

**Madison's Central Business Improvement District (BID)  
Assessment Review Subcommittee**

September 30, 2009 meeting minutes

- Subcommittee Co-Chair Brian Mullins called the meeting to order at 10:05 am.

Attending: Lori Kay, Larry Lichte, Traci Miller, Maria Milsted, Paul Muench, Brian Mullins, Stacy Nemeth, Rick Petri

Absent: Dan Cornelius, John Hutchinson

Staff: Mary Carbine

Public registrants: Dan Milsted

- Public Comment: Dan Milsted reported on research into methods of assessment in other BIDs and distributed UW Extension FAQ info-sheet on legal requirements for minimum and maximum BID assessment.

- Properties Under Construction:

Subcommittee reviewed additional information gathered by staff on occupancy permit requirements and certificate of occupancy as related to city property value assessments and BID assessments. City assessor staff stated "our assessments are not influenced by occupancy permits. We assess what is in place as of January 1 assessment date."

Brian Mullins noted that city valuation (for assessment) is like a thermostat (relative, goes up and down over time depending on state of building), while the BID assessment is a flat rate and is implemented like an on-off switch (a property is either assessed or not assessed).

Subcommittee recommended revision to draft BID "Properties Under Construction" policy to implement a condition that properties must have a city Certificate of Occupancy to be subject to the BID assessment.

Muench – it makes sense to have some relief from assessment for properties not occupied.

Mary Carbine indicated that for this policy to be implemented for 2010 Operating Plan/assessment bills to be sent fall 09, the subcommittee would need to approve this policy Oct. 21 and Board approve on Nov. 5. Otherwise, property at 31 S. Henry under renovation and unoccupied would be subject to full BID assessment under 2010 Operating Plan.

- Review Various Methods of Assessment

Subcommittee reviewed background on various BID assessment methods and examples from BIDs across the country and in Wisconsin.

Stacy Nemeth: Examples indicate that methods are unique to each BID.

Mullins: Basic question is "who are we, how do we define ourselves as BID." Is our system broken? No. It may need tweaking and could be reviewed annually.

Nemeth: One inequity could be that flatiron buildings are overly burdened in our current system. Milsteds concurred.

Larry Lichte: Our system needs major fixes, inequities related to building size. Recommends running numbers on different methods: assessed value and square footage. Assessment method cannot be individualized; needs to be mass application for it to work.

Nemeth: Original intent of BID was State St. and retail-driven. Capitol Square was brought in to supplement. Question is who is prime beneficiary of the BID services.

Lichte & Milsteds: Need to look at concrete examples, running numbers for different assessment methods.

Mullins: Three distinct areas: State St., Capitol Square, King St. In current system, large office buildings on the Square pay almost 50% of total value of BID, which is retail-oriented. The BID was formed because voluntary membership organization, GSSBA, was tired and could not sustain providing the services (map, etc.). The original focus was State St. But the smaller properties on State St. could not afford the high assessment level that would have been necessary to sustain a BID. So, organizers talked to the Capitol Square properties. Were mixed feelings about the BID, as

office tenants receive secondary not primary benefits from BID. The balance was found in lineal frontage method. Capitol Square is at tipping point- never envisioned carrying a larger burden. If the change is made to assessed value method, there will be a handful of Capitol Square property owners who will then have complete control over whether the BID exists (per state statute), and these owners will not go with assessed value method.

Maria Milsted: When BID was established, the hope for the BID is that it would encourage retail beyond State St. on the Square.

Mullins: Yes, this is the hope, but it is not necessarily realistic. The property taxes (and hence rents) are higher on the Square, and foot traffic is lower. When we raise up State St., we do raise up the whole downtown environment. We have made some progress on the Square with some destination retailers, but Square is not a retail district.

Lichte: When the BID was formed, W. Main St. had to be in. King St. got to be out (until last year). My properties should not be assessed at same rate as Anchor Bank. My properties do not benefit.

Mullins: Some example methods from other BIDs are weighted by area or by type of properties. Analysis of current system shows following areas make up following percentage of BID assessment revenues:

State St. area: 53%  
Capitol Square: 41%  
King St.: 6%

Nemeth: Will run numbers for assessed value and square footage methods. For square footage, will use primary finished area (what is provided by city for cap in current method).

Next meeting was set for Oct. 21.

Meeting was adjourned at 11:30am.