

City of Philadelphia



(Bill No. 180749)

AN ORDINANCE

Approving a new plan, estimated costs and proposed method of assessment of the Old City Special Services District of Philadelphia for and concerning business improvements and administrative services to the Old City area of the City of Philadelphia, all under certain terms and conditions.

WHEREAS, The Old City Special Services District of Philadelphia (“OCD”) was incorporated as a municipal authority for a term of five years under the provisions of the Municipality Authorities Act, Act of May 2, 1945 (P.L. 382, No. 164) as amended, (the “Act”) and as authorized by Bill No. 970093 (approved May 13, 1997); and

WHEREAS, Bill No. 020737 (approved January 23, 2003) authorized an extension to the term of OCD as a municipal authority to December 21, 2022; and

WHEREAS, Bill No. 130775 (approved January 8, 2014) approved the Plan and Budget for OCD through December 31, 2018; and

WHEREAS, OCD wishes to continue providing business improvements and administrative services to the Old City area of the City of Philadelphia; and

WHEREAS, In accordance with the Act, OCD has recently completed a plan for certain business improvements and services to the Old City area of the City of Philadelphia for fiscal years 2019-2023, together with the estimated costs thereof and the proposed method of assessments and charges therefor, and has submitted a copy to City Council for review and approval a document entitled “2019-2023: Plan and Budget for the Old City District” (the “Plan”) attached hereto as Exhibit “A”; and

WHEREAS, OCD mailed to each property owner and to each commercial tenant within the District the Plan which includes a map of the District, a description of the Plan, and the proposed method of assessment and charges; and

WHEREAS, After duly advertised public hearings have been held by OCD pursuant to the Act, legally sufficient objections have not been received either from persons representing one-third (1/3) of the properties in the District or from property owners whose property valuation as assessed for taxable purposes amounts to more than one-third (1/3) of the total property valuation of the District; and

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WHEREAS, City Council desires to take appropriate action with respect to the Plan; now, therefore

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. The Old City Special Services District's ("OCD") Five Year Plan and Budget (the "Plan") attached hereto as Exhibit "A", including maps and other documents supporting data which form a part of the Plan, submitted by OCD having been duly reviewed and considered, is approved.

SECTION 2. OCD is authorized to take such action as may be necessary to carry out the Plan for a period of five (5) years. City Council authorizes OCD to proceed with minor changes in substantial conformity with said Plan. Any major changes must be approved by Ordinance.

SECTION 3. The City resolves to cause the level of security and maintenance services provided by the City to the area served by OCD to be established in the future at the same levels as would have been provided in the absence of such services to be provided by OCD, unless there shall be a City-wide reduction in services.

SECTION 4. This Ordinance shall take effect immediately.

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EXHIBIT A

FINAL 2019-2023 PLAN AND BUDGET FOR THE OLD CITY SPECIAL SERVICES DISTRICT (“OCD”)



231 Market Street
 Philadelphia, PA 19106
 215.592.7929
 OLDCITYDISTRICT.ORG

2019-2023

PLAN AND BUDGET FOR THE OLD CITY DISTRICT

Old City Special Services District’s mission is to improve Philadelphia’s historic district as a place for people to meet, work, shop and live by supplementing municipal services with cleaning, public safety, economic development and promotional programs. Old City Special Services District (“Old City District” or “OCD”) was established by ordinance of Philadelphia City Council in 1998, with the support of the commercial property owners within its boundaries, and in accordance with the Commonwealth of Pennsylvania’s Municipality Authorities Act of 1945, 53 Pa. C.S. § 5601 et seq. In November, 2002, the City of Philadelphia authorized a 20-year extension, through the year 2022. Now in its 20th year, this public-private partnership continues to maintain and improve the dynamic Old City neighborhood. OCD serves to supplement, but not replace, both the services provided by the City of Philadelphia and the responsibilities of property owners, contributing to a healthy environment for businesses to be successful, for visitors to enjoy their experience here and for residents to maintain a positive quality of life.

The Old City neighborhood is comprised of an important collection of assets. Here in America’s most historic square mile, Independence National Historical Park is an international destination, attracting 4.79 million visitors per year. Also important culturally and economically, Old City is home to world-class museums, theaters and art galleries, excellent hotels, a wide range of dining and nightlife establishments, independent retailers and a diverse mix of technology, media, professional and service organizations. Old City employers range from major institutions to solo entrepreneurs, representing a significant segment of the regional economy. In addition, according to the American Community Survey (2016), more than 4,000 residents live in Old City in a range of housing units from apartments and townhouses to contemporary lofts and high-end residential condos.

This five-year plan and budget charts Old City District’s path through budget years 2019 - 2023. The OCD Board will continue to devote resources to deliver services that 1) provide clean and safe public spaces, 2) expand economic opportunities via business attraction, retention and expansion, 3) provide marketing and promotional services for Old City and its business community, and 4) provide ongoing improvements to the streetscapes throughout the district.

The enclosed Five Year Plan and Budget is a component piece of the Old City District reauthorization process. OCD is concurrently seeking an extension of the life of the District, which would sunset on December 31, 2038. (The current authorization sunsets on December 31, 2022). This is the maximum extension permitted by law. OCD will hold a Public Hearing for the purpose of receiving public comment from affected property owners within the District (and any other interested persons) on this plan, to be held on Monday, July 16, 2018 from 4pm-7pm at 599 Market St., Phila. PA, 19106.

Affected property owners within the District will have forty-five (45) days from the date of the above-referenced Public Hearing on the plan to file objections to and disapprove the final plan for proposed continuance of the OCD. Such objections must be made in writing, must be signed by the property owner, must identify the address of any property for which the objection is being made, and must be filed with both: 1) the Clerk of City Council, Room 402, City Hall, Philadelphia, PA 19107, and 2) Old City District, 231 Market St., Philadelphia, PA 19106.

SERVICE AREA

The service area for OCD includes the area bounded by Florist Street to the north, Walnut/Dock Streets to the south (including both sides of Walnut St.), 6th Street to the west and Front Street to the east. This map generally depicts the boundaries of the service area.



STREET CLEANING & MAINTENANCE

Keeping Old City’s streets clean and safe is central to OCD’s mission and is the foundation of its programming.

- OCD employs a street and sidewalk cleaning crew of up to ten workers deployed every day, in all weather conditions. The crew provides manual sweeping of sidewalks.
- Sidewalks are power-washed on a monthly basis (weather permitting) and illegally dumped trash is removed along with graffiti, posters and stickers from public property including mail boxes, parking kiosks, and utility poles.
- Graffiti tags from commercial buildings and residences are removed in coordination with the City of Philadelphia’s Community Life Improvement Program.
- OCD works closely with the City of Philadelphia to request and coordinate services on behalf of the business and property owner community. OCD regularly works with the City to address broken Big Belly trash receptacles, illegal dumping, non-operating streetlights, and dangerous potholes and road conditions.

In 2017, OCD’s cleaning crew gathered over 5,600 bags of trash, and removed 209 graffiti tags and stickers. Philadelphia Streets Department cleans the streets from curb to curb, services trash receptacles and enforces sanitation laws. OCD’s crew supplements the sanitation services of the City of Philadelphia and assists property owners in fulfilling their legal obligation to keep their sidewalks clear of litter and debris.

PUBLIC SAFETY

To enhance public safety, OCD continues to play an assertive role.

- OCD coordinates regularly with the City of Philadelphia’s 6th Police District and has successfully lobbied for an increased presence during the hours when they are needed the most.
- OCD funds supplemental officer shifts during peak weekend hours, and employs a private security patrol, which serves as additional “eyes and ears” on the streets.
- OCD also created and maintains a radio communications network to link operators of nightlife establishments with OCD security patrols and the Police.
- OCD works with city and state agencies in the ongoing oversight of liquor license compliance.
- OCD helps businesses and property owners navigate the Business Security Camera Program, a City of Philadelphia grant that provides up to 50% reimbursement (of up to \$3,000) for the total cost of eligible safety camera installations for a single commercial property.
- OCD participates in the Old City Nuisance Task Force, comprised of elected officials, state regulatory and enforcement agencies, local regulatory and enforcement departments, the Philadelphia Police Department, Old City business owners and residents.
- In 2018, OCD is testing a text alert system to allow businesses to communicate with each other in case of shoplifting, counterfeit bills, or other suspicious activities.

OCD will continue its commitment to increase public safety in Old City.



ECONOMIC DEVELOPMENT

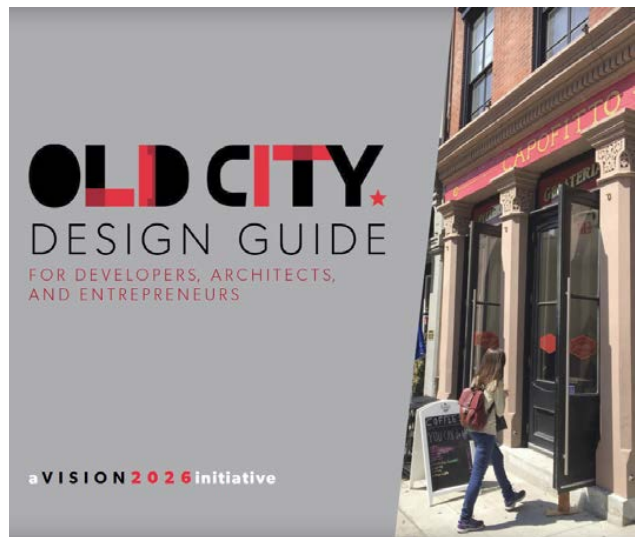
Old City District promotes the neighborhood’s economic vitality by working to attract, support, and retain a broad range of businesses that are “independent by design.” Building on its foundational clean and safe programs, OCD fosters a positive environment for local businesses and connects its business owners and residents to city, state, nonprofit, and private resources.

- OCD maintains an online inventory of available commercial properties to help business owners, developers, and real estate brokers locate opportunities in Old City.
- OCD connects business and property owners to funding resources, including Storefront Improvement Grants (Philadelphia Department of Commerce), Business Security Camera Grants (Philadelphia Department of Commerce), and Stabilization Grants (The Merchants Fund). These resources help Old City businesses improve and grow by providing support for façade improvements, security cameras, and business equipment.
- In 2016, the University City Keystone Innovation Zone (KIZ) expanded to include Old City’s growing tech community, most notably the technology corridor of “N3RD Street.” This KIZ offers eligible Old City tech companies up to \$100,000 annually in sellable tax credits and attracts new tech firms to make Old City their home. OCD advocated for this expansion.
- OCD helps new and existing Old City businesses navigate City of Philadelphia permitting and licensing processes, works with business and property owners to address challenges, and serves as a liaison between owners, residents, and city and state agencies.

OCD creates publications including State of Old City, Vision2026, and the Old City Design Guide. These documents provide information about Old City, its businesses, and its future plans as a resource for current Old City stakeholders and help to attract new businesses and residents to the neighborhood.

- In 2016, after a year-long public engagement process, OCD published Vision2026, an attempt to embrace and shape the future of Old City, setting a vision for optimal private development and a high quality public realm. The Vision2026 plan supplements the Philadelphia City Planning Commission’s Philadelphia2035 plan and positions Old City to achieve important accomplishments in time for Philadelphia’s 250th anniversary of the signing of the Declaration of Independence.
- As a follow-up to Vision2026 recommendations, OCD created an Old City Design Guide. The Old City Design Guide serves as a resource for property owners, developers, architects, and shopfront entrepreneurs and advises how to maximize their opportunities while complementing the essential character of Old City.
- Vision2026 identified Market St. as a prime opportunity to bring more people to Old City without using their own private vehicles. Following the concept plan enunciated in Vision2026, OCD conducted a Market St. Transformation and Mobility Study to examine how to right-size Market St. for future use.
- The State of Old City is a bi-annual report first published in 2016. The State of Old City highlights Old City’s recent successes and shares current and upcoming opportunities in the neighborhood.

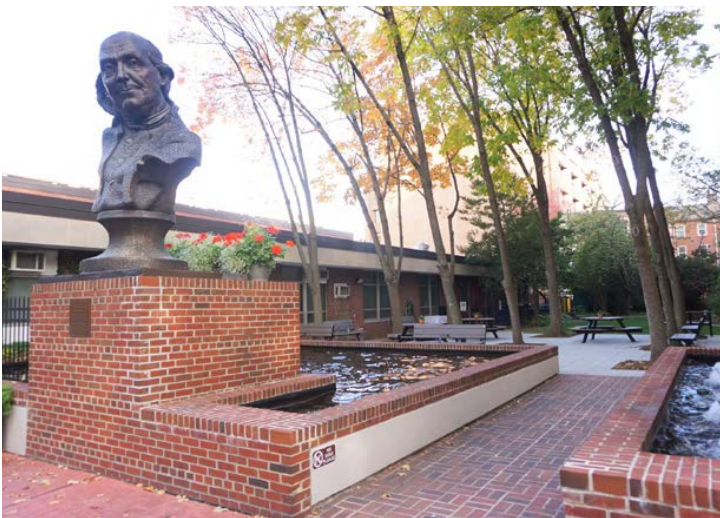
Old City has seen positive growth throughout the neighborhood in recent years. In 2017, Old City welcomed 33 new business openings, three expansions, and two relocations within our district. This includes the grand opening of the Museum of the American Revolution, new high-end restaurants, and a community-focused hardware store.



PUBLIC SPACE

Old City District’s Vision2026 concluded that with the right physical and programmatic interventions, Old City could develop a collection of small-scale public spaces, enriching the daily life of the neighborhood. In 2016, Old City District worked with Old City Green, the neighborhood’s cleaning and greening nonprofit organization, to improve Firehouse Park, a 5,580 square foot park adjacent to the firehouse at 4th and Arch Streets. Updates to the park include improved landscaping, maintenance for the fountain, new seating, and wifi service. The upgraded space now serves as a welcoming park for Old City residents, workers, and visitors.

OCD is currently pursuing additional public space work throughout the neighborhood, including potential improvements to the park at 2nd and Market Streets and the pocket park at 2nd Street and Elfreth’s Alley. In the next five years, OCD will continue to invest in public space improvements, working in partnership with local government, property owners, nonprofits, and the National Park Service to upgrade Old City’s public environment. OCD will also work to secure outside funding for such endeavors.



STREETScape MAINTENANCE & IMPROVEMENTS

It is the responsibility of all property owners to keep their abutting sidewalks clean and well-maintained, including repair in a timely manner of settled, raised or broken sidewalks.

OCD works to enhance the public spaces in the neighborhood by delivering streetscape improvements in several categories.

- Old City District contributes funds to bridge financing gaps and serves as a liaison between the City and businesses.
- OCD purchased and installed the snowflake lights that illuminate Market Street during the holiday season and the wreaths that decorate 3rd St., welcoming visitors and shoppers to the neighborhood.
- OCD manages a banner program on over 100 light poles to create an attractive streetscape, providing a low-cost means for groups to communicate their message.
- To maintain our green urban environment, OCD plants and maintains street trees based on a partnership with Philadelphia Parks & Recreation Department and Old City Green and hires professional horticulturists to provide a comprehensive street tree management program.
- When streets must be closed to traffic for construction or repairs, OCD staff works with the various City departments and affected businesses and residents to minimize disruption.

MARKETING AND EVENTS

Old City District conducts marketing efforts year-round to promote the neighborhood as a place for people to meet, work, shop and live by highlighting the neighborhood's world-class assets – its history, arts and culture, shopping, dining, lodging and living.

- OCD publishes a marketing brochure to attract visitors to the District, printing 75,000 copies in 2018. Distribution locations include Independence Visitor Center, Philadelphia Convention & Visitors Bureau, Center City hotels, and Northeast Corridor rail stations from Maine to Washington, D.C. The brochure is funded by advertising sales.
- OCD produces a monthly eNewsletter, featuring First Friday exhibitions, events, and promotions – all information generated from our local businesses. It is distributed to more than 7,000 subscribers.
- OCD produces a monthly B2B eNewsletter to provide updates, information and alerts to Old City stakeholders, including information about street closures, trash pick-up, grant availability and other opportunities for businesses. It is distributed to more than 1,000 subscribers.
- The OCD website communicates news and events in the District, lists local businesses in a directory, and provides resources for businesses. The website hosts a calendar of events that is generated by the content local businesses submit online.
- OCD communicates with a broader audience via social media, including Facebook, Twitter and Instagram, with more than 32,000 total followers to date.
- OCD hosts programs and events throughout the year, featuring Old City businesses and the neighborhood as a whole.
 - o OCD highlights the neighborhood with Old City Fest, the single largest event, that draws 20,000 people annually. The fall festival is a celebration of art and design, fashion and food, and everything Old City has to offer.
 - o OCD showcases its thriving dining scene with Old City Eats, a program that features restaurants and bars through the summer months.
 - o OCD uses various programs to celebrate the holiday season in America's most historic square mile. With more than 50 Old City businesses, museums, and historic sites participating in 2017's holiday promotion, the program aims to make Old City a must-see destination during the holiday season.
- OCD supports local organizations and programs including the Farmers Market at Christ Church, which brings fresh food options to the neighborhood, and the General George A. McCall School, an educational hub for Philadelphia families for over 100 years that serves several neighborhoods, including Old City.
- OCD supports organizations that bring events and visitors to Old City including Visit Philadelphia, Wawa Welcome America, the Philadelphia Museum of Art Inside Out program, DesignPhiladelphia, Philadelphia Open Studio Tours (POST), Philly Free Streets, and many more.
- OCD works with public relations agencies to procure earned media coverage and promote neighborhood programs, events, initiatives, and businesses.



OLD CITY DISTRICT'S ADMINISTRATION

Old City District is governed by a 19-member volunteer board of directors comprised of a cross-section of major commercial property owners, local business people, and residents, who are deeply committed to the improvement and maintenance of Old City. Each board member serves on at least one of three committees: Clean & Safe, Economic Development, and Marketing. The programs are administered by a staff of four who conduct the ongoing management and operations of OCD. OCD's storefront office at 231 Market Street is open to the public and walk-ins are welcome!

FUNDING

OCD funds its operations primarily through assessments on taxable commercial properties within the district. Under this Plan, as authorized by the Pennsylvania Municipality Authorities Act of 1945, 53 Pa. C.S. § 5601 et seq., OCD will collect assessments from commercial property owners on an annual basis. OCD bases its assessments of real estate on the assessed value for real estate tax purposes without reduction for any tax abatements, homestead exclusions or similar reductions to assessed value.



ASSESSMENT FORMULA

Annual assessment charges are computed by multiplying that portion of the district's annual budget attributed to assessments (2019 total = \$955,278) by a ratio of the assessed value of a property to the total assessed valuation of all the commercial properties in the district (estimated 2019 total = \$1,384,973,817).

The assessment for each property therefore is calculated as follows:

- 1) Divide the total assessed value of the property for that tax year by the total assessed value for all commercial properties within the district;
- 2) Multiply the result from (1) by that portion of the annual budget for the district identified as the total Billing Amount for the year.
- 3) The result from (2) is the property's annual assessment.

For purposes of this formula, "commercial properties" are defined as properties used for any activity involving trade or commerce in general, including properties designated for office, retail, industrial, wholesale, or other commercial service use, and including income-producing residential units that are rented to tenants. Single family owner-occupied residential properties, including single family owner-occupied residential condominiums, shall be exempt from the OCD assessment.¹ Other properties designated for residential use (including single family homes, condominiums and cooperative units) may also be considered commercial properties if they are not used by the Record Owner (as identified on deed) exclusively as his or her legal residence or domicile (i.e., used primarily for commercial or investment purposes, not as the Record Owner's residence/domicile).²

- An "owner-occupant" is defined as an owner of a single-family home or residential condominium unit separately assessed for real estate tax purposes, used by the owner exclusively as his or her legal residence or domicile, or the resident of a cooperative unit that is used exclusively as his or her legal residence or domicile.
 - An "owner-occupant" must be the record owner of the property as listed on the recorded deed.
 - A "condominium" is real estate that is in the condominium form of ownership pursuant to the Pennsylvania Unit Property Act (Act of July 3, 1963, P.L. 196) or the Uniform Condominium act (Act of July 2, 1980, P.L. 286) as amended.
 - A "cooperative" is a property owned by a non-profit corporation (a "cooperative corporation") whose shareholders ("cooperative shareholders") are entitled, by reason of their ownership interests in the cooperative corporation, to lease and occupy the unit to which the shares of stock have been allocated.
 - "Legal residence" means a person's domicile. A person may have only one legal residence. It is generally where his/her family actually resides.

"Domicile" means the place where a person has his/her true, fixed and permanent home and principal establishment, and to which whenever that person is absent he/she has the intention of returning.

District assessments will be calculated annually using the property values certified by the Office of Property Assessment for the tax year for which the assessment is imposed, without any reduction for any tax abatements, homestead exclusions or similar reductions to assessed value.



¹ Proof may be required to qualify for exemption. Specific requirements will be provided by OCD upon request.

² Details on commercial status of residential properties will be provided by OCD upon request.

OLD CITY DISTRICT PLAN AND BUDGET 2019-2023

BUDGET: 2019-2023

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|------------------|------------------|--------------------|--------------------|--------------------|
| REVENUES | | | | | |
| Prior Year Commercial Assessments (1) | \$55,000 | \$56,650 | \$58,350 | \$60,100 | \$61,903 |
| Billing Amount | \$955,278 | \$983,936 | \$1,013,454 | \$1,043,858 | \$1,075,174 |
| Income from Assessed Charges (2) | \$859,750 | \$885,543 | \$912,109 | \$939,472 | \$967,656 |
| Interest and Other Income (3) | \$35,600 | \$36,668 | \$37,768 | \$38,901 | \$40,068 |
| Total Revenue | \$950,350 | \$978,861 | \$1,008,227 | \$1,038,473 | \$1,069,628 |
| EXPENSES | | | | | |
| Public Safety and Street Cleaning (4) | \$369,414 | \$380,496 | \$391,911 | \$403,669 | \$415,779 |
| Marketing (5) | \$58,500 | \$60,255 | \$62,063 | \$63,925 | \$65,842 |
| Economic Development, Planning, Streetscape Maintenance & Improvements (6) | \$40,000 | \$41,200 | \$42,436 | \$43,709 | \$45,020 |
| General and Administration (7) | \$142,476 | \$146,750 | \$151,153 | \$155,687 | \$160,358 |
| Human Resources (8) | \$339,960 | \$350,159 | \$360,664 | \$371,483 | \$382,628 |
| Total Operating Expenses | \$950,350 | \$978,861 | \$1,008,226 | \$1,038,473 | \$1,069,628 |
| Surplus/(Deficit) | \$0 | \$0 | \$0 | \$0 | \$0 |

NOTES TO FIVE-YEAR BUDGET

- 1) Collection of past due assessments from prior years.
- 2) Current year assessments assume a collection rate of 90%.
- 3) Fees, interest, service charges, and sponsorship revenue.
- 4) Private security services contract, additional Philadelphia Police in the district, and contract for street and sidewalk cleaning, power washing, graffiti removal.
- 5) Marketing plans and programs to promote business growth.
- 6) Economic development programming and initiatives to attract and retain businesses and encourage local investment; street lighting maintenance, street tree planting, banners and streetscape improvements.
- 7) General office and administrative expenses relating to management of OCD, including, office leasing, audit and general legal fees.
- 8) Expenses related to payroll, including taxes, administration and benefits for OCD staff who are responsible for oversight and implementation of all activities identified in this five-year plan and budget.

Policy related to reduced assessments. The OCD assessments are based on the assessed value for taxable real estate as determined by the Office of Property Assessment (OPA). In any given year, property owners have the right and ability to appeal the OPA assessment to the Board of Revision of Taxes (BRT) and not OCD. OCD's policy is to recalculate the annual charge and allow an adjustment to the current year charge, or if the charge has already been paid, to allow a credit against the property's next annual OCD charge, if the certified assessed value of the property is reduced on appeal by the BRT. In order to be eligible for the reduction or credit, OCD must receive written notification of an appeal from the property owner in the year in which the appeal is filed, in addition to a copy of the initial application and final decision of the BRT for reduction of the property value for which the assessed charges apply.

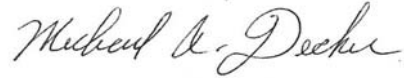


City of Philadelphia

BILL NO. 180749 continued

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CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on November 29, 2018. The Bill was Signed by the Mayor on December 11, 2018.



Michael A. Decker
Chief Clerk of the City Council