



September 17, 2013

Dear CEO Council Members,

On August 21 & 22, the City of Peoria and Tri-County Regional Planning Commission hosted Brad Segal for two days of visits with civic and business leaders in Peoria. Mr. Segal is the President of Progressive Urban Management Associates, Inc. (PUMA). PUMA is a leading consulting firm that focuses on downtown and community development. Mr. Segal has 30+ years of experience in downtown strategic planning.

During Mr. Segal's two day visit, he spent time with several groups with a vested interest in the growth of Peoria's Downtown and Warehouse District, including the CEO Council Downtown Development Corporation subcommittee. Attached you will find Mr. Segal's five-page review of his visit to Peoria, including his impressions and recommendations for the Downtown/Warehouse District and, in particular, a Downtown Development Corporation (DDC).

As a leader in best practices in this area, Mr. Segal has provided a suggested "blueprint" for the Downtown Development Corporation. As you review Resolution Three that was emailed to you on September 14, please use Mr. Segal's report as a support piece as to why we must consider moving forward with a Downtown Development Corporation.

Again, please direct any questions prior to the meeting on Thursday to Cal MacKay and Jim Lynch. They will direct the question to the committee member that can best answer the question and share that answer with everyone on the 19<sup>th</sup>.

Sincerely,

*William T. Cirone*

Downtown and Warehouse Development Co-Chair



## Downtown Peoria Organizational Evaluation & Recommendations

Submitted by Brad Segal, President  
Progressive Urban Management Associates, Inc.

### I. Introduction

In 2013, creating more vitality and livability in Downtown Peoria is a top priority of the region's civic and business leadership. A more vital and livable downtown is viewed as the core objective of an ambitious economic development strategy to retain and recruit employers, employees and residents, and set the foundation for regional prosperity for years to come. Peoria's downtown improvement objectives are supported by trends in demographics, lifestyles and global competition that are placing more importance on vital downtowns and livable urban districts to power regional economies.

To direct downtown development and improvements, Peoria's civic and business leadership is currently engaged in an effort to create a private sector-initiated public/private partnership organization. Peoria may be the largest American city without a downtown organization, an opportunity that allows it to borrow from best practices from other cities and engineer a new state-of-the-art entity that can lead downtown's evolution.

To provide recommendations to advance the implementation of a downtown-wide organization as recommended in the recently completed Peoria Warehouse District Plan, Progressive Urban Management Associates (P.U.M.A.) was retained by the Tri-County Regional Planning Commission in August of 2013. P.U.M.A. is a Denver-based real estate and planning consultancy that specializes in strategic planning and organizational development for downtowns, bringing experience from more than 150 cities in 34 states.

P.U.M.A. reviewed past downtown studies and conducted a two-day site visit that included meetings with civic and business leaders and a variety of downtown stakeholders, including property and business owners, elected officials and employers. The site visit was coordinated locally by Peoria City Councilman Ryan Spain, Assistant City Manager Christopher Setti and Tri-County Transportation Planner Kyle M. Smith, and was conducted by P.U.M.A. president Brad Segal.

### II. Impressions

The following general impressions about Downtown Peoria and the effort to form a downtown organization were developed during the P.U.M.A. site visit

- **Downtown Peoria Benefits from Stable and Committed Anchor Employers:** Peoria is fortunate to have major employers anchoring its downtown –namely the world headquarters of Caterpillar, a Fortune 50 firm, and two regional medical centers. These anchors provide a reliable base of employment and their anticipated growth in downtown is central to guiding future regional economic prosperity. These major employers also recognize the importance of creating a more vital and livable downtown as critical to recruiting skilled employees in an environment where these individuals have more mobility and choice.
- **Peoria Has an Excellent Concentration of Civic Facilities and Investments:** In addition to its anchor employers, Downtown Peoria boasts an impressive array of new civic facilities. The Civic Center, Dozer Park, Riverfront Museum, Caterpillar Visitor's Center, new Marriott Pere' Marquette Hotel and the more than \$30 million currently being invested in Warehouse District streets and sidewalks creates a foundation of capital investment in the Downtown. These investments are an important indicator of the community's commitment to Downtown and can help to attract new jobs, businesses and housing.

- **Downtown Peoria Has the Raw Material and Scale to Become Vibrant:** Peoria's downtown core is relatively compact and offers a scale that could easily accommodate a more walkable, bikeable and livable environment. Its warehouse district is largely underutilized and underdeveloped, and offers a critical mass of historic buildings that could become the heart of a vibrant mixed-use neighborhood, similar to what has evolved in dozens of American downtowns. Distances between the major sub-districts of Downtown, including the Riverfront, Central Business District, Warehouse District and Medical Center, are manageable and can be better connected and redeveloped over time.
- **Civic Passion and Focus Is Now Directed to Downtown:** While downtown revitalization has become a national trend, it is unusual that a region focuses on the center city as the key for its long term prosperity. Downtown Peoria appears to have a window of opportunity to benefit from being a top priority from city and regional leaders in both the public and private sectors. There is a cohesive and enthusiastic sense of urgency to create a new downtown organization that can champion, accelerate and sustain the next generation of development and improvements in Downtown Peoria.

### III. Recommendations

Based upon our site visit to Peoria and knowledge of “best practices” in the downtown development and management field, we support civic efforts to form a Peoria Downtown Development Corporation as the initial building block for a new private-sector initiated public/private partnership organization that can help to transform Downtown. Given an initial focus on economic development and a civic priority to stimulate additional real estate development, particularly in the downtown residential sector, the development corporation makes sense. The development corporation should be established with the versatility to also become the organizational toolbox that houses a variety of complementary development, management and marketing tools that take shape over time.

Specific recommendations for a Peoria Downtown Development Corporation (DDC) include the following:

- **Mission and Objectives:** The Peoria DDC should aim to champion, guide and sustain the next generation of development and improvements in Downtown Peoria. Initial objectives for the DDC should include:
  - ✓ Be a champion for downtown development and improvements, being the one organization that is singularly focused on and advocating for downtown's prosperity on a day-to-day basis.
  - ✓ Facilitate new investment and development in Downtown Peoria, offering an array of services that range from supporting policies that encourage new development to becoming a transactional deal-maker to help build desirable private/public projects.
  - ✓ Lead efforts to plan, fund and develop place-making improvements that enhance Downtown Peoria's public realm, making the area more walkable, bikeable, attractive and livable.
  - ✓ Become a manager and marketer that delivers services that keep Downtown clean, safe and active.
- **Service Area:** The Peoria DDC should aim to provide services within an area that is inclusive and unites several sub-districts, including the Central Business, Warehouse, Riverfront and Medical Districts. While the DDC will want to focus redevelopment energy on specific projects or “nodes”, it will also deliver services such as advocacy, planning and economic development that can benefit this entire area.

- **Work Program:** For its start-up phase, the DDC should aim to deliver a mix of services that provide benefit to the entire downtown and visible improvements (or “quick wins”) that can demonstrate added-value and results. Suggested Year 1 work program activities include:
  - ✓ **Development Liaison:** The DDC can provide needed liaison services to help developers, small businesses, prospective retailers and other investors navigate through permitting, development review, liquor licensing and other government processes with the goal of inviting and expediting new development.
  - ✓ **Market Information:** The DDC should become the repository and “go to” place for current market information on Downtown Peoria. Data should be compiled on a variety of indicators, including office, retail, housing, hospitality and other sectors, and then sliced and diced by sub-district to give brokers, property owners and investment prospects the best information on where to launch a successful venture in Downtown.
  - ✓ **Quick Wins:** The DDC should budget for creating immediate visible improvements within Downtown that can demonstrate leadership and new energy. “Quick wins” could be relatively simple, ranging from creating a downtown map and directory that is widely distributed, to installing several bike racks, to encouraging public art and murals in key locations. A national movement to create “tactical urbanism”, or temporary improvements that inspire permanent change, could be embraced early by the DDC. More examples of quick wins and/or tactical urbanism include temporary displays or “pop-up” stores in empty storefronts, using empty parking lots for recreational uses, creating a dog park in an existing green space, etc.
  - ✓ **Facilitate Development:** A core purpose of the Peoria DDC will be to encourage and facilitate redevelopment and historic rehabilitation projects within the Downtown. The DDC is viewed as an important conduit of expertise – it can bring skills in complicated multi-layered financing and tax credits that are critical to supporting new housing and mixed-use urban development concepts. In its initial year, the DDC should inventory and identify catalytic development opportunities -- buildings and nodes that could help connect key destinations and/or stimulate investment in a district. It should focus on helping to facilitate new development, but create the expectation that initial results may take some time given the complexities of these deals.
  
- **Downtown Investment Strategy:** Downtown has benefited from several plans, charettes and code revisions over the past ten years, but lacks a cohesive vision that ties destinations and sub-districts together or an action plan that lays out priorities and sequencing for improvements. While being cognizant of “plan fatigue” and an aversion to a lengthy process, the new DDC needs a business plan and a roadmap to steer new investment. During Year 1 of the DDC, we recommend that it lead a participatory process to create a market-driven Downtown Investment Strategy that would include the following components:
  - ✓ **Investment Strategy Objectives:** A market-driven action plan that will help Peoria, downtown stakeholders and the DDC prioritize investments and develop a five to seven year work program. The Investment Strategy process should aim to build broad consensus for implementation priorities and result in creating a cohesive downtown-wide vision for the future.
  - ✓ **Scope:** The Downtown Investment Strategy should include the following component parts: 1) market assessment that establishes baseline conditions and measurable indicators; 2) physical framework that connects major activity centers, sub-districts and identifies public and private amenities needed to create a more livable downtown; 3) identification of catalytic development sites, project opportunities and sub-district strategies; and 4) an action plan that includes project sequencing, DDC roles, resources and metrics to measure success.

- ✓ **SSA Feasibility:** The Investment Strategy could also look at the feasibility for creating a special service area (SSA) in Downtown Peoria. An SSA (also known as a business improvement district) is a common tool in downtowns that provides for a self-imposed and self-governed tax or assessment on properties. SSA's are used widely to finance the marketing, management and maintenance of downtowns, and is viewed as a potential second building block to the DDC that could provide a sustainable funding stream for Downtown improvements.
- **Governance Structure:** For the DDC board of directors, 11 to 17 members are recommended to represent a variety of stakeholder groups and mix both high level leadership with entrepreneurial know-how. The board should be self-perpetuating, open to a variety of stakeholders but selected by a nominating committee. Terms and term limits should be established for board members to encourage fresh ideas and leadership development.

Specific interests that should be represented on the DDC board include 1) Downtown's private sector anchors, including Caterpillar and the regional medical centers; 2) a mix of downtown property and business owners; 3) business leadership from the CEO Council to provide high level community support; and 4) representatives from the City and County, provided they all provide operating support for the DDC. More than two-thirds of the board members should represent downtown stakeholders (i.e. property owners, business owners, employers, residents) and each sub-district should have at least one designated seat on the board (i.e. Central Business, Warehouse, Riverfront and Medical districts.). Specific skills related to the mission of the DDC would be desirable, including real estate law, finance and accounting.

- **DDC Staff:** Initially, a staff of two full time employees is suggested for the DDC. The two employees could service the suggested work program and provide support to complete the Downtown Investment Strategy. Staff capacity could increase over time as needed to implement the Investment Strategy, potential SSA programs and other DDC initiatives. Profiles for the suggested staff positions include the following:

- ✓ **Executive Director:** The DDC executive director will not only build and manage the organization, but will quickly become the "face of Downtown", representing stakeholders in a variety of contexts. A variety of skills and characteristics will be desirable for this position, including 1) knowledge of real estate and/or finance; 2) excellent communicator and consensus builder; 3) a "juggler" who can handle many tasks at once and is exceptionally well organized; 4) entrepreneurial and able to build an organization from lean beginnings; and 5) passionate about Downtown Peoria – an individual who will eat, breathe and wake up every day with the singular focus of improving Downtown.

Peoria can recruit both locally and nationally for the executive director. Organizations that could be helpful for national distribution of the position opportunity include the International Downtown Association and the International Economic Development Council.

- ✓ **Research & Special Projects Manager:** The research and special projects manager would support the executive director in gathering and packaging data, producing basic communications materials, undertaking research for projects and programs and other tasks as assigned. This person should be technology-savvy, well organized, high energy and be able to work with social media.

- **Budget and Sources of Funds:** A start-up budget ranging from \$300,000 to \$500,000 per year is suggested for the DDC, to be used as follows:

<b>Activity</b>	<b>Budget</b>
Staff, Office and Overhead	Up to \$ 200,000
Year 1 Downtown Investment Strategy (in subsequent years, these funds could be redirected to staff or programs)	Up to \$125,000
“Quick Wins” and Development Feasibility	Up to \$175,000
<b>Total</b>	<b>\$ 300,000 to \$500,000</b>

To provide seed capital for the DDC, three year funding commitments should be sought from a variety of community investors. Large civic organizations (i.e. City, County) and Downtown’s anchor employers should consider significant multi-year investments in the DDC (i.e. \$100,000 each per year), and then smaller investments should be sought from businesses and foundations from throughout the Peoria region. At least half of the seed capital goal should be secured (i.e. \$250,000 per year for three years) before the DDC board reaches out to recruit staff for the organization.

The Downtown Investment Strategy would explore additional sources to leverage and sustain the initial seed capital investments, including but not limited to:

- ✓ A special service area (SSA) tax or assessment
- ✓ Earned income from development projects
- ✓ Sponsorships from special events and promotions
- ✓ Membership dues to support efforts in advocacy and community-building
- ✓ Parking revenue to support parking management and marketing

- **Best Practice Organizations:** To explore overall “best practice” downtown development corporation-driven organizations, the following cities and entities are suggested:

- ✓ **Wichita** Downtown Development Corporation: <http://www.downtownwichita.org/>
- ✓ Renaissance **Rock Island**: <http://www.liveri.com/>
- ✓ Downtown **Grand Rapids** Inc. (newly merged downtown development authority and BID): <http://grcity.us/design-and-development-services/Downtown-Development-Authority/Pages/default.aspx> and <https://www.facebook.com/downtowngrandrapidsinc>
- ✓ Downtown **Des Moines** Community Alliance: <http://www.downtowndesmoines.com/>

- **Next Steps:** The following sequencing of events is recommended for the Peoria DDC:

<b>Near-Term</b> (next 90 to 120 days)	<ul style="list-style-type: none"> <li>• Complete DDC articles of incorporation and by-laws, submit 501(c)3 tax exemption application</li> <li>• Appoint the initial board of directors</li> <li>• Secure at least half of the three-year seed capital commitments</li> </ul>
<b>First Half of 2104</b>	<ul style="list-style-type: none"> <li>• Recruit for and hire the executive director</li> <li>• Open the DDC office and launch programs</li> <li>• Initiate work on the Downtown Investment Strategy</li> </ul>