
M E M O R A N D U M

DATE: August 4, 2003
TO: City Council Members
FROM: Russell Weeks
RE: Briefing: Process for Creating a New Central Business Improvement District
CC: Cindy Gust-Jenson, Rocky Fluhart, David Nimkin, Alison Weyher, David Dobbins, Alison McFarlane, Gary Mumford

This memorandum contains background pertaining to the Administration's briefing on the process to consider renewal of the Central Business Improvement District.

This year will mark the fifth time that the City Council has considered either creating or renewing the Central Business Improvement District. As the Administration's transmittal indicates, part of the renewal process involves approving a contractor to manage the district. The Administration issued a request for proposals in July, and two proposals were received – one from the current district manager and the other from a consortium of economic development strategists, an architectural firm and a public relations firm. The transmittal indicates that a selection committee is prepared to issue a recommendation about which group should manage the district. It should be noted that the current manager, the Downtown Alliance, has merged with the Salt Lake Chamber of Commerce. Because the Downtown Alliance has been the only manager of the Central Business Improvement District since the district was created in 1991 much of this background employs the Alliance's name.

The Alliance was formed in 1988 by downtown property owners and businesses and is one of about 400 similar organizations in the United States. The late John Schumann and others, including attorney John Gates of Snow, Christensen and Martineau, sought to establish a broad-based organization to address downtown issues and "to strengthen our Downtown area by promoting growth, fostering development, encouraging activities, and improving the general environment of the downtown area through open communication between property owners, business owners, tenants, residents, and governmental agencies involved in the downtown district."

The 1988 Regional/Urban Design Assistance Team study noted that an "unfortunate combination of factors" in years previous to 1988 had "discouraged" the construction of new office and mixed use buildings in the city's core. One of the factors the study listed was, "The lack of an organized constituency that promotes continuous and serious renewal in the downtown in a determined and unrelenting way."

The R/UDAT study proposed that, "A committee representing major downtown stakeholders should serve as an advisory committee for all RDA implementation efforts. This committee should also provide a continuing voice for downtown in all planning and development

activities. The City Council should establish broad policy. The advisory committee should assist the RDA director and staff in implementing specific projects consistent with the overall downtown development strategy.”

When The Downtown Alliance was created it was patterned after national models and sought to consolidate the efforts of several organizations that represented downtown business interests. The organizations included the Central Business Improvement District, the Downtown Merchants Association, the Capital City Committee, and to some extent the Salt Lake Chamber of Commerce. The Chamber of Commerce and the Downtown Merchants Association did not dissolve. However, before the Alliance merged with the Chamber of Commerce the chair of the Retail Merchants Association, and the president and CEO of the Chamber of Commerce were voting trustees of the Alliance, as was the Mayor of Salt Lake City. (Under the merger, the Chamber’s president and CEO is one of six Downtown Alliance trustees within a larger Chamber Board of Directors.) The Capital City Committee, which was formed to build consensus to develop the Gallivan Center Block, disbanded in favor of the Alliance. The same thing happened with the Central Business Improvement District whose eight board members were appointed by the Mayor. The latter organization was a non-profit that performed several functions that were undertaken by the Alliance. Unlike the Alliance, the CBID was funded voluntarily by downtown businesses and raised about \$125,000 a year, according to a 1997 City Council staff report. When the CBID disbanded businesses discontinued donations.

As the Administration’s transmittal indicates, the existing district is a special improvement district created by City Council action. In 1991 the Legislature amended Utah law 17A-3-304, governing municipal improvement districts, to allow cities to:

“... conduct economic promotion activities. (2) In a district created for economic promotion activities, the governing body of the municipality shall: (a) spend at least 70 percent of any funds generated on economic promotion activities; and (b) spend no more than 30 percent of any funds generated on administrative costs, including salaries, benefits, rent, travel, and costs incidental to publications.”

Other sections pertinent to the renewal and proposed expansion of the district appear in Utah law 17A-3-307. They are:

“The governing body may: (i) make deletions and changes in the proposed improvements; and (ii) make deletions and changes in the area to be included in the special improvement district as desirable or necessary to assure adequate benefits to the property in the district.

“... After this consideration and determination, the governing body shall adopt a resolution either abandoning the district or creating the district either as described in the notice of intention or with deletions and changes made as authorized in this section.”

As the Administration’s transmittal indicates, the current Central Business Improvement District expires on December 31, 2003. The transmittal includes a map showing the district’s borders. The current property assessment rate is .001425. In 2001, the assessment rate was expected to generate about \$2 million total over three years. In 1997, the assessment rate was .0016. In 1994, the assessment rate was .0017031, and in 1991, the assessment rate was .0017842. In general, assessment rates fell as property values within the district increased. Money generated by the district in 1991-1994 was about \$410,000 a year. Money generated by the district in 1994-

1997 was about \$460,000 a year. Money generated by the district between 1997 and 2000 was about \$585,000 a year, and money generated in the current district was about \$666,666 a year.

There has been some confusion about how the special improvement district would be processed. Given that State Code outlines the process for special improvement district processing and that process includes a vote by the Council to select the bidder, the Council has previously indicated its intent to follow that process.