

**Downtown Chattanooga Central Business Improvement District: Operational Plan**

<p><b>BID Objectives</b></p>	<p>The Downtown Chattanooga Central Business Improvement District (the “BID”) is intended to be a downtown improvement program led and managed by the private sector pursuant to T.C.A. § 7-84-501 <i>et. seq.</i>, with the following objectives:</p> <ul style="list-style-type: none"> <li>• To provide advocacy, leadership, and services that improve the downtown experience and quality of life, such as enhancing cleanliness, improving public safety, and activating and beautifying public spaces.</li> <li>• To increase business activity and attract new investment.</li> <li>• To enhance property values, increase sales and occupancies.</li> <li>• To offer accountability to ratepayers through a property and business owner-managed governance structure.</li> <li>• To create a mechanism for championing and sustaining downtown improvement efforts for the long term.</li> </ul>								
<p><b>BID Boundaries</b></p>	<p>The BID will encompass a portion of downtown bounded roughly by the Tennessee River to the north, US-27 to the west, 11<sup>th</sup> Street to the south, and primarily Cherry Street and Georgia Avenue to the east. The boundary shall extend through the centerline of 11<sup>th</sup> Street, Cherry Street, Georgia Avenue, and any other thoroughfare along its exterior boundaries. A map of the proposed BID boundary is incorporated as <b>Exhibit “A”</b>.</p>								
<p><b>Estimated Operating Budget</b></p>	<p>For the initial year of BID operation, an annual operating budget of \$1,000,000 is projected, generally allocated as follows:</p> <table border="1" data-bbox="435 1075 1114 1234"> <tr> <td>Clean &amp; Safe Services</td> <td>\$625,000</td> </tr> <tr> <td>Beautification/Special Projects</td> <td>\$200,000</td> </tr> <tr> <td>BID Management and Administration</td> <td>\$175,000</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>\$1,000,000</b></td> </tr> </table>	Clean & Safe Services	\$625,000	Beautification/Special Projects	\$200,000	BID Management and Administration	\$175,000	<b>TOTAL</b>	<b>\$1,000,000</b>
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<p><b>BID Services</b></p>	<p>The BID will enhance services and support improvements as determined through an annual plan approved by the BID board of directors (the “BID Board”). Initial service and improvement options will fit within the following general categories:</p> <p><b>Clean &amp; Safe Services</b></p> <ul style="list-style-type: none"> <li>• Direct, provide, manage, and/or enter into contracts for enhanced maintenance services that may include, but are not limited to, comprehensive and consistent sidewalk sweeping, scrubbing, and power washing; litter and graffiti removal; and landscaping installation and maintenance (including tree pruning and weed removal), to make the downtown experience consistently clean and inviting for residents, employees, employers, and visitors.</li> <li>• Direct, provide, manage, and/or enter into contracts for a hospitality/safety ambassador program. Ambassador services may include, but are not limited to: offering information, directions, assistance, and safety escorts to downtown visitors, workers, and residents; outreach and</li> </ul>								

connection to local service providers for downtown's homeless and transient population, in coordination with local social service providers; and management of nuisance and vagrancy issues in close coordination with local law enforcement.

- Contracting with an Operations Manager to manage the day-to-day operations of the BID, such as landscaping, pressure washing, etc.
- Other initiatives that enhance the cleanliness, safety, and overall appearance of downtown Chattanooga.

*500-man hours of average weekly service are budgeted; however, this number is likely to change due to seasonality, special events and other considerations.*

#### **Beautification/Special Projects**

*The beautification/special project category is intended to give the BID flexibility with a portion of its funds. This will allow the BID Board to adapt to changing market dynamics in downtown, and to capitalize on market and/or project opportunities as they arise. Projects may include:*

- Beautification and capital improvements, including street furniture, banners, wayfinding signage and gateways, lighting, landscaping, and aesthetic improvements to make downtown more inviting, walkable, and attractive.
- Production and promotion of special events to attract residents and visitors to experience downtown.
- Strategic programming and animation to activate and reimagine underutilized public spaces.
- Retail, dining, and living promotions to attract consumers and encourage new residential and amenity development in downtown.
- Holiday décor and seasonal promotions to attract consumers and increase sales during peak shopping and dining periods.
- Parking management activities to improve the utilization of existing on- and off-street parking to support a variety of economic activities in downtown, including retail and dining destinations, office leasing and the development of new housing and other uses.
- Other initiatives intended to attract jobs, businesses, and new investment to downtown Chattanooga.

#### **Management & Administration**

- Staffing of a BID Manager, likely a new and specifically designated employee of RiverCity Company, to assist with administrative support, (i.e. office, services, audit, etc.), BID program insurance, bookkeeping, and administrative support to ensure that BID initiatives are managed effectively and maximize accountability to ratepayers.
- Strategic planning and professional development to make sure that BID "best practices" are employed in Chattanooga.
- Reserve for delinquencies and operations.

**Annual Costs**

According to T.C.A. § 7-84-522, assessments Under a BID may be constructed based on “any of the following factors: square footage, front footage, assessed value, type of use, business classification, property location, zones of benefit, or a combination of such factors.”

This downtown Chattanooga BID will utilize assessments which distinguish between commercial/multifamily residential/ institutional non-profit properties on one hand and single family residential properties on the other. Single family residential properties will be assessed at one flat rate, and commercial/multifamily residential apartments / institutional non-profit properties (each a “Commercial Property”) will be assessed under a formula which considers both frontage on roadways, as measured by linear foot, and building size as measured by square foot.

This formula utilizes: (A) the greater of (i) Lot Square Footage or (ii) Building Square Footage, and (B) Linear Frontage on roadways– as these values are listed on the Hamilton County Geographic Information Systems and by the Hamilton County Assessor’s Office.

The formula for a Commercial Property is thus:  $\$0.09 (A) + \$4.95 (B) = \text{Total BID Assessment}$ .

In the first year of the BID, the estimated annual assessments for properties will be as follows:

<b>Total Commercial Property Rate</b>	$\$0.09$ per square foot of the greater of Lot or Building Square Footage PLUS $\$4.95$ per linear foot of Lot Frontage on roadways
<b>Ownership Residential (Flat Rate; per unit)</b>	$\$150.00$

Assessment considerations:

- Multifamily residential apartments owned by a single person or entity are considered Commercial Property, and Commercial Property rates shall apply to such owner.
- “Frontage” refers to parcel frontage on all adjoining roadways. All parcel sides that front a street *which is serviced by the BID* are covered, including those located along the exterior boundaries of the BID.
- The BID assessment for a Commercial Property in a mixed-use building shall be calculated by multiplying  $\$0.09$  by the greater of Lot or Building Square Footage. The Lot Square Footage for Commercial Property in a mixed-use building shall be calculated by multiplying the total Lot Square Footage by a fraction, the numerator of which shall be the Commercial Property owner’s share of the Building Square Footage, and the denominator which shall be the total Building Square Footage. This will be added to the owner’s Frontage calculation, which shall be calculated by

	<p>multiplying \$4.95 by the owner’s share of the Frontage. The owner’s share of the Frontage is calculated by multiplying the total Frontage by a fraction, the numerator of which shall be the Commercial Property owner’s Building Square Footage, and the denominator of which shall be the total Building Square Footage. In the event only one Commercial Property owner borders a roadway in a mixed-use building, that Commercial Property owner shall be responsible for all Frontage along such roadway.</p> <p>The formula for a Commercial Property in a mixed-use building is thus:</p> <p><math>\\$0.09 \text{ (Greater of Owner’s share of Lot or Building Square Footage)} + \\$4.95 \text{ (Owner’s share of Frontage)} = \text{BID Property Assessment for Commercial Properties in mixed-use buildings.}</math></p> <ul style="list-style-type: none"> <li>• Parking garages shall be assessed based on frontage and Lot Size, rather than Building Size. In the event a parcel is improved by a building and a parking garage, the square footage of the parking garage shall be deducted from the square footage of the building for the purposes of the building’s BID assessment.</li> <li>• Non-profit organizations that own real property located within the BID may seek reductions and/or waivers of BID assessments on a case-by-case basis each year provided that: (i) the property owner is an institutional nonprofit organization registered under Section 501(c)(3) of the US Internal Revenue Code, (ii) the property is exempt from property taxes under T.C.A. §67-5-212, and (iii) the property owner demonstrates substantial financial and/or economic hardship to the BID Board, as determined by the BID Board in its sole discretion.</li> <li>• Property located in the BID and subject to a payment in lieu of ad valorem taxes (PILOT) agreement shall be subject to the BID Property Assessment; however, such BID Property Assessment maybe abated upon written approval of the City Council. Such abatement shall cease if the PILOT agreement is terminated for any reason.</li> </ul>
<b>City Services</b>	The City of Chattanooga (the “City”) will establish a documented base level of pre-BID City services. The BID will not replace any pre-existing general City services.
<b>Collection &amp; Enforcement</b>	BID assessments will appear as a line item on annual property tax bills and will carry the same lien authority for enforcement as property taxes.
<b>Term of the District</b>	On the fifth (5 <sup>th</sup> ) anniversary, the BID Board will complete formal evaluation to determine whether the services and assessment methods are consistent with the needs of the BID. Any adjustments may be considered at that time. Pursuant to T.C.A. § 7-84-529, the BID may be dissolved upon written petition of the owners holding seventy-five percent (75%) of the assessed value and fifty percent (50%) of the owners of record. On the tenth (10 <sup>th</sup> ) anniversary of the BID, the BID Board will determine if the BID should continue in existence or pursue dissolution in accordance with T.C.A. § 7-84-529.

<p><b>Annual Adjustments</b></p>	<p>The BID Board shall develop annual budgets, which shall be submitted to the City Council for review and approval. The BID Board may determine annual adjustments in assessment rates at its sole discretion consistent with increases in program services and costs; however, in no event shall annual assessments increase by more than five percent (5%) per annum.</p>
<p><b>Procedures for District Formation</b></p>	<p>The formation of a business improvement district requires petition support from both (i) more than fifty percent (50%) of property owners within the BID, and (ii) property owners representing not less than two-thirds (2/3) of the assessed value of all the real property included in the BID. Petitions are submitted to the City, a public hearing is held, and if approved the BID is established by an ordinance of the Chattanooga City Council.</p>
<p><b>District Governance</b></p>	<p>The BID will be governed by the BID Board comprised of property and business owners representing a wide variety of geographic sub-districts and use-types within downtown Chattanooga. The BID Board will consist of nine (9) to fifteen (15) members, and is anticipated to be structured with the following considerations:</p> <ul style="list-style-type: none"> <li>• Geographic representation, including property owners from north and south of 4<sup>th</sup> Street</li> <li>• Use-type representation, including properties featuring office, retail, hospitality, non-profit, residential, and civic</li> <li>• A mix of small and large uses property owners</li> <li>• At least two business tenants that are not property owners</li> <li>• City Council representative and/or his or her designee from the District in which the BID is located</li> </ul> <p>Additionally, consistent with T.C.A. § 7-84-519, two State representatives serve as ex officio board members: the Senator and the House Representative whose districts include the majority of the area contained in the BID.</p> <p>Board members will serve staggered three (3)-year terms and can serve a maximum of two (2) successive terms.</p> <p>When vacancies on the BID board occur, the executive committee of the BID Board will serve as a nominating committee, seeking interest from property owners within the BID for board service.</p>
<p><b>Management Structure</b></p>	<p>The BID will usher in a new downtown management model that is commonly found in peer cities to Chattanooga throughout the nation. The organizational elements include:</p> <ul style="list-style-type: none"> <li>• The BID will be an assessment district that finances the services specified within this plan. It will be governed by a nine (9) to fifteen (15) member board of directors as specified above. The BID Board will develop annual (i) statements of improvements, services and projects, (ii) budgets, (iii) assessment rates, and shall monitor delivery of services.</li> </ul>

	<ul style="list-style-type: none"><li>• The BID Board may contract with a BID Manager, likely a new and specifically designated employee of RiverCity Company, to represent BID interests, provide ongoing communications with property owners, be a liaison between the BID and various city departments, monitor contractor performance and coordinate administrative support (i.e. bookkeeping, audit, insurance, etc.) to ensure that BID initiatives are managed effectively and maximize accountability to ratepayers.</li><li>• Additional staff and or contract support may be retained per program demands and per direction of the BID Board.</li></ul>
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**Exhibit "A"**  
**BID Boundary Map**  
**Attached.**

