




BUSINESS IMPROVEMENT DISTRICT

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This is an executive summary. The full business plan can be viewed in its entirety at www.nomabid.org.

Prepared pursuant to District of Columbia Law 11-134, the Business Improvement Districts Act, as amended (DC ST § 2-1215.01 et seq.) to create a business improvement district serving the NoMa neighborhood of Washington, D.C.



Property owners and commercial tenants in NoMa know that NoMa will soon be a bustling neighborhood with new offices, residential buildings and retailers. Right now though, NoMa is a jumble of new office buildings and construction sites, monumental views and neglected underpasses, lovely, mature street trees and littered, dilapidated streets—a planner’s dream in terms of public transportation access, but a neighborhood whose roads, sidewalks and infrastructure need attention.



Why establish a business improvement district for NoMa?

Business Improvement Districts (known as BIDs) in other neighborhoods in Washington, DC (and in other cities throughout the United States) have successfully delivered needed services, coordinated public and private infrastructure and streetscape investments, and enhanced the image and economy of the areas in which they operate. The NoMa BID will support the emergence of NoMa as Washington, DC’s most exciting office and residential neighborhood by: 1) providing cleaning and safety services, 2) promoting NoMa through marketing and community events, 3) acting as a liaison to help coordinate public and private investment and services, 4) assuring that NoMa serves as a model transportation hub, providing residents, commuters and visitors with efficient access to work, shopping and entertainment, and 5) enhancing the community by promoting employment and community services.



How do BIDs work?

A BID is a defined area in which property owners agree to assess themselves a fee in order to provide services supplemental to those provided by the municipality to enhance the public environment, to increase competitiveness, and to assure the area's economic viability in the future. There are more than 1,000 BIDs across the United States. Currently BIDs are operating in several areas of the District of Columbia—the Downtown BID encompassing more than 100 square blocks; the Golden Triangle, which includes much of the area between Dupont Circle and the White House; the Georgetown BID, which covers approximately 35 blocks in the historic district; the Mount Vernon Triangle CID; the Capitol Hill BID; and the Adams Morgan BID.

BIDs do not replace city services. In fact, the DC BID Act requires that the District of Columbia maintain levels of service equal to those provided to similar parts of the City outside the BID boundaries. Neighborhood BIDs supplement city services in ways that are tailored to the unique needs of the neighborhoods they serve. For example, the Georgetown BID provides a shuttle bus for Georgetown workers from transportation hubs in Northern Virginia and the District. The Adams Morgan BID intensifies its street presence between midnight and 4 am to promote safety given Adams Morgan's busy nightlife. They also provide a level of service, for example, through cleaning crews and public safety ambassadors that exceeds the level of service typically provided by the District government.

Improve the Quality of Life In NoMa

Substantial investments have been made in NoMa. Several important projects will soon break ground. The streets in parts of NoMa, however, appear neglected. Connections between NoMa and its residential neighbors have not been maintained to an acceptable standard. No one is present to help guide NoMa visitors and make workers feel comfortable after hours. A NoMa BID will improve the quality of life on the street, attract people to events that promote NoMa and city life, and broaden excitement about NoMa.

Benefits to NoMa and the District of Columbia



Establish Private Sector Management and Accountability

The NoMa BID Board of Directors, to be comprised of property owners, tenants and representatives of community organizations, will govern and oversee the NoMa BID. The BID will be managed by a professional staff—including an Executive Director responsible for all BID operations. The Executive Director will focus closely on coordinating the BID’s activities with private entities, District agencies, the community, and other BIDs to assure that NoMa BID members get the best possible return on their BID investment.

Make the District More Attractive to Businesses and Potential Residents

Throughout the country, BIDs work hand in hand with local governments to improve the vitality and appeal of downtown neighborhoods. The NoMa BID will work with the District government to promote NoMa—with its outstanding regional transportation access—as a location of choice for high quality businesses and residents. These efforts and the improvement of NoMa will help assure that the District maintains its competitiveness with the surrounding suburbs and will positively impact the economic health of Washington, DC.

NoMa BID Vision

The NoMa BID will support the emergence of NoMa as Washington, DC's most exciting office and residential neighborhood by:

1) providing cleaning and safety services, 2) promoting NoMa through marketing and community events, 3) acting as a liaison to help coordinate public and private investments and services, 4) assuring that NoMa serves as a model transportation hub, providing residents, commuters and visitors with efficient access to work, shopping and entertainment, and 5) enhancing the community by promoting employment and community services.

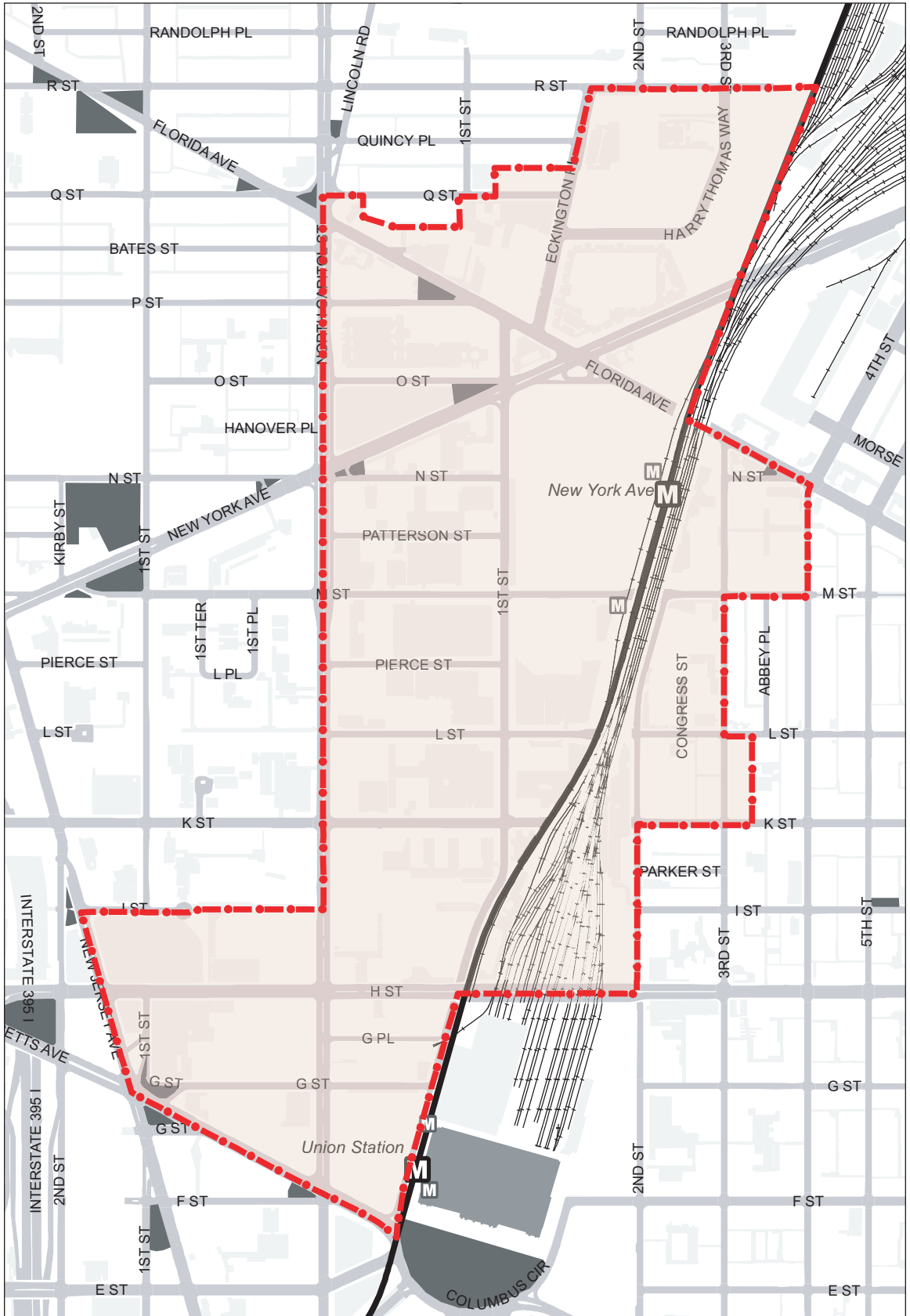


What are the boundaries of NoMa?

The proposed NoMa BID boundaries would encompass virtually all commercially zoned and high-density residential property in NoMa. This would include commercial properties north of Massachusetts Avenue and east of New Jersey Avenue, the area around the intersection of New York and

Florida Avenues, the east side of North Capitol Street from Massachusetts Avenue north to Q and R Streets, NE and running eastward across 1st Street, NE, the CSX railroad tracks and including the high-density properties east of the CSX railroad tracks. This area is very similar to the area used by the District's Office of Planning in preparing the NoMa Vision Plan and Development Strategy. An agreement with the Downtown BID will enable NoMa properties that are currently within the Downtown BID to transition to the NoMa BID at the end of fiscal year 2007. Pursuant to the DC Business Improvement Districts Act, as amended (DC ST § 2-1215.01 et seq.) (the DC BID Act) the boundaries of the NoMa BID will be established by the District of Columbia Council, subject to the approval by property owners in the BID area and registration of the BID by the Mayor. A map of the proposed NoMa BID boundaries is provided on the following page.

Proposed NoMa BID Boundaries





NoMa BID Goals and Activities

The NoMa BID will support the emergence of NoMa as the District's most exciting office and residential neighborhood. To accomplish this objective, the BID will undertake the activities described below.

The NoMa BID will supplement the services of the government of the District of Columbia, not replace them. The success of the NoMa BID will be measured based on its performance toward meeting the identified goals. More specific information about the approach to providing services and performance measurements can be found in the full Business Plan (www.nomabid.org).

- Goals**
- Make NoMa clean, safe and attractive
 - Attract businesses, residents, and visitors to NoMa
 - Educate public decision makers about NoMa neighborhood needs
 - Assist NoMa and adjoining neighborhoods with development and employment, as appropriate
 - Act as a partner in improving the economic vitality of the City

- Activities**
- **Clean and Safe**—Engage a uniformed street cleaning team that will provide an active street presence during high traffic times. As the NoMa BID budget allows, add the service of uniformed NoMa “guides” to assist workers, residents and visitors with directions and other needs. “Clean team” and “guide team” supervisors will be linked with the Metropolitan Police Department and public and social service agencies to assure that street conditions are conducive to the conduct of business and comfortable for NoMa residents and visitors.
 - **Marketing**—Establish a NoMa BID website and, building upon the strong work done by the NoMa Stakeholders group, produce NoMa print and digital marketing materials. Undertake a marketing and public relations program that builds the “buzz” for NoMa.
 - **Streetscape and Infrastructure Improvements**—Work with DC agencies and property owners to assure that NoMa has the plantings, street furniture and signage to support a great street life and infrastructure to support neighborhood development.
 - **Community**—Use the appropriate resources of the NoMa BID to assure that the growth in NoMa is positively impacted by, and has a positive impact on, surrounding neighborhoods. Support growth in employment opportunities for NoMa residents and neighbors.
 - **Transportation**—As development demands (and the NoMa BID budget allows) support a shuttle bus that takes people from Union Station to other parts of NoMa.

Financial Plan



At this time, it is estimated that the annual costs for a fully operational NoMa BID will be approximately \$2.5 million annually. The NoMa BID will cover a relatively large geographic area comprised of approximately 35 blocks including several very large “super blocks.” As the NoMa neighborhood becomes more fully built-out, the levels of pedestrian and vehicle traffic will increase significantly, as will the hours during which the streets are active and residents and visitors require services.

Budget

Set forth below is a table comparing the NoMa BID’s projected 2008 budget to the annual budgets of other Washington BIDs.¹

Washington BID	Approximate Coverage Area	Year Established	Assessed Property Value or Rentable Sq. Ft.	BID Tax Rate (%)	Annual Revenue
Adams Morgan	10-15 block fronts	2005	\$140 million	.21/\$100 value	\$300,000
Capitol Hill	80 block fronts	2003	\$1 billion	.15/\$100 value	\$1,000,000
Downtown	appx. 150 sq. blocks	1997	49 million sq. ft.	.1471 psf	\$9,606,000
Georgetown	34 block fronts	1999	\$1.2 billion	.15/\$100 value	\$3,033,000
Golden Triangle	42 sq. blocks	1997	30 million sq. ft	.11 psf	\$3,600,000
West End FY 07 <i>proposed</i>	13 sq. blocks	2006	\$1.767 billion	.12/\$100 value	\$2,120,500
NoMa FY 08 <i>proposed</i>	appx. 35 blocks	2006	\$1.24 billion	.05/\$100 value or \$.15/rsf	\$1,230,000

¹ NoMa’s 2008 budget reflects the first fully operational year; meaning that the NoMa BID is fully established, has repaid start-up costs, is fully staffed and is delivering services as identified in the Business Plan.

At the outset, the NoMa BID will take a “walk before you run” approach. During the first few years of operations it is anticipated that revenues will be in the \$750,000 (fiscal year 2007) to \$1.2 million range (fiscal year 2008).² Fiscal year 2007 will be a partial operating year. The NoMa BID’s fiscal year 2007 operational priorities will be keeping NoMa clean and safe, building the NoMa BID’s capacity, connecting effectively to its members, and being an effective liaison to public agencies on behalf of NoMa BID members. As NoMa becomes more fully built-out and the tax base increases, the NoMa BID will expand its services and become a more active partner in marketing, streetscape improvements, and other NoMa neighborhood issues. A projected five-year operating budget is set forth below.³ The ability to proceed in accordance with the projected budget will depend, in part, on the pace of development in NoMa over the next five years.

Five-Year Normalized Operating Budget

Activity	2008	2009	2010	2011	2012
Cleaning and Safety	\$250,000	\$437,500	\$500,000	\$525,000	\$600,000
Branding/Marketing	\$150,000	\$250,000	\$250,000	\$300,000	\$350,000
Community	\$50,000	\$100,000	\$150,000	\$150,000	\$175,000
Streetscape and Landscape Improvements		\$100,000	\$150,000	\$200,000	\$300,000
Noma Shuttle Bus			\$300,000	\$315,000	\$350,000
Administration	\$350,000	\$475,000	\$495,000	\$514,800	\$535,392
Contingency	\$425,000	\$200,000	\$100,000	\$100,240	\$115,520
TOTAL	\$1,225,000	\$1,562,500	\$1,945,000	\$2,105,040	\$2,425,912

² The change in the revenue estimate for the first two years of full operations reflects differences in the 2006 and 2007 assessments. It is anticipated that current development activities in NoMa will add considerably to NoMa revenues in 2008 as well. The NoMa BID should be able to reach its target revenue of \$2.4 million in 2012 as a result of new development in NoMa without increasing assessment rates.

³ Many BID budgets include administrative costs associated with a particular program within the costs for that budget item. The 5-year budget set forth above includes all personnel, benefits and overhead costs in the administrative line item.

Assessment Rate

According to the Office of Planning’s Draft NoMa Vision Plan and Development Strategy, the NoMa area includes more than 20 million square feet of developable space. Currently, the NoMa BID area includes less than 4.5 million square feet of commercial space in non-exempt properties. Annual BID taxes will be calculated for all non-exempt commercial properties based in the following manner:

- Land, parking lots, industrial properties and properties with fewer than 50,000 square feet will be assessed at the rate of \$0.05 per hundred dollars (\$100) of the prior year’s assessed value.
- Office buildings and other properties in excess of 50,000 square feet, except residential and hotel properties, will be assessed at the rate of \$0.15 per rentable square foot. The rate of \$0.15 per rentable square foot may, based on the judgment of the NoMa BID board, be increased to take into account inflation.
- Residential properties will be assessed at \$120 per unit annually. Residential properties with fewer than ten units will not be subject to the BID tax.
- Hotels will be assessed at \$90 per room annually.

No increase in the assessment rate will take place during the initial five-year term of the BID unless the BID membership votes for such an increase. A table projecting NoMa revenues based on 2007 assessments and projecting revenues for NoMa when fully built out is set forth below.

NoMa Projected Revenues⁴

Time Period	Estimated Square Feet	Tax Rate	Projected Revenue
1st year of full operations FY2008 (excludes start-up period)	4.5 million	\$0.15 per rsf or \$0.05 per \$100 of assessed value for properties with less than 50,000 square feet	\$1.2 million
NoMa (fully developed)	17.5 million	\$0.15 per rsf or \$0.05 per \$100 of assessed value for properties with less than 50,000 square feet (most property will be assessed based on rsf)	\$2.6 million

⁴ Based on information provided by the DC Office of Tax and Revenue. Certain properties, including federal and District-owned properties are exempt from real property taxation. As such, they are not subject to a BID tax. Recognizing the important benefits provided by a BID, these entities often voluntarily contribute to the BID. No assumptions concerning voluntary contributions have been included in these projections. Such contributions are anticipated and will be important to maintaining a high quality level of BID services in NoMa.



Governance

During the pre-establishment period, a steering committee formed a nonprofit corporation (incorporated under the DC Nonprofit Corporation Act as the “NoMa Improvement Association”) to work towards BID registration and, upon registration, to act as the BID. An initial Board of Directors was elected to oversee planning and the application for BID registration. The initial directors have consulted with a large number of property owners within the proposed BID and have collaborated with the NoMa Stakeholders group on BID establishment issues. Support for the NoMa BID has been strong, consistent and widespread.

The initial directors of the NoMa BID are:

Bruce Baschuk, *J Street Development*

Andrew Bauman, *Morgan Stanley*

Joseph Doran, *Stephen A Goldberg Company*

Douglas M. Firstenberg, *StonebridgeCarras*

Charles C. Wilkes, *The Wilkes Company*

Robin-Eve Jasper is serving as the acting Executive Director of the NoMa BID and ElChino Martin, Esq. of Nixon, Peabody is serving as legal counsel.

The NoMa BID will hold a membership meeting within 120 days of registration. At this meeting BID members will vote for a full slate of NoMa BID directors. The corporation’s bylaws provide that the NoMa BID will be governed by a Board of Directors comprised of 9–15 voting members. The Board will also include non-voting members representing important civic organizations and community interests.

Every non-exempt property owner⁵ and every commercial tenant within the BID boundaries will be a member of the NoMa BID. The members will elect a Board of Directors and approve the BID’s annual budget at the annual meeting of the BID. The BID is required by law to issue an annual report on its progress to the Mayor, Council and all members of record, including owners and tenants of commercial properties that are subject to the BID tax.

⁵ Each condominium association in the NoMa BID will designate a representative to vote on behalf of that property and otherwise represent that property in BID matters.

BID formation requires the submission of a registration application signed by the owners of:

- (1) at least 51% of assessed value of non-exempt property in the BID area; and
- (2) at least 25% in number of the individual non-exempt properties in the BID area.

Petitions for support of the NoMa BID application have been sent to all non-exempt property owners within NoMa. Once the NoMa BID can demonstrate that it has adequate support among NoMa property owners, the application for BID registration will be submitted to the Mayor for review. The boundaries of the BID and proposed assessment rate must also be approved by the District of Columbia Council.

BID Establishment

The term of the NoMa BID will begin upon registration by the Mayor (expected to be around year-end 2006) and will end five years after its creation. The BID may be re-registered for additional five (5) year periods if approved by the BID membership and the Mayor approves the re-registration after holding a hearing. The District of Columbia law authorizing BIDs sunsets in 2016.

Duration

