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City*

EaDo

**FIVE-YEAR
SERVICE and IMPROVEMENT PLAN and
ASSESSMENT PLAN**

For FISCAL YEARS 2007-2011

Prepared by the East Downtown Management District
2612 McKinney
Houston, TX 77003

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East Downtown

Preface

This document is a Five-Year Service and Improvement Plan and Assessment Plan (“Service Plan”), which will be in place for Fiscal Years 2007-2011. This Service Plan sets forth a vision, goals to be achieved, services to be rendered, and improvements to be made in support of the property owners of East Downtown Houston. It also outlines costs and a proposal for funding the Plan for the area comprised by the East Downtown Management District (the “District”). This Service Plan succeeds the original Three-Year Service and Improvement Plan and Assessment Plan (the “Original Plan”). In the Service Plan, property owners seek to:

- Present a unified voice for themselves, tenants and residents
- Maximize existing government services and supplement them where necessary
- Render continuous, focused, professional management of the area's needs
- Provide equitable project funding for all property owners sharing the cost
- Maintain the District as an outstanding place to work, live, shop, build and invest.

Introduction

In 1999 the District was created by the Texas Legislature to supplement public services for the residents and business owners in East Downtown Houston. That same year, the city of Houston created Tax Increment Reinvestment Zone Number 15 along the western edge of the District to provide economic incentives for private investment in the area. Working together, these two entities propose to stimulate new development and implemented services to improve the physical, social, and economic well being of East Downtown.

Situated between two of the largest three employment centers in Houston (the ship channel and downtown), East Downtown offers some of the most spectacular views of the Houston skyline and unmatched access to the Central Business District. Attractions such as Minute Maid Park, an expanded George R. Brown Convention Center, and the Toyota Center are just blocks away. And with immediate connections to every major transportation artery through Houston, East Downtown enjoys accessibility that is unmatched in the metro area.

A 13-member volunteer board of directors governs the District. Directors are either property owners, residents or agents of property owners in the District. The majority of the directors are property owners in the District. The District operates pursuant to the authority granted by Chapter 375, Texas Local Government Code and Chapter 3808, Special District Local Laws Code.

East Downtown Management District Mission Statement

The vision for East Downtown is a well-planned, high-quality community, integrating commercial development with a stable, desirable residential neighborhood within an attractive public environment. Based on current demographic trends in Houston, demand for quality residential, retail, office, and entertainment locations near downtown and within Interstate 610 will increase significantly over the next 10 to 20 years.

Certainly the demand for high quality residential near downtown Houston is evident by the significant increase in residential construction in East Downtown over the last several years. This trend in residential construction naturally increases the interest of commercial developers to “follow rooftops” as they consider the East Downtown for professional office and retail services geared towards a downtown residential community. This plan envisions a mixed-use urban enclave in East Downtown that is safe, well maintained, and attractive. The District will provide funding to the four major project areas of Public Safety, “Clean & Green” Public Spaces, Planning and Business Development. From year to year, priorities will change, and this plan provides that the board of directors shall have the flexibility to adjust the application of resources to meet those needs. Each year the District’s board of directors will re-evaluate the plan, outline projects, and approve a specific budget for that year.

Overview of Accomplishments

Pursuant to goals enumerated in the Original Plan, the District accomplished the following:

1. Public Safety

- Implemented ongoing graffiti abatement program
- Coordinated with Houston Police Department to address vagrancy, burglary, misdemeanor, and other criminal activity
- Improved heavy trash collection and reduced illegal dumpsites in the area
- Increased enforcement of the nuisance abatement statutes

2. Public Relations and Business Development

- Produced market research study used to promote areas to investors
- Developed District website www.eastdowntowndistrict.org (Under Reconstruction)
- Developed District brand identities with logos and taglines
- Published a Restaurant and Visitors Guide to East Downtown
- Participated in historical preservation efforts

3. District Maintenance

- Tree Planting
- Contract maintenance of public areas
- Super Bowl clean-up
- Painting of US 59 support columns
- Established a volunteer clean-up program

4. Planning

- Coordinated with METRO regarding the proposed Southeast Bus Rapid Transit line

Five-Year Service Plan - 2007-2011

With the adoption of a new plan, the District’s goals for East Downtown Houston will be to:

- Create in both perception and reality a safe environment
- Improve the appearance and maintenance of public areas
- Produce a master plan that provides the foundation for creating a mixed-use, pedestrian-friendly District that improves the quality of residential neighborhoods, enhances the entertainment sector and establishes an increased commercial presence in the District
- Attract visitors and new commercial investment
- Initiate on-site day-to-day management of District programs and operations

The Board of Directors will pursue these goals through a variety of programs and projects, which are outlined in the next section.

Public Safety

GOAL: To create a safe environment through coordination with law-enforcement agencies and programs to ensure that the District is among the most crime-free and desirable neighborhoods in the city of Houston and Harris County.

PROGRAMS & PROJECTS:

1. Continue and increase enforcement of building codes and nuisance abatement statutes when private property owners do not maintain property and buildings to code.
2. Establish a Public Safety Committee of the Board with participation of area volunteers and public safety officials from the city, county, school district and METRO to strengthen the coordination and collaboration with the Houston Police Department and Harris County Precinct 6 Constable's Office to ensure a high standard of service and positive working relationship with the District.
3. Establish a HPD or Harris County Constable Bike Patrol unit to provide higher law enforcement visibility and activities.

“Clean and Green” Field Services

GOAL: To provide well maintained and attractive public spaces such as streetscapes, sidewalks and other public venues.

PROGRAMS AND PROJECTS:

1. Continue graffiti abatement program to continue progress in addressing graffiti.
2. Provide landscape and trash pick-up in connection with maintenance of esplanades and public streets and rights-of-way. Coordinate this service with other maintenance programs managed by the City of Houston, Keep Houston Beautiful and volunteer groups in the community.
3. Establish a tree-planting program in conjunction with Trees for Houston and other organizations that provide resource support in beautification projects.
4. Continue active participation by the Board and area volunteers in the Clean and Green Field Services committee and invite new members on the committee from local agencies such as Keep Houston Beautiful.

Business Development

GOAL: Develop, support, and promote economic growth by creating and reinforcing positive perceptions of East Downtown as an outstanding place in which to live, work, shop, visit, build, or invest.

PROGRAMS & PROJECTS:

1. Establish a Business Development Committee of the Board that includes area volunteers and other professionals from business development groups that would volunteer time to guide the Board's activities in promoting the area.
2. Implement a multi-year, multi-media business development program to emphasize East Downtown assets including real estate opportunities with an emphasis on commercial development, access, and proximity to two of Houston's major entertainment venues and its major convention center.
3. Develop promotional programs with the Convention Center, Toyota Center, Minute Maid Park, the Central Business District, the Downtown Management District, Midtown Management District and Greater East End Management District to encourage increased first-time visits to East Downtown and renewed interest in the District.
4. Support East Downtown community events to create a positive public perception, instill community pride, draw media attention, and stimulate interest in the area.
5. Continue to serve as a clearinghouse for the accumulation and dissemination of information for the public, the brokerage community, the media, and potential investors.
6. Communicate with the District constituents those services available to them through the District.
7. Provide an East Downtown Business, Restaurant and Visitors Guide and post on the District's website.
8. Provide support for the District's Public Safety, Clean and Green and Planning efforts.

Planning

GOAL: To develop a master plan for the District that will provide the blueprint for guiding redevelopment of the area. The master plan would be conducted in whole or part with surrounding management districts and public organizations in order to encourage a broader interrelated plan and to foster opportunities to leverage multiple resources to conduct the master plan.

PROGRAMS AND PROJECTS:

1. Prepare a Master Plan that will include:
 - Identify Opportunities and Constraints
 - Urban Design
 - Growing Future Commercial Development
 - Parks, Trails, and other Amenities
 - Infrastructure Improvements
2. Establish a Planning Committee of the Board and area volunteers and public agency participants that strengthens the coordination and collaboration with the planning agencies and public agencies in the Houston region.

District Administration

GOAL: Provide advocacy and effective, efficient on-site professional management of District programs, including public safety, community maintenance, planning, and business development.

PROGRAMS & PROJECTS:

1. The District will initiate on-site management to provide focused professional administration of the District's operations and programs on a day-to-day basis. The on-site management will respond to the day-to-day needs of the District in a direct and expedited manner.
2. Utilize resources efficiently to accomplish the 5-year service and improvement plan.
3. Maximize services and improvements provided by the city, county, and state to property owners of East Downtown.
4. Accurately reflect the costs of providing services in each program area through a carefully monitored cost-allocation system.
5. Facilitate annual financial audits to protect the integrity of the District and ensure efficient use of resources.
6. Ensure compliance with all laws applicable to management districts, including the Open Records Act and Open Meetings Act of Texas.
7. Maintain an efficient level of office technology to ensure the fullest utilization of all available resources.

Proposed Assessment, Revenues and Expenditures

Assessment. Upon adoption of this Service Plan, the total assessment for this Service Plan will be levied in Year 1, and then billed in five annual installments. Annual installments of the Assessment will become due and payable in the same manner as ad valorem taxes in accordance with Chapter 31, Texas Tax Code, as amended. Delinquent payments will be subject to additional charges in accordance with the Texas Tax Code.

Property Subject to Assessment. The property subject to assessment will be the land and improvements of the property owners within the boundaries of the District. The following property will be exempt from assessment: single-family detached residential, duplexes, triplexes, quadraplexes, condominiums, municipalities, counties, other political subdivisions, entities exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and recreational property or scenic use property that meets the requirements of Section 375.163, Texas Local Government Code.

Rate of Assessment. Under this Service Plan, the District will assess properties to provide funding for the projects listed within the major areas of service outlined. The District proposes to set the rate of assessment at \$0.1250 per \$100.00 valuation. The assessment for the first year of this Service Plan, which will fund projects for 2007, will be based on the 2006 certified values provided by the Harris County Appraisal District ("HCAD"). In subsequent years, the District will assess property on the basis of the then current year's certified HCAD value. Therefore, for individual property owners the assessment may vary each year. The District reserves the right to annually adjust the assessment rate provided; however, the rate will never exceed the \$0.1250 per \$100.00 valuation. No property may be assessed in the first year of the service plan that exceeds twice the amount such property was assessed in the first year of the Service Plan. The exception of this cap on the amount of assessment should be the amount due on any value added for new construction or on property annex into the District. The approach will be to provide services and improvements on a pay-as-you-go basis with assessments made to fund projects in the following year.

Yearly Budgets and Assessment Rates. The District proposes to have the Board of Directors evaluate annually the need for and advisability of the services authorized under this Service Plan to determine the specific projects within the Service Plan that will be undertaken the following year. The Board of Directors will then approve a budget for the following year consistent with the yearly plan and set the assessment rate for such year, taking into consideration the value of the property subject to assessment and the revenue that the assessment rate will produce. If assessment revenues, or other sources of funds are not sufficient to cover the proposed annual costs of this Service Plan, the District will adjust the annual budget to reflect this. As this Service Plan is five years in length, it is possible that the service needs in each of the major categories could change; particularly as District objectives are met. Therefore, this Service Plan allow the Board of Directors the flexibility to apply the assessment revenue to the major categories of services in varying percentages. The assessment will be made in the fall of each year to generate funds for implementation of the Service Plan in the following year. This would mean that a property subject to assessment valued by HCAD at \$1 million in 2006 would pay an assessment of \$1,250 to fund projects in 2007.

Annexation of Property into the District. Any land annexed into the District (which may only be done in accordance with Chapter 375, Texas Local Government Code, as amended) 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 is annexed into the District and added to the District’s assessment roll.

Proposed Five-Year Budget. The District will provide funding to five major project areas outlined below. The cost estimates are based on current needs and priorities as measured by the estimated revenue projections. Priorities change over time and this Service Plan provides that the District’s Board retains flexibility to adjust the allocation of resources to meet changing needs. Each year the District’s Board will re-evaluate the allocation of resources set forth in this Service Plan, determine the projects to be undertaken that year, and approve a budget for that year. The table below illustrates a five-year projected budget and revenue. These figures are all subject to change, but do reflect the proportion of funding available that will be allocated to each project area.

East Downtown Management District Five-Year Program Budget

Program Area	Year 1	Year 2	Year 3	Year 4	Year 5
Public Safety	\$ 52,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500
Clean & Green					
Field Services	\$ 72,500	\$ 72,500	\$ 72,500	\$ 72,500	\$ 72,500
Business					
Development	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500
Planning	\$ 27,500	\$ 27,500	\$ 27,500	\$ 52,500	\$ 62,500
Financial/Support					
Services	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Total Program					
Budget	\$ 210,000	\$ 220,000	\$ 220,000	\$ 245,000	\$ 255,000
Projected Revenues*	\$ 227,000	\$ 238,350	\$ 250,268	\$ 262,781	\$ 275,920
Projected Cash Reserves**	\$ 17,000	\$ 18,350	\$ 30,268	\$ 17,781	\$ 20,920

*Projected at 5% growth/yr of assessment collections. Revenues for Year 1 are based on 2005 certified HCAD value of \$181,015,148.00

**Cash reserves would be carried over into the next FY. The carry over is NOT assumed in projections.

Managing District Resources. Of the many challenges faced with management districts is maximizing the impact of limited resources to effect the improvements outlined in the service plan. A very effective way that this is accomplished is through the use of resource leveraging. There are several ways to do this. Listed here are the more traditional means: grants, donations (time, materials, or dollars), and matching funds. In addition to leveraging resources available through assessments collected, another way to increase revenues for district services is to initiate a volunteer assessment payment program with those residents in the district residing in private housing such as single-family detached housing, duplex, and triplex or quadraplex condos. The residents of these dwelling units are not subject to the assessment, but certainly benefit from those services and may want to contribute to the District's operations through volunteer payment of assessments at the same rate as that paid by commercial property owners subject to assessments. While the budget provided above is based on estimates of assessments collected from property owners, the District will assertively seek to leverage and add revenues to support District services to property owners and residents.

Conclusion

The delivery of the proposed services and improvements is anticipated to add value to all properties within the District. The District's property owners will be able to collectively leverage greater resources, resulting in increased levels of service and an enhanced public awareness and image for East Downtown. An improved East Downtown benefits property owners directly and also the Houston metropolitan region at large. A boundary map of the District is attached.

To implement this Service and Improvement Plan, the petition requesting this Plan must be signed by either fifty owners of property within the District's boundaries or the owners of a majority of the assessed value of real property in the District. A public hearing will be held following receipt of such petitions, after which the District's Board of Directors will consider approval of this Service Plan and the levy of an assessment.

APPENDIX A
East Downtown Management District
Boundary Map