

Report to the
Lancaster Downtown Investment District Authority (DID)
Board of Directors

DID Renewal Task Force
January 25, 2012

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Introduction

The DID Board of Directors appointed an independent Task Force in July 2011 as it prepared for the expiration of its current authorization on December 31, 2012 and the need for a new operating plan to begin January 1, 2013. The Task Force, comprised primarily of DID property owners, represents a broad range of stakeholders, all of whom are committed to the long-term health of Downtown Lancaster. (See Appendix A.) The Task Force met six times over the course of five months, with representatives volunteering considerable time in between meetings reaching out to property owners and other constituents.

The Task Force had two primary responsibilities:

- engaging the community, particularly Downtown taxable property owners, to assess the performance of the DID and to gather information about future DID needs and priorities; and,
- examining a series of strategic questions that will need to be addressed as the Board prepares its next operating plan.

The Task Force is pleased to provide members of the DID Board of Directors with the following information and conclusions for their consideration.

Community Outreach Process

The DID Renewal Task Force oversaw a concerted effort to engage a range of Downtown stakeholders to gather opinions on various aspects of the DID's operation. A primary emphasis was to ensure that taxable property owners – those whose assessment provides the primary source of revenue to the DID – were informed about the renewal process and offered a chance to provide their opinions on the DID. Because Downtown is enjoyed by so many different constituencies, the Task Force also conducted broader outreach, offering an online survey to anyone interested in providing their opinion on the DID.

The following steps were taken to engage taxable property owners:

- In mid-September, an introduction letter, DID renewal timeline and DID fact sheet were mailed to all taxable DID property owners (see Appendix C); the letter encouraged property owners to participate in an on-line survey and provided the survey link information to the JSID/DID website;
- From mid-September through mid-October, Task Force members contacted taxable property owners they knew via personal visits, phone calls and e-mails;
- Simple notices were provided to several multi-tenant facilities, i.e. Steeple House, to post at common areas directing property owners to a website with information and the online survey;
- Individual meetings were held with ten of the twenty largest taxable property owners, representing 52% of the DID assessment base (See Appendix B);
- An article appeared in the September 29, 2011 Lancaster Newspaper regarding the DID renewal process and outreach effort.

In addition to the steps above, outreach to the general public was done by:

- Sending a series of mass e-mails out with a link to the online survey (primarily through existing JSID listservs such as our Downtown Difference & Music Friday e-zine and neighborhood lists which have in excess of 3500 contacts combined);
- Posted the survey link on several Facebook pages, including an invite-only group of Downtown business owners;
- Presented at the monthly Downtown merchant meeting about the renewal process and forwarded information via the merchant meeting notes electronically to 200+ merchants.

The Task Force also included government officials in its outreach, including personal visits with the Mayor, City Council, the County Commissioners and the Convention Center Authority.

Information about the DID's renewal process remains available online at www.jsidlancaster.org, click on the DID logo.

Results of Community Outreach

The DID Task Force is pleased to report a good response to its online survey efforts and a real willingness of property owners and other stakeholders to take time to share their opinions on the DID. To the best of the Task Force's knowledge, this is the first time an on-line survey was conducted. The survey instrument itself was more significant than the one utilized during the 2006 renewal. A two-page 2006 survey was sent by mail and had a 32% response rate.

Results of the Task Force's specific outreach include:

- 75 people completed the online survey specific to taxable property owners, of which 73 self-identified as taxable property owners. This represents a 22.5% response rate.
- 249 individuals completed the online survey available to the general public. 75% of respondents indicated they work in Downtown/Lancaster City, 40% live in Downtown/Lancaster City. (Respondents could select more than one option.)
- 29 people reflecting 13 Downtown interests, primarily property owners, participated in individual meetings.
- The DID's web page experienced a considerable spike in usage, with more than 500 unique visitors from mid-September through October 31, 2011.

The Task Force compiled the results from the two online surveys and key observations from the individual meetings. Clear and consistent themes emerged from all three sources:

- There are strong sentiments that the DID continue its focus on 'clean and safe.'
- The red-shirted bicycle ambassadors are seen as being an important contributor toward the public safety environment as well as serving a meaningful outreach/communication role.
- There is strong support to maintain the current level of funding for the bicycle ambassador program.
- The blue-shirted sidewalk sweeping program is slightly less recognized. While it enjoys good support, there is also a notable percentage of respondents unfamiliar with the activity.
- There is a willingness by property owners to continue to fund the supplemental sidewalk sweeping program at least at the current level.
- More than one-third of property owners indicated the DID's budget should grow.
- In general, responses to survey questions from the general public were consistent with responses from taxable property owners.
- The JSID is recognized as managing the DID's operations.

Following are several specific responses to the online survey questions. (Full survey responses are included as appendices.) Responses included are for all taxable property owners (n=73), two subsets that include individuals who identified themselves as owning residential taxable property (n=22) in the DID and commercial taxable property (n=27) in the DID, and the general public (n=249). Answers with the highest response are highlighted in red.

How familiar are you with the DID operations?				
	All Taxable Owners	Residential Only	Commercial Only	General Public
Very familiar	33.8%	31.8%	26.9%	27.5%
I have general knowledge about it.	56.3%	54.5%	61.5%	60.7%
I cannot describe what it does.	9.9%	13.6%	11.5%	11.7%

How satisfied are you with the DID?				
	All Taxable Owners	Residential Only	Commercial Only	General Public
Very satisfied	16.9%	27.3%	7.7%	15.0%
I think it does a good job	42.3%	18.2%	53.8%	56.7%
I don't know	16.9%	31.8%	15.4%	24.7%
Not satisfied	12.7%	13.6%	15.4%	2.0%
I don't see value in it	11.3%	9.1%	7.7%	1.6%

The DID's budget moving forward should:			
	All Taxable Owners	Residential Only	Commercial Only
Shrink	12.5%	15.0%	13.0%
Stay the same	53.1%	60.0%	52.2%
Grow	34.4%	25.0%	34.8%

Note: This question was not asked of the general public.

Public safety should continue to be one of the DID's highest priorities.				
	All Taxable Owners	Residential Only	Commercial Only	General Public
I agree.	86.2%	85.7%	87.0%	92.3%
I disagree.	4.6%	4.8%	4.3%	3.6%
I don't know.	9.2%	9.5%	8.7%	4.0%

The DID should continue the bicycle ambassador program, its primary investment in supporting public safety in Downtown Lancaster.			
	All Taxable Owners	Residential Only	Commercial Only
I am willing to pay a higher millage rate to support an expanded program.	15.6%	20.0%	13.0%
I support maintaining the current funding for this activity.	59.4%	50.0%	65.2%
I support continuing the activity but reducing the budget for it.	12.5%	15.0%	13.0%
I do not support funds being used for this activity.	12.5%	15.0%	8.7%

Cleanliness should continue to be one of the DID's highest priorities.				
	All Taxable Owners	Residential Only	Commercial Only	General Public
I agree.	82.5%	85.0%	87.5%	85.2%
I disagree.	6.3%	0.0%	8.3%	4.9%
I don't know.	11.1%	15.0%	4.2%	9.9%

The DID should continue the sidewalk sweeping program, its primary investment in ensuring a clean environment in Downtown Lancaster.			
	All Taxable Owners	Residential Only	Commercial Only
I am willing to pay a higher millage rate to support an expanded program.	21.9%	25.0%	21.7%
I support maintaining the current funding for this activity.	50.0%	55.0%	52.2%
I support continuing the activity but reducing the budget for it.	15.6%	5.0%	21.7%
I do not support funds being used for this activity.	12.5%	15.0%	4.3%

Key Findings and Recommendations

The Task Force tackled a series of questions, spending considerable time learning about the DID's history, understanding the current operating model and speaking with a range of community stakeholders to gather supplemental information beyond the online survey and stakeholder interviews. Through active deliberation among the diverse Task Force members, consensus was reached on the following recommendations:

1. ***The DID, a municipal authority dedicated to the continued economic vitality of Downtown Lancaster, should continue to exist through a renewed authorization.*** It is reasonable at this point in time to question whether the need for the DID still exists. In part because the Downtown has seen considerable growth and revitalization over the past decade, the need to maintain an effort focused specifically on aspects of continued economic vitality may be even more important today. Many property owners cited the importance of continuing the assessment to support the DID's mission, noting the challenging economic environment and the reality that replacing these funds with charitable contributions or other sources is unlikely. This conclusion is supported by the online survey results and through interviews with various stakeholders.
2. ***The next DID plan should seek a 5 year reauthorization, extending from 2013 through 2017.*** The DID initially operated under 3-year plans from 1992 – 2001. For the past two planning cycles, the DID has operated under a 6-year authorization. The length of the term of the DID is set locally and is set by the plan that requires City Council approval. While the Task Force heard feedback from a few property owners encouraging a longer duration, it ultimately reached consensus on the five year period for several reasons. First, members acknowledged how many changes have occurred over the past five to ten years in Downtown Lancaster, making it challenging to predict whether priorities may shift in the future. Second and similarly, the Task Force's work was performed while economic conditions remain uncertain. In part because of optimism that the local and regional economy will strengthen over time, the Task Force felt it was important for the DID to have a chance to revisit its budget and overall economics. Third, and perhaps most importantly, the Task Force factored in the County of Lancaster's decision to postpone the County-wide re-assessment, noting that the new assessments will impact the DID's May 2017 – April 2018 budget. The proposed five year plan was determined to be the best option to align with this re-assessment.
3. ***The DID's boundaries should not be modified significantly. If there is a compelling cost-benefit analysis, consider adjusting the edges of the district at some point in the future.*** The boundaries of the DID capture the majority, but not all, commercial property in the core Downtown. The boundaries are also jagged on most edges, a reflection of including and excluding specific properties when the DID was established in the early 1990s. Task Force members agreed there was no need to make major revisions to the boundaries, particularly noting that any major expansion was a significant effort that likely would not generate enough additional assessment revenue to offset the cost of the required expansion of services. Members did feel like some edges could be 'cleaned up,' but agreed that any expansion of the boundaries should involve deliberate outreach to property owners in the expansion area to ensure that inclusion in the DID would be welcomed. Members also recognized that this type of outreach effort may not be feasible to do within the next six months, resulting in a recommendation to consider minor modifications at some point in the future.

4. ***The DID's top priorities should continue to be 'clean and safe' and specifically the operation of the bicycle ambassador program and the supplemental sidewalk sweeping program.*** The survey and stakeholder interviews clearly support the continuation of these programs. 75% of taxable property owners indicated they would support either maintaining (59.4%) or increasing (15.6%) the current millage for the continuation of the bicycle ambassador program. Similarly, 72% of property owners indicated they would support either maintaining (50.0%) or increasing (21.9%) the current millage for the continuation of the sidewalk sweeping program.

As noted below in recommendation 5, there are a whole host of other activities and needs that have been identified by property owners and the general public, some of which are being done (but perhaps the community isn't clear on who and how) and others which have not risen up as highest priorities when resources are limited. The Task Force's recommendation is for the DID to continue investing in its current services recognizing that the amount of assessment revenue is limited, requiring the DID to keep its focus relatively narrow and on its core competencies.

5. ***The DID can consider support of other priorities and needs, but only if additional resources are available.*** Task Force members heard from several stakeholders and from the survey of many other needs and opportunities that could benefit the long-term health of Downtown Lancaster. In some cases, the needs were financial and in others programmatic. In today's economic environment, these are tough choices to make.

The Task Force agreed that the first priority should be to ensure the DID's core programs – bicycle ambassadors, sidewalk sweeping and adequate administration are funded at appropriate levels with a millage rate that is generally equivalent to its current level. If a budget is developed that results in a healthy surplus, then the Task Force believes the DID Board should consider applying funds toward the following: (1) to support financially the operations of the surveillance camera system for services performed within the DID boundaries; and (2) to underwrite costs associated with business retention and recruitment. The Task Force also agreed that limited DID funds should not be used to support tourism promotion, citing various other organizations and efforts that already have that as a focus.

6. ***Because the DID, and by extension taxable property owners, are benefiting from the relationship with the James Street Improvement District (JSID), the relationship should continue.*** There are noteworthy operational efficiencies that have occurred as a result of the JSID assuming management oversight of the DID operations since 2007. While there is still confusion by both property owners and the general public about the relationship and responsibilities, the Task Force was quick to realize that the DID has received significant administrative value at virtually no direct cost. Specifically, several JSID staff have overseen and enhanced DID initiatives, including the 'clean and safe' services, marketing, merchant outreach and all aspects of governance. When the JSID assumed management responsibilities for the DID, the initial relationship redirected approximately \$80,000 in overhead expenses back into program services. Given lean budgets, the overlap in missions and the desire to ensure direct services are funded to the maximum extent, the Task Force believes the relationship with the JSID should be extended. The Task Force also strongly recommends that the JSID be compensated adequately for its DID-related work, as it is important that the JSID also continue to feel that the relationship with the DID is worth maintaining. While the Task Force did not look at future budget scenarios, it is aware that some shifts in current overhead expenses may be possible to compensate the JSID for administrative services on the DID's behalf.

7. ***The millage rate set in the proposed 2013 - 2017 plan should allow for the DID to maintain adequate levels of services specific to the cost of the bicycle ambassador and supplemental sidewalk sweeping programs and administration.*** The Task Force did not conduct any detailed analysis of financials or future budgets and therefore is not commenting on a specific proposed millage rate. Instead, the Task Force reached consensus that the budget should be based on, and therefore the millage rate determined by, the reasonable costs associated with maintaining adequate service levels for the bicycle ambassadors and cleaning crew, plus adequate compensation for administrative services. These three activities will comprise the core efforts of the DID in this next plan. There was a sense that doing these activities well, being able to show impact and value to property owners while being good fiscal stewards was the priority instead of setting a millage rate and backing in to what services could be provided.

Still, the Task Force cautions the DID Board against any significant increase in the millage rate, noting the austere times and the overall existing tax burden on property owners. The Task Force believes a solid budget can be developed that meets the spirit of providing adequate services while keeping the millage rate at or close to its current level. The Task Force also is confident that staff will closely examine the delivery of the ambassador and sidewalk sweeping services to ensure both programs are operating at maximum efficiencies.

8. ***The DID does not need to maintain an office separate from the JSID's offices, assuming the management relationship is able to continue.*** Through the online surveys and in discussions with stakeholders, there was no pressing need for a separate office that warranted the use of limited funds for this purpose. Some people expressed that having a storefront office would be desirable in ideal circumstances however the cost of that space plus personnel to work within it appear to be prohibitive at this time.
9. ***Tax-exempt property owners benefit from the DID's services and should be encouraged to contribute to the DID.*** The nature of the DID's services – ambassador patrols and sidewalk sweeping – cover all properties in the DID, whether the property is exempt or taxable. As a result, the Task Force feels that exempt property owners should support these direct services. As fundraising requires dedicated time and effort, the Task Force recommends the DID Board create a volunteer committee that reports to the Board Chair or his designee to take on this assignment.
10. ***On-going communication with property owners, along with other stakeholders, is important.*** Overall, the Task Force was pleased with the accountability and transparency of the DID. Yet, it heard from some stakeholders who had limited knowledge of the DID's activities, many of whom were apathetic about the DID and still others who do not support the continuation of the DID. This mix of constituent interests is to be expected. In part because of this range of stakeholders and because it is a municipal authority entrusted with public funds, the Task Force encourages the DID Board to emphasize regular communication with the community, particularly to taxable property owners, and to consider a clear strategy that is incorporated into the proposed 2013-2017 renewal plan.

APPENDIX A

Task Force Members

Chair

Clair McCormick
Lebzelter's

Lewis Bechtold
Uptown Antiques/Resident

Tim Carr
Carr's Restaurant

Mike DeBerdine
Rhoads Energy

Ken Hammel
Hammel Associates Architects/Resident

Joyce Heberlein
Lancaster Galleries

Staff

Lisa Riggs
James Street Improvement District/
Downtown Investment District

Vice Chair

Cindy Stewart
Hager Condominium Association/Resident

Mary Colleen Heil
Pennsylvania College of Art & Design

Howard Kelin
Kegel Kelin Almy & Grimm

Frank McCabe
High Hotels

Randy Patterson
City of Lancaster

Appendix B

Stakeholder Interview List

Taxable Property Owners

115 Associates

Barley Snyder

Blakinger Byler

Ecklin Group

Fulton Bank

HDC/Prince St. Towers

Lancaster Newspapers

Meeder Development Corp.

Shadow Lawn

Wells Fargo

Tax-Exempt Property Owners/Municipal Officials

City of Lancaster

County of Lancaster

Lancaster City Council (Committee Meeting)

Marriott Hotel/Convention Center

Appendix C

Written Communication to Property Owners (Introduction Letter, Fact Sheet & Timeline)



**Lancaster Downtown Investment
District Authority**

44 North Queen Street
Lancaster, Pennsylvania 17603
Tel: 717.399.7977 Fax: 717.399.8355

September 15, 2011

RE: 2012 Lancaster Downtown Investment District Authority Renewal

Dear DID Property Owner:

The Lancaster Downtown Investment District Authority (DID), the municipal authority dedicated to the economic vitality of Downtown Lancaster, is set to expire on December 31, 2012, approximately 16 months from now. The purpose of this letter is to inform you of the process being undertaken to conduct the DID's renewal and to seek your participation in an important survey, results of which will guide the development of the next DID plan and budget.

Included in this mailing are two attachments for your review. One is a fact sheet with basic highlights about the DID. The second is a detailed timeline of the renewal process. Additional information about the DID renewal is on the web at www.isidlancaster.org; click on the DID logo on the home page.

At its July meeting, the DID Board of Directors agreed to utilize the next several months to conduct outreach on the goals, priorities and performance of the DID, with the heaviest emphasis on taxable property owners who fund the majority of the DID's operations through an additional assessment (currently 2.23 mills). The DID will perform this outreach through an online survey, several focus groups and one-on-one discussions. This information will be analyzed and utilized to draft a new DID Plan in early 2012. The DID will circulate this draft plan to property owners and host a public meeting in Spring 2012 to seek your feedback. The official process, as outlined in the Municipal Authorities Act, will commence in July 2012 with all taxable property owners receiving a final version of the plan and an invitation to a second public meeting.

Right now, we want to hear from you. I hope you are willing to take 15 minutes to fill out an important online survey about the DID. Please go to www.isidlancaster.org, click on the DID logo and then click the link for [DID Property Owner Survey](#). If you do not have access to a computer or prefer to fill out the survey manually, please let us know and we can mail you a printed copy. The survey will close on November 1.

Please feel free to contact me at 717-394-0783 or at lisariggs@jsidlancaster.org if you have any questions. Thank you in advance for your participation.

Sincerely,

A handwritten signature in black ink that reads "Lisa Riggs". The signature is written in a cursive, flowing style.

Lisa Riggs
Executive Director



**Lancaster Downtown Investment
District Authority**

44 North Queen Street
Lancaster, Pennsylvania 17603
Tel: 717.399.7977 Fax: 717.399.8355

DID FACT SHEET

Governance

- Created in 1991 when property owners secured City Council approval to form a municipal authority dedicated to the continued economic vitality of Downtown Lancaster
- Operating in its 5th term:
 - 1992 – 1994
 - 1995 – 1997
 - 1998 – 2000
 - 2001 – 2006
 - 2007 – 2012
- Current term expires December 2012
- Structured as a non-profit municipal authority, with an assessment on property owners within a legally defined area in Downtown Lancaster as its primary source of revenue
- Governed by an 11-member Board of Directors that meets every other month

Budget/Financials

- FY11-12 budget is approximately \$400,000
- Current millage rate is 2.23
- Total Properties in DID (exempt and taxable): 546
 - # of Taxable Properties: 476 (includes residential, commercial and mixed use)
 - # of Taxable Property Owners: 324
 - Assessment Revenue to DID from Taxable Properties: \$310,422.23 (Spring 2011)
 - # of Tax Exempt Properties: 70
 - # of Tax Exempt Owners: 30
 - Assessment Revenue to DID if Exempt Properties Paid in Full: \$461,385.89
- At end of FY11, 36 properties totaling \$17,600 in assessment revenue were delinquent
- In 2010, the top 20 largest taxable property owners (4.2% of taxable owners) provide \$159,500 (52.8%) in assessment revenue
- For FY10-11, six tax exempt property owners contributed a combined \$80,000 to the DID

Operations

- Operating since 2007 under a Management Agreement between the James Street Improvement District (JSID) and the DID, with the JSID providing staff and oversight of DID programs and priorities
- “Clean & Safe” services – supplemental sidewalk sweeping and bicycle ambassadors – comprise 72% of the DID’s expenses; sidewalk sweeping is performed six days a week while ambassador services are provided seven days a week
- Primary marketing programs include Downtown Dollars gift certificate, the monthly Downtown Difference e-zine and the www.DowntownLancaster.com website
- Current paid staff of one administrative assistant at 30 hours/week

Rev. 8.29.11

www.DowntownLancaster.com



**Lancaster Downtown Investment
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As of Sept 7, 2011.

DID RENEWAL TIMELINE FOR THE 2013 – 2018 PLAN

2011

- June 15 DID Executive Committee to discuss renewal process and goals
- July 27 DID Board of Directors meeting to finalize renewal process/goals
- August Convene DID Reauthorization Task Force to oversee outreach and analysis
- Sept – Nov. Task Force to conduct outreach/gather information/analyze data
- Dec. 21 Task Force Chair/Vice Chair presents findings to DID Executive Committee

2012

- January 25 Task Force Chair/Vice Chair presents findings to DID Board of Directors
- Feb. – March Draft Plan
- March 28 Present DRAFT plan to DID Board of Directors
- April/May Host public meeting to review draft
Circulate DRAFT plan to constituent groups/property owners – seek feedback
- May 23/30 Review any changes to draft plan with DID Board/Finalize plan
- By July 1 Mail FINAL Plan to all DID property owners with notice of public hearing¹
- July 26 Advertise public meeting²
- August 8 [tentative date] Required public meeting to present the final plan
- By Aug. 14 Start of mandatory 45 day waiting period during which property owners who wish to object to the plan must submit a signed, written notification
- Sept. 28 End of 45-day review period. Tabulation by independent auditor of any objections.
- October 8 First reading of renewal ordinance by City Council
- October 22 Second reading/approval by City Council

¹ Notice must be given 30 days before meeting

² Advertising must occur at least 10 days in advance