

Houston Downtown Management District

2006-2010 Service and Improvement Plan and Assessment Plan

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CONTENTS

<u>2006-2010 Service and Improvement Plan</u>	Page
Preface.....	2
Introduction	2
Summary of the 2006-2010 Plan	4
Opportunities and Needs to be Addressed in this Plan.....	5
Mission of Plan	7
Plan Goals.....	7
Proposed Services and Improvements	
• Goal #1	9
• Goal #2.....	13
• Goal #3.....	15
• Goal #4.....	17
• Goal #5.....	19
Summary of Operating and Capital Expenses.....	21
<u>Assessment Plan</u>	
Proposed Assessments	26
Appendix A – Boundary Description of District.....	A-1
Appendix B – Assessment Roll	B-1

**Houston Downtown Management District
2006-2010 Service and Improvement Plan and Assessment Plan
Property Owner Petition Draft
June 21, 2005**

Preface

This document sets forth the goals to be achieved, services rendered and improvements made in support of the goal, the costs, and a proposal for funding these within the 1,173-acre area of the District. It applies to a time period beginning January 1, 2006 and ending December 31, 2010. It follows a plan adopted by the board of directors of the Downtown District on September 7, 2000. This proposed plan will be adopted only after valid signed petitions in support are received from at least 50% of owners of taxable value or 50 persons owning property within the District.

Introduction

The Houston Downtown Management District and its predecessor, the Houston Downtown Public Improvement District, have been in operation for thirteen years. During this time downtown has experienced an exciting renaissance and a remarkable economic rebound. Today more Houston region residents as well as visitors are seeing downtown as a place to do far more than work. Downtown is now a place to live, visit, enjoy the arts, learn, worship and to recreate. The numbers are most impressive:

- Since 1996, \$4 billion of construction has been completed; \$250 million is under construction; and over \$200 million is in development for a total of \$4.45 billion of redevelopment activity in over 110 public and private projects.
- Over 3,300 residential lofts and apartment units are opened, under construction or in development in over 30 projects.
- Almost 150 restaurants and clubs have opened since 1997 with a broadly diverse range of offerings.
- 3.2 million square feet of new Class A office space has been constructed.
- 2,667 hotel rooms in 11 projects have been added bringing total rooms to 4,772 in 15 properties, and total room revenue has increased by 200%.
- \$500 million of infrastructure improvements by the City of Houston, METRO, TxDOT and the Downtown District include the reconstruction of 23 streets.
- 8,486 garage and lot parking spaces were added to an inventory of 91,000. The Cotswold Project and the Southeast Streetscape Project added 1,500 on-street spaces to an inventory of 4,500.

The District's role in this transformation has been significant. Highlights of the District's functions include:

Planning, Design and Construction:

- The District funded the preparation of plans and coordinated revitalization of downtown. Last year, with downtown partners it unveiled a new 20-year plan for downtown: the "Houston Downtown Development Framework."
- In concert with the plans above, the District has led the redesign and partnered in funding of downtown's new streetscapes that has been built as a part of METRO, City or District street projects. These projects are transforming over 75% of all block faces in downtown, one of the most dramatic transformations of its kind in the nation.
- Under contract with the City, the District has managed the development and construction of the Cotswold and Southeast Streetscape Projects. Partnering with METRO, the Main Street Market Square Redevelopment Authority and Central Houston, it facilitated Main Street's redesign.
- Constructing such a transformation has impacts, and the District has facilitated coordination and communication of this activity in order to ease these impacts.

Cleaning, Beautification, Wayfinding, Safety and Operations:

- The District has provided for the cleaning and care of downtown's sidewalks and streetscapes thereby reducing litter levels by over 80 percent.
- The District now cares for over 1,500 new street trees, flower planters and beds and other landscaping as well as operating a street banner program that is part of the dramatic transformation of downtown's pedestrian environment.
- The District has installed an attractive and functional wayfinding system that starts on the freeways and continues to kiosks on the sidewalks.
- It designed and supports the operation of a street light system that has significantly increased the quality of lighting on downtown's sidewalks.
- The District has partnered in coordinating security efforts to keep annual crimes at a level at approximately one-third of the high level experienced in the 1980s. It also now plays a central role in emergency response coordination.
- The District has collaborated in the creation of a number of ordinances and regulations that address the improvement of downtown's quality of place.

Economic and Business Development:

- The District and its predecessor have played catalytic role in property redevelopment efforts including the The Rice, the Humble Building, the Transit-to-Tunnel Superstop (1000 Main), the convention center hotel (the

Hilton Americas), The Downtown Aquarium, Minute Maid Park, Toyota Center and numerous smaller projects. It facilitated the City and County's creation of the Main Street Market Square Tax Increment Reinvestment Zone and Redevelopment Authority.

- The District has partnered in a Downtown Business Development Program to attract and retain major employment, residential and retail activity. Downtown has benefited greatly from significant downtown relocations such as Dynegy, Continental Airlines, ChevronTexaco and others.

Public Relations, Promotion and Communications:

- The District has engaged in significant promotional, marketing and communications activities to maintain top of mind awareness of downtown and its significant assets including its current New Downtown campaign.
- The District Plays a key role in the festive celebrations including holiday promotions and decorations and major special events such as Super Bowl XXXVIII and the 75th Major League Baseball All Star Game.
- The District serves as the on-going source of information about downtown that is accessed through the downtown web portal (www.houstondowntown.com), maps, newsletters, emails and other channels.

The thrust of the Downtown District's 1996-2000 and 2001-2005 Service and Improvement Plans was to serve as the facilitator and catalyst for the planned redevelopment of downtown. Clearly, this has been achieved. As the District prepares for the next five years, input from property owners, managers and tenants indicates a need to focus on improving on the operation of this "new downtown" to provide a seamless, comfortable and pleasurable pedestrian experience for the resident, worker and visitor alike while marketing downtown's assets and continuing redevelopment progress.

In response, more resources in the proposed 2006-2010 Service and Improvement Plan are dedicated to operating, maintaining and enhancing downtown's streetscapes. It is based on the results of surveys and focus group meetings. It assumes that the level of benefit provided to properties (services and improvements) across the district will be in proportion to the assessments received from properties. The assessment rate will be the same for all properties within the District's boundaries.

Summary of the 2006-2010 Plan

In the pages which follow, services and capital improvements are proposed that continue the substantial revitalization presently under way and meet new challenges as downtown experiences higher levels of activity resulting from success. Since

inception, the District has focused on improving downtown's quality of life. This focus remains a cornerstone of the 2006-2010 Plan. The total expense of services will remain the same as present levels; however the assessment rate will increase by \$0.030/ \$100 from today to \$.115/\$100. Capital improvements will continue in the new plan, and the assessment rate will decrease by \$.020/ \$100 from the 2001-2005 Plan rate to a maximum of \$.020/ \$100 of assessed value. Debt is not anticipated as improvements can be made on a pay-as-you-go basis. The District believes that these rates will not put downtown at a competitive disadvantage with other activity centers. In fact it will allow downtown to be even more competitive over the last half of the decade.

Operating and capital expenses are summarized as follows. The plan that follows details the goals, action items to achieve these goals and expenditures for each.

Expenses	Operating			Capital	
	Annual	Five year total	Percent	Five year total	Percent
I. Excellent pedestrian experience	\$3,190,000	\$15,950,000	53.2%	\$2,775,000	64.8%
II. Place conveniently connected	\$1,336,250	\$6,681,250	22.3%	\$500,000	11.7%
III. Attract residents, workers and visitors	\$587,500	\$2,937,500	9.8%	\$0	0.0%
IV. Sustain further development	\$270,000	\$1,350,000	4.4%	\$500,000	11.7%
V. Exemplary operation of District	\$617,500	\$3,087,500	10.3%	\$510,000	11.8%
Total Expense	\$6,001,250	\$30,006,250	100.0%	\$4,285,000	100.0%
Revenue	Annual	Five year total	Percent	Five year total	Percent
Net assessment revenue*	\$4,735,673	\$23,678,365	78.9%	\$4,117,580	96.1%
Other Income	\$1,210,000	\$6,050,000	20.2%	\$0	0.0%
Interest	\$55,577	\$277,885	0.9%	\$167,020	3.9%
Total Revenue	\$6,001,250	\$30,006,250	100.0%	\$4,285,000	100.0%

* Based on 2005 certified assessed taxable value of land and improvements in District. Number shown based on estimated 2005 assessed value of \$4,289,558,788 and rates of a maximum of \$.115 per \$100 for operating (services) and a maximum of \$.020 per \$100 for capital improvements. The rates for services and capital improvements will be determined annually by the Board of Directors based on 2005 certified taxable values unless amended after a hearing, and will at no time exceed \$.115 and \$.020 per \$100, respectively.

Opportunities and Needs to Be Addressed by the Plan

There is no doubt that downtown has undergone a remarkable economic transformation, the desired outcome of the District's earlier Service and Improvement Plans. The positive news is that so much redevelopment has occurred. The challenge is that much work remains to make the experience of those who live, work and visit downtown match a universally held vision of downtown as an

exciting work, entertainment and living place that is sustainable in ever changing markets. Surveys, focus groups, and field research indicate a number of needs and opportunities which are summarized as follows.

- While tremendous work of the District, City of Houston and others has improved the cleanliness, safety, and maintenance, the need for attention in these areas continues to grow to keep up with increasing downtown activity. Downtown must function properly for its customers, workers, visitors and residents alike. It must be safe, clean, without signs of disorder, understandable, accessible, convenient, beautiful and amenable.
- With new street reconstruction nearing completion, new fixtures and landscaping need to be immaculately maintained.
- The downtown pedestrian experience should be seamlessly amenable, comfortable, interesting and not interrupted by negative factors. People should feel motivated to walk in downtown, a unique asset of the place.
- It must be convenient and economical to access downtown, circulate within downtown, and to find a place to park once and easily access multiple destinations without having to move one's car and park again.
- Recent improvements have ensured that downtown is the place to be for employers and employees alike. These assets should be marketed.
- Experience is proving that demand for downtown residential units remains strong as was predicted in the District's housing research. Attention is required to maintain downtown as a desirable, functional living place.
- Recent hotel and convention facility development significantly increase the importance of downtown as a place to visit. Yet these guests require a seamless, pleasurable experience to make downtown a frequent visitor destination.
- Retail follows people, and there are signs of increased retail opportunities that need to be capitalized upon.
- Newly developed properties provide an exciting feel to downtown. Yet these properties are separated from each other by a patchwork of properties needing upgrading. Continuity of redevelopment is needed as well as excellence of design.
- The Downtown District has facilitated the Downtown Development Framework plan for revitalization. As progress is made, continued planning should envision the next stages of downtown's development. Equally important, progress must continue to be made on significant public projects envisioned in the plan.
- In all, downtown's value vs. expense proposition should be recognized as overwhelmingly favorable.
- Downtown's comeback has enjoyed local and national attention. Continuance of this positive story is required to build a constituency for progress.

Mission of the Plan

Sustain and manage downtown while continuing redevelopment to make it a diverse, accessible, and perpetually active core of the Houston region both in perception and reality.

Plan Goals:

Five broad goals drive the plan:

1. Provide an excellent pedestrian experience especially in major pathways twenty-four hours a day seven days a week.
 - Provide clean, sparkling sidewalks.
 - Make streetscapes beautiful, festive and interesting.
 - Provide effective wayfinding signage on pathways that connect major destinations.
 - Provide safe, comfortable sidewalks for all users.
 - Make sidewalks feel safe at night with adequate lighting.
 - Ensure that adjacent properties contribute positively to the pedestrian experience.

2. Create a place that is conveniently connected by multiple means of transportation.
 - Provide a renewed focus on walking at street level.
 - Provide an effective system for circulation in downtown.
 - Promote access to downtown using transit.
 - Work toward downtown parking that is convenient, rationally priced and allows one to get to multiple destinations.

3. Provide a place that attracts residents, workers and visitors alike.
 - Work to have supporting retail and shopping that is available seven days per week.
 - Create great buzz about downtown across the region, state and country.
 - Make downtown a place that works for visitors down to every detail.
 - Assist in obtaining more diverse new residential options.
 - Market image and reality of downtown as the place to be to do business.

4. Maintain an ethic that initiates, supports and sustains excellent quality development consistent with the Downtown Development Framework.
 - Coordinate implementation of the Downtown Development Framework plan and continue to develop visions for neighborhoods and places within downtown.
 - Assist in the planning and development of significant long-term public private projects.
 - Assist desired, excellent quality development consistent with the Downtown Development Framework and related investment.

5. Make the District's operation an example of a municipal management district that is responsible to its constituents and makes decisions based on stakeholder participation.
 - Continue to engage stakeholders in the decisions regarding the redevelopment, marketing and operations of downtown.
 - Build appropriate capital replacement reserve.
 - Communicate to owners, tenants and others about the District.
 - Maintain and update emergency response plan for downtown.
 - Develop and maintain information to support future continued development, investment and marketing of downtown.

Proposed Services and Improvements

Goal 1. Provide and excellent pedestrian experience especially in major pathways twenty-four hours a day seven days a week.

1a. Provide clean, sparkling sidewalks throughout the District.

(Context: Since 1992, the District's Street Team patrol sweeps and washes the sidewalks in the District. In 2003, the City partnered with the District in a program of trash receptacle tipping in order to improve sidewalk cleanliness. The District and the City entered an operating agreement in February 2005 where the District has the responsibility to maintain most of the new streetscape improvements made in the Transit Streets, Cotswold, Southeast Streetscape and Main Street projects. However, this does not absolve adjacent owners from the cleaning and repair of sidewalks, the City from the cleaning and repair of streets and METRO from maintenance of its facilities.)

Action: Provide sweeping and washing of sidewalks especially in high usage areas.
Operating: \$840,000/ \$4,200,000

Action: Continue District's trash collection program involving tipping of City receptacles on the sidewalks and a private subscription trash collection primarily for small businesses.
Operating: \$210,000/\$1,050,000

Action: Provide attentive repairs to streets and sidewalks on an ongoing basis. This includes special attention to maintaining the special concrete pavers and brick pavements.
Operating: \$ 35,000/\$175,000

Action: Provide effective and efficient bases of operation for the District's services in meeting the cleaning, landscaping, maintenance and repair needs within.
Operating: \$130,000/ \$650,000 Capital: \$50,000

1b. Make streetscapes beautiful, festive and interesting.

(Context: The maintenance role of the District has grown significantly during the 2001-2005 Service and Improvement Plan. The District's responsibility for maintaining new streetscape improvements includes street trees, ground cover plantings, flowerbeds, planters, and hedges. This is in addition to grass thoroughfares

in other locations that the District mows. Parks and plazas are maintained by the City Parks & Recreation and Convention & Entertainment Facilities Departments, Harris County and property owners. Parks & Recreation also maintains existing street trees. The new Cotswold fountains are maintained by the City Convention & Entertainment Facilities Department, while the District maintains the signature Main Street Square fountain. Downtown's banner program and holiday decorations in the retail core area are installed and maintained by the District with support from adjacent businesses and owners.)

Action: Aggressively maintain new landscaping installed under the Transit Streets, Cotswold, Southeast Sidewalks, the District's Sidewalks to Standard, gateways and Main Street programs.
Operating: \$350,000/ \$1,750,000

Action: Ensure uniform, timely maintenance of landscaping in thoroughfares and street rights-of-way within the District including street tree pruning, grass and weed mowing, and care of tree understory areas.
Operating: \$200,000/ \$1,000,000

Action: Provide signature seasonal floral displays in key pedestrian pathways and other high visibility locations.
Operating: \$240,000/ \$1,200,000

Action: With assistance from neighbors, maintain fountain at Main Street Square as the signature public place at the heart of downtown.
Operating: \$110,000/ \$550,000

Action: Provide festive, colorful and interesting displays on key high vehicular/ pedestrian traffic streets including banners, holiday decorations, window displays and other means. Operate and maintain fixtures and lighting required to accomplish this.
Operating: \$275,000/ \$1,375,000

1c. Provide effective wayfinding signage on pathways that connect major destinations.

(Context: The downtown wayfinding system is designed, installed and maintained by the District. This is part of the operating agreement with the City that enabled installation of such a system in the public rights of way.)

Action: Maintain wayfinding system installed under the District's 1996-2000 and 2001-2005 Service & Improvement Plan.
Operating: \$40,000/ \$200,000

Action: Develop additional pedestrian level wayfinding signage to improve connections.
Operating: \$10,000/ \$50,000 Capital \$250,000

1d. Provide safe, comfortable sidewalks for all users in a downtown that is perceived by all to be safe.

(While not relieving adjacent property owners of their responsibilities for repair and maintenance of sidewalks, the District is progressing in a program of improving pedestrian conditions throughout the District, especially in high traffic areas. The Houston Police Department Special Operations Division based at the new Downtown Police Center located in the expansion of the George R. Brown Convention Center provides the primary police patrol of downtown. Other entities including METRO Transit Police and the Harris County Sheriff's Department also have a presence in the District. Homeless services are provided by a number of non-profit entities and are coordinated through the Coalition for the Homeless. Funding from federal sources flows through both Harris County and the City. The Blue Ribbon Commission on Homelessness on which the District is a participant is conducting homeless strategy planning.)

Action: Continue the District's program of replacement of substandard sidewalks, especially in key pedestrian corridors.
Operating: \$30,000/ \$150,000 Capital \$975,000

Action: Provide ombudsperson function to rapidly resolve problems, assist in the enforcement of ordinances and coordinate services. Provide storefront facility to house this function and to provide a base of operations to police and other enforcement entities. Ombudspersons would provide day-to-day management attention to needs within high pedestrian use areas such as Main Street. These individuals would monitor conditions, know applicable laws, coordinate communications, serve as complainants, maintain condition records, facilitate conflict resolution, and generally do that which is required to obtain a pleasant, well-managed environment that is comparable to other competitive areas of the city.
Operating: \$150,000/ \$750,000

Action: Implement new housing first strategy for homeless on the street.
Operating: \$100,000/ \$500,000

Action: Coordinate on street police presence among the multiple law enforcement agencies present in downtown to ensure adequate police presence and enforcement of the law.
Operating: \$30,000/ \$150,000

1e. Make sidewalks feel safe at night with adequate lighting.

(Context: The Downtown District collaborated with the City and CenterPoint to create and implement a street lighting master plan for the District that increases the quality and amount of lighting on the streets and sidewalks. An agreement between the City and the District requires that the District pay for the increase of cost over the lower amount that would be paid if the city-wide standard for lighting were applied.)

Action: Maintain the District's share in operating the Downtown Street Lighting Plan as it is implemented.
Operating: \$310,000/ \$1,550,000

Action: Continue to implement the Downtown Street Lighting Plan in partnership with economic development projects.
Operating: \$25,000/ \$125,000 Capital \$500,000

Action: Assess the needs and creatively install special lighting in destination areas in key pedestrian corridors.
Operating: \$15,000/ \$75,000 Capital \$250,000

1f. Ensure that adjacent properties contribute positively to the pedestrian experience.

(The focus groups indicate that the conditions of vacant, underused or poorly managed properties as well as properties with large blank walls contribute significantly to the discontinuity of the pedestrian experience. While City code and ordinance enforcement may improve some situations, there is a need for a more proactive effort in obtaining the seamless pleasant pedestrian experience.)

Action: Ensure that facades are clean, repaired and interesting and that temporarily vacant space has an inviting look. Develop program to creatively add interest and amenity to blank walls and parking lots in key pedestrian corridors. This includes seeing that codes are enforced.
Operating: \$40,000/ \$200,000 Capital \$250,000

Action: Assist in leasing vacant street level spaces, especially on key pedestrian corridors including providing retail grant leasing incentives.
Operating: \$50,000/ \$250,000 Capital \$500,000

Goal 2. Create a place that is conveniently connected by multiple means of transportation.

2a. Provide a renewed focus on the walking experience at street and tunnel levels.

Action: Incorporate in public relations campaign promotion of awareness of walking in downtown and the unique convenience that is provided.
Operating: \$15,000/ \$75,000

2b. Provide an effective mass transportation system for circulation in downtown.

(Context: On April 4th METRO discontinued the Downtown Trolley service. This is the first time since 1983 that downtown has not had designated circulator service. While, there are numerous transit routes that cross downtown, there is a need for a circulator with an easily identifiable route that allows one to economically make short trips in downtown. Taxis are important as well. They are regulated and issued operating permits by the City.)

Action: With financial participation from other partners, operate a trolley or circulator system within downtown that connects fulfills key circulation needs including commuting, business, shopping, dining and entertainment trips.
Operating: \$1,250,000/ \$6,250,000 Capital \$500,000

Action: With the City and other partners, explore a jitney operation that caters to trips that are not efficiently accommodated on a trolley system.
Operating: \$1,250/ \$6,250

Action: Work as a partner with the City and other entities to improve taxi service for trips within downtown. This might include the District's share of a downtown taxi service coordinator.
Operating: \$10,000/ \$50,000

- 2c. Promote convenient and effective transit system that increases the accessibility of downtown to other destinations.

(Context: Downtown remains the most densely transit served activity center in the region, and the opening of METRORail further enhanced this asset. Transit is provided by METRO and several contract carriers that serve residential communities outside the METRO service area.)

Action: Coordinate services and promote METRO and other providers' transit services

Operating: \$5,000/ \$25,000

Action: Promote METRORail stations as well as destinations that are accessible by light rail.

Operating: \$10,000/ \$50,000

- 2d. Work toward downtown parking that is convenient rationally priced and allows one to walk to multiple destinations.

(Context: Economical user-friendly parking is near the top of the list of concerns about downtown. As a major provider of both on and off street parking, the City is considering creation of a Parking Management Commission and enhanced parking management activities.)

Action: Partner with new City parking management entity to constantly monitor supply and demand of on and off street parking and to maintain a reasonable downtown parking policy that is widely understood.

Operating: \$20,000/ \$100,000

Action: Coordinate development, design and implementation of a pedestrian wayfinding system in key garages that assists public patrons in understanding the multiple destinations that are accessible from each location.

Operating: \$ 15,000/ \$75,000

Action: Broadly promote the concept of parking one time and reaching multiple destinations.

Operating: \$10,000/ \$50,000

Goal 3. Provide a place that attracts residents, workers and visitors alike.

3a. Work to have supporting retail and shopping that is available 7 days per week.

Action: Promote downtown as the place to visit on the weekend to shop, eat, entertain, learn, worship, relax.
Operating: \$25,000/ \$125,000

Action: Define and accelerate the development of a shopping district in downtown.
Operating: \$20,000/ \$100,000

Action: Continue implementation of a campaign to re-establish a “shop downtown” ethic.
Operating: \$0. (in above items)

3b. Continue to generate a great public buzz about downtown’s progress and offerings regionally, statewide, and nationally.

(Context: The District initiated a public relations campaign for downtown in 2004 that is meant to serve as an umbrella for other entities that promote downtown. “Houston Downtown: A New Point of View” is intended to communicate the fact that downtown has made a dramatic transformation. The campaign is anchored with a generic downtown web portal www.houstondowntown.com.)

Action: Provide ongoing media coordination for downtown. This involves written and electronic general public and industry media as well as other resources.
Operating: \$50,000/ \$250,000

Action: Maintain and enhance the new downtown web “portal” that provides access to offerings and information about downtown.
Operating: \$50,000/ \$250,000

Action: Continue public relations campaign initiated in the 2001-2005 Service & Improvement Plan that is driven by research and evolves with reaching out to potential downtown customers and users.
Operating: \$150,000/\$750,000

Action: Periodically “test” other activity center markets that compete with downtown and use this information in guiding downtown message.
Operating: \$2,500/ \$12,500

3c. Make downtown a place that works for visitors in every detail.

(Context: The Greater Houston Convention & Visitors Bureau, the City's Convention & Entertainment Department and the hospitality providers are downtown front line in convention and tourism marketing. The District's role is making the place desirable and functional for an excellent visitor experience.)

Action: Conduct periodic tests of being a tourist/ visitor in downtown, and work to fix missing parts of the visitor experience.

Operating: \$5,000/ \$25,000

Action: Assist in identifying and developing smaller attractions and points of interest that invite people to downtown in the daytime as well as at night.

Operating: \$25,000/ \$125,000

3d. Assist in obtaining more diverse new residential options.

Action: Assist in the execution of a new strategy to significantly increase the amount of downtown residential at various price points including continuing market research.

Operating: \$30,000/ \$150,000

Action: Conduct an inventory of park & recreational needs of downtown residents and current functionality of existing public spaces. Create a strategic agenda for needed improvements, funding, etc.

Operating: \$10,000/ \$50,000

Action: Communicate existing resources and assist development of future school/ educational opportunities in or immediately adjacent to downtown.

Operating: \$10,000/ \$50,000

3e. Market image and reality of downtown as "the place to be" to do business.

(Context: The Greater Houston Partnership is the lead agency for regional business attraction; the City, the County and HISD assist with incentives. The asset management and brokerage community make the deals. Partnering with Central Houston in the Downtown Business Development Program, the District acts as a facilitator to aid in bringing deals to closure and to help retain employers.)

Action: Communicate unique qualities of being located in downtown to do business with the brokerage community, companies and other potential employers. Also communicate with tenant companies located within downtown.
Operating: \$160,000/ \$800,000

Action: Work with small and emerging businesses and help to meet their unique needs.
Operating: \$50,000/\$250,000

Goal 4. Maintain an ethic that initiates, supports and sustains excellent quality development consistent with the Downtown Development Framework.

4a. Coordinate implementation of the Downtown Development Framework plan and continue to develop visions for neighborhoods and places within downtown.

(Context: In October 2004, the Houston Downtown Development Framework plan was unveiled as a guide to the next twenty years of downtown's development as a diverse, sustainable place to live, work and visit.)

Action: Coordinate implementation of the Downtown Development Framework.
Operating: \$25,000/ \$125,000

Action: Prepare area plan for downtown and urban design plans that create "neighborhoods" or places within downtown.
Operating: \$70,000/ \$350,000

4b. Assist in the planning and development of significant long-term public/private projects.

(Context: Major infrastructure projects are the responsibility of TxDOT, METRO, Harris County, the Harris County Toll Road, the City and other public entities. The District has played a coordinating role in the early planning stages of projects.)

Action: Assist in advancing plans and designs for transportation infrastructure: transit, freeways and streets.
Operating: \$35,000/ \$175,000 *Capital \$250,000*

Action: Provide leadership for planning and on-going assistance in the development of an intermodal transit center.
Operating: \$30,000/ \$150,000

Action: Provide assistance in planning and development of major projects in the Buffalo Bayou Master Plan.
Operating: \$20,000/ \$100,000 *Capital \$250,000*

4c. Assist desired, excellent quality development consistent with the Downtown Development Framework and related investment.

(Context: The Houston Planning Commission is considering a new approach to guiding development in transit corridors where pedestrian activity is desired that links development regulation, public works standards, design guidelines and incentives.)

Action: Work to obtain development policies and ordinances that are fair, understandable and enforced.
Operating: \$20,000/ \$100,000

Action: Assist potential projects with understanding of current public incentives and funding sources that may be available.
Operating: \$25,000/ \$125,000

Action: Work on new incentives potentially provided by the District or others that are attached to policies that obtain strategically important, responsible, excellent quality development that builds neighborhoods or districts, not fortress-like developments.
Operating: \$20,000/\$100,000

Action: Assist in providing these new incentives to catalyst projects.
Operating: \$25,000/ \$125,000

Goal 5. Make the District an example of a municipal management district that is responsible to its constituents and makes decisions based on stakeholder participation.

- 5a. Continue to engage stakeholders in the decisions regarding the redevelopment, marketing and operations of downtown.

Action: Successfully engage and support property owner/tenant volunteers and other community and business leaders through the District's board of directors, committees, task forces and allied organizations to advance these goals and downtown's betterment. This also encompasses financial, legal, disadvantaged business program and other administrative functions necessary for the lawful and proper functioning of the District.

Operating: \$335,000/ \$1,675,000 Capital \$10,000

Action: Support the general advancement of the Service & Improvement Plan including general expenses that are not covered in other items of the Service and Improvement Plan.

Operating: \$110,000/ \$550,000

- 5b. Build appropriate capital replacement reserves.

Action: Provide insurance and/or self-insure for catastrophic loss and build capital reserve to support a replacement schedule on major capital items maintained by District.

Operating: \$20,000/ \$100,000 Capital \$500,000

- 5c. Communicate to owners, tenants and others about the District.

Action: Advance and maintain the District's own web site, newsletter and other media to assist property owners, tenants and others to understand the functions of the District.

Operating: \$30,000/ \$150,000

Action: Respond to regional and national requests for information about the District itself, history, operations, Service & Improvement Plan, and other aspects of District operations.

Operating: \$2,500/ \$12,500

- 5d. Maintain and continually improve emergency response plan for downtown.

(Context: The lead agencies for emergency coordination are the Harris County and City Offices of Emergency Management. Since Tropical Storm Allison and 9/11, the District coordinates an on-going emergency response plan for the downtown, and it is has a responsibility in the region's emergency management system.)

Action: In concert with the City, regional and federal emergency efforts, maintain and periodically update emergency response plan for downtown.
Operating: \$40,000/ \$200,000

- 5e. Develop and maintain information to support future continued development, investment and marketing of downtown.

Action: Keep up-to-date information on the physical attributes of downtown.
Operating: \$30,000/ \$150,000

Action: Maintain information on the office, hospitality, retail, residential, attractions, parking and other markets for downtown.
Operating: \$30,000/ \$150,000

Action: Conduct market research as needed including new markets opened with light rail.
Operating: \$20,000 \$100,000

Summary of Capital and Operating Expenses

	Operating Average Annual Expense	5 Yr. Total	Percent	Capital Expense	Percent
Goal 1. Provide an excellent pedestrian experience especially in major pathways twenty four hours a day seven days a week.					
1a. Clean, sparkling streets and sidewalks.					
Sweeping and washing of sidewalks and bus stops	\$840,000	\$4,200,000			
Trash collection	\$210,000	\$1,050,000			
Pavers and bricks in excellent repair	\$35,000	\$175,000			
District operations/ storage/ transportation	\$130,000	\$650,000		\$50,000	
Subtotal	\$1,215,000	\$6,075,000	20.2%	\$50,000	1.2%
1b. Beautiful and festive streetscapes.					
Maintain new landscaping installed in various street reconstruction programs	\$350,000	\$1,750,000			
Grass mowing and general landscape care of streetscapes	\$200,000	\$1,000,000			
Floral beds and planters	\$240,000	\$1,200,000			
Fountain operation & maintenance	\$110,000	\$550,000			
Banners, pole maintenance & holiday decorations	\$275,000	\$1,375,000			
Subtotal	\$1,175,000	\$5,875,000	19.6%	\$0	0.0%
1c. Pathways that connect major destinations with effective wayfinding signage.					
Maintain existing wayfinding system	\$40,000	\$200,000			
Second tier of wayfinding	\$10,000	\$50,000		\$250,000	
Subtotal	\$50,000	\$250,000	0.8%	\$250,000	5.8%
1d. Safe, comfortable sidewalks for all users.					
Make improvements to sidewalks in partnership with economic development	\$30,000	\$150,000		\$975,000	
Constant monitoring and correction of problems--ombudsperson role	\$150,000	\$750,000			
Implement housing first homeless strategy	\$100,000	\$500,000			
Interagency coordination for police presence and law enforcement	\$30,000	\$150,000			
Subtotal	\$310,000	\$1,550,000	5.2%	\$975,000	22.8%
1e. Safe feeling at night: lighting.					
Street lighting plan standard (electricity)	\$310,000	\$1,550,000			
Continue to implement plan in partnership with economic development	\$25,000	\$125,000		\$500,000	
Special lighting in destination areas	\$15,000	\$75,000		\$250,000	
Subtotal	\$350,000	\$1,750,000	5.8%	\$750,000	17.5%

Summary of Capital and Operating Expenses

	Operating Average Annual Expense	5 Yr. Total	Percent	Capital Expense	Percent
1f. Adjacent properties that contribute positively to the pedestrian experience.					
Ensure clean, interesting facades; temporary vacant space and parking areas have inviting look; codes are enforced	\$40,000	\$200,000		\$250,000	
Lease street level vacant space	\$50,000	\$250,000		\$500,000	
Subtotal	\$90,000	\$450,000	1.5%	\$750,000	17.5%
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Total Goal 1:	\$3,190,000	\$15,950,000	53.2%	\$2,775,000	64.8%
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Goal 2. Create a place that is conveniently connected by multiple means of transportation.					
2a. Renewed focus walking experience at street level.					
Walk Downtown campaign	\$15,000	\$75,000			
Subtotal	\$15,000	\$75,000	0.2%	\$0	0.0%
2b. Effective system of downtown circulation.					
Operate trolley or other circulator system	\$1,250,000	\$6,250,000		\$500,000	
Explore jitney system	\$1,250	\$6,250			
Obtain functional taxi system for downtown	\$10,000	\$50,000			
Subtotal	\$1,261,250	\$6,306,250	21.0%	\$500,000	11.7%
2c. Promote a convenient and effective transit system.					
Coordinate services and promote METRO and other providers transit services	\$5,000	\$25,000			
Promote rail stations and destinations accessible by rail	\$10,000	\$50,000			
Subtotal	\$15,000	\$75,000	0.2%	\$0	0.0%
2d. Parking is convenient, rationally priced and allows one to get to multiple destinations.					
Balance supply and demand imbalances and maintain parking policy	\$20,000	\$100,000			
Garage wayfinding for pedestrians	\$15,000	\$75,000		\$0	
Promote the "park one time" concept	\$10,000	\$50,000			
Subtotal	\$45,000	\$225,000	0.7%	\$0	0.0%
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Total Goal 2:	\$1,336,250	\$6,681,250	22.3%	\$500,000	11.7%
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Goal 3. Provide a place that attracts residents, workers and visitors alike.					
3a. Supporting retail 7 days per week.					
Promote downtown utilization on weekends to visit, shop, be entertained, etc.	\$25,000	\$125,000			
Define, design and accelerate a real "shopping district" in downtown	\$20,000	\$100,000			
Implement a "shop downtown" ethic	Above	\$0			
Subtotal	\$45,000	\$225,000	0.7%	\$0	0.0%

Summary of Capital and Operating Expenses

	Operating Average Annual Expense	5 Yr. Total	Percent	Capital Expense	Percent
3b. Great buzz about downtown across the city, state and country.					
Maintain ongoing media relationship	\$50,000	\$250,000			
Advance downtown web portal	\$50,000	\$250,000			
PR campaign that evolves over time	\$150,000	\$750,000			
Constantly test the competition and understand downtown's position	\$2,500	\$12,500			
Subtotal	\$252,500	\$1,262,500	4.2%	\$0	0.0%
3c. Place that works for visitor down to every detail.					
Periodic "tests" of being a visitor in downtown; work to fix missing parts of experience	\$5,000	\$25,000			
Develop new attractions and interest items especially for daytime	\$25,000	\$125,000			
Subtotal	\$30,000	\$150,000	0.5%	\$0	0.0%
3d. Assist in obtaining more diverse new residential options.					
Support new residential strategy and continue with market reserach	\$30,000	\$150,000			
Work on each existing park and public space with inventory of needed improvements	\$10,000	\$50,000			
Communicate existing and assist in additional school/ educational opportunities	\$10,000	\$50,000			
Subtotal	\$50,000	\$250,000	0.8%	\$0	0.0%
3e. Market image and reality of "place to be" to do business.					
Communicate the unique qualities of officing downtown constantly with brokerage community	\$160,000	\$800,000			
Identify key elements of a small business support environment and work a small/ emerging business agenda	\$50,000	\$250,000			
Subtotal	\$210,000	\$1,050,000	3.5%	\$0	0.0%
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Total Goal 3:	\$587,500	\$2,937,500	9.8%	\$0	0.0%
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Goal 4. Maintain an ethic that initiates, supports and sustains excellent quality development consistent with the Downtown Development Framework.					
4a. There are major public plans for the future.					
Coordinate implementation of the Downtown Development Framework	\$25,000	\$125,000			
Prepare area plan for downtown and urban design plans that create "neighborhoods" or places within downtown	\$70,000	\$350,000			
Subtotal	\$95,000	\$475,000	1.6%	\$0	0.0%

Summary of Capital and Operating Expenses

	Operating Average Annual Expense	5 Yr. Total	Percent	Capital Expense	Percent
4b. Assist planning and development of significant long term projects.					
Transportation infrastructure: transit, freeways and streets	\$35,000	\$175,000		\$250,000	
Intermodal transportation center	\$30,000	\$150,000			
Buffalo Bayou Masterplan projects	\$20,000	\$100,000		\$250,000	
Subtotal	\$85,000	\$425,000	1.4%	\$500,000	11.7%
4c. Assist the right types of excellent quality development and significant investment in downtown.					
Work to obtain policies and ordinances that are fair, understandable and enforced	\$20,000	\$100,000			
Maintain knowledge of incentives and resources for development	\$25,000	\$125,000			
Work on new incentives that are attached to policies that obtain strategically important, responsible, excellent quality development that builds districts, not islands	\$20,000	\$100,000			
Assist in providing these new incentives to catalyst projects	\$25,000	\$125,000			
Subtotal	\$90,000	\$450,000	1.5%	\$0	0.0%
Total Goal 4:	\$270,000	\$1,350,000	4.5%	\$500,000	11.7%
Goal 5. District provides stakeholders its services in exemplary manner.					
5a. Engage stakeholders in decision making					
Facilitate volunteer boards and committees and administration of District	\$335,000	\$1,675,000		\$10,000	
General expenses associated with advancement of service plan	\$110,000	\$550,000			
Subtotal	\$445,000	\$2,225,000	7.4%	\$10,000	0.2%
5b. Build appropriate capital replacement reserve					
Provide insurance or self insure for catastrophic loss and build capital reserve to support replacement schedule on major capital items maintained by District	\$20,000	\$100,000		\$500,000	
Subtotal	\$20,000	\$100,000	0.3%	\$500,000	11.7%
5c. Communications to owners, tenants, and others about District					
Provide communication to owners and tenants	\$30,000	\$150,000			
Communications to others about the District	\$2,500	\$12,500			
Subtotal	\$32,500	\$162,500	0.5%	\$0	0.0%
5d. Maintain and improve emergency response plan					
Maintain and update plan	\$40,000	\$200,000			
Subtotal	\$40,000	\$200,000	0.7%	\$0	0.0%

Summary of Capital and Operating Expenses

	Operating Average Annual Expense	5 Yr. Total	Percent	Capital Expense	Percent
5e. Develop and maintain information to support all operations.					
Keep up to date information on the physical attributes of downtown	\$30,000	\$150,000			
Maintain information on the office, hospitality, retail, residential, attractions, parking and other markets for downtown	\$30,000	\$150,000			
Conduct market research as needed including new markets opened with light rail	\$20,000	\$100,000			
Subtotal	\$80,000	\$400,000	1.3%	\$0	0.0%
Total Goal 5:	\$617,500	\$3,087,500	10.3%	\$510,000	11.9%
Total Expense	\$6,001,250	\$30,006,250	100.0%	\$4,285,000	100.0%
Annual capital expense				\$857,000	

Assessment Plan

Proposed Assessments

Texas statute stipulates that a District shall apportion the cost of improvements or services on the basis of the benefits caused by such improvements or services. This apportionment may be based on front foot, square foot, value or other manner that results in imposing equal shares of the costs on properties similarly benefited. For the services and improvements proposed herein, the District's Board of Directors recommends apportionment of cost based on the value of land and improvements. Value will be determined on the 2005 certified tax rolls of the Harris County Appraisal District.

For services proposed herein the assessment will be made for a five-year period. The assessment for services will be equal for each of the five years. A rate of \$.115 per \$100 of assessed value of land and improvements is recommended for services. This assessment will be based on the year 2005 certified rolls. The actual assessment rate for services will be set annually in accordance with the operating budget and shall at no time exceed \$.115 per \$100 of assessed value of land and improvements on the 2005 certified rolls.

An assessment is also recommended for the capital improvements. A capital improvement budget will be adopted each year by the District's Board of Directors, including projects and capital items proposed herein which are ready to be undertaken. The assessment rate for capital improvements will be set annually in accordance with the capital improvements budget and shall at no time exceed \$.020 per \$100 of assessed value of land and improvements on the 2005 certified rolls.

In accordance with Chapter 375 of the Texas Local Government Code, it is proposed that the City of Houston's share of the Service and Improvement Plan would be a continuation of the services and capital improvements that it presently provides or has scheduled to provide subject to annual appropriation by City Council. This is and will continue to be established by contract.

Assessments would become due and delinquent and be payable in accordance with the Texas Tax Code. Delinquent payments would bear interest and penalties in accordance with the Texas Tax Code. Assessments would become due on the first of February and become delinquent thereafter. Delinquent payments would bear interest at 1% per month or a portion thereof. Delinquent payments would bear a

penalty of 6% for the first month it is delinquent, or fraction thereof, plus 1% for each additional month, or fraction thereof, the assessment remains delinquent to the first day of July following the date of the levy of the assessment; however, an assessment delinquent on July 1 incurs a total penalty of 12% of the delinquent assessment without regard to the number of months the assessment has been delinquent. On and after July 1, if it is necessary to contract with an attorney for representing the District in enforcing collection of a delinquent assessment, there would be an additional penalty of 20% on the delinquent assessment, interest and penalty.

Assessments will be based on the 2005 certified rolls of the Harris County Appraisal District for taxable, non-excluded properties within the boundaries of the Houston Downtown Management District. The estimated preliminary 2005 value for land and improvements of non-exempt property within the District is \$4,289,558,788. For purposes of this plan revenues based on this estimated value are as follows:

<u>Services Portion:</u>	<u>Annual</u>	<u>Five-Year Total</u>
Gross operating expense	\$6,001,250	\$30,006,250
Gross assessment @ \$.115/\$100	4,932,993	24,664,963
Less reserve for adjustments (4%)	197,320	986,599
Net Assessment Revenue	\$4,735,673	\$23,678,365
Other Revenues	\$1,210,000	\$6,050,000
Interest	55,577	277,885
Total Estimated Revenue	\$6,001,250	\$30,006,250

<u>Capital Improvements Portion:</u>	<u>Annual</u>	<u>Five-Year Total</u>
Maximum capital expense	\$857,000	\$4,285,000
Maximum gross assessment @ \$.020/\$100	857,912	4,289,560
Less reserve for adjustments (4%)	34,316	171,580
Net Assessment Revenue	\$823,595	\$4,117,980
Interest	33,405	167,020
Total Estimated Revenue	\$857,000	\$4,285,000

Total proposed maximum assessment rate in any year during the five-year service plan: \$.135 per \$100 of 2005 assessed value of land and improvements.

Taxable real property as shown on the tax rolls of Harris County Appraisal District will be subject to assessment. Except with the consent of the owners thereof, the following classes of property are proposed to be excluded from assessment: (a) property of the City of Houston, property of political subdivisions of the State of Texas, property of the Federal Government and property of the Federal Reserve Bank of Dallas used for public purpose; (b) property owned by a church or by a strictly religious society which yields no revenue whatever to such church or society; (c) property used exclusively for school purposes; (d) property owned by an association engaged in promoting the religious, educational, and physical development of children and young men and women operating under a state or national organization of like character and used exclusively and necessarily for such purposes; (e) property owned by institutions of purely public charity; (f) properties owned by public and private utilities that are located in the public streets of rights-of-way; and (g) railroad rights-of-way and property located therein.

Any land and improvements annexed into the District will be added to the District's assessment roll at the value shown on the rolls of HCAD during the year in which the land and improvements are annexed and added to the rolls of the District. Any new improvements under construction on January 1, 2005, or constructed in the District after January 1, 2005, which increase the valuation of the land and improvements on the tax rolls of HCAD by at least \$1,000,000 will be added to the District's assessment roll at the value shown on the tax rolls of HCAD during the year such improvement is added and valued as a completed improvement on the tax rolls of HCAD. Any substantially rehabilitated improvements under construction on January 1, 2005, or constructed, remodeled, or rehabilitated in the District after January 1, 2005, which increase the valuation of the land and improvements on the tax rolls of HCAD by at least \$1,000,000 will be added to the District's assessment roll at the value shown on the tax rolls of HCAD during the year such improvement is added and valued as a completed or rehabilitated improvement on the tax rolls of HCAD. (A rehabilitation is substantial if the costs of such rehabilitation equal or exceed 25% of the value of the original improvements.) After conducting a public hearing, the Board will prepare a supplemental assessment roll for such property and levy assessments against such property for the specific benefits to be received by the services and improvements to be provided by the District. Such new construction in the District and annexations, if any, will generate additional revenue.

A 20% homestead exemption will be provided to a resident who on January 1, 2005 owned and occupied a home as a principal residence, and neither the resident nor a spouse claimed a homestead exemption on any other property in Texas. An exemption from appraised value of \$5,000 will be provided to residence homesteads of individuals age 65 or older or that are disabled.

Land and improvements which have a special use designation for tax purposes on the tax rolls of HCAD for the year 2005 as (a) agricultural use, (b) timber land use, or (c) recreational, park or service use, will be assessed by the Board of Directors of the District at its designated special use value for so long as it enjoys that special use designation. If land and improvements which have a special use designation is converted to another use and loses its special use designation on the tax roll of HCAD, the Board of Directors of the District will thereafter assess such land and improvements at its full value as shown on the tax rolls of HCAD for the year 2005.

APPENDIX A
HOUSTON DOWNTOWN MANAGEMENT DISTRICT
BOUNDARY DESCRIPTION

1178 acres, more or less, in the J. Austin Survey, Abstract 1, the J.S. Holman Survey, Abstract 323, the O. Smith Survey, Abstract 696, and the J. Wells Survey, Abstract 832, Harris County, Texas, more particularly described as follows:

BEGINNING at the intersection of the center line of the right-of-way of Interstate Highway 10 to the intersection with the west right-of-way line of Interstate Highway 45,

Thence in a southerly direction to the intersection of the west right-of-way line of Interstate Highway 45 with the center line of the right-of-way of Franklin Avenue,

Thence in a southerly direction to the intersection of the west right-of-way line of Interstate Highway 45 with the north right-of-way line of Memorial Drive,

Thence in a westerly direction with the intersection of the north right-of-way line of Memorial Drive to a southerly projection of the center line of the right-of-way of Sabine Street and then with the center line of the right-of-way of Sabine Street,,

Thence in a southerly direction with the southerly projection of the center line of the right-of-way of Sabine Street to the intersection with the center line of the right-of-way of Allen Parkway,

Thence in a southerly direction with the intersection of the center line of the right-of-way of Allen Parkway to the west line of the right-of-way of Heiner Street and southerly and northerly projections thereof,

Thence in an easterly direction with a southerly projection of the west line of the right-of-way of Heiner Street to the intersection with the center line of the right-of-way of W. Dallas Street,

Thence in a southerly direction with the center line of the right-of-way of W. Dallas Street to the intersection with the west line of the right-of-way of Heiner Street and southerly and northerly projections thereof,

Thence in a southeasterly direction with a southerly projection of the west line of the right-of-way of Heiner Street to the intersection with the center line of the right-of-way of Bagby Street,

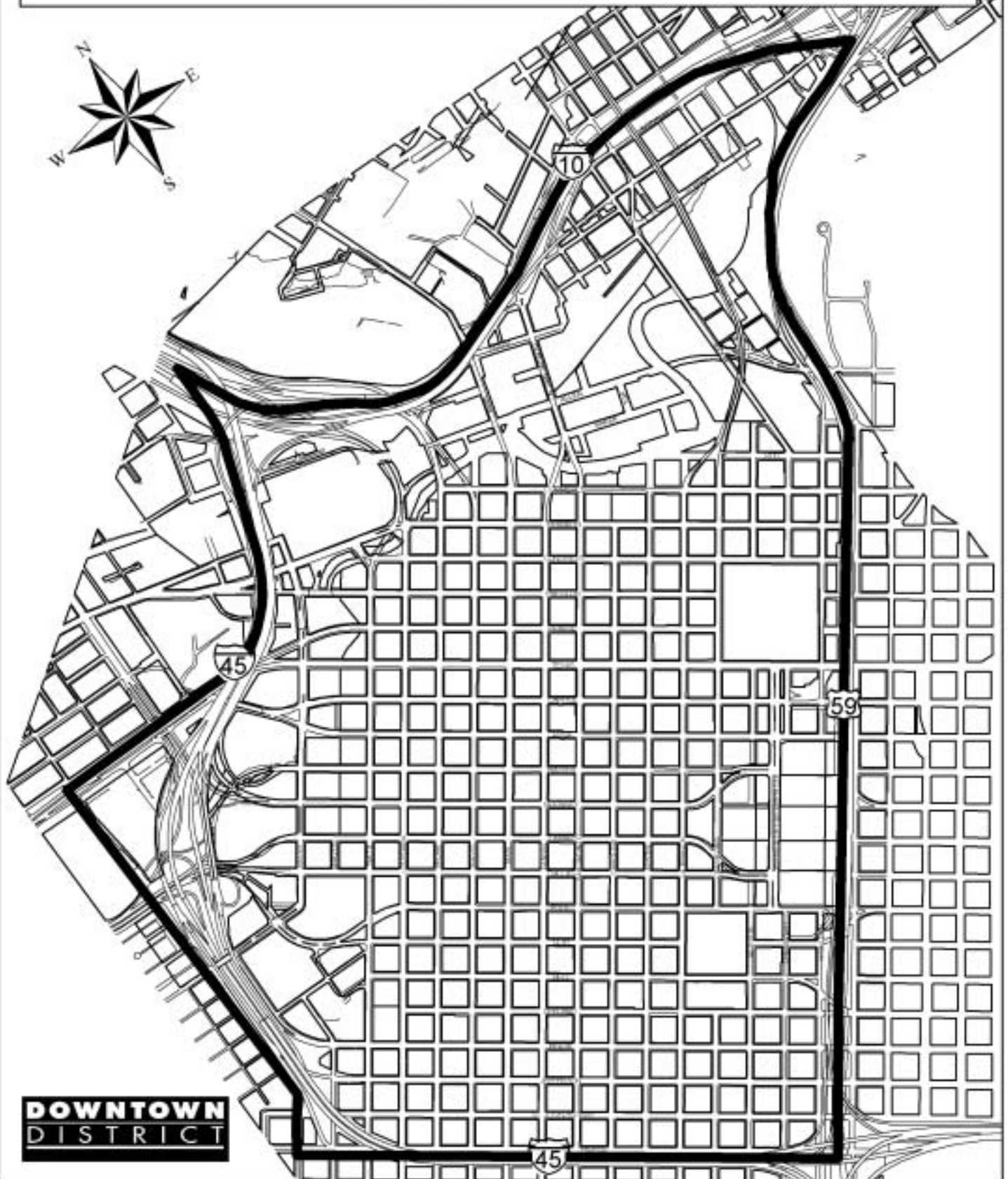
Thence in a southwesterly direction with the center line of the right-of-way of Bagby Street to the intersection with the center line of the right-of-way of Pierce Avenue,

Thence in a southeasterly direction with the center line of the right-of-way of Pierce Avenue to the intersection with the center line of the right-of-way of U.S. Highway 59,

Thence in a northeasterly direction with the center line of the right-of-way of U.S. Highway 59 to the intersection with the center line of the right-of-way of Interstate Highway 10,

Thence in a westerly direction with the center line of the right-of-way of Interstate Highway 10 to The Point of Beginning, containing 1,178 acres, more or less, including , without limitation, all air space above and all subsurface below said property.

HOUSTON DOWNTOWN MANAGEMENT DISTRICT BOUNDARY



**DOWNTOWN
DISTRICT**

Appendix B
2005-2009 Assessment Plan
as reflected by the Harris County Appraisal District's
2005 Certified Tax Roll

This document is on file with the Houston Downtown Management District and a copy may be obtained by written request addressed to the

Records Management Officer
Houston Downtown Management District
909 Fannin, Suite 1650
Houston, Texas 77010.