



36857

GALLATIN PUBLIC AFFAIRS

ANALYSIS • ADVOCACY • ADVANTAGE

EXHIBIT A**MEMORANDUM**

TO: Shane Abma, Vice President of Central City and
Downtown Business Services, Portland Business Alliance

FROM: Vera Katz and Greg Peden
Gallatin Public Affairs

RE: 2011 BID Renewal Report

DATE: March 16, 2011

CC: Sandra McDonough, President
Portland Business Alliance

BACKGROUND

In 1988, the downtown Portland business community and the city of Portland formed the Business Improvement District (BID).

The city and business community wanted to provide enhanced services to deal with street disorder, graffiti, public safety, and street cleanliness in the downtown community. The Clean and Safe district was created to begin addressing these issues. The city contracted with the entity now known as Clean & Safe Inc. to manage the district. Clean & Safe Inc. is overseen by property owners and managers in the 213-block business district.

A fee is paid by businesses engaged in property management activities. The funding provision cannot violate Ballot Measure 5 property tax limitation. To accomplish that, the city changed the original voluntary payment of BID fees to a City Charter licensing authority and created a Downtown Business Property Management License Fee.

The fee is based on assessed value, square footage of land and improvements and elevator capacity. In 2001, the program was reviewed and last extended by the City Council for ten years to be renewed in 2011.

Today, the Portland Business Alliance oversees day-to-day management of the district on behalf of the Clean & Safe Inc. board of directors. The revenues generated by BID fees funds the Downtown Clean and Safe, Downtown Retail and Marketing and the Sidewalk Ambassador programs, as well as other activities approved by the Clean & Safe board. This is one of the oldest, largest and most successful business improvement districts in the country.

SCOPE OF WORK

Over the past few months Gallatin Public Affairs was asked to:

1. Contact property owners/managers in the BID to get feedback on the BID's effectiveness, weaknesses, potential improvements and general perception of BID operations;
2. Conduct at least three public meetings/open houses for any BID payers to attend, including the Downtown Retail Council (2/9), in NW/Old Town (3/8), and in SW/Downtown (1/13) to receive feedback on BID operations; and
3. Conduct outreach to the Portland City Council to update them on the BID renewal.

OVERVIEW

1. **Individual Contacts with BID Payers.** We conducted several phone interviews and in-person interviews with BID payers. The following list reflects the comments we heard:
 - Overall, the vast majority of payers are satisfied with the BID and want it to continue.
 - BID payers are particularly satisfied with the cleaning efforts downtown.
 - Several people we met who own property outside the BID boundary want the boundary expanded to include their property.
 - The Portland Mall Management Inc. advisors, whose mission is to bring stakeholders to collaborate in maintaining the Portland Mall, are very satisfied with their partnership with the BID.
 - One property owner is attempting to replicate the BID in another jurisdiction where he owns property.
 - One property owner was concerned that the area around his building did not receive as many services as other areas of the BID.
 - One property owner questioned if the city could add additional police services downtown and, therefore, BID fees could be reduced.
 - A few condo owners expressed dissatisfaction with the condo fee formula and felt they pay too much.
 - A few condo owners expressed that they do not want the condo formula changed.
2. **Public Meetings/Open Houses**
 - **SW/Downtown** – PBA Conference Room – 1/13
 - Mailed invitations with response cards to 245 contacts: e-mailed invitations to all BID members.



- No one attended the SW/Downtown condo meeting. It appears that condo property management did not notify many of the condo facilities of the meeting. To make sure condo properties were represented, they were invited to the NW/Old Town meeting and invitation flyers were distributed to condo properties.
- **Retail Council Meeting** – Fox Tower – 2/9
 - The Retail Council was very supportive of the BID.
 - There was a question about whether the ambassadors work during the wintertime and that their visibility needs to be improved.
 - A question was raised as to whether an unarmed officer can also serve as an ambassador so as to increase their numbers on the streets.
 - There was support for tenants in the downtown community to be notified of the Clean and Safe services and who they can call for assistance.
 - It was suggested that Clean and Safe services can be incorporated into the visitor's calendar.
- **NW/Old Town** – PDC Conference Room- 3/8
 - Mailed invitations with response cards to 160 contacts: posted notices in elevators and lobbies of condo buildings within the BID; e-mailed invitations to all BID members; 16 residents/interested citizens attended.
 - Several condo owners feel the condo formula is unfair and that they pay too much.
 - Several condo owners do not want the formula changed.
 - Several attendees were very satisfied with the basic structure of the BID and are grateful for their services.
 - Several residents of the Elliot, a condo outside BID boundaries, want to be included into the BID.
 - Employees of a non-profit in Old Town feel their operation could not exist without the assistance of the BID.
 - Several people wanted greater information on how BID fees are allocated between services.
 - Several people expressed concerns that the BID employs a private security force that is "not accountable to anyone".
 - One person expressed the belief that the BID has experienced "mission creep" over the

- last 10 years and that there should be a programmatic review of services to reduce the services offered and, therefore, lower the BID fees as well.
- Several people wanted to know why they can't list BID dues as a business expense on their taxes.

ISSUES

We believe the following issues are the most significant raised in our communications with BID payers:

1. BID payers are concerned and unaware of the actual procedures for oversight and liability of a private security force.
2. "Mission creep" over the last 10 years in BID services.
3. The condo fee formula is very divisive among condo owners.
4. Property owners /managers should be asked to notify their tenants and HOA of meetings and services.
5. Can the law be changed to permit condo owners to list their BID dues as a business expense?
6. The Clean and Safe database and mailing list need to be updated.
7. Overall, the BID needs to do a better and more consistent job of communicating to its members. The attached memo from the BID to City Commissioner Amanda Fritz (dated last year) is a very good example of a communication piece the BID ought to provide to its members on a more frequent basis. This memo addresses most if not all of the issues raised by BID payers in our meetings.

RECOMMENDATIONS

1. Based on the overall widespread support for the BID, the Clean & Safe Board of Directors should recommend to the Portland City Council the renewal of the BID.
2. Subsequent to the BID renewal, the Clean & Safe Board and the city should conduct a 6-month review of the following issues for the BID Payers:
 - a. A review of the oversight and liability of the private security force employed by the BID, including a review of current policies and procedures for accountability, authority, BID payer liability, and coordination with the Portland Police Department. While we believe these concerns are easily answered by the attached policies and procedures manual, we believe the BID Board needs to aggressively communicate these procedures to BID Payers, the city and the public.
 - b. A review of the original mission of the BID and the scope of services currently provided.
 - c. A review of the condo fee formula to discover if there is a formula all condo owners can agree on. If not, the formula should stay as it is.
 - d. A legal review to determine if condo owners can claim the BID fees as a business expense.

EXHIBIT B

Proposed Expansion Area

Downtown Business District

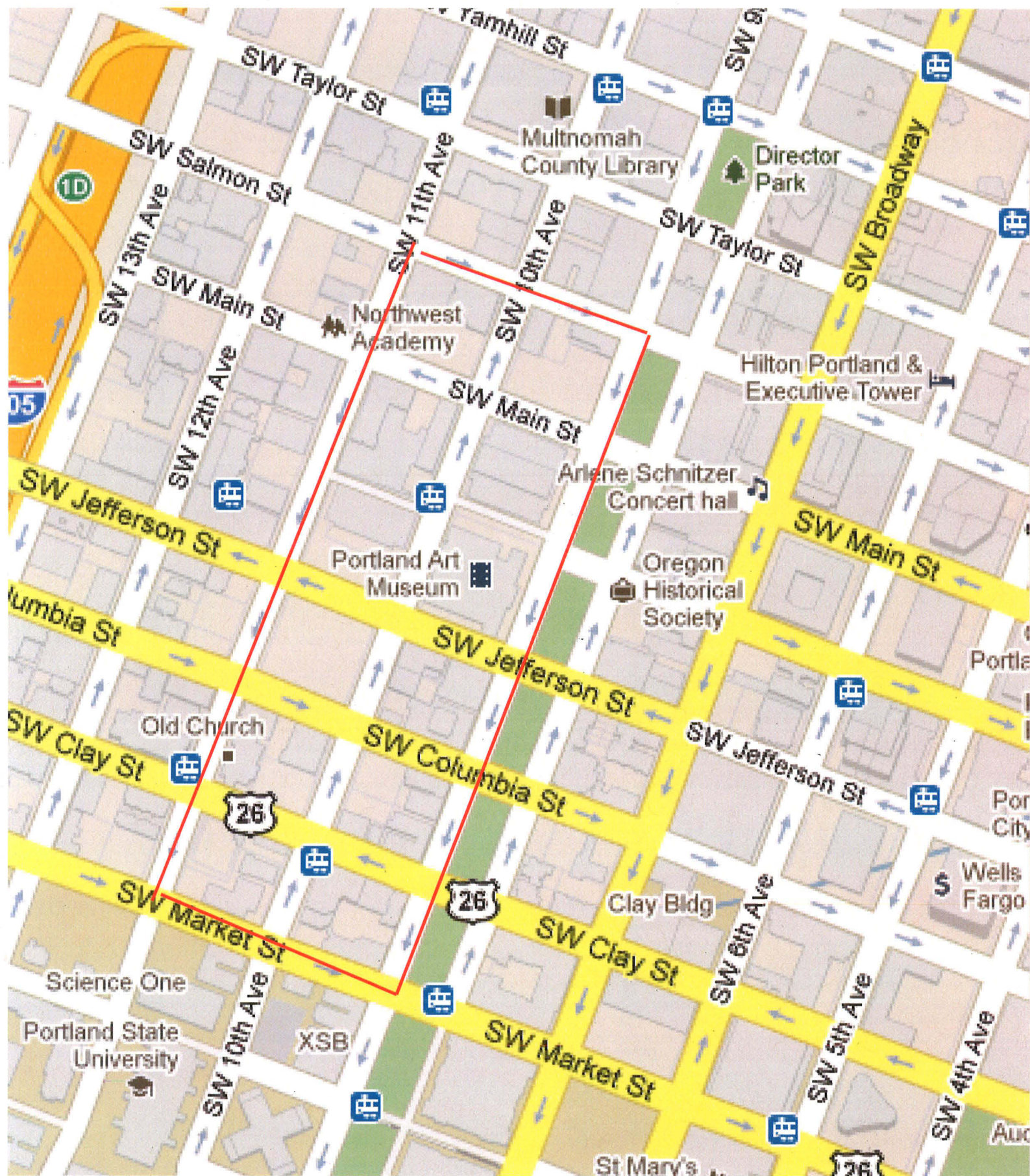


EXHIBIT C

Written Objections

Received before April 1, 2011



TERRACE TOWER GROUP U.S.A.

36857

Via: Certified Mail #700928200000148057256

March 28, 2011

Ms. LaVonne Griffin-Valade
Portland City Auditor
1221 SW 4th Avenue Room 140
Portland, OR 97204

Re: District Property Management License – Termination

Dear Ms. Griffin-Valade:

I represent Building 0106X01 on Block 106, also known as the Bank of America Financial Center, paying the fees under Title 6 Special Taxes, District Property Management License. I object to the fee and request termination of the Downtown Business District under section 6.06.230 of the City Code.

Regards,

Leza Hiemann
General Manager - Operations
Terrace Tower U.S.A. - Portland, Inc.

SJ/lh

Cc: File
Schwabe, Williamson & Wyatt

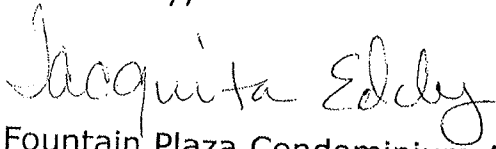
AUDITOR 03/30/11 PM 4:35

36857

Ms. LaVonne Griffin-Valade
Portland City Auditor
1221 SW 4th Avenue Room 140
Portland, OR 97204
LaVonne@portlandoregon.gov

I represent Building 0214X02 on Block 214 paying the fees under
Title 6 Special Taxes, District Property Management License.
I object to the fee and request termination of the Downtown Business District
under section 6.06.230 of the City Code.

Yours truly,



Fountain Plaza Condominium Association
141 SW Third Avenue, Suite 100
Portland, Oregon 97201
Re: Fountain Plaza Condominium Association

Please send an additional copy of your letter to:

Mr. Walter Grebe
Schwabe, Williamson & Wyatt
1211 SW 5th Ave., Suite 1900
Portland, OR 97204
wgrebe@schwabe.com

Title 6 Special Taxes **Chapter 6.06 District Property Management License**
6.06.230 Downtown Business District Early Termination. - Printable Version

If the City Council, on or before March 30 of any license fee year, receives written objections signed in that license fee year by licensees responsible for more than 33 percent of the total revenues generated from the Downtown Business District property management license fee during that year, then the license fee for the Downtown Business District shall be terminated as of September 30 of that license fee year except that the fee shall continue, at a rate reduced equally proportionally as to each licensee, to the extent necessary to meet any City pledge obligations incurred as authorized by Section 6.06.215.