



FEASIBILITY REPORT

On the formation of a Business Improvement District
Broadway/Monmouth corridor, Gloucester City, New Jersey

Executive Summary

Gloucester City has adopted a proactive stance with regard to economic development policy, particularly with regard to retail goods and services, dining, and entertainment. Over the past three years, the City has taken a number of steps to revitalize commerce in its several commercial corridors. Among other things, the City has performed a Community Insights™ analysis to identify consumer preferences and determine sustainable categories of retail, it has adopted a strategic plan to help retain existing businesses and recruit ones, it has formed a central revitalization committee to engage all City economic development policy makers in the implementation of that plan, and it has taken specific actions to convert vacant or underutilized commercial property into productive locations for commerce.

More recently, the City took one other step to revitalize commerce: it inquired about the creation of a Business Improvement District, or “BID.” This is not the first time that the City examined the BID issue; in 2005 the City initiated, and then rejected an ambitious plan that would have formed a BID covering the entire City. Ultimately, that plan was rejected for a lack of focus: it would have imposed a tax on every commercial property in the City, yet it had unclear goals as to how those funds would be used, and which commercial sector might benefit. It was not clear that the 2005 Plan was feasible.

In the fall of 2007, Gloucester City issued a request for qualification (RFQ) and request for proposal (RFP) calling for a BID feasibility study to determine if Gloucester could support a BID for the Broadway/Monmouth commercial corridor. JGSC Group, LLC responded to the RFP/RFQ, and was chosen in late December 2007 to complete the BID feasibility study. JGSC started work in January 2008, engaged in several meetings with the Broadway/Monmouth Redevelopment Committee, and applied a process with four analysis components to address the question of feasibility. In this report, we will review the components analyzed, and the findings obtained. We will explain our conclusion that, for the limited area of district that we have identified, for the limited purposes that we have recommended, and for the limited funding that we have proposed, we do find that a Business Improvement District is feasible. We also find that the BID model will present a means for management and marketing of the Broadway/Monmouth corridor, and with the revenue necessary to undertake that work, that is necessary for the district’s commercial survival. We recommend the creation of a Business Improvement District for the Broadway/Monmouth corridor (defined herein) by ordinance of the Gloucester City government.



FEASIBILITY REPORT

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I. Introduction

A Business Improvement District (also known as “Special Improvement District”) is an area within a municipality in which a board is empowered to promote economic growth through a self-financed structure, applying solutions to accomplish local needs, goals and objectives. It is authorized by state law ([the Pedestrian Mall and Special Improvement District Act, N.J.S.A. 40:56-65, et seq.](#)) to be formed by ordinance in any municipality in New Jersey. Key elements that make the BID distinct from the efforts of a local government, or a business association, are that:

- The BID is governed by a board made up of local business people who determine the initiatives most needed for commercial revitalization;
- The BID is focused on activities that stimulate growth of commerce;
- The BID is supported by a mandatory assessment that guarantees revenue for projects;
- The BID’s annual budget must be approved by the local government; and
- The BID can qualify for State grant and loan funds not available to other agencies.

BID’s may be funded in various ways, including municipal appropriations, membership fees, UEZ participation, and other means; but the primary mechanism is by levy of an assessment within the BID area. The funds are then channeled to the BID, which is given authority by the government to act within the specified district. The duties that the BID members may perform include a variety of items such as streetscaping, façade improvements, advertising programs, security, and any other tasks that would increase commercial activity in the BID area. The BID must submit an annual budget to the local governing body for funding approval.

II. Determination of the boundaries of the district

As a first course of action, the committee considered what the extent of a BID’s boundaries should be. As a Committee, they are charged with the redevelopment of commercial properties along Broadway and Monmouth Streets. Broadway is about one mile long as it running from the Camden border in the north, to the Brooklawn border in the south, with commercial properties throughout. The Committee recognized the need to apply a focus to a BID’s efforts, in order to maximize the impact of their results; they also believe that it is important for the costs of the BID only to be borne by the businesses that are benefited by the BID. Therefore, the Committee determined that a business improvement district should not encompass all properties on Broadway and Monmouth; rather, it should be limited to the commercial properties within these boundaries¹:

- Broadway, from Middlesex Street south to Powell Avenue, and
- Monmouth Street, from South Railroad Avenue west to Atlantic Street.

¹ The Block and Lot Numbers proposed for the Business Improvement District are specified in our recommendation for an ordinance to create the district, attached hereto as “Appendix 1”.



FEASIBILITY REPORT

On the formation of a Business Improvement District
Broadway/Monmouth corridor, Gloucester City, New Jersey

III. Components and Findings of the Feasibility Analysis

There are four steps to determining whether a BID is a feasible mechanism for a community to use to revitalize commerce:

- 1) identify district problems;
- 2) determine solutions and their cost;
- 3) project a multi-year budget; and
- 4) determine possible sources of revenue for that budget.

Problems and Solutions

The first component of the feasibility study is to determine what are the problems that the BID would have to address, and decide if a BID is the most appropriate outlet to fix those problems. These issues were discussed in conjunction with the Broadway-Monmouth Redevelopment Committee (BMRC), and the committee determined that there were six main problems that would be appropriate for a BID to address. These problems are listed below, together with their proposed solutions.

1. Problem: Limited Retail Offerings

Members of the BMRC agreed that there were not many retail offerings in the proposed Business Improvement District. The retail that can be found along the downtown is very repetitive, with the same retail options being found throughout Gloucester City. Other retail categories are completely absent, such as a grocery store or an anchor store that would draw customers to Gloucester.

Solution:

This is an issue that has been raised before in Gloucester City, and JGSC Group had been hired prior to the feasibility study to suggest to the City what retail would be successful. The best solution to the City's retail dissatisfaction would be to follow the suggestions that JGSC Group has already made when they did their Community Insights™ study.

2. Problem: Insufficient Infrastructure

While Gloucester City would like to accommodate more shoppers in their downtown, they also fear that they could not house any more at the moment, given their poor infrastructure. One of their largest infrastructural complaints was parking.

Members of the Committee felt that parking in the City is inadequate. There are currently too few spaces throughout the retail corridor, and the spaces that do exist are too large, which only serves to make parking in the area even worse.

The group also saw pedestrian crossings and walkways as troublesome. There are not enough of them in Gloucester, so pedestrians feel unsafe. Pedestrians also feel unwelcome because there is no green space, and there is no discernable public square where shoppers can meet, converse, and plan their shopping experience.



FEASIBILITY REPORT

On the formation of a Business Improvement District
Broadway/Monmouth corridor, Gloucester City, New Jersey

Solution:

In order to solve these dilemmas, JGSC Group feels that Gloucester City should hire a traffic and parking engineer, as well as an architect. A traffic and parking engineer would provide invaluable analysis as to what actions would provide the best access to shopping and parking. Traffic and parking should be convenient for everyone in Gloucester, including residents, shoppers, and any other potential visitors.

By hiring an architect, Gloucester would benefit from someone who can design an appropriate and functional green space. The traffic and parking engineer would have to work in unison with the architect, so that their functions could coalesce, integrating the traffic infrastructure with green space and the downtown.

3. Problem: Poor Downtown Appearance

Broadway and Monmouth Streets are currently lined with dilapidated buildings. The buildings seem to be neglected, and this certainly makes it difficult to have the atmosphere that a shopper would desire. Independent of the building issues, shop owners lack basic retail presentation, which damages the downtown's appearance even more. Display windows are not being used as means to attract customers, and are instead stocked up with merchandise, or ignored and kept plain and unexciting. A lack of effort is epidemic throughout all facets of the facades, causing generally unappealing storefronts. Signage is also a problem, since the poor signage can deter customers, or leave customers unaware if a shop is even open.

It should be noted that the Committee did not simply blame the shop owners for issues in appearance. Committee members acknowledged other factors, such as the sidewalks that are in very poor condition. This would make a walkable downtown inconvenient even if the stores were well kept. The sidewalks also lack any visual stimulation such as streetscaping, planters, or some other form of decoration that would make Broadway and Monmouth Streets seem more welcoming.

Solution:

JGSC Group suggests that many of the storeowners' façade and signage problems can be solved through local ordinances. If the City adopts ordinances that require design standards in the village retail area, then businesses will be stimulated to keep their stores in good order. Since it will be costly for shopkeepers to refurbish their storefronts and buildings, to make them in accordance with the code, JGSC Group recommends that the Township provide grants, low-interest loans, or other incentives, so that shopkeepers can afford whatever renovations that they would need to perform.



FEASIBILITY REPORT

On the formation of a Business Improvement District
Broadway/Monmouth corridor, Gloucester City, New Jersey

As for the streetscaping, JGSC Group again believes that an architect would be best suited for the City's purposes. An architect would be able to recommend structural changes that would be consistent with the retail look and local architecture. Another advantage of having an architect is that they would also be knowledgeable as to what direction would be the least costly.

4. Problem: Inconvenient Operation Times

One problem that the proposed BID area faces, as well as most downtowns, is that many of the stores do not have convenient hours. Broadway and Monmouth Streets do not have uniform hours, late night hours, or full weekend hours. This makes it nearly impossible to compete with area malls that do have these offerings.

Solution:

While it is difficult to achieve the uniformity that malls have, Broadway and Monmouth Streets can certainly encourage nighttime and weekend hours through promotional events that make it beneficial to do so. A "Third Friday" event that advertises shops being open the third Friday of every month would give shoppers a peace of mind that they can patronize local businesses without finding closed storefronts, and a Saturday Farmer's Market would place large amounts of shoppers into the downtown, giving shop owners an incentive to open during the weekend.

5. Problem: Lack of Management

The group agreed that part of their dissatisfaction with the retail options stems from the lack of management in the downtown. The City does not coordinate with landlords to determine who the new tenants are going to be. As a result, storeowners are not pre-qualified, so they either open up an undesirable business, or they open up business that will fail. Committee members remarked that in order to remedy this there should be more communication between the government, landlords, and storekeepers. Another suggestion was that the City should have a welcome packet for incoming businesses describing city services to business, and providing contact information.

Solution:

JGSC Group advises the City of Gloucester that a business district manager would be best suited to carry out the tasks that the Committee advocates. This manager would be responsible for maintaining relations with commercial property owners and merchants, executing a leasing recruitment strategy that would be a component of a strategic revitalization plan, representing business community interests to the local government, and creating and maintaining business tools including retention advertising program, seasonal events, and a welcome package for new merchants.



FEASIBILITY REPORT

On the formation of a Business Improvement District
Broadway/Monmouth corridor, Gloucester City, New Jersey

6. Problem: No Cohesive or Meaningful Marketing

During the meetings, attendees complained that Gloucester City lacks foot traffic and browse shopping. This was ultimately blamed on the City's inability to market itself. The downtown has no particular niche, thematic treatments, events, or advertising that would entice shoppers.

Solution:

In order to address this, the BID could retain a marketing consultant to create advertising programs for business retention, be responsible for seasonal campaigns, and event promotion. That consultant could also design and implement a branding campaign.

Projected Budget

With these six problem categories in mind, JGSC Group proposed a budget that a BID would require to achieve the identified solutions. It is noted that because Gloucester City is an Urban Enterprise Zone community, state law provides that half of the annual budget for an improvement district that falls within a UEZ must be provided from local UEZ funds. That budget is pictured below in Figure 1, showing that half of the revenue would derive from a UEZ contribution.



FEASIBILITY REPORT

On the formation of a Business Improvement District
Broadway/Monmouth corridor, Gloucester City, New Jersey



BROADWAY/MONMOUTH BID
Preliminary Budget Draft

Preliminary BID Budget	Year 1	Year 2	Year 3	Year 4	Year 5
Management Salary	\$0	\$0	\$0	\$0	\$0
Benefits	0	0	0	0	0
Office & Furnishings	0	0	0	0	0
Utilities	0	0	0	0	0
Management Budget	\$0	\$0	\$0	\$0	\$0
	0%	0%	0%	0%	0%
Web Site & Updates	\$500	\$500	\$250	\$250	\$250
Database Software	0	0	0	0	0
Broker Meetings	250	250	100	100	100
Marketing Materials	1,000	1,000	500	500	500
Fill Vacancies	\$1,750	\$1,750	\$850	\$850	\$850
	1%	2%	1%	1%	1%
Marketing & Store Mix	\$0	\$0	\$0	\$0	\$0
Awareness Campaign	0	5,000	10,000	30,000	30,000
Seasonal Sale Campaigns	5,000	5,000	10,000	15,000	15,000
Marketing Events	5,000	5,000	5,000	5,000	5,000
Attract Shoppers	\$10,000	\$15,000	\$25,000	\$50,000	\$50,000
	8%	14%	37%	68%	68%
Business prospects	\$1,000	\$1,000	\$500	\$0	\$0
Recruitment Materials	3,000	250	250	250	250
Business Recruitment	\$4,000	\$1,250	\$750	\$250	\$250
	3%	1%	1%	0%	0%
Business Retention Fund	\$0	\$0	\$0	\$0	\$0
Visual Merchandising	10,000	10,000	5,000	5,000	5,000
Co-op Marketing	10,000	5,000	3,000	3,000	3,000
Web Site & Updates	\$5,000	\$2,400	\$2,400	\$2,400	\$2,400
Wayfinding	2,000	2,000	500	500	500
Business Retention	\$27,000	\$19,400	\$10,900	\$10,900	\$10,900
	20%	18%	16%	15%	15%
Façade Improvements	\$50,000	\$50,000	\$20,000	\$5,000	\$5,000
Signage Improvements	20,000	10,000	5,000	1,500	1,500
Streetscape Improvements	20,000	10,000	5,000	5,000	5,000
Other	0	0	0	0	0
Build Asset Values	\$90,000	\$70,000	\$30,000	\$11,500	\$11,500
	68%	65%	44%	16%	16%
Estimated Annual Budget	\$132,750	\$107,400	\$67,500	\$73,500	\$73,500
UEZ Match	\$66,375	\$53,700	\$33,750	\$36,750	\$36,750
Net Revenue Requirements	\$66,375	\$53,700	\$33,750	\$36,750	\$36,750

Figure 1: Initial Estimated BID Budget, with the annual revenue obligation highlighted in green

This budget was rejected by the committee as requiring too great of an annual contribution from assessed commercial properties. The members of the Committee used this sample budget framework in order to craft a reduced budget, and is provided below as “Figure 2.”



FEASIBILITY REPORT

On the formation of a Business Improvement District
Broadway/Monmouth corridor, Gloucester City, New Jersey



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Preliminary Budget Draft

Preliminary BID Budget	Year 1	Year 2	Year 3	Year 4	Year 5
Management Salary (1)	\$0	\$0	\$0	\$0	\$0
Benefits (2)	0	0	0	0	0
Office & Furnishings (3)	1,200	500	525	551	579
Utilities (4)	0	0	0	0	0
Management Budget	\$1,200	\$500	\$525	\$551	\$579
	2%	1%	1%	1%	1%
Web Site & Updates (5)	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Database Software (6)	1,300	1,300	1,300	1,300	1,300
Broker Meetings (7)	600	400	300	300	300
Marketing Materials (8)	800	500	500	500	500
Fill Vacancies	\$4,200	\$3,700	\$3,600	\$3,600	\$3,600
	8%	8%	8%	8%	8%
Marketing & Store Mix (9)	\$0	\$0	\$0	\$0	\$0
Awareness Campaign (10)	5,000	5,000	5,000	5,000	5,000
Seasonal Sale Campaigns (11)	5,000	5,000	5,000	5,000	5,000
Marketing Events (12)	5,000	5,000	5,000	5,000	5,000
Attract Shoppers	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
	30%	31%	32%	32%	32%
Business prospects (13)	\$1,000	\$1,000	\$500	\$500	\$500
Recruitment Materials (14)	3,000	3,000	3,000	3,000	3,000
Business Recruitment	\$4,000	\$4,000	\$3,500	\$3,500	\$3,500
	8%	8%	8%	8%	7%
Business Retention Fund (15)	\$0	\$0	\$0	\$0	\$0
Visual Merchandising (16)	10,000	10,000	10,000	10,000	10,000
Co-op Marketing (17)	3,000	3,000	3,000	3,000	3,000
Web Site & Updates (18)	\$0	\$0	\$0	\$0	\$0
Wayfinding (19)	3,000	2,000	1,000	1,000	1,000
Business Retention	\$16,000	\$15,000	\$14,000	\$14,000	\$14,000
	32%	31%	30%	30%	30%
Façade Improvements (20)	\$0	\$0	\$0	\$0	\$0
Signage Improvements (21)	0	0	0	0	0
Streetscape Improvements (22)	10,000	10,000	10,000	10,000	10,000
Other (23)	0	0	0	0	0
Build Asset Values	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
	20%	21%	21%	21%	21%
Estimated Annual Budget	\$50,400	\$48,200	\$46,625	\$46,651	\$46,679
UEZ Match	\$25,200	\$24,100	\$23,313	\$23,326	\$23,339
Net Revenue Requirements	\$25,200	\$24,100	\$23,313	\$23,326	\$23,339

Figure 2: Revised Estimated BID Budget

The new budget took a more modest approach, and drastically cut the cost of the BID program while keeping its functionality intact. As a result, the Committee was able to make a budget for a Broadway and Monmouth Streets BID that commercial businesses in the area can support. In order to raise the required revenue, the Committee anticipates a mandatory flat fee that will be assessed against every commercial property owner within the district in the amount of about \$30 a month. It is also anticipated that standard commercial leases will allow for the pass-through of this cost from the owners to their tenant businesses.

Sources of funds:

The budget that the Committee recommends (shown in Figure #2) includes just two sources of revenue (mandatory flat fee per each commercial property within the zone, and matching UEZ funds) that were considered by the group. The Committee considered these other sources of funding:



FEASIBILITY REPORT

On the formation of a Business Improvement District
Broadway/Monmouth corridor, Gloucester City, New Jersey

- Special assessment per each commercial property in the district (a percentage of assessed value)
- Annual appropriation from the municipal budget
- Grant funds
- Tax incentive funding (abatement)
- Downtown Business Improvement Loan Fund

These funding sources were considered both as stand-alone sources, and in combination with other sources. The special assessment was viewed as being too burdensome for most property owners; also, the actual amount would vary from property to property, based upon the assessed property value. The annual appropriation was ruled out as not providing a reliable base with a guaranteed minimum each year; also, if the funds were to come from the City's general fund, then there would be no direct contribution from any business or commercial property owner, and they might not feel any obligation to support the efforts of the BID.

The committee did not rule-out grant funds, but did not want to build a budget reliant upon grants that could not be guaranteed. Rather, they recommend that the BID pursue grants for specific projects, and then only perform those projects if the grant is approved. Property tax abatements or other creative tax incentives are objectionable as they would not provide for 100% business participation, (and they are unlikely to be acceptable to the local governing body). The State's Downtown Business Improvement Loan Fund would make funds available in an interest-free loan to the BID, but that would have to be for a dedicated project, and not for its annual budget. Ultimately, the committee determined that the preferred mechanism would be to levy a flat fee of three hundred sixty dollars (\$360)/year, which is the equivalent of thirty dollars (\$30) per month as an assessment against every commercial property within the district. This fund would be matched each year by the same amount from Urban Enterprise Zone funds.



FEASIBILITY REPORT

On the formation of a Business Improvement District
Broadway/Monmouth corridor, Gloucester City, New Jersey

IV. Conclusion

Upon review of the four elements of the feasibility analysis, the Broadway-Monmouth Redevelopment Committee determined that there are obstacles to commercial revitalization within the district that a BID could address; that the costs of resolving these problems may be spread across a multi-year program; that there are several choices for funding such a program, and that the most feasible among these would be a structure of mandatory flat fee in combination with matching UEZ funds. On behalf of the entire Broadway/Monmouth Redevelopment Committee, we conclude that a business improvement district would be feasible for the Broadway/Monmouth district, and we recommend that one should be created by ordinance of the Gloucester City Council.

Bob Booth, Chairman
Broadway/Monmouth Redevelopment
Committee

Mark S. Lohbauer, General Partner
JGSC Group, LLC

Date: July 23, 2008