basis.

2021 DOWNTOWN NEW BEDFORD BUDGET SUMMARY

Revenue

Assessments

Property Assessments	\$297,814	100%
Grants and activities (to be determined)		

Proposed Expenses

Civil Sidewalks (cleaning, beautification)	\$ 75,000	25%
District Identity/Marketing/PR	\$ 150,000	50%
Management Advocacy	\$ 65,000	22%
Contingency	\$ <u>5,437</u>	3%
Total	\$ 297,814	100.0%

The proposed “bundles” of special benefit services listed above are articulated as follows:

DISTRICT IDENTITY, MARKETING/PR

Examples of this category of special benefit services and costs may include, but are not limited to:

- Website development and management
- Management and coordination of special events
- Social media and hiring of a Public relations firm
- Holiday and seasonal decorations over and above City services
- Branding of the Downtown CBD properties so a positive image is promoted to the public
- Placemaking strategies
- Banner programs over and above current City programs
- Public art displays
- Branding and Logo development
- Ongoing farmers markets and makers’ fairs.
- Advertising
- Business attraction forums and brochures which encourage new development in Downtown, especially in light of the pending train station opening in 2021.

CIVIL SIDEWALKS: (OVER AND ABOVE CURRENT CITY SERVICES)

Examples of this category of special benefit services and costs may include, but are not limited to:

- Regular sidewalk and gutter sweeping over and above City services.
- Regular sidewalk steam cleaning
- Beautification of the district over and above City services.
- Enhanced trash emptying over and above city services.
- Timely graffiti removal, within 24 hours as necessary
- Tree and vegetation maintenance over and above city services.
- Maintenance of existing and new public spaces.

MANAGEMENT ADVOCACY/PROGRAM MANAGEMENT

Examples of this category of special benefit services and costs may include, but are not limited to:

- Staff and administrative costs
- Directors and Officers and general liability insurance
- Office related expenses
- Rent
- Financial reporting and accounting
- Legal work

CONTINGENCY/CITY FEES/RESERVE

Examples of this category of special benefit services and costs include, but are not limited to:

- Delinquencies, City/County fees, reserves

Current Data for the Downtown New Bedford BID

- 122 Property Owners
- 175 Parcels
- Building Square footage (as of April 2019): 2,653,804 sq. feet
- Parcel or lot size (as of April 2019): 1,442,692 sq. feet
- Linear Frontage (as of April 2019) 19,309 linear feet

Assessment Variables:

- Benefit Zone 1 properties consist of all commercial properties, including tax-exempt and City properties, except those which are classified as Benefit Zone 2 below.
- Benefit Zone 2 properties consist of some commercial and tax-exempt properties whose annual assessments are capped at maximum of \$10,000 during the first year. In addition, except for the multitude of City parcels throughout Downtown, no property owner, with a common ownership of an adjacent or connected parcel, shall pay more than \$10,000 per year into the first year of the Downtown New Bedford CBD.
- Owner occupied residential parcels with annual assessments less than \$500.00 per year shall be exempt from payment into the proposed Downtown CBD.

<i>Assessments generated by Benefit Zone 1 property owners:</i>	<i>\$237,814.00</i>
<i>Assessments generated by Benefit Zone 2 property owners:</i>	<i><u>\$ 60,000.00</u></i>
<i>Total first year CBD budget:</i>	<i>\$ 297,814.00</i>

Assessment Methodology and Costs:

State law states the following in determining how properties are to be assessed:

The basis of such a district fee may be determined by a formula utilizing any one or a combination of the following:

- different levels for varying classifications of real property
- benefit zones
- assessed valuation
- square footage
- street frontage
- any other formula which meets the objectives of the BID

In formulating its proposed plan, unlike other BIDs in the state of Massachusetts, the Downtown New Bedford BID Steering Committee elected to:

- Not exempt any properties regardless of use or tax status from the CBD
- Not use assessed valuation as the basis for the generation of CBD revenues
- Cap all non-City commercial and tax-exempt parcels to a maximum of \$10,000 per year during the first year of adoption;

Therefore, the way a property owner calculates their cost per parcel is as follows:

- Multiply \$ 0.08 times the building square footage PLUS
- Multiply \$0.10 times the lot or parcel size costs, equals the **Annual total assessment per parcel**, (parcels without buildings only pay parcel size costs)

District Formation Process and Timeline

Under the Massachusetts state General Laws, Chapter 400, a public hearing to establish a Business Improvement District (Community Benefit District) can only be initiated if a petition representing:

- 51% of the assessed valuation of all the real property which will be paying within the proposed CBD and;
- 60% of the real property owners within the proposed CBD sign the petition

In the case of Downtown New Bedford's BID, we would need to submit petitions supporting the BID representing the following to the City to initiate the public hearing to establish the district:

- \$ 151,885 in first year assessments, and
- 105 property owners

We are launching this petition drive in January 2021 and hope to have it completed by the end of August. We will work on this petition drive demonstrating support of the property owners until we reach the threshold numbers listed above. The next steps in the formation process are as follows:

<i>Task</i>	<i>Responsibility</i>	<i>Date</i>
Write CBD Management District Plan	New City America along with Downtown New Bedford CBD Steering Committee	Completed by December 1 st , 2020
Initiate petition drive. Must get 51% of assessed valuation and 60% of the property owners to sign the petition	Downtown New Bedford CBD Steering Committee	January - August 2021
Submit petitions to the City Clerk's office	New City America working with Downtown New Bedford CBD Steering Committee	Early September
Preparation for public hearing	City	To be determined
Public hearing held	City	To be determined
First revenues to the new management corporation	To be determined	Beginning of 2022

Please contact our CBD consultant Marco Li Mandri of New City America at 888/356-2726 or marco@newcityamerica.com should you have any questions regarding the creation of the proposed Downtown New Bedford CBD.

CHAPTER 400 – MASSACHUSETTS GENERAL LAW

Section 1. As used in this chapter the following words shall, unless the context clearly requires otherwise, have the following meanings:

"Business improvement district board of directors" or "Board of directors", a locally designated board of property owners or their designees who are assigned responsibility for the management of a business improvement district.

"BID", a business improvement district formed pursuant to this chapter, which is a contiguous geographic area with clearly defined boundaries in which at least three-fourths of the area is zoned or used for commercial, industrial, retail, or mixed uses.

"BID member", a property owner who participates in a BID.

"Elector", a BID member, or a natural person designated by a member to vote by proxy for such member; provided, however, that such designation shall be in writing and filed with the city or town clerk; provided, further, that only one such proxy may be designated by an owner.

"Fee", a payment for services or improvements specified by the BID improvement plan.

"Improvement plan", the strategic plan for the BID which sets forth the supplemental services and programs, revitalization strategy, budget and fee structure, as well as the management entity for the business improvement district, and is approved by the local municipal governing body as part of the creation of the BID. An improvement plan shall, within the limitations described in section nine, be updated at least once every three years by the BID board of directors, and a copy thereof shall be mailed or delivered to each BID member. The updated improvement plan shall take effect upon the approval of a majority of the electors. Any amendment to the improvement plan under section nine shall be deemed to be an update of the improvement plan.

"Local municipal governing body", the city council or board of aldermen in a city or the board of selectmen or town council in a town.

"Management entity", an entity designated in an improvement plan to receive funds to carry out and implement the purposes of the BID, and which shall be governed by the BID board of directors. The improvement plan may designate the BID board of directors to act as the management entity or may designate that the management entity will be selected by the board of directors. If a management entity is utilized, such entity shall be required to furnish a surety bond conditioned on the faithful performance of its duties.

"Property", any real property located within the BID.

"Property owner", the owner of record of property.

"Standard government services", governmental functions, programs, activities, facilities, improvements and other services which a municipality is authorized to perform or provide.

"Supplemental service", the provision of programs, public services, activities, amenities, or information in addition to the standard governmental services provided to the BID.

Section 2. The rights and powers of a BID approved by a municipal governing body shall include: retaining or recruiting business; administering and managing central and neighborhood business districts; promoting economic development; managing parking; designing, engineering, constructing, maintaining, or operating buildings, facilities, urban streetscapes or infrastructures to further economic development and public purposes; conducting historic preservation activities; leasing, owning, acquiring, or optioning real property; supplementing maintenance, security, or sanitation; planning and designing services; formulating a fee structure; accumulating interest; incurring costs or indebtedness; entering into contracts; suing and being sued; employing legal and accounting services; undertaking planning, feasibility and market analyses; developing common marketing and promotional activities; and supporting public art and human and environmental services as related to the enhancement of the business district or other supplemental services or programs that would further the purposes of this chapter.

Section 3. The organization of a BID shall be initiated by a petition of the property owners within the proposed BID which shall be filed in the office of the clerk of the municipality.

Such petition shall contain:

(1) the signatures of the owners of at least fifty-one percent of the assessed valuation of all real property within the proposed BID and sixty percent of the real property owners within the proposed BID;

(2) a description of and a site map delineating the boundaries of the proposed BID;

(3) the proposed improvement plan which shall set forth the supplemental services and programs, revitalization strategy, update mechanism, and budget and fee structures;

(4) the identity and location of the management entity designated to implement and oversee the ongoing improvement plan; and

(5) the criteria for waiving the fee for any property owner within the BID who can provide evidence that the imposition of such fee would create a significant financial hardship.

Such petition may include a mechanism for reimbursing the municipality for the costs incurred in establishing the BID, and for costs incurred in collecting the district fees.

A copy of said petition shall be filed with the director of housing and community development within thirty days of receipt of such petition by the clerk of the municipality.

Section 4. The local municipal governing body shall hold a public hearing within sixty days of the receipt of a petition. Written notification of such hearing shall be sent to each property owner within the boundary of the proposed BID at least thirty days prior to such hearing, by mailing notice to the address listed in the property tax records. Notification of the hearing shall also be published for two consecutive weeks in a newspaper of general circulation in the area at least fourteen days prior to such hearing. Such public notice shall contain the proposed boundaries of the BID, the proposed fee level, the proposed benefits and the basis for determining the district fee.

Prior to the public hearing, the local municipal governing body shall direct the town clerk or city clerk or his designee to determine that the establishment criteria has been met as set forth in section three.

At the public hearing, the local municipal governing body shall determine if the petition satisfies the purposes set forth and the establishment criteria of this chapter and shall obtain public comment regarding the improvement plan and the effect the proposed BID will have on the property owners, tenants, and others within the BID. If it appears that said petition is not in conformity with the purposes and establishment criteria, the local municipal governing body shall dismiss the petition. At the public hearing, the presiding officer or clerk of said governing body shall read into the record the basis for determining the district fee pursuant to section seven and the process by which eligible property owners may vote not to renew such BID.

Within forty-five days after the public hearing, the local municipal governing body, in its sole discretion, may by a vote declare the district organized and describe the boundaries and service area of the district. Upon such declaration, the BID may commence operations.

Notice of the declaration of the organization of the BID shall be mailed or delivered to each property owner within the proposed BID. The notice shall explain that membership in the BID is irrevocable until the failure to renew the BID as provided in this section or the dissolution under section 10, and shall include a description of the basis for determining the district fee, the projected fee level and the proposed services to be provided by the BID. Such notice shall be published for 2 consecutive weeks in a newspaper of general circulation in the area, the last publication being not more than 30 days after the vote to declare the district organized.

Participation in the BID shall be permanent until after the discontinuation of the BID as provided in this section, or until the dissolution of the BID under section 10. A non-participating owner in the district shall become a participating member on the date of a renewal vote, as provided below. On or before the fifth anniversary of the organization of a newly created BID and on or before January 1, 2018 and the fifth anniversary thereafter of the date of the most recent renewal of the BID under this section, the board of directors of the BID or of its designated management entity shall call a renewal meeting of the BID members to review the

preceding 5-year history of the BID, to propose an updated improvement plan to succeed the then current improvement plan and to consider whether to continue the BID. The renewal meeting shall be held at a location within the district. Notice of the meeting shall be given to participating members in the manner provided in the by-laws, at least 30 days prior to the meeting. The BID shall continue after each renewal meeting if a majority of participating property owners who are not more than 30 days in arrears in any payment due to the BID and are present at the renewal meeting, in person or by proxy, vote to renew the BID for a term of 5 years commencing on the first day of the next fiscal year of the BID.

If the eligible participating property owners elect not to continue the BID, the board shall conclude the business of the BID prior to the sixth anniversary of the BID's creation, or of the prior renewal vote, as the case may be, and proceed to discontinue the BID. Notice of the discontinuation vote shall be given to the local municipal governing board, which shall formally declare the BID dissolved as of such sixth anniversary; provided, however, that the BID shall not be dissolved until it has received the accounts receivable due to the BID and until it has satisfied or paid in full all of its outstanding indebtedness, obligations and liabilities, or until funds are on deposit and available therefor, or until a repayment schedule has been formulated and approved by the local municipal governing board. Except as necessary to conclude the business of the BID, the BID shall not incur any new or increased financial obligations after such sixth anniversary. Upon the dissolution of a BID, the remaining assets shall first be applied to repay obligations of the BID, and then in accordance with the improvement plan, as updated.

Nothing in this section shall prevent the filing of a subsequent petition for a similar project.

Section 5. Each BID shall have a board of directors who shall oversee the management entity to insure the implementation of the improvement plan. The BID board of directors shall be designated by a majority vote of the electors, or their designees, who own real property participating in the BID. The local municipal governing body may establish rules and regulations governing the BID board of directors.

Section 6. All real property located within the proposed BID shall be considered in the fee formula for the supplemental services and programs as outlined in the improvement plan.

The municipality may exempt from fees certain properties, specifically classified as: (1) owner-occupied residential; (2) agricultural; or (3) tax exempt.

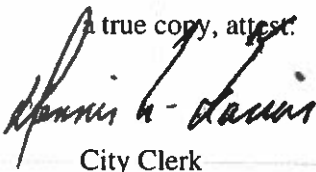
Section 7. By formal approval of a BID, the local municipal governing body shall adopt the district fee structure for the financing of items submitted in the improvement plan for the BID, provided, however, that the total fees assessed in any one year may not exceed one-half of one percent of the sum of the assessed valuation of the real property owned by participating members in the BID district.

IN CITY COUNCIL, March 25, 2021

Referred to the Committee on Appointments and Briefings – Yeas 11, Nays 0.

Dennis W. Farias, City Clerk

A true copy, attest:


City Clerk