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BUSINESS PLAN
for the
DOWNTOWN KINGSTON
MANAGEMENT DISTRICT

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Prepared by the

Downtown Kingston Management District

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**Business Plan
for the
Downtown Kingston Management District**

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Abstract

Through the last six months of 1996 under a contract to the U.S. Agency for International Development (USAID), an ICMA consulting team has been working to help strengthen the operations and growth of the Downtown Kingston Management District (DKMD). Established in 1995, DKMD is an organization founded by private sector property and business owners that are collectively pooling resources to improve the business environment of Downtown Kingston. Services and programs managed by DKMD include street sweeping, garbage collection, security and marketing.

DKMD is similar to private sector downtown management organizations that are found in major cities throughout North America. More than 1,000 of these organizations are partially financed by business improvement districts (BIDs). Based upon the benefit assessment district concept, BIDs allow for localized tax assessments that are self-imposed and self-governed by affected property and business owners. As part of the ICMA project, national BID legislation is being designed to support organizations such as DKMD in Kingston and other Jamaican business districts.

The ICMA consultant team has developed a five year business plan to sustain DKMD's stability and growth until a BID can be formed. The business plan has been developed through a participatory process that has included a series of workshops with DKMD board and staff members and representatives from local government. The resulting plan provides a blueprint to guide the development of DKMD's various business centers, including maintenance, security, marketing and promotions, membership development and management services.

ICMA's consultant team for business plan development includes:

- o Brad Segal, Progressive Urban Management Associates, Denver, Colorado.
- o Andre Lyn, Paul Chen-Young & Associates, Kingston, Jamaica.
- o Daisy Staniszkis, Orlando Downtown Development Board, Orlando, Florida.

Executive Summary

Established in 1995, the Downtown Kingston Management District (DKMD) is a full service downtown management organization. Founded upon a partnership between the private and public sectors, a downtown management organization provides services that aim to stabilize and improve the physical and economic environment of a downtown business district.

DKMD is similar to more than 1,000 downtown management organizations located throughout the United States and Canada. Responding to decreasing levels of municipal services, downtown management organizations have played a pivotal role in the rapid recovery of central business districts in cities such as Baltimore, Philadelphia and Denver.

In Downtown Kingston, DKMD provides street sweeping, garbage collection, security and marketing services. In its short history, DKMD's impact on the Downtown has been a dramatic improvement in cleanliness, sanitation and the overall image of the central business district.

Today, DKMD is at a crossroads as it evolves from a grassroots association of merchants to a more diversified and mature organization. To guide the DKMD's continued growth and development, the Five Year Business Plan aims to help the organization meet the following objectives:

- Guide the DKMD's evolution to become a self-sustaining full service downtown management organization, managing programs and services to keep Downtown Kingston clean, safe and economically vital.
- Provide detailed recommendations to guide DKMD's operations, including program and budget options.
- Establish a framework for the eventual creation of a Downtown Kingston business improvement district (BID) that will provide reliable revenues for DKMD programs and services.

To develop the DKMD business plan, the organization has been divided into five definable business centers:

- **Maintenance**, including street sweeping, garbage collection and landscaping, to provide clean Downtown sidewalks and streets.
- **Security**, including a courtesy corps program, to address both the perception and reality of public safety in the Downtown.

Executive Summary

(continued)

- **Marketing and Promotions** to promote Downtown's many destinations, retain existing customers, attract new customers and increase retail sales.
- **Membership Development** to recruit additional dues-paying members into the organization.
- **Management Services** to ensure that DKMD programs are provided with reliability, accountability and professional standards of management.

Financial projections find that DKMD's services can be sustained at current levels provided that existing agreements to deliver services remain intact, DKMD's garbage collection service remains profitable and a modest increase in membership dues can be achieved.

The business plan also provides guidelines for the eventual creation of a business improvement district (BID) in Downtown Kingston. BIDs allow for localized tax assessments that are self-imposed and self-governed by affected property and business owners. BIDs are utilized widely by downtown management organizations in North America to provide reliable and consistent revenues to support programs.

For Downtown Kingston, BID formation principles include:

- **Governance Guidelines** to ensure that the BID is representative and accountable to property and business owners that pay assessments;
- **Programs and Priorities** that make sense for BID funding within the context of the DKMD's overall business plan;
- **Assessment Methodology Options** to provide for efficient and fair ways to assess and collect BID funds;
- **Government Participation Issues** that should be resolved prior to establishing a Downtown Kingston BID.

II. DOWNTOWN KINGSTON MANAGEMENT DISTRICT TODAY

2.1. Background

In April 1993, the Kingston Restoration Company, in collaboration with the Jamaica Chamber of Commerce and the Ministry of Local Government, Youth and Community Development, organized a workshop on "Establishing a Downtown Management District" (DMD) for the business section of downtown Kingston. Funding and technical assistance for the workshop was provided by the United States Agency for International Development (USAID). The presenters for the workshop were drawn from professionals involved in establishing and administering DMDs in the United States, Puerto Rico and Curaçao as well as key public and private sector leaders in Jamaica.

The workshop was an out-growth of the renewal efforts that were being undertaken by both private and public sector entities at that time, and in recognition that urban renewal goes beyond restoration of buildings and physical facilities to include improvement of services and maintenance of infrastructure. This is consistent with the growing trend in North America, where there are private/public sector partnerships that provide supplementary urban services which the government is unable to satisfactorily provide due to budget constraints. These partnerships, which are typically private sector led, are known as Downtown Management Organizations (DMOs), Business Improvement Districts (BIDs) or Special Assessment Districts (SADs). DMOs provide a wide range of urban services such as security, garbage collection, street cleaning, clearing of drains, landscaping, and promotion.

As a result of the Kingston workshop which focused on starting a DMD for downtown Kingston, a task force comprising key persons representing public sector entities and private sector businesses was formed to consider the establishment of a DMO for downtown Kingston. The task force emerged into the Board of Directors of the Downtown Kingston Management District (DKMD), and in March 1995, with voluntary contributions from the private sector, the DKMD was launched.

2.2. Mission

The mission of the DKMD is to strive to make downtown Kingston clean and safe and to promote it as an attractive business and shopping location, resulting in increased business activity, stability within the district, and improved property values, which in combination will eventually help to renew the surrounding residential communities.

Below are the activities through which the DKMD expects to realize its mission:

- Implement a proper street cleaning and garbage collection programme to achieve sanitary and aesthetically pleasing surroundings within the district.
- Initiate infrastructure and streetscaping improvements such as landscaping, additional garbage bins, repairs to sidewalks, signage, installation of benches and other improvements to enhance the ambiance of the district.
- Ensure that the district is safe by assisting in coordinating the efforts of the police, government agencies, and private security and by assisting with vendor management, parking, and homelessness within the district. Establish a courtesy corps which will provide an additional level of security as well as provide information to patrons of downtown Kingston.
- Promote the DKMD through festival marketing and media coverage to increase customer traffic in the district. In addition, the DKMD will collaborate with other entities involved in the renewal and promotion of downtown Kingston, such as the Urban Development Corporation (UDC) and the Kingston Restoration Company (KRC).

In order to effectively implement the activities, an Executive Committee and Sub-Committees of the Board have been formed. The overall governance of the DKMD and the structure of the sub-committees are presented in the next section.

2.3. Governance and Committees

The DKMD is governed by a 21 member Board of Directors. The majority are representatives of commercial businesses located in downtown Kingston and representatives from government agencies such as UDC, Metropolitan Parks and Markets (MPM), and non-profit community development organizations such as KRC and the Jamaica Chamber of Commerce. The Board may also invite other interest groups such as the United States Agency for International Development, Kingston and St. Andrew Corporation, and the Ministry of Local Government and Works to sit on the Board as non-voting members.

The Board, which is accountable to the DKMD membership, has overall operational responsibilities and responsibility for promoting the concept of DMOs and BIDs to the government and to non-DKMD members (e.g., property owners, tenants and business people) within downtown Kingston. The day-to-day operations of the DKMD are conducted by an administrative staff headed by a General Manager and a Works Manager with support from an Executive Committee headed by the Board Chairman.

2.3.1. Executive Committee

The Executive Committee comprises the Board Chairman, Deputy Chairman, the Treasurer, Chairpersons of the Sub-Committees of the Board, and the General Manager. Essentially this committee performs a supervisory role by overseeing the DKMD's day-to-day activities, and makes recommendations to the Board on future activities of the DKMD.

2.3.2. Sub-Committees of the Board

A decision was taken to form sub-committees of the Board in order to get more Board members involved in the operation of the DKMD, and to spread the responsibilities. Four sub-committees have been formed: Clean; Security; Promotions; and Administration & Finance.

- Clean Committee - This committee develops and supervises the implementation of the activities related to the Solid Waste Management Programme, which includes but is not limited to garbage collection, street sweeping, clearing of gutters and gullies, landscaping, and minor infrastructure repairs such as fixing broken sewerage. The Clean Committee is also responsible for negotiating contracts on behalf of the DKMD to provide clean related services.
- Security Committee - This committee will develop and supervise the implementation of activities of the Public Safety Programme. The main feature of this programme is the recently created courtesy corps, whose primary activities are to provide information to everyone within the district (shoppers, clients, business persons, tourists), and to supplement the security presence. The courtesy corps wear "friendly" uniforms with the DKMD logo rather than "security" uniforms and carry hand-held radios with a link to the Jamaica Constabulary Force so that in case of eventualities they can radio for help.
- Promotions Committee - This committee has responsibility to develop and implement a marketing strategy to promote the benefits of working, living, shopping and the entertainment opportunities of downtown Kingston. Integral to the marketing strategy is to promote downtown as a clean and safe place. The medium of promoting downtown will include but not be limited to, newsletters, radio talk shows, newspaper supplements, advertising, organized cultural and seasonal activities.
- Administration and Finance Committee - This committee has the important role of preparing an annual budget which involves determining the type and level of activities which can be funded and matching them with available financial and human resources. In this regard, the committee has to source funding, whether through contracts, membership dues, and other fund-raising efforts. In addition, the committee has overall responsibility for monitoring the collection and disbursement of funds and for the preparation of quarterly financial reports which are presented to the Board.

The chairperson or a designate of each sub-committee presents a status report on the activities of their committee at Board meetings.

The daily operations of the DKMD are managed by a General Manager who is supported by a Works Manager, an Administrative Assistant, and field staff. The General Manager reports directly to the Board. The sub-committees of the Board work with the management of the DKMD to implement specific tasks, while the Executive Committee performs advisory and supervisory functions to the management of the DKMD.

The General Manager dedicates more than fifty percent of his/her time to administration related activities such as membership and contracts; the remainder of his/her time is spent on activities related to garbage collection (20%), security (20%), and marketing (5%). The Works Manager spends 75% of his/her time on activities related to street sweeping, another 20% on garbage collection, and the remainder on landscaping projects. It is anticipated that as the DKMD assumes responsibilities for more activities, suitable staff will be employed to manage and implement the respective functions.

2.4. Programmes and Services

Since its inception in March 1995 to present, the DKMD has undertaken a range of services and activities including:

- Street Sweeping
- Garbage Collection
- Signage
- Infrastructure activities such as drain cleaning, repairs to sidewalks
- Christmas Grand Market
- Courtesy Corps

In addition to the preceding list of services and activities, the DKMD has been actively recruiting new members. There are currently more than 70 downtown businesses that pay membership dues. The Administration & Finance Sub-committee has as one of its primary activities to increase the membership base. The focus on membership is of particular importance since membership dues is one of the DKMD's primary funding source. The budget is discussed below.

2.5. Budget and Sources of Revenue

For the period March 1995 to May 1996, DKMD had four main sources of revenue: (1) membership dues, (2) a contract from Metropolitan Parks and Markets (MPM) for street cleaning; (3) fees charged for collecting commercial garbage within the district; and (4) a grant

from USAID. The revenue was used to finance the services and activities indicated in Section 2.4 above. Based on a preliminary budget for the period June 1996 to May 1997, the DKMD was estimated to have a shortfall of J\$1.5M. However, the budget has subsequently been revised and the shortfall has been reduced to J\$96K. It is anticipated that this shortfall can be totally erased by limiting some of the proposed activities to result in a balanced budget.

A detailed DKMD budget is provided in Section 3.8 of the Business Plan.

2.6. Goals and Priorities

One of the major goals of DKMD is to develop a comprehensive marketing strategy to promote downtown Kingston. During 1996 Christmas season several promotional activities were implemented, primary among them are Grand Market and a DKMD newspaper supplement in the *Gleaner*. Also coinciding with the Christmas season was the establishment of a courtesy corps that will provide information to customers within the district and an additional security presence. Although MPM is financing the courtesy corps, the courtesy corps is recruited by and reports to the DKMD.

Other priorities of the DKMD will include but not be limited to landscaping improvements, identifying responsible methods for assisting homeless and other street populations, improving the management of downtown's parking supply, expanding festival marketing opportunities, and the expansion of the garbage collection business with the acquisition of its own trucks.

The DKMD is part of a core group of downtown interests that are concerned about the revitalization of downtown Kingston. The core group, which comprises the respective directors of KRC, UDC, Jamaica Chamber of Commerce, and the DKMD, will provide a coordinated approach to the downtown renewal process. This will serve to manage the process more efficiently and result in a more effective use of resources.

III. DOWNTOWN KINGSTON MANAGEMENT DISTRICT TOMORROW: FIVE YEAR BUSINESS PLAN

3.1. Objectives of the DKMD Business Plan

The DKMD business plan aims to meet the following objectives:

- Guide the DKMD's evolution to become a viable full service downtown management organization, managing programs and services to keep Downtown Kingston clean, safe and economically vital.
- Provide detailed recommendations to guide DKMD's operations, including program and budget options.
- Establish the framework for the eventual creation of a Downtown Kingston business improvement district that would provide reliable revenues for DKMD programs and services.
- Package the business plan in a user-friendly format that can be used as an educational and marketing tool to retain and recruit DKMD members and partners.

3.2. DKMD Business Centers

To develop the DKMD business plan, the organization has been divided into five definable business centers. DKMD's business centers are intended to separate different functions, identify expense and revenue flows and provide clarity for board evaluations of various functions within the organization. DKMD's business centers include:

- **Maintenance**, including street sweeping, garbage collection and landscaping, to provide clean Downtown sidewalks and streets.
- **Security**, including the courtesy corps program, to address both the perception and reality of public safety in the Downtown.
- **Marketing and Promotions** to promote Downtown's many destinations, retain existing customers, attract new customers, increase retail sales and improve the public's overall perception of an improved and vital central business district.
- **Membership Development** to recruit additional dues-paying members into the organization.
- **Management Services** to ensure that DKMD programs are provided with reliability, accountability and professional standards of management.

3.3. DKMD's Maintenance Business Center

DKMD was founded in part to provide a reliable standard of cleanliness throughout the central business district. Prior to the establishment of DKMD, basic sanitation services were infrequent resulting in garbage obstructing foot traffic on sidewalks and occasional piles of garbage in the streets that disrupted automobile traffic. The image of Downtown Kingston suffered from both the perception and reality that the area was poorly maintained and not sanitary.

After 18 months of DKMD's maintenance services, Downtown's overall quality of maintenance has dramatically improved. DKMD's street sweeping, garbage collection and landscape improvement services are keeping Downtown clean. DKMD's uniformed cleaning staff provides a visible reminder to customers and visitors that Downtown receives special attention and constant vigilance to minimize litter and debris.

3.3.1. Street Sweeping

The cornerstone of DKMD, street sweeping services were the first visible improvement undertaken by the organization upon its formation in early 1995.

The organization employs 52 street sweepers and 2 supervisors to provide daily sidewalk cleaning within a area bounded roughly by Queen, Pechon, Ocean and Hanover Streets. In addition to sweeping and collecting litter, the street sweeping crews organize larger debris for collection by garbage collection services. The street sweeping operation is organized by a sophisticated system of routing that follows peak periods of commerce in various sub-districts of the Downtown. The DKMD Works Manager provides consistent supervision of personnel and monitors program quality.

DKMD's street sweeping program is financed in part by a contractual arrangement with the Jamaican government's Metropolitan Parks and Markets (MPM). The philosophy of the MPM agreement is to pay DKMD an amount commensurate to what MPM would otherwise pay to deliver the same services. DKMD utilizes MPM's funds to privatize street sweeping, utilizing private sector management practices and making the services more accountable to the property and business owners that receive the services.

Based upon DKMD's '96/'97 budget, MPM's contract with DKMD accounts for 84% of the program revenue for street sweeping. DKMD resources, primarily in the form of membership dues, have been funding the remainder of the program. As the program matures within DKMD, a higher proportion of program costs are anticipated to be recaptured from the MPM contract in future years. Projections anticipate that 100% of direct program costs will be financed by the MPM contract in '97/'98.

3.3.2. Garbage Collection

Modeled after its street sweeping arrangement with MPM, DKMD began to enter the solid waste removal business during the summer of 1996. MPM has transferred its fee-paying customers to DKMD for garbage collection. DKMD is now responsible for reliably collecting garbage from commercial customers within the central business district. In addition to creating more accountability for property and business owners, the garbage collection business is anticipated to become a revenue producing venture for DKMD.

At first, DKMD experimented with in-house garbage collection. The organization operated its own truck with former MPM employees. Mechanical and personnel problems hampered early efforts and the number of commercial accounts was too small to provide for economies of scale.

DKMD has since switched to a sub-contracting system which has worked well. DKMD's General Manager supervises the administrative functions associated with garbage collection, including monitoring the contractor, organizing the billing system, maintaining communication with customers and monitoring the contractor's quality of service delivery.

DKMD anticipates that it will add a new truck and crew from MPM to complement the collection activities of its sub-contractor. The new truck and crew will improve street sweeping services by providing more rapid collection of debris plus allow DKMD to meet the special needs of many of its new commercial accounts. Similar to the street sweeping agreements, costs associated with the new truck and crew will be offset by a contract with MPM.

For '96/'97, the garbage collection business center is projected to operate at a 9% net profit. Based upon projections, garbage collection margins are expected to improve to 20% as the program matures.

Pricing for DKMD garbage collection services is competitive with other private sector alternatives. DKMD also offers a discounted collection fee to businesses that become dues-paying members of DKMD. This pricing structure is an effective membership recruitment tool and can assist DKMD in solidifying its membership participation rates throughout the Downtown.

3.3.3. Landscaping and Repair

In addition to its basic street sweeping and garbage collection services, DKMD crews often undertake special landscaping and repair projects to improve Downtown Kingston. These special services, which are concentrated in public spaces, could become the basis for an additional contractual relationship with the government in the future.

Landscaping improvements beyond maintenance are provided subject to special funding being secured.

Landscaping and other infrastructure improvements will be expanded in the future provided that a business improvement district is created in Downtown Kingston.

3.4. Security

Both the reality and perception of public safety is perhaps the most significant challenge affecting commerce in Downtown Kingston. In reality, Downtown Kingston is safe with a low incidence of mostly petty or nuisance type crimes. However, occasional gang and political violence in neighborhoods near the Downtown is a source of public concern. The news media tends to reinforce images of an unsafe Downtown, sometimes characterizing violence in residential areas as in "Downtown".

Following episodes of neighborhood violence, Downtown merchants report that sales will often drop for several weeks. Informal research by merchants finds that the most significant loss in sales is from resident markets. Downtown workers, who are more conditioned to the reality of safety in the Downtown, are less affected by neighborhood violence in their shopping patterns.

A Downtown security force, or "courtesy corps", has been formed by DKMD to address both the perception and reality of public safety. The courtesy corps brings a uniformed presence to the Downtown to complement local police. Courtesy corps members do not carry weapons, but have radios to contact the police if needed, becoming extra "eyes and ears" for local police enforcement. Unlike police, courtesy corps members are customer service trained to assist pedestrians in navigating through Downtown to reach various destinations.

The courtesy corps approach has been used successfully in a number of cities throughout the United States to positively affect public safety in Downtowns. Cities including Philadelphia, Baltimore and New York have reported sharp decreases in crime following the deployment of courtesy corps policing by private sector downtown management organizations. Courtesy corps have also become effective "downtown ambassadors", adding to an overall positive experience by downtown customers.

Initially, the Downtown Kingston courtesy corps is staffed by 12 patrol members. Financing for personnel has been secured from MPM. Similar to MPM sponsored maintenance activities, MPM will fund DKMD an amount commensurate with what the service would have otherwise cost MPM. DKMD provides uniforms, radios and incidentals. The DKMD Works Manager provides general supervision for the program.

The courtesy corps is a major program component that can be expanded if a business improvement district is eventually formed to finance DKMD programs.

The courtesy corps can become part of a comprehensive strategy to find responsible solutions to the homeless and other street populations. In other cities, courtesy corps personnel develop

relationships with individuals on the streets and social service agencies in an effort to guide street populations into more productive lives. These initiatives can be reinforced by efforts to relocate street feedings by churches and other organizations to alternative locations.

3.5. Marketing and Promotions

DKMD has taken a methodical approach during its first 18 months to better manage the Downtown Kingston environment, first by establishing a higher standard of cleanliness through street sweeping and garbage collection services and most recently through the deployment of a courtesy corps to enhance security. These improvements must now be aggressively marketed to retain existing customers and attract new customers to Downtown. As has been proven in other downtowns throughout North America, the end result of these efforts will be increased sales and property values.

To develop a marketing and promotions program for Downtown Kingston, DKMD was assisted by Daisy Staniszki, a senior marketing executive with the Downtown Development Board in Orlando, Florida. The DKMD marketing plan includes the following components:

3.5.1. Marketing Objectives

- **Internal Marketing:** Increase the awareness of DKMD's services and benefits to existing downtown businesses.
- **External Marketing:** Increase Kingston residents' awareness of Downtown's shopping, dining, business and entertainment opportunities.

3.5.2. Target Market Segments

DKMD marketing programs will aim to inform, affect and attract the following target market segments:

- Downtown business owners;
- Downtown workers and visitors;
- Residents within a 5 mile radius of Downtown Kingston.

3.5.3. Marketing Programs

Four different types of inter-related marketing programs are recommended to meet both of the internal and external marketing objectives:

1. **Public Awareness** programs are intended to build positive identities for both the DKMD and Downtown and to establish a definable geographic area that becomes associated both with the Downtown experience and DKMD's primary "turf". Public awareness program components include:
 - a. Logo Design: One generic Downtown logo design should be developed and used consistently in all publications, promotions, maintenance vehicles, worker uniforms, trash cans, banners, etc. to fortify public recognition of Downtown and recent improvement efforts. The logo should be developed and jointly used by the participants in a newly formed Downtown Alliance, which includes DKMD, the Kingston Restoration Company, MPM and the Urban Development Corporation.
 - b. Map of Downtown Kingston: A standard consumer-friendly map should be designed illustrating all of Downtown Kingston's major destinations, including theaters, post offices, retail areas, markets, parks, museums, churches, parking lots, etc. The map brochure could also include a directory of DKMD members plus advertising space for businesses, (which would be offered at a discount for member businesses). The map should be widely distributed to DKMD members and destinations featured on the map.
 - c. Newspaper Supplements: At least three major supplements can be produced each year for insertion in the local newspaper. Initial supplements could be produced to correspond to major Downtown events, including Christmas, Independence Day and Carnival. Other opportunities, such as Back to School, should also be investigated. The newspaper supplements would inform the public about specific Downtown events plus provide an opportunity for merchants to leverage advertising dollars through a highly visible format. The aforementioned logo and map should be utilized as part of the newspaper supplements.

2. **Publications** should be developed to inform the Downtown business community, media and other constituents on Downtown activities plus position DKMD as the central source of Downtown information and primary manager and marketer of Downtown. Suggested publications include:
 - a. DKMD Newsletter: The DKMD newsletter should be a periodic publication (4 to 6 issues per year) providing timely information on Downtown events, business developments and DKMD programs. The design of the newsletter should prominently feature the Downtown logo. Photos, colors and graphics can make the newsletter visually appealing. Articles should be upbeat and feature people that make things happen (i.e. DKMD members, staff and volunteers). Other newsletter features include the Downtown map and a calendar of events. Newsletter distribution includes members and potential inserts and/or joint production efforts with the local news media. Advertisements and/or member sponsorships could be considered to generate revenue to offset costs.

- b. Annual Report: The DKMD Annual Report should highlight organizational accomplishments for the year. Features should include annual program summaries, a listing of new and existing members and illustrative budget information. Extra copies of the annual report should be produced to maximize its use as a marketing tool.
3. **Membership** is an ongoing marketing function of DKMD. Until the creation of a business improvement district, DKMD will require membership dues to finance many of its basic programs.
 - a. Membership Recruitment Package: Many of the preceding marketing tools can be utilized as part of a membership recruitment package. In addition to newsletters and the annual report, a formal membership package should include information on DKMD committees, staff and boardmembers, membership dues structure and services and benefits offered by the organization. Value and accountability should be used as primary membership messages. Preferential pricing of services ranging from garbage collection to newsletter advertising can be a powerful marketing tool to attract memberships.
4. **Special Events** provide an opportunity to expand Downtown's markets by attracting customers that do not regularly frequent the central business district. A DKMD special events program will aim to build upon existing activities and position Downtown as an active destination for fun and entertainment.
 - a. Existing Events: Downtown currently hosts three major events that could become the anchors for an active annual events calendar. Existing event opportunities include Christmas, Independence Day and Carnival. Options for fortifying these events include coordinating targeted advertising and promotions, programming public spaces with ongoing entertainment and creating special Downtown decorations and banners for each event. Planning for each event should begin at least four months in advance and should include working with the local media, police and other affected agencies.
 - b. Annual Events Calendar: DKMD should become the central coordinator and distributor of an ongoing annual events calendar that features all of Downtown's various activities, including theater performances, church-sponsored events, museum exhibits, convention center activities and seasonal happenings such as back to school promotions, national, ethnic and religious holidays. The annual events calendar should be featured within each of the preceding marketing materials, including advertisements and newsletters.

The DKMD '96/'97 budget has limited funds to finance the public awareness, publications and membership components of the marketing plan. Funding for special events is characterized as "conditional" and is contingent upon event-specific funds being identified. Due to the lack of funds for marketing activities, the preceding marketing programs are anticipated to be undertaken primarily by DKMD volunteers, in cooperation with other Downtown agencies and/or contracted to local

marketing professionals. Marketing programs will be guided under the direction of the General Manager.

To establish more reliable funding for marketing and other programs, part of DKMD's marketing effort will be directed toward a national effort to establish business improvement district (BID) legislation. BIDs provide for a self-imposed and self-governed tax assessment to finance downtown management services. BIDs are a common tool for funding downtown management organizations throughout North America. DKMD can help advance the BID effort in Jamaica by publicizing the results of its ongoing improvement programs, mobilizing support among business district associations throughout Jamaica and actively participating in the national BID formation effort.

Following the establishment of a BID, marketing funds are projected to be increased and a Marketing Manager professional position is planned to coordinate DKMD marketing programs.

3.6. Membership Development

Currently, the DKMD does not have the ability to levy a mandatory assessment for services through a mechanism such as a business improvement district. Voluntary membership dues provide unrestricted revenues that not only allow the organization to exist, but also help to provide special services such as maintenance, security and marketing. Although the entire Downtown benefits from these services, only a fraction are paying for them. DKMD's primary challenge over the next several years is to effectively communicate the benefits of these services and expand the membership base that drives the organization.

DKMD membership dues are based upon an identified number of business units for each member. Each member is assessed \$15,000 for each business unit. A sub-committee of the DKMD board of directors determines business unit assessments for each member. Current members are assessed for 1 to 9 business units. By the end of 1996, the organization had 110 business units spread among 45 businesses.

Most of DKMD's members are from retail businesses located along King Street or in the adjacent wholesale district. Primary candidates for new memberships include service and professional businesses such as banks, law offices and corporate offices. Recruitment messages for these new membership markets include:

- Community involvement and participation in improving Downtown;
- Value and the direct benefits of DKMD membership;
- Influence in decisions that affect the Downtown business environment.

As DKMD expands its direct services, there are several pricing advantages that can be explored as part of an overall membership recruitment effort. The current practice of offering

garbage collection discounts to members offers tangible value and appears to be an effective method for expanding membership. Similar opportunities abound in planned marketing activities, particularly advertising discounts in newspaper supplements, newsletters and the Downtown map and directory. The courtesy corps can be positioned as a strong membership benefit, particularly if it is made available to escort workers and/or patrol member-sponsored events.

Membership recruitment will be most effective if it remains a primary activity of members of the DKMD board of directors. Those who are currently paying dues will be most effective to solicit dues from peer businesses. The DKMD General Manager can provide logistical support to board members, including compiling membership recruitment packages and coordinating peer to peer communications.

Periodic membership retention surveys should be undertaken to ensure that members are satisfied with existing DKMD services. Retention surveys could range from a periodic informal phone call from a board member to a formal written survey instrument.

3.6.1. Membership Contract

Eventually, the reliance on DKMD membership dues is expected to be replaced by a formal assessment mechanism such as a business improvement district. Until such a formal mechanism is formed, a DKMD membership contract should be explored. The membership contract will include the following key components:

- Multi-year commitment to pay membership dues. This will aim to establish a reliable source of program revenue until the formation of a business improvement district and reduce the administrative expense of renewing commitments on an annual basis.
- Dues adjustment for inflation. Dues should be adjusted on an annual basis to compensate for annual changes in inflation. Jamaica's inflation rate has recently stabilized at about 10%, but past annual rates have exceeded 40%.
- Exit clause for members. A membership contract could include an exit clause to allow members to terminate their membership if they become dissatisfied with DKMD services. This clause could be an important sales advantage for obtaining the initial multi-year commitment.

3.7. Management Services/Personnel

Similar to downtown management organizations throughout North America, it is anticipated that DKMD programs will be managed by a professional staff accountable to the DKMD board of directors. Currently, two management level positions exist within DKMD -- the General Manager

and Works Manager. Upon the formation of a business improvement district or another reliable source of revenue, a third management position -- Marketing Manager -- is planned.

- **General Manager:** The General Manager supervises the day-to-day operations of the corporation. S/he is primarily responsible for all administrative functions, including contracts, collections and operations. S/he directly supervises the Works and Marketing Managers and possesses a strong working knowledge of all company programming. The General Manager is the primary staff liaison with the DKMD board of directors and reports to the Chairman of the Board. The General Manager should be undergo an annual performance evaluation by the Executive Committee of the board of directors. In 1996, the General Manager position was determined to allocate its time to the following DKMD activities:

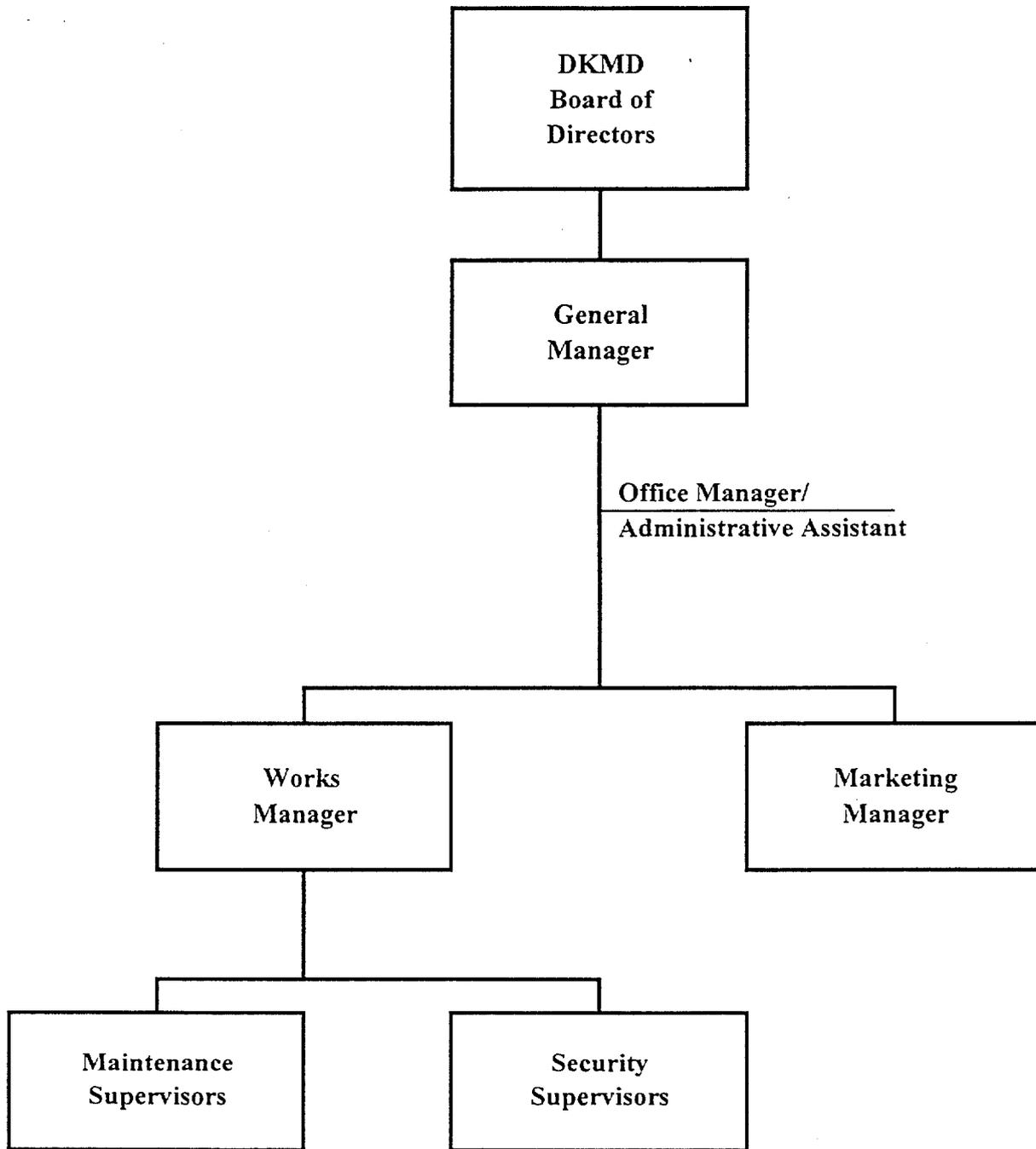
65% to administrative and membership development functions;
30% to the garbage collection function, primarily contractor supervision and billings;
5% to marketing and promotions;

- **Works Manager:** The Works Manager supervises the day-to-day delivery of maintenance and security services on behalf of the corporation. Maintenance services include supervision of the street sweeping program and supervision of landscaping and repair activities. Security services include the day-to-day supervision of courtesy corps personnel. The Works Manager directly supervises field supervisors and workers and is responsible for field personnel hiring, firing, reprimands and bonuses. The Works Manager reports directly to the General Manager and is evaluated on an annual basis by the General Manager and the Chairman. In 1996, the Works Manager position was determined to allocate its time to the following DKMD maintenance activities:

75% to street sweeping;
20% to security/courtesy corps;
5% to landscaping and repair.

- **Marketing Manager (proposed):** Upon the creation of a business improvement district or other source of reliable revenue, a full time Marketing Manager is envisioned. The Marketing Manager would have the primary responsibility of coordinating DKMD's marketing program, including public awareness, publication and special event components. The Marketing Manager would report to the General Manager and would be evaluated on an annual basis by the General Manager and the Chairman.

3.7.1. DKMD Organizational Structure Chart



3.8. Budget and Sources of Revenue

For the purposes of this business plan, a series of DKMD budget workshops were held during November of 1996. The workshops, which included DKMD staff and board members, were intended to:

- Develop a budget format that is consistent with the business centers described within this plan;
- Allocate administrative and overhead costs among the various business centers;
- Develop a budget format that can be used as a management tool to guide the growth of the organization.

A baseline budget for the current fiscal year, June 1996 through May 1997, was developed. The budget includes annualized baseline assumptions that provide the basis for budget projections. The baseline budget is provided on pages III-15 and III-16.

3.8.1. 1996/97 Expenses

Four cost centers were identified:

- **Administration** captures the general overhead of the organization, including office and business expenses, plus 65% of the general manager's time associated with general management functions and membership development. Statutory deductions are included for management level personnel beginning in January, 1997. Administration accounts for 12.8% of the organization's overall expenses.
- **Maintenance** includes all costs associated with the street sweeping, garbage collection and landscaping functions, plus appropriate allocations of time from the General and Works Managers. For DKMD's '96/'97 budget, maintenance functions account for 70.8% of the expense budget.
- **Marketing & Promotions** include all seasonal marketing promotions plus communications and signage. Festival marketing expenditures are conditional upon identifying project-specific funding. Marketing and promotions accounts for 6.3% of the baseline expense budget.
- **Security** provides a six-month snapshot of the courtesy corps program, since this program did not begin until the middle of the fiscal year in December of 1996. Security expenses are projected to account for 10.1% of the expense budget.

3.8.2. 1996/97 Revenues

For the baseline budget, there are six major sources of revenue for DKMD:

- **MPM Contracts and Reimbursements** account for 47.4% of DKMD's overall revenue. MPM contracts include street sweeping and courtesy corps. Additional MPM reimbursement is anticipated for the truck and crew that will augment DKMD's garbage collection service. MPM contracts and reimbursements are predicated upon the principle that MPM will pay DKMD an amount commensurate to what it would otherwise cost MPM to deliver maintenance and security services within Downtown Kingston.
- **Garbage Collection Fees** are the second largest source of DKMD revenue, accounting for 19.8% of baseline budget revenues. Fee revenue is based upon monthly receivables calculated in the final quarter of 1996 and do not reflect anticipated growth through 1997.
- **Miscellaneous Service Reimbursements** are fee-based services to respond to merchant requests for enhanced maintenance needs, such as drain cleaning. Service reimbursements account for 2% of DKMD's annual revenue.
- **Membership Revenue**, including an in lieu fee collected from UDC, account for 19.0% of DKMD's overall revenues. Membership revenue is based upon securing 125 membership units.
- **USAID** provides 8.5% of DKMD's annual revenue through a one-time grant.
- **Conditional Expenses** have been identified within the DKMD expense budget to subtract expenses that are conditional upon securing project-specific funding. DKMD's festival marketing budget is defined as "conditional" accounting for 2.0% of DKMD's annual revenue.

DKMD's baseline budget is provided on the following pages.

DOWNTOWN KINGSTON MANAGEMENT DISTRICT

Revised Budget Format (June 1, 1996 to May 31, 1997)

Draft (January 20, 1997): EXPENSE SUMMARY

Annualized Baseline Assumption	EXPENSES: Business Center/Activity	Sub-Total	Total	% of Total
	ADMINISTRATION			
600,000	General Manager (65%)	390,000		
175,000	Administrative Assistant (2 months)	29,167		
104,000	Secretary/Reception (6 months)	52,000		
200,000	Office Rental (6 months)	100,000		
100,000	Utilities/Telephone (6 months)	50,000		
100,000	Insurance	100,000		
100,000	Professional Fees	100,000		
10,000	Misc. Medical	10,000		
100,000	Travel/Training	100,000		
150,000	Equipment/Furniture Purchase	150,000		
100,000	Office Supplies	100,000		
(938,000)(10%)	Statutory Deductions (6 months)	46,900		
(5%)	Contingency (5%)	41,903		
	Total Administration		1,269,970	12.8%
	MAINTENANCE			
	Street Sweeping			
338,000	Works Manager (75%)	253,500		
109,200	Supervisors (2)	218,400		
3,120,000	Sweepers (52)	3,120,000		
100,000	Bonus	75,000		
225,000	Uniforms	225,000		
96,000	Drain Cleaning	96,000		
200,000	Replace Garbage Cans	200,000		
100,000	Tools & Supplies	100,000		
	Total Street Sweeping		4,287,900	43.1%
	Garbage Collection			
600,000	General Manager (30%)	180,000		
1,300,000	Truck & Crew Expense (6 months)	650,000		
1,360,000	Contract Expense (10 months)	1,550,000		
	Total Garbage Collection		2,380,000	23.9%
	Landscaping			
338,000	Works Manager (5%)	16,900		
100,000	Landscaping Improvements	100,000		
200,000	Maintenance	200,000		
60,000	Repair Sidewalks/Fences	60,000		
	Total Landscaping		376,900	3.8%
	MARKETING & PROMOTIONS			
600,000	General Manager (5%)	30,000		
100,000	Christmas Marketing	100,000		
200,000	Festival Marketing	200,000		
100,000	Communications	100,000		
200,000	Signage	200,000		
	Total Marketing & Promotions		630,000	6.3%
	SECURITY			
338,000	Works Manager (20%)	67,600		
150,000	Uniforms/Radios/Start-Up	150,000		
1,060,000	Courtesy Corps Personnel (12)(6 months)	530,000		
10% of personnel	Incidentals	53,000		
200,000	Community Relations	200,000		
	Total Security		1,000,600	10.1%
	TOTAL EXPENSE		9,945,370	

DOWNTOWN KINGSTON MANAGEMENT DISTRICT
 Revised Budget Format (June 1, 1996 to May 31, 1997)
 Draft (1/20/97): REVENUE SUMMARY

Annualized Baseline Assumption	REVENUES: Business Center/Source	Sub-Total	Total	% of Total
	Street Sweeping			
	Zone 1A Contract/MPM			
1,872,000	2 months	312,000		
2,304,000	2 months	384,000		
4,186,000	8 months	2,790,667		
120,000	UDC Fees	120,000		
	Total Street Sweeping		3,606,667	36.6%
	Garbage Collection			
	Fees			
1,800,000	2 months	300,000		
2,400,000	2 months	400,000		
2,500,000	6 months	1,250,000		
1,300,000	MPM Truck Reimbursement (6 months)	650,000		
	Total Garbage Collection		2,600,000	26.4%
200,000	Misc Service Reimbursements	200,000	200,000	2.0%
	"Conditional" Expenditures			
200,000	Festival Marketing	200,000		
	Total "Conditional" Expenditures		200,000	2.0%
	Security			
1,060,000	MPM Personnel Reimbursement (6 mos)	530,000	530,000	5.4%
one-time donation	USAID Grant		837,000	8.5%
15,000 per unit	Memberships (125 units)		1,875,000	19.0%
	TOTAL REVENUE		9,848,667	
	NET INCOME (LOSS)		(96,703)	

Revenue by Source:		
MPM Contracts & Reimbursements	4,666,667	47.4%
UDC Fees	120,000	1.2%
Garbage Collection Fees	1,950,000	19.8%
Misc Service Reimbursements	200,000	2.0%
"Conditional" Expenses	200,000	2.0%
USAID Grant	837,000	8.5%
Membership Revenue	1,875,000	19.0%

3.9. Five Year Operating Projections

Five year operating projections have been constructed for DKMD based upon the following assumptions:

- The annualized baseline assumptions from the '96/'97 budget have been utilized for projections. Years 2 through 5 of the projections ('97/'98) provide a realistic snapshot of DKMD at full operations. Years 2 through 5 assume full program and staffing assumptions. For example, the '96/'97 budget includes two months salary for an administrative assistant, while the Year 2 through 5 budgets assume full year funding for this position.

Another significant example is provided by projected garbage collection fees. Year 2 through 5 garbage collection fees are based upon annualized rates established during the final 6 months of Year 1.

- The projections are adjusted to reflect an annual rate of inflation of 15%.
- DKMD's contractual arrangements with MPM are projected to remain intact at '96/'97 levels of support, adjusted annually for the rate of inflation.
- Memberships increase from 125 units in Year 1 to 150 units in Years 2 and 3.
- Festival marketing expenditures are classified as "conditional" upon securing project-specific funding.
- Year 4 anticipates the implementation of a business improvement district (BID) as a financing mechanism to provide reliable revenue for DKMD. Upon forming a BID, membership dues are eliminated as a revenue source. On the expense side, the BID allows for a General Manager salary and benefits package increase, employment of the Marketing Manager and doubling of program budgets for security and marketing programs.

Based upon the preceding assumptions, the projections anticipate that DKMD will be able to operate in a break-even position without continued grants from USAID. Conditional expenses are reduced in Year 2, primarily due to greater efficiencies and increased revenue associated with DKMD's maintenance programs.

DKMD projections are provided on the following pages.

DOWNTOWN KINGSTON MANAGEMENT DISTRICT

Five Year Operating Projection (Draft January 20, 1997)

EXPENSES <a>	'96/'97 <u>Year 1</u>	'97/'98 <u>Year 2 </u>	'98/'99 <u>Year 3</u>	'99/'00 <u>Year 4 <c></u>	'00/'01 <u>Year 5</u>
Management Staff					
General Manager	600,000	690,000	793,500	1,100,000	1,265,000
Works Manager	338,000	388,700	447,005	514,056	591,164
Marketing Manager	0	0	0	550,000	632,500
Statutory Deductions (10%)	46,900	107,870	124,051	161,406	185,616
Fringe/Bonus/Auto/Etc.	0	0	0	200,000	230,000
Total Management Staff	984,900	1,186,570	1,364,556	2,525,461	2,904,281
Administration					
Administrative Assistant	29,167	201,250	231,438	266,153	306,076
Secretary/Reception	52,000	119,600	137,540	158,171	181,897
Office Expense	150,000	345,000	396,750	456,263	524,702
Insurance/Professional Fees	200,000	230,000	264,500	304,175	349,801
Travel/Training	100,000	115,000	132,250	152,088	174,901
Supplies/Equipment	250,000	115,000	132,250	152,088	174,901
Contingency/Misc Medical	51,903	67,793	77,961	89,656	103,104
Total Administration	833,070	1,193,643	1,372,689	1,578,592	1,815,381
Maintenance					
Sweeping					
Personnel (Supers/Sweepers)	3,338,400	3,839,160	4,415,034	5,077,289	5,838,882
Incidentals/Uniforms	300,000	345,000	396,750	456,263	524,702
Drain Cleaning	96,000	110,400	126,960	146,004	167,905
Garbage Can Replacement	200,000	230,000	264,500	304,175	349,801
Tools & Supplies	100,000	115,000	132,250	152,088	174,901
Total: Sweeping	4,034,400	4,639,560	5,335,494	6,135,818	7,056,191
Garbage Collection					
Truck & Crew Expense	650,000	1,495,000	1,719,250	1,977,138	2,273,708
Contract Expense	1,550,000	2,139,000	2,459,850	2,828,828	3,253,152
Total: Garbage Collection	2,200,000	3,634,000	4,179,100	4,805,965	5,526,860
Landscaping					
Improvements	100,000	115,000	132,250	456,263	524,702
Maintenance & Repair	260,000	299,000	343,850	395,428	454,742
Total: Landscaping	360,000	414,000	476,100	851,690	979,444
Marketing & Promotions					
Seasonal & Festival Marketing	300,000	345,000	396,750	1,368,788	1,574,106
Communications	100,000	115,000	132,250	152,088	174,901
Signage	200,000	230,000	264,500	304,175	349,801
Total Marketing & Promotions	600,000	690,000	793,500	1,825,050	2,098,808
Security					
Personnel	530,000	1,219,000	1,401,850	3,224,255	3,707,893
Incidentals/Uniforms	203,000	294,400	338,560	778,688	895,491
Community Relations	200,000	230,000	264,500	304,175	349,801
Total Security	933,000	1,743,400	2,004,910	4,307,118	4,953,186
TOTAL EXPENSE	9,945,370	13,501,173	15,526,348	22,029,695	25,334,149

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DOWNTOWN KINGSTON MANAGEMENT DISTRICT
Five Year Operating Projection (Draft January 20, 1997)

REVENUES <a>	'96/'97 Year 1	'97/'98 Year 2 	'98/'99 Year 3	'99/'00 Year 4 <c>	'00/'01 Year 5
Street Sweeping					
Zone 1A Contract/MPM	3,486,667	4,813,900	5,535,985	6,366,383	7,321,340
UDC Fees	120,000	138,000	158,700	182,505	209,881
Total Street Sweeping	3,606,667	4,951,900	5,694,685	6,548,888	7,531,221
Garbage Collection					
Fees	1,950,000	2,875,000	3,306,250	3,802,188	4,372,516
MPM Truck Reimbursement	650,000	1,495,000	1,719,250	1,977,138	2,273,708
Total Garbage Collection	2,600,000	4,370,000	5,025,500	5,779,325	6,646,224
Misc Service Reimbursements	200,000	230,000	264,500	304,175	349,801
Security					
MPM Personnel Reimbursement	530,000	1,219,000	1,401,850	1,612,128	1,853,947
Memberships					
125 units	1,875,000				
150 units		2,587,500	2,975,625	0	0
USAID Grant	837,000	0	0	0	0
"Conditional" Expenditures <d>	200,000	230,000	264,500	0	0
BID Assessments <e>	0	0	0	8,000,000	9,200,000
TOTAL REVENUE	9,848,667	13,588,400	15,626,660	22,244,515	25,581,193
NET INCOME (LOSS)	(96,703)	87,228	100,312	214,821	247,044

Assumptions:

- <a> All expenses and revenues adjusted for a 15% annual rate of inflation.
- Annualized Baseline Assumptions utilized from the actual Year 1 budget. In some cases, Year 2 projections will be less than or exceed the rate of inflation since projections are based upon annualized Year 1 budget levels, as opposed to actual Year 1 budget levels.
- <c> Formation of BID in Year 4 allows for:
 - o increase in General Manager salary and fringe:
 - o creation of Marketing Manager position:
 - o increase in landscaping improvement budget:
 - o triple (3X) seasonal & festival marketing budget:
 - o double (2X) courtesy corps/security budget;
 - o elimination of membership dues as revenue source.
- <d> Conditional expenses based upon 100% of festival marketing budget.
- <e> BID revenue assumes elimination of membership dues and full program funding as described in note <c>.

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IV. DOWNTOWN KINGSTON BUSINESS IMPROVEMENT DISTRICT

4.1. Background

A business improvement district (BID) is a method for efficiently and equitably raising funds to finance the downtown improvement programs provided by the Downtown Kingston Management District (DKMD). Based upon the benefit assessment district concept, a BID provides for a tax assessment on commercial property within a specific geographic district. Proceeds from the assessment are then used exclusively to finance programs and services to improve the district. BIDs are usually formed by private sector property and business owners that elect to assess themselves. BIDs are also generally self-governed by boards of directors composed of affected property and business owners.

The BID phenomenon began in New Orleans in the early 1970s. Today, the International Downtown Association estimates that more than 1,000 downtown BIDs operate throughout North America. Mirroring a worldwide trend to decentralize government, BIDs are also being explored in Europe, Australia, South Africa and the Caribbean. Similar to the economic dynamics in Kingston, many North American BIDs have been formed as a local business community response to declining local government budgets and services.

A matrix providing information on BIDs in selected North American cities is provided on the following page. In most cases, the BID provides financing for only a portion of the overall budget of a downtown management organization. BID funds are often leveraged by contracts, grants, event revenue and other earned income. Services to manage the downtown environment, such as maintenance, security and marketing, are most often financed by BIDs.

The concept of a BID is not new to Downtown Kingston. Under the guidance of the Kingston Restoration Company, government and business leaders have explored forming a BID as part of a broader downtown revitalization strategy. Detailed recommendations on forming a BID in Downtown Kingston were developed in a report sponsored by the U.S. Agency for International Development (USAID) prior to the establishment of DKMD in 1994.

To form a BID, enabling legislation must be developed by government. Today, virtually every state and province in the United States and Canada has some form of BID legislation. An effort to establish BID legislation in Jamaica is underway as a companion project to the DKMD Business Plan. Sponsored by USAID, a policy paper is being drafted to begin the process of advancing the BID concept through the Jamaican legislative process.

Despite endorsement of the BID concept by government policy makers, it is anticipated that BID legislation might take several years to be implemented in Jamaica. In anticipation of eventual BID legislation, this section of the DKMD business plan provides guidelines for establishing a Downtown Kingston BID as part of DKMD's overall management structure. This plan projects that a Downtown Kingston BID will be formed in Year 4 of the business plan projections (fiscal year 1999/2000); however, the business plan can be adjusted to accommodate a BID if it is formed earlier or later.

DOWNTOWN KINGSTON: Survey of Comparable Downtown Management Organizations and Business Improvement Districts

Prepared by M. Bradley Segal/I.C.M.A. (1/97)

CITY/ Population/ Contact	Overall Downtown Management Organization Year Organized/Structure/ Annual Budget (US\$) (*)	BUSINESS IMPROVEMENT DISTRICT PARAMETERS			
		Year BID Organized/Reaffirmed/ No. of Property Owners/Parcels Total Annual Assessments (US\$)/ Original/Latest Petition Support	Top 4 Services Provided by BID Funds	Type of Assessment/ Average Per Square Foot/ BID Governance/ City Participation	Measurable Results
DENVER, CO Population: 490,000 Yvette Freeman (303) 534-6161	Established 1955; Private Non-Profit Corp; \$6.5 million	Est. 1982/Rev. 1992; 340 owners/655 parcels; \$2.06 million; 1992: 75% petition/95% vote	Maintenance; Marketing & Promotions; Economic Development; Capital Improvements	Land & Bldg Square Footage; 9 cents/foot 7 member board; Security/\$\$ for Non-Profits.	Increase in property values attributed to BID (1982/91); Office vacancy decrease from 31% to 13% (1987/95).
PHILADELPHIA, PA Population: 1,500,000 Paul Levy (215) 440-5512	Established 1990; Municipal Authority; \$7.4 million operating; \$21 million capital imp.	Est. 1990/Rev. 1994 2,087 parcels; \$7.4 million; '90: 11% object/'94: 1.2% object	Maintenance; Security; Capital Improvements; Marketing & Promotions	Assessed Value; 12 cents/foot 23 member board; \$5 M to capital imp.	80% reduction in graffiti (94/95); 25% decrease in crime (93/95)
BALTIMORE, MD Population: 700,000 Laurie Schwartz (410) 244-1030	Established in 1983; Private Non-Profit Corp; \$2.8 million	Est. 1992/Rev. 1997 1,421 parcels; \$1.9 million; 40%+ value required to terminate.	Security; Maintenance; Marketing	Assessed Value; 3.0 mils 25 member board; Base level of services; Grants	8 to 10% decrease in crime each year since 1992; Perception surveys find Downtown to be safer.
ATLANTA, GA Population: 400,000 Paul Kelman (404) 658-1877	Established in 1941; Private Non-Profit Corp; \$2.6 million	Est. 1996/Rev. 2002 295 owners/574 parcels; \$1.9 million; 54% owners/82% value	Security; Maintenance	Assessed Value; 2.02 mils; 9 member board; Base level of services.	60% reduction in crime during first year.
LOS ANGELES, CA (Downtown Fashion District) Population: 4,500,000 M. Giblin (213) 488-1153	Established in 1995; Private Non-Profit Corp; \$2.2 million	Established 1995; 420 owners/720 parcels; \$2.1 million Exceeded 50% support.	Maintenance; Security; Marketing	Factor of frontage and land area w/benefit zones; 12 member board w/advisors; Base level of services.	Crime reduced by 20%.

(*) Includes revenue in addition to BID assessments, such as membership dues, contracts, grants, events income, etc.

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4.2. Guiding Principles for a Downtown Kingston BID

The eventual formation of a Downtown Kingston BID will be dependent upon a number of variables that cannot be controlled by the DKMD. These variables include the Jamaican legislative process, constraints and limitations within BID legislation and the general uncertainties associated with economic and political trends. The strategy for forming the BID must be tailored to the service needs and revitalization objectives for downtown at an unknown time in the future.

Despite the uncertainties associated with the BID legislative process, there are several principles and program components that can help guide the eventual formation of a Downtown Kingston BID. These principles and program components include:

- **Governance Guidelines** to ensure that the BID is representative and accountable to property and business owners that pay assessments;
- **Programs and Priorities** that make sense for BID funding within the context of the DKMD's overall business plan;
- **Assessment Methodology Options** to provide for efficient and fair ways to assess and collect BID funds;
- **Government Participation Issues** that should be resolved prior to establishing a Downtown Kingston BID;

Guiding principles for establishing a Downtown Kingston BID are provided in the sections that follow.

4.2.1. Governance

Throughout North America, a standard BID governance framework has been developed to allow property and business owners that pay assessments to determine how the assessments are used. The elements of this standard governance structure include the following:

- **Local Government:** Following the submission of petitions or other evidence of support by property and business owners, local government typically forms the BID through a governmental resolution or ordinance. The BID is officially a quasi-governmental entity with the power to levy and collect assessments on commercial property.
- **BID Advisory Board:** The local government will generally appoint a BID Advisory Board of affected property and business owners to make recommendations on the operations of the BID. BID Advisory Boards are typically the policy-making body for the BID, making recommendations to the local government on annual budgets and assessment rates.

- **Management Organization:** To deliver day-to-day BID services, the local government enters into a contractual relationship with a private sector management organization. The management organization implements programs and is financed by proceeds from BID assessments. In most large North American cities, the management organization is a non-profit private sector business organization similar to the DKMD.

If the preceding standard BID structure is replicated in Jamaica, it is strongly recommended that the Advisory Board be representative of assessment payers and that DKMD be designated as the management organization to implement BID services.

As a policy making body, the Downtown Kingston BID Advisory Board should be relatively small with 9 to 15 seats held by assessment payers designated by geography and industry. Each sub-area of Downtown should be represented on a BID Advisory Board, including the Princess, King and Duke Street corridors. Industry types on a BID Advisory Board should include retail, wholesale, professional services, banking and finance, cultural institutions and government (if they pay assessments).

DKMD, as the BID management organization, could be governed by a larger board that is more representative of all Downtown interests, whether or not they pay assessments. A majority of the DKMD board should remain as property and business owners. Additional seats should be designated for agencies that typically interface with DKMD on a service delivery basis, including the Kingston Restoration Company, MPM, UDC, the Jamaican Chamber of Commerce and others.

4.2.2. Programs and Priorities

The guiding principle for funding programs with BID assessments is that **BID-sponsored programs and services should enhance, and not replace, existing programs and services.** The philosophy of enhancing programs and services places a premium on defining the pre-existing role of local government in providing services within the downtown. Basic pre-existing government services should be clearly defined and a verifiable method for retaining these services should be developed (see section 4.2.4., "Government Participation Issues").

The DKMD business plan suggests that the following program and service areas would be likely candidates for enhancement through BID funding:

- **Security:** If both the perception and reality of public safety remain key constraints in attracting customers to the Downtown, then BID funds should be utilized to expand the size of the proposed courtesy corps program. Local government should remain committed to supporting the program at pre-BID funding levels. BID funds could be utilized to increase the number of corps patrol members, provide additional supplies and uniforms, and perhaps diversify the mode of transport for courtesy corps with bicycles or horses.

- **Marketing and Promotions:** As DKMD continues to succeed in stabilizing the Downtown environment through cleaner and safer streets, marketing and promotions is the next logical expenditure for retaining and attracting customer markets. BID funds would be a logical source for marketing and promotions dollars since these efforts will primarily benefit commercial property and business owners who pay assessments.
- **Landscaping and other Special Projects:** BID funds could be utilized for localized beautification efforts and other special improvement projects that do not fit within existing service categories.
- **Professional Staff Expertise:** BID funds should be utilized to increase the level of resources available for professional staff expertise to advance BID programs. Salaries and benefits should be competitive with the private sector. A management level marketing manager is also anticipated to be added to the DKMD staff upon formation of a BID.

Maintenance is not recommended for BID funds due to DKMD's pre-existing contractual relationship with MPM for street sweeping services and the revenue producing nature of the garbage collection business center. Provided that the MPM contract can be retained and the garbage collection business remain profitable, no additional service enhancements are projected.

4.2.3. Assessment Methodology Options

Year 4 of the DKMD business plan projects that a Downtown BID would need to raise \$8.1 million to finance program and service enhancements and eliminate the need for DKMD membership dues. Whether the eventual BID assessment amount is lower or higher, an equitable and easy to administer assessment methodology needs to be developed.

Suggested principles for a Downtown Kingston BID assessment methodology include:

- **Allocate Costs to Those Who Benefit:** The assessment methodology should allocate the costs of programs and services to those who benefit. Services based on frequencies (i.e. security patrol coverage, frequency of maintenance, etc.) can be allocated through a system that utilizes "benefit zones" -- i.e. property and business owners within an area that receive higher frequencies of a service should pay a higher rate than areas that receive a lower frequency of service. Other services, such as marketing, provide benefits to all property and business owners. Costs for these services should be allocated on a pro rata basis throughout the BID.
- **Use Variables that Relate to Services:** A number of variables can provide the basis for an assessment methodology, from assessed value to building square footage to street frontage. Assessed value is the most commonly used variable in North America since it generally provides a third party evaluation of value for property and business owners and it is easy to

access through government tax bills. Some services might relate better to other measures. For instance, linear street frontage can be used for maintenance and security programs since benefits from these services are most evident by properties and businesses fronting the street.

- **Develop a Reliable Collection Mechanism:** Most commonly, BID assessments are collected by local government through pre-existing tax mechanisms, such as property tax bills. This method is not as reliable in Jamaica. Alternatives include billing and collection by the management organization (DKMD) as the agent of government. This method is used effectively in Philadelphia and Birmingham.
- **Keep It Simple:** Assessment methodologies can become complex. Overall, methodologies are easier to justify and sell if they are kept relatively simple.

4.2.4. Government Participation Issues

Throughout North America, there are a number of ways by which local governments participate in BIDs. Most governments have found that BIDs are beneficial to local economies by stabilizing and improving downtown environments. Healthier central business districts result in direct benefits such as more lucrative property and sales taxes. Indirect benefits include the improved image of the downtown which creates civic pride and eventually becomes a tool to recruit new businesses and industries.

There are several ways for a government to participate in a BID, ranging from forming a clear definition and commitment to deliver pre-existing services to providing direct financial participation in BID assessments. The following government participation issues will need to be well defined before establishing a BID in Downtown Kingston:

- **Base Level of Services Agreement:** Most BID legislation requires that local government provide a clear definition of existing services that are provided within a business district and then a commitment to continue to provide these "base levels of service" throughout the life of the BID. A base level of service agreement in Downtown Kingston will require local government to quantify pre-existing services, ranging from police patrols to sanitation services, and form a verifiable policy to maintain these services.
- **Extension of MPM Service Agreements:** The DKMD business plan is predicated upon a continuation of the service agreements that have been created between DKMD and MPM. These agreements, which govern fund transfers for street sweeping, courtesy corps and one garbage truck and crew, provide for MPM to pay DKMD an amount commensurate with what it would otherwise cost MPM to deliver these services. Prior to forming a BID, these service agreements should be extended for the life the BID and indexed to compensate for rates of inflation.

- **"Fair Share" Participation:** A BID will provide programs and services that will benefit all properties within the district, including publicly-owned properties. Many BIDs in North America have established "fair share" participation agreements whereby the local government will pay a financial contribution to the BID commensurate with its assessment amount. The "fair share" contribution concept should be explored in Downtown Kingston for all government owned property within the BID.