City of Philadelphia

(Bill No. 040873)

AN ORDINANCE

Authorizing the extension of the term of the Center City District pursuant to the provisions of the Municipality Authorities Act until 2025; approving the plan, estimated costs and proposed method of assessment and charges of the Center City District for and concerning business improvements and administrative services to the central business district of the City of Philadelphia for 2005-2009; and approving estimated costs for debt service through 2025; all under certain terms and conditions.

WHEREAS, Under the Municipality Authorities Act (“the Act”), the City authorized, in an ordinance approved on March 28, 1990 (Bill No. 727), the organization of an authority (originally known as the "Special Services District of Central Philadelphia") for the purpose of making business improvements and providing administrative services, as those terms are defined in the Act, to the central business district of the City of Philadelphia; and

WHEREAS, Articles of Incorporation were filed with the Secretary of the Commonwealth and the Authority was incorporated on May 4, 1990; and

WHEREAS, In accordance with the requirements of the Act, the Authority completed a plan for business improvements and administrative services to be made and provided through the 1995 fiscal year of the Authority to the central business district of the City of Philadelphia, and the Authority held public hearings respecting such plan; and

WHEREAS, Legally sufficient written objections were not received from property owners and the City approved the Authority's plan to serve the central business district area (the "District") bounded and described in the ordinance approved on November 2, 1990 (Bill No. 1069), which boundaries were subsequently expanded by the ordinance approved on November 25, 1996 (Bill No. 960631); and

WHEREAS, The Articles of Incorporation of the Special Services District of Central Philadelphia were amended on October 30, 1992 to change the name of the Authority to the "Center City District"; and

WHEREAS, Under the Act the City authorized, in an ordinance approved on January 6, 1995 (Bill No. 940632), an extension of the term of the Authority from five (5) to twenty-five (25) years by approving an amendment to the Authority's Articles of Incorporation; and

WHEREAS, An amendment to the Authority's Articles of Incorporation was filed with the Secretary of the Commonwealth on March 30, 1995, pursuant to which the Authority's term was extended from five (5) to twenty-five (25) years; and

WHEREAS, In 1995 the Authority issued bonds (the "1995 Bonds") with a term ending in 2015, the proceeds of which were used to finance capital improvements and maintenance within the District; and

WHEREAS, Current market interest rates provide the Authority an opportunity to refinance the 1995 Bonds at a lower interest rate, which would enable the Authority both to reduce the amount of its assessments for 2005 and to enhance the level of services provided to property owners located in the District; and

WHEREAS, The Authority has proposed and City Council desires to extend the term of the Authority to December 31, 2025 by filing an amendment to the Authority's Articles of Incorporation to enable the Authority to refinance the 1995 Bonds; and

WHEREAS, The Authority has recently completed a plan for fiscal years 2005 through 2009 to continue its services as well as to enhance evening cleaning and provide expanded landscape maintenance services, which will be financed by assessments and charges to be paid by property owners within the District (the "5-Year Operating Plan"); and

WHEREAS, The first year of the 5-Year Operating Plan is a plan for the 2005 fiscal year of the Authority; and

WHEREAS, The Authority mailed to each property owner in the District "The Plan and Budget for the Center City District", which includes a description of the 5-Year Operating Plan, the proposed method of assessment and charges, and the proposed refinancing of the bonds, all of which are herein collectively referred to as the "Plans"; and

WHEREAS, After sending to each property owner and commercial tenant in the District the Plans and the cost to each property owner together with notice of public hearings respecting the Plans and after due advertisement of such public hearings, public hearings have been held by the Authority pursuant to the Act and legally sufficient written objections have not been received either from persons representing the ownership of one-third (1/3) of the properties in the District or from property owners within the District whose property valuation as assessed for taxable purposes amounts to more than one-third (l/3) of the total property valuation of the District; and

WHEREAS, The Authority has submitted to City Council for review and approval the Plans, which are attached hereto as Exhibit "B," and City Council has held public hearings respecting the Plans; and

WHEREAS, City Council desires to take appropriate action with respect to the Plans; NOW THEREFORE,

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. City Council hereby approves the following amendment to the Authority's Articles of Incorporation:

That paragraph (e) of the Articles of Incorporation be deleted in its entirety and replaced with the following:

> (e) The Authority shall exist for a term which shall commence on the date a certificate of incorporation is issued, as required by the provisions of the Act, by the Secretary of the Commonwealth of Pennsylvania and shall terminate on December 31, 2025.

SECTION 2. City Council hereby authorizes the Authority to advertise its intention to prepare and file with the Secretary of the Commonwealth, in the manner prescribed by the Municipality Authorities Act (53 Pa. C.S.A. § 5605), articles of amendment in substantially the form set forth in Exhibit "A" attached hereto.

SECTION 3. It is hereby declared that the participation of the Authority in projects for and concerning business improvements and administrative services to the central business district area (the “District"), as contemplated in "The Plan and Budget for the Center City District," which includes a description of the Authority's 5-Year Operating Plan and Budget, and the proposed method of assessment and charges, all of which are herein collectively referred to as the "Plans" and are attached as Exhibit "B," is desirable for the entire City of Philadelphia to preserve and improve the economic vitality of the District and to generate jobs for residents of the City. The Plans, having been duly reviewed and considered, are approved.

SECTION 4. Estimated costs for debt service in the amount of $1,262,200 for 2005, $1,260,200 for 2006, $1,260,200 for 2007, $1,257,600 for 2008, $1,262,600 for 2009 and estimated costs in the annual amount of $2,525,200 for the years 2010 through 2025, the estimated costs for 2010 through 2025 representing two times the amount of debt service on bonds to be issued to finance the capital improvements set forth in the Plans, pursuant to the method of assessment set forth in the Plans, are approved, pursuant to the Act. Notwithstanding the estimated costs for debt service set forth in the preceding sentence of this Section 4, the Authority is hereby authorized, and may so covenant for the benefit of the holders of its bonds, to fix, levy and collect its assessments in each fiscal year such that the available revenues of the Authority pledged to secure the Authority’s bonds,

including such assessments, shall never be less than 200% of the debt service requirement for that fiscal year.

SECTION 5. The Authority is authorized to take such action as may be necessary to carry out the Plans, including, but not limited to, issuing or refinancing bonds, in conformance with the provisions of the Act, which had been issued to finance CCD capital improvements. City Council authorizes the Authority to proceed with minor changes in substantial conformity with the Plans.

EXHIBIT "A"
ARTICLES OF AMENDMENT

OCT-01-2004 FRI 09:38 AM CENTER CITY DISTRICT FAX NO. 2159227672 P. 02

crofilm Number _____ Filed with the Department of State on _____

ıtity Number __1565266_____ _____
Secretary of the Commonwealth

ARTICLES OF AMENDMENT-DOMESTIC BUSINESS CORPORATION

DSCB:15-1915 (Rev 90)

In compliance with the requirements of 15 Pa.C.S. § 1915 (relating to articles of amendment), the undersigned business rporation, desiring to amend its Articles, hereby states that:

The name of the corporation is:___Center City District_____

_____

The (a) address of this corporation's current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a)__917 Filbert Street_____Philadelphia_____PA_____19103_____Philadelphia_
Number and Street City State Zip County

(b) c/o:_____
Name of Commercial Registered Office Provider County

For a corporation represented by a commercial registered office provider, the county in (b) shall be deemed the county in which the corporation is located for venue and official publication purposes.

The statute by or under which it was incorporated is: Municipality Authorities Act of 1945, P.L. 382, 53 P.S. §§ 301, et seq. (recodified June 19, 2001 at 53 Pa. C.S.A. §§ 5601, et seq.)

The date of its incorporation is: May 4, 1990

(Check, and if appropriate complete, one of the following):

_X_The amendment shall be effective upon filing these Articles of Amendment in the Department of State.

____The amendment shall be effective on: _____ at_____
Date Hour

(Check one of the following):

___ The amendment was adopted by the shareholders (or members) pursuant to 15 Pa.C.S. § 1914(a) and (b).

_X_ The amendment was adopted by the board of directors pursuant to 15 Pa.C.S. § 1914(c).

(Check, and if appropriate complete, one of the following):

_X_The amendment adopted by the corporation, set forth in full, is as follows:

t paragraph (e) of the Articles of Incorporation be deleted in its entirety and replaced with the following:

(e) The Authority shall exist for a term which shall commence on the date a certificate of incorporation is issued, as required by the provisions of the Act, by the Secretary of the Commonwealth of Pennsylvania and shall terminate on December 31, 2025.

____The amendment adopted by the corporation is set forth in full in Exhibit A attached hereto and made a part hereof.

17

44520.1

OCT-01-2004 FRI 09:38 AM CENTER CITY DISTRICT FAX NO. 2159221612 P. 03

3:15-1915 (Rev 90)-2

(Check if the amendment restates the Articles):

__The restated Articles of Incorporation supersede the original Articles and all amendments thereto.

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by a duly norized officer thereof this_____ day of _____, 2004

Center City District

BY:_____
(Signature)

NAME:
TITLE:

SD-44520.1

18

EXHIBIT "B"
PLAN AND BUDGET FOR THE CENTER CITY DISTRICT

CENTER CITY DISTRICT

PHILADELPHIA, PA
215 440 5500
WWW.CENTERCITYPHILA.ORG

2005 – 2009

Plan and Budget for the Center City District

The goal of the Center City District (CCD) is a clean, safe, well-managed Center City so that Philadelphia can successfully compete as an attractive location for business and tourism, entertainment and dining, shopping and living. The CCD was established in March 1990, under the Commonwealth of Pennsylvania's Municipality Authorities Act, as a private-sector-directed municipal authority. With the approval of property owners and the City of Philadelphia, the CCD was authorized for five years beginning in 1991 to provide security, cleaning and promotional services that supplement, but do not replace, both basic services provided by the City of Philadelphia and the responsibilities of property owners.

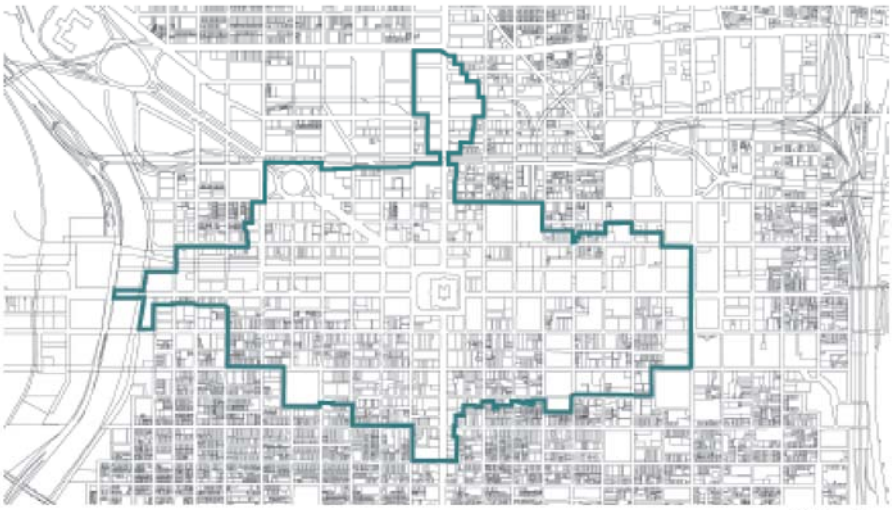
In 1994, the CCD was re-approved by property owners and by the City of Philadelphia for 20 years, through 2015, and was authorized to finance and implement a comprehensive program of streetscape improvements. In 1995, the plan and budget of the CCD was amended by property owners and by the City of Philadelphia to include that portion of Market Street and adjacent streets between City Hall and 6th Street that had been served by the Market Street East Improvement Association.

Given current low interest rates, the CCD now proposes to extend its term until 2025 and refinance the 1995 bond issue with the objective of lowering the amount of assessment revenues required to support annual debt-service payments. Assuming continued low interest rates through the refinance period, potential savings will enable the CCD both to increase the resources devoted to services and to pass through savings in the form of lowered annual charges to District property owners in 2005.

This plan and budget for the period 2005–2009 continues the CCD's primary focus on the basics, devoting over 80 percent of revenues to programs for a *clean, safe, attractive and well-managed* public environment. The balance of revenues funds research, planning and communications strategies that enhance the attractiveness and competitiveness of Center City.

The CCD will continue to provide fee-for-service programs and management services that enhance the revenues available for services within the District.

Every five years beginning 2010, 2015 and 2020, the CCD shall present to District property owners a new five-year plan and budget that shall not be less than two times the annual debt-service obligation.



CCD Boundaries

Cleaning and Maintenance

The CCD deploys over 70 uniformed workers and mechanical equipment on two overlapping shifts, seven days per week, providing up to 12 hours of services per day. CCD crews supplement the sanitation services of the City of Philadelphia and ensure that Center City's sidewalks are clean and its streetscape graffiti-free. The City's Streets Department cleans the streets from curb to curb, empties public trash receptacles and enforces sanitation laws. Through a competitively selected contractor, the CCD assists property owners in fulfilling their legal obligation to keep their sidewalks free of litter and debris. This supplementary program is comprised of five components:

- Mechanical sweeping: Sidewalks are mechanically swept early each morning to ensure that downtown routinely "opens clean."

- Daily, recurring manual and mechanical sweeping: Daily manual and mechanical sweeping of all sidewalks at least three times throughout the working day by uniformed cleaners ensures that the central business district remains attractive and clean.

- Evening cleaning: In recognition of the increased evening pedestrian activity, the CCD provides an early evening shift in prime entertainment and dining areas in warm weather months.

- Monthly power washing: The CCD provides high-pressure washing twice a month, except in winter, to remove accumulated stains, gum and grime from all sidewalks.

- Graffiti removal: To improve the appearance of downtown, maintenance crews remove posters and stickers and remove or paint over graffiti on streetscape furniture and the ground floor of building facades. The CCD also provides employment opportunities for disadvantaged workers, such as formerly homeless individuals and those making the transition from welfare to work, performing graffiti removal and other maintenance within the CCD and staffing fee-for-service contracts in areas adjacent to the District.

Safety and Crime Prevention

To enhance public safety and order and to provide information and directions to pedestrians, the CCD deploys supplementary, uniformed on-street patrols. The CCD also engages crime prevention professionals to work in partnership with public law enforcement, private security and with property owners, managers, employers and local institutions to lessen their vulnerability to crime. The CCD's supplementary services are comprised of four components:

- Enhanced police coverage: The Philadelphia Police Department's 6th and 9th Districts cover the area from Poplar to Lombard streets, river to river, including both residential neighborhoods and the central business district. In 1991, the Philadelphia Police Department collaborated with the CCD to develop a unique cooperative effort to improve police coverage for the increasing Center City population of office workers, residents, hotel guests, convention delegates, theater and retail patrons. Foot patrol officers from the 6th and 9th Police Districts were re-deployed into a new Center City District police substation. The CCD also provides computerized links to the 6th and 9th Police Districts and assists with crime tracking and computerized mapping to identify crime patterns and develop strategies to reduce crime. The result of these efforts has been a steady and significant reduction in reported crime in Center City since 1991. The Philadelphia Police Department will continue to support the costs of staffing the substation during a 24-hour period, seven days a week. A police captain as well as other uniformed supervisors and patrol officers, including those deployed on bicycles, will staff the substation. These officers will continue to be deployed in conjunction with the CCD community service representatives. The CCD will continue to support computerized crime tracking, analysis and mapping as well as the operating costs for the police substation.

- Community service representatives: The goal of the community service representative (CSR) program is to provide public safety, hospitality and outreach services within the boundaries of the Center City District by deploying CSRs on foot beats,

seven days a week. CSRs provide a uniformed, but unarmed, deterrent to crime by serving as the "eyes and ears" of the Philadelphia Police Department through two-way radio communication. CSRs act as goodwill ambassadors by providing information and directions to visitors, workers and residents. CSRs are first aid/CPR certified, and provide services to those in need.

CSRs investigate and report visible code violations to the responsible public agency. Specially trained CSR teams provide outreach services to the homeless population in Center City, and work in partnership with social service agencies and the Philadelphia Police Department to help those on the street connect with needed services. The staff of 42 CSRs and four supervisors is deployed in two shifts to cover morning, daytime and evening activities. CSRs stand a joint roll call with the Philadelphia police officers that staff the CCD's police substation and share information and coordinate deployment assignments.

• Crime prevention services: Professional staff provide computerized crime mapping and analysis to identify crime trends and patterns and work in partnership with law enforcement to develop strategies to reduce crime. Staff also offer on-site visits to help office tenants and retailers reduce their vulnerability to crime and conduct crime prevention seminars for office and retail employees; organize events in office buildings to provide safety, shopping and dining information to employees; coordinate informational meetings with public and private security professionals, and with local, state and federal law enforcement agencies; and provide office tenants, retailers, parking operators, hotels, banks, cultural institutions, private security and law enforcement representatives with timely information and crime prevention tips.

• Community Court: In partnership with the agencies of the Philadelphia criminal justice system and with social service agencies, the CCD provides administrative staff to support a community court that the CCD helped organize, but which is now primarily funded with public-sector resources. The court works: to reduce the number of petty, quality-of-life crimes in Center City and adjacent neighborhoods; to require offenders to pay back the community through community service for the offenses committed; and to influence the nature and degree of recidivism among those who commit minor crimes by addressing their underlying behavioral problems through social and health care services.

Streetscape Maintenance and Enhancement

It is the responsibility of all property owners to keep their abutting sidewalks clean and well maintained, including repair in a timely manner of settled, raised or broken sidewalks. To supplement required maintenance by property owners of their walkways and to enhance Center City as an attractive place to walk, the CCD maintains planters, trees, directional signs and other pedestrian amenities that were installed by the CCD, and

undertakes other initiatives to improve, and to encourage owners to improve, public spaces. Since 1996, the CCD has financed or secured outside funding to install 1,700 pedestrian-scale light fixtures downtown, nearly all of which are now owned and maintained by the City of Philadelphia. The CCD also installs banners on light poles and posters in transit shelters to add color and life to the streetscape, while providing a low-cost means for cultural institutions, arts groups and non-profit organizations to communicate their messages. By extending the life of the District until 2025, the CCD plans to reduce the portion of annual assessments required to pay the debt service on the 1995 CCD streetscape improvement bond issue.

Marketing and Communications

To position Center City as the primary regional destination for dining, culture, entertainment and shopping and to enhance the downtown as a competitive business location and as a premier place to live, the CCD supports three types of efforts:

• Communication strategies: To position Center City as an exciting experience and as a destination for dining, culture and shopping, the CCD makes use of transit, print, radio and other advertising vehicles. To reach target audiences directly, the CCD produces newsletters, a Web site (**www.centercityphila.org**), brochures, collateral material and electronic mail and deploys information kiosks at which staff distribute brochures and pamphlets and answer inquiries.

• Event strategies: To reinforce Center City as an exciting and vibrant place to work, live, shop and visit, the CCD produces and sponsors festivals and informational events.

• Retention and recruitment strategies: The CCD produces and distributes retail and office business attraction brochures, works in partnership with commercial brokers and the City of Philadelphia to retain existing businesses, and financially supports regional business marketing efforts to attract new firms to Center City. CCD personnel welcome new office tenants, orient their staff and make them aware of Center City's many assets.

Administration and Funding

A 23-member board of directors, representing Center City's major property owners and a wide cross section of prominent leaders of business, real estate, neighborhood, civic and health care organizations, governs the Center City District. The Center City District is administered by a professional staff and devotes the overwhelming share of its resources to highly visible and effective on-street programs. It will remain the policy of the Center City District to provide to all persons equality of opportunity in employment and contracting. The CCD will continue to ensure that minorities and women have an opportunity to participate in the bidding process without impediments of discrimination and to ensure that the CCD does not contract with businesses that discriminate against minorities and women in the solicitation and utilization of subcontractors and suppliers.

The CCD funds both its programs and debt-service payments primarily by mandatory assessments on taxable properties within the District. The CCD annually bills directly and collects the assessments from property owners. Beginning with the assessments for 2005, the CCD bases its assessment of a property on the assessed value for real estate tax purposes without reduction for any tax abatement on account of improvements granted on or after January 1, 2005, or for exemptions for Keystone Opportunity Improvement Zones and the like, granted by the City of Philadelphia on or after June 1, 2004. The annual assessment on an individual property is calculated by establishing the proportion of the assessed value of the individual property to the total taxable assessed value of the District including abated or exempt portions, then multiplying this proportion by the total annual amount of assessments billed.* CCD's assessment revenues are used exclusively to fund supplemental services and physical improvements within the District.

Tax-exempt properties, other than those in KOIZs, such as schools, hospitals and religious institutions, are not assessed, but the CCD receives voluntary contributions from owners of tax-exempt properties within CCD boundaries that receive the benefit of District services. The CCD receives sponsorship income and revenues for diversified fee-for-service activities, including sidewalk cleaning, landscape maintenance and graffiti removal services in adjacent residential and commercial areas. Revenues in excess of expenses from these agreements are used to augment services within the CCD. The CCD also receives fees for management of other organizations, such as the Central Philadelphia Development Corporation. These management agreements enable District property owners to derive the benefit of research, strategic and physical planning, and public forums that seek to strengthen the vitality and competitiveness of Center City as the vibrant 24-hour hub of the Greater Philadelphia region.

Budget: 2005–2009

	2005	2006	2007	2008	2009
Income					
Billing Amount	**$11,500,000**	**$11,964,600**	**$12,383,400**	**$12,816,800**	**$13,265,400**
Income from Assessed Charges[1]	$10,975,000	$11,430,700	$11,916,900	$12,337,300	$12,772,400
Service & Contract Income[2]	$2,437,200	$2,362,300	$2,356,300	$2,391,800	$2,433,500
Interest & Other Income[3]	$136,500	$210,800	$213,100	$215,500	$217,900
Total Income	**$13,548,700**	**$14,003,800**	**$14,486,300**	**$14,944,600**	**$15,423,800**
Expenses					
Cleaning & Maintenance	$4,445,000	$4,595,500	$4,775,500	$4,961,300	$5,154,300
Safety & Crime Prevention	$2,873,300	$2,970,800	$3,080,700	$3,183,300	$3,288,900
Marketing & Communications	$1,819,800	$1,897,200	$1,961,600	$2,022,200	$2,084,100
Streetscape Maintenance	$1,314,300	$1,364,000	$1,413,100	$1,458,400	$1,504,700
Administration	$1,225,700	$1,281,700	$1,335,500	$1,380,600	$1,426,200
Strategic Planning & Research[4]	$608,400	$634,400	$659,700	$681,200	$703,000
Debt Service[5]	$1,262,200	$1,260,200	$1,260,200	$1,257,600	$1,262,600
Total Expenses	**$13,548,700**	**$14,003,800**	**$14,486,300**	**$14,944,600**	**$15,423,800**

* In any given year, property owners have the right and ability to appeal *to the Board of Revision of Taxes (BRT)* and to reduce their City real estate assessment. The CCD's policy, as noted on all assessed charge bills, is to re-calculate the statement of assessed charges and allow an adjustment to the current year charge, or if the charge has already been paid, to allow a credit against the property's next annual CCD charge, if the certifiable assessed value of a property is reduced on appeal to the BRT. In order to be eligible for the credit, the CCD must receive written notification of an appeal from the property owner in the year in which the appeal is filed, as well as a copy of the initial application and final decision of the BRT for a reduction of the property value for which the assessed charges apply.

Notes to Five-Year Plan

1 Current and prior year collections have averaged approximately 96% of billings on an annual basis since 1997. The five-year plan assumes this continued trend.
2 Non-assessment revenue from fee-for-service programs and management contracts.
3 Interest earned on operating accounts, on restricted bond and streetscape reserve accounts, and exempt contributions and misc. income.
4 Activities supported by non-assessment revenue income from fee-for-service and management contracts.
5 Assumes refinance of existing bond issue and annual level debt-service payments through 2025.

CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on November 4, 2004. The Bill was Signed by the Mayor on November 17, 2004.

Patricia Rafferty

Patricia Rafferty
Chief Clerk of the City Council