



## **Downtown Scranton Revitalization Strategic Implementation Plan**

January, 2017

*The National Resource Network is led by a consortium of five organizations: Enterprise Community Partners, HR&A Advisors, ICMA, NYU Wagner and The PFM Group. This report was authored by HR&A Advisors and pursuant to a direct assistance plan between the Network and the City of Scranton. The findings and recommendations reflect their work and the work of their firm and not necessarily those of other members of the Consortium that did not participate in the engagement.*

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## I. EXECUTIVE SUMMARY

Downtown Scranton is the traditional economic center of Lackawanna County and a prominent asset for the City of Scranton. Multiple anchor institutions that have an important stake in the future of Scranton are located within or adjacent to the downtown, including the University of Scranton, Lackawanna College, Geisinger Health Systems, and The Commonwealth Medical College. Recognizing the importance of downtown to the region, the Greater Scranton Chamber of Commerce created the Downtown Plan with input from the City and downtown stakeholders to promote downtown revitalization and economic development. Key recommendations within the Downtown Plan include continuing to increase the number of residents living in downtown, fostering an Eds and Meds district through existing institutional anchors, and improving livability and quality of life for current downtown residents. Successful revitalization of the downtown will advance Scranton's ongoing efforts to improve its finances, attract educated professionals to the community, and expand services for existing residents.

### Project Purpose

The purpose of the National Resource Network's (NRN) engagement with the City of Scranton is to help the City and key stakeholders identify an appropriate organizational and partnership structure to implement the Downtown Plan. Successful implementation of the Downtown Plan will require an organizational structure that builds on partnerships between Scranton's city government, civic leaders, private sector, and anchor institutions. Revitalization of the downtown would benefit from an organization with dedicated funds to maintain the neighborhood, implement projects, secure outside grant funds for major capital improvements, bring together city leaders to update the plan, and coordinate investments.

### Key Findings

In order to inform the City of Scranton of best practices for implementing downtown plans, the NRN engagement team developed four case studies of successful implementation efforts in comparable cities: Pittsburgh, PA; Chattanooga, TN; Syracuse, NY; and Lancaster, PA. Notably, all four cities include a downtown-focused nonprofit partner to the public sector. The four nonprofits

utilize different approaches to downtown revitalization, including the formation of a BID, partnerships with public agencies, and private stakeholder engagement.

The four case studies revealed a consistent set of ingredients for successful plan implementation and downtown revitalization efforts:

- **Leadership:** Active and consistent engagement by individual leaders from both the City and stakeholder organizations was critical to advancing collaborative revitalization efforts. These downtown efforts are often spearheaded by key leaders who dedicate themselves to carrying out ambitious visions for downtown.
- **Partnerships:** Collaborations that secure the commitment and buy-in of leaders from multiple sectors, including the municipality, private sector, and institutions, have larger impacts and tend to outlast the tenure of individual leaders. Private-sector investment in individual properties is often a necessary catalyst for public sector capital improvements.
- **Resources:** Successful downtown plan implementation efforts secured a diverse set of stable revenue sources to support the process. Local funds typically supported operations, while grants and outside funding financed larger capital improvements.
- **Flexibility:** Implementation organizations must be flexible and able to adjust their mission and focus to address changing conditions as implementation progresses.

These four keys to success are consistent with the approach advocated in the NRN's report *Striking a (Local) Grand Bargain*, which explored the importance of collaboration between municipalities and anchor institutions to revitalize communities. These findings reinforce the importance of collaboration between Scranton and its anchor institution stakeholders in order to prioritize and support implementation of the Downtown Plan.

In addition to identifying best practices from the case studies, the NRN team synthesized findings from interviews with key local stakeholders and from the discussion at the NRN-facilitated stakeholder workshop.

Stakeholder priorities for downtown include:

- Continued residential population growth
- Increasing amenities downtown to better attract more residents
- Improving maintenance and aesthetics downtown

Key Findings from the stakeholder workshops were that:

- Stakeholders desire additional clarity of the City’s role in implementation.
- The City must first endorse and champion a vision for downtown before Scranton’s anchor institutions are able to invest in and partner with the City through an implementation organization.

### Recommendations

The NRN team developed the following recommendations for the City to advance implementation of the Downtown Plan. These recommendations are based on the team’s research into existing conditions in downtown Scranton, opportunities and challenges for downtown Scranton redevelopment, case studies of successful implementation efforts of downtown plans in comparable cities, and the discussion at the stakeholder workshop:

- **Recommendation 1: Increase the City of Scranton’s capacity for economic development** by designating a current or new staff member to be the City’s point person for implementation of the Downtown Plan.
  - *Timing:* Short-term, occurring within the first month after the conclusion of the National Resource Network engagement. This should be completed prior to the initial meetings of the task force (see Recommendation 2-B).
  - *Lead Responsibility:* The City of Scranton.
- **Recommendation 2: Designate Scranton Tomorrow as the City’s lead partner organization** for coordinating the implementation and evolution of the Downtown Plan. For Scranton Tomorrow to fulfill this role it will need additional capacity, requiring an infusion of funds. This additional capacity requires an investment in seed funding of approximately \$1.5 million to add permanent professional staff to expand services to downtown businesses, enhance programming and marketing activities for 2 to 3 years. A potential funding framework for this could include \$500,000 from the City from Sewer Authority proceeds, \$500,000 from State economic

and community development grants, and \$500,000 collectively invested by Scranton’s downtown anchor institutions.

- *Timing:* Short-term (3 to 4 months). This would occur simultaneously with the task force in Recommendation 2-B.
- *Lead Responsibility:* The City of Scranton and the stakeholder institutions would collectively share responsibility for designating Scranton Tomorrow as the lead/coordinating organization.
- **Recommendation 2-B: Organize a focused, short-term task force to further define the required changes to Scranton Tomorrow to effectively implement the Downtown Plan.** The task forces should be led by the City, and include representatives from the downtown institutions and stakeholder organizations. The task force should decide how to enhance the capacity of and restructure Scranton Tomorrow, clarify the role of the City as a leader and partner in the implementation of the Downtown Plan, and create a strategy for funding implementation of the Downtown Plan.
  - *Timing:* Short-term, lasting 3 to 4 months. To ensure momentum, the task force should begin within one month of completion of the NRN engagement.
  - *Lead Responsibility:* The City would have primary responsibility for establishing the task force, hiring a facilitator, and designating a leader to handle administration of the task force.
  - *Supporting Responsibility:* The task force lead selected by the City would fulfill the administrative responsibility for convening the group, documenting decisions, and reporting out.
- **Recommendation 3: Build support among downtown property owners for the creation of a business improvement district** with a stable source of funds from a special assessment. Make this effort the focus of Scranton Tomorrow and the City’s downtown point person.
  - *Timing:* Medium-term, 2 to 3 years. Implementation should begin as soon as the task force reports back to City leaders.
  - *Lead Responsibility:* Scranton Tomorrow and the City

## II. INTRODUCTION

### Project Purpose

The purpose of the National Resource Network's engagement with the City of Scranton is to help the City and key stakeholders identify an appropriate organizational and partnership structure to implement its downtown plan. The National Resource Network (the Network) is a key component of the White House's Strong Cities Strong Communities (SC2) Initiative. Launched in 2011, the SC2 Initiative facilitates partnerships between the federal government and local communities that have faced long-term economic challenges. The National Resource Network provides direct technical assistance to eligible communities. The technical assistance engagement for downtown Scranton is being conducted by HR&A Advisors, Inc. (HR&A), a core member of the Network and a national real estate and economic development consulting firm.

In 2015 key stakeholders in Scranton, led by the Chamber of Commerce, prepared a Community Revitalization Plan for Downtown Scranton as part of an application for the America's Best Communities grant ("the Downtown Plan"). The Downtown Plan included several initiatives to build on the core strengths of downtown, including its robust urban fabric, its portfolio of historic buildings, and its strong anchor higher education and healthcare institutions. A vibrant downtown will be a key factor in attracting and retaining young professionals and families in Scranton, which is vital to growing the population and improving the City's financial health.

Successful implementation of the Downtown Plan will require an organizational structure that builds on partnerships among Scranton's City government, civic leaders, the private sector, and anchor institutions. The Network's technical assistance engagement is designed to engage these stakeholders to assess and recommend the most appropriate organizational structure and partnerships to advance the Downtown Plan. Creating a successful structure for implementing the Downtown Plan involves clarifying the priorities in the Downtown Plan; defining the roles and responsibilities of the invested parties and stakeholders; and assigning a primary entity the responsibility to organize stakeholders, lead

implementation activities, and ensure the plan is updated and adapted to evolving conditions.

The Network undertook the following tasks as part of its technical assistance engagement:

- Identify, through interviews with stakeholders, the priorities for implementing the Downtown Plan;
- assess best practices for organizational structures from other cities by conducting case studies of other successful downtown revitalization efforts;
- evaluate possible organizational structures and sources of funding suitable for plan implementation;
- lead stakeholders in a workshop to discuss the status of downtown, the potential structure for a downtown organization, and the implications for the level of resources required; and
- provide recommendations to the City of Scranton regarding a preferred implementation structure for the Downtown Plan.

### The National Resource Network Assessment Process

The National Resource Network conducts an assessment process with eligible cities to identify and develop engagements that respond to the core challenges a city faces and that strengthen that city's ability to grow economically or to reduce poverty. Scranton submitted an application to the Network in June, 2015. Following an intake call with senior city officials to better understand their request for assistance, the Network conducted a two-day assessment visit by three Network staff in November 2015. This assessment team met with a wide range of stakeholders from city government, nonprofit organizations, and institutions to better understand the challenges and opportunities facing Scranton, as well as how outside technical consulting may assist the City.

During this assessment visit, the team determined that maximizing the impact of the Downtown Plan would require a dedicated implementation effort. The Network and the City of Scranton subsequently collaborated on a scope of work for the engagement that would meet the needs of the City in helping convene stakeholders to consider alternative structures for implementing the Downtown Plan. The engagement is funded 75 percent by NRN and 25 percent by the City of Scranton.

### III. ASSESSMENT OF EXISTING CONDITIONS DOWNTOWN

The Network engagement team assessed existing conditions in downtown Scranton to better understand the opportunities for transformational economic development and the potential weaknesses a downtown implementation organization may face. The findings are based on a review of past studies and efforts, analysis of economic and real estate market performance data, input provided through interviews with downtown stakeholders, and the team’s observations on downtown and the status of the urban fabric.

#### Geographic Context

Figure 1 | Scranton, Pennsylvania

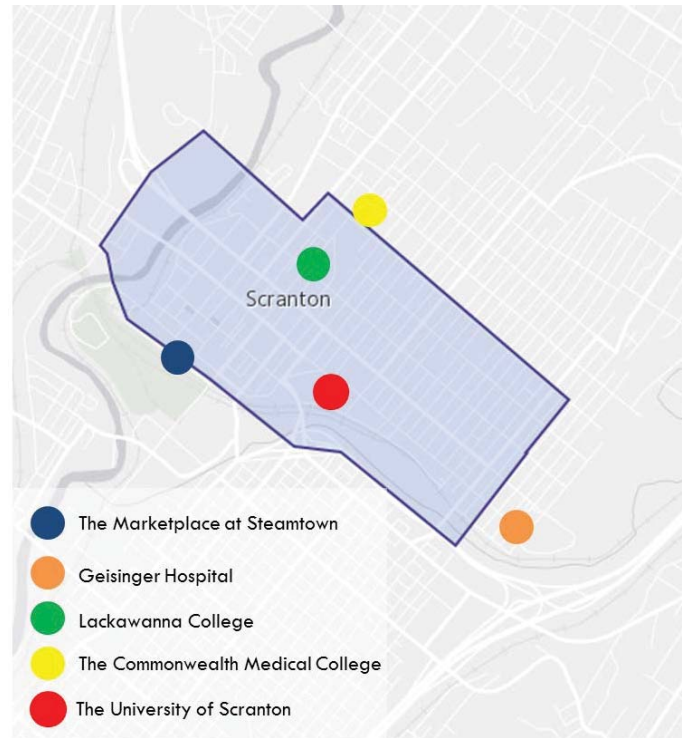


Scranton is the county seat of Lackawanna County and the largest city in the half-million person Scranton-Wilkes Barre MSA. Scranton is located 120 miles west of New York City and 130 miles north-west of Philadelphia, as shown in Figure 1. The city is a prominent population center in north-east Pennsylvania whose rapid growth from 1860 to its 1930 peak was fueled by industrialization and coal mining. Scranton is accessible by the interstate highway system Highway 84 to New York City, Highway 81, and Highway 476 to

Philadelphia. Multiple active freight railroads converge on Scranton but the city does not currently have passenger rail service. Amtrak offers bus connection from Scranton to Philadelphia.

#### Study Area

Figure 2 | Downtown Scranton



Consistent with The Chamber of Commerce’s Downtown Plan, the Network’s engagement covers a geographic area that includes Scranton’s traditional central business district (CBD), but with extended boundaries. These boundaries extend from 7<sup>th</sup> Street in the north to Wheeler Avenue in the south and Lackawanna Avenue in the west to Pine Street in the east. The Downtown Plan expanded the CBD to capture the Eds and Meds stakeholders that are in close proximity to the traditional CBD. The Study Area encompasses approximately 0.8 square miles of downtown Scranton. About 9,000 people live within the Study Area in 3,100 housing units.

Scranton’s downtown, encompassed within the Study Area, was at one time the economic hub and premier retail district of the surrounding region. The traditional downtown grid is approximately 36 square blocks of

office, civic, and residential spaces over ground-floor retail. The 1884 historic Lackawanna County Courthouse and John Mitchell Monument anchor the downtown surrounding the full-block plaza and building. The coal extraction industry fueled Scranton's economic boom and left behind an architectural legacy that lists 15 downtown buildings on the National Register of Historic Places, including the municipal building, the central fire station, the Lackawanna County Courthouse, and the Steamtown National Historic Site.

### **Population Trends**

Scranton's population peaked at approximately 140,000 people in the 1940s and has since declined to approximately 75,000 people. The decline of Pennsylvania's coal industry after WWII significantly affected the Scranton economy when retail tenants began to move to the suburbs from downtown. The population of Scranton continues to decline slowly, dropping by just 0.57% between 2000 and 2013. Lackawanna County's population is also relatively stable, growing by 0.46% during this same period.

### **Economic Conditions**

Scranton and the surrounding area are economically disadvantaged when compared to Pennsylvania. Scranton's median household income is \$38,000 – \$16,000 less than the median household income of Pennsylvania. The Study Area's median household income is even lower at \$24,000. The median home value in Pennsylvania is \$180,000; the median home value is \$118,000 and \$120,000 in Scranton and the Study Area respectively. From 2010 to 2014, the number of jobs in the city fell by approximately 1,000. Additionally, the number of individuals living in Scranton but commuting out of the city for work increased by 2,000, indicating a contraction of the employer base within the city limits.

There are approximately 35,000 jobs within the city limits of Scranton. The unemployment rate is 5.8% compared to Pennsylvania's 5.3%. The two largest industries by number of employees in Scranton are "Health Care and Social Assistance" and "Educational Services," indicating the importance of the Eds and Meds sector to Scranton and the Study Area. Geisinger Health and Commonwealth Health manage a total of three

hospitals within Scranton. The University of Scranton, the Commonwealth Medical College, and Lackawanna College are all located within or adjacent to the Study Area.

*Local Tax Burden:* Scranton's tax rates are consistently higher than surrounding jurisdictions and Pennsylvania, including recent increases in local taxes as part of a plan bring the city's budget into balance. Scranton's local Earned Income Tax rate is 3.4%, compared with rates of 1% to 1.5% in most nearby municipalities. In addition, Scranton employers pay a \$156 per worker Local Services Tax (\$3 per week). Scranton's tax burden is the highest in Lackawanna County. A typical Scranton homeowner will pay \$600 more in taxes in 2016 than they did in 2011. The school district collects the largest portion of property tax, then Scranton, then Lackawanna County.

### **Real Estate Conditions**

The Network team conducted preliminary due diligence on the state of downtown Scranton's real estate market through a high-level review of office, retail, and housing market data.

*Office:* Downtown Scranton's competitive office inventory is primarily in older, Class B and C office spaces. The competitive office inventory in the Study Area has remained steady at 2,850,000 SF from 2006 to 2015. Currently, 3% of the Study Area office space is Class A, 22% Class B, and 75% is Class C.

Rents for office space fell from \$14 per SF annually in 2011 to \$11.50 in 2015. In 2015, 315,000 SF (12.5%) of downtown office space was vacant. Additionally, approximately 240,000 SF of office space had been vacant for over 5-years, indicating a substantial amount of lower-value office space that lacks necessary features or amenities to attract tenants. Office space remains an important piece of a healthy downtown and is necessary to ensure a large day-time population.

*Residential:* There are indicators of demand for multifamily living downtown. Since 2013, vacancy rates in multifamily developments within the Study Area have remained at approximately 1.5%. However, due to the small size of the market, there are few data points to assess the state of the market for residential and

multifamily properties. A review of apartment rental sites confirms reports from downtown developers that there is little residential vacancy in the recently converted historic buildings. Apartment developers report that monthly rents downtown are within the \$1 to \$1.4 per square-foot range. This is generally substantiated by the listings on rental aggregator websites that advertise four units with rents ranging from \$1 to \$1.68 per SF. HR&A's interviews with local real estate experts indicate that while conversion projects supported by historic preservation tax credits are viable, this price range does not support new construction. These experts also noted that construction costs in Scranton are linked to the costs in higher-rent markets like Philadelphia, further deterring new construction.

*Retail:* Retail space in the Study Area has seen uneven success over the past several years. Downtown Scranton has a diverse retail portfolio with over 40 restaurants, over 50 shops, and 15 arts and cultural destinations. The sheer number of retailers in downtown Scranton implies a healthy retail environment. Unfortunately, high visibility storefronts continue to face challenges related to vacancy, creating the appearance of an unhealthy or contracting retail industry.

In 2015 downtown Scranton's largest retail center, the Mall at Steamtown, was put up for auction. Purchased by John Basalyga, the Steamtown mall was rebranded as the Marketplace at Steamtown in 2016. The rebranding is intended to signal a new mixed-use future for the development. Comprising over 550,000 SF of retail and commercial space, the Marketplace at Steamtown has the potential to reinvigorate the retail environment in downtown Scranton and draw additional visitors and residents. New tenants continue to move into Steamtown including a gym, an indoor playground for children, and 40,000 SF of medical offices.

### **Downtown Anchor Institutions**

Many of Scranton's institutions and civic organizations are located in or are adjacent to downtown, making the development and vitality of the neighborhood a key issue for multiple institutional stakeholders. These anchor institutions include the University of Scranton, Lackawanna College, The Commonwealth Medical College, Geisinger

Health System, and two Commonwealth Health network hospitals.

- *The University of Scranton:* A private 6,000 student Jesuit University. The University was established in 1888 is located on a 58-acre campus adjacent to Downtown. In recent years, the University has developed office space Downtown across Jefferson Avenue, traditionally the campus boundary.
- *Lackawanna College:* A private, primarily two-year college located in the old Scranton Central High School building at Vine Street and North Washington Avenue. The college was founded in 1894 and has 1,400 students. In July, 2013, Lackawanna College announced that it will begin offering Bachelor's degrees in a three-year program.
- *The Commonwealth Medical College (TCMC):* A private medical college founded in 2008 with a main campus in Scranton and other facilities in Wilkes-Barre, Williamsport, and Sayre. The program has approximately 440 students across all four campuses. The academic and research programs are located at the Scranton campus, a 185,000 SF Medical Sciences building at the northern edge of Downtown Scranton that was built in 2011.<sup>1</sup>
- *Geisinger Health System:* A healthcare system headquartered in Danville, PA, that operates the Geisinger-Community Medical Center (GCMC) in Scranton, east of the University of Scranton campus. GCMC is a 250-bed teaching hospital. In 2012 GCMC initiated a \$97.1 million expansion that was completed in 2016.
- *Commonwealth Health:* A network of five hospitals in northeastern Pennsylvania with 6,500 employees and more than 1,300 beds, which is not affiliated with TCMC. Two of the hospitals, Moses Taylor Hospital and Regional Hospital of Scranton are located several blocks from each other on Pine Street, north-east of Downtown. Moses Taylor Hospital is a 214-bed facility with

<sup>1</sup> Geisinger Health System announced the acquisition of TCMC in September, 2016. TCMC's name will change to The Geisinger Commonwealth College of Medicine.



400 physicians; Regional Hospital is a 186-bed acute care facility.

In addition to the anchor institutions, Scranton has several civic organizations, two of which have targeted their efforts in the future of downtown Scranton:

- *The Scranton Chamber of Commerce*: A county-wide member-organization drawing support from the wider business community. The Chamber has an affiliate, MetroAction, which provides small business loans and small business assistance in northeastern Pennsylvania. In 2015, the Chamber led development of the Community Revitalization Plan for Downtown Scranton in partnership with the City and downtown stakeholders.
- *Scranton Tomorrow*: A volunteer-based community support and economic development organization that was founded in 1992. Scranton Tomorrow is a designated Main Street Organization and, through this program, strives to further community and economic revitalization downtown. Many stakeholders from Scranton's economic development community serve on Scranton Tomorrow's board. Scranton Tomorrow runs many of the downtown events, such as the recent celebration of the 150<sup>th</sup> anniversary of the founding of Scranton.

The National Resource Network's report *Striking a (Local) Grand Bargain* explored the importance of anchor institutions to the economic development of struggling cities. The report found that when anchor institutions collaborate and "speak the same language" as each other and city officials, anchor institutions have economic development ramifications that extend far beyond employment. Anchor institutions often have shared interests with local officials that can be used to source funding and capacity within stretched-thin localities. These findings reinforce the importance that the City and its anchor institution stakeholders collaborate in order to prioritize and support implementation of the Downtown Plan.

## IV. STAKEHOLDER INTERVIEWS

The Network engagement team interviewed key stakeholders from over 16 organizations, including the City of Scranton, surrounding governmental organizations, anchor institutions as well as private sector representatives that provide a range of perspectives on the opportunities and challenges downtown. The engagement team conducted interviews with these organizations and individuals during the first phase of the engagement. The interviews generally focused on identifying the strengths of downtown, weaknesses that might be addressed through implementation of the Downtown Plan, prioritization of initiatives from the Downtown Plan, and possible structures for an organization tasked with leading implementation of the plan.

The engagement team interviewed the following stakeholders or their representatives:

### *Scranton City Stakeholders*

- Mayor William Courtright
- Business Administrator David Bulzoni

### *Local or Statewide Government Stakeholders:*

- Senator John Blake
- DCED Regional Director Paul Macknosky
- Lackawanna County Director of Economic Development George Kelly

### *Private & Institutional Stakeholders*

- Pennsylvania Economy League
- The University of Scranton
- Lackawanna College
- The Commonwealth Medical College
- Geisinger Hospital
- Lackawanna Chamber of Commerce
- Scranton Tomorrow
- Senator John Blake
- National Development Council
- Charles Jefferson, developer
- Donald Rinaldi, developer
- The Scranton Times-Tribune publishers

These interviews highlighted several consistent themes regarding stated priorities for implementation of the Downtown Plan.

### ***Priority: Residential Population Growth***

Stakeholders were universally positive about recent increases in the downtown residential population, noting that new residents added to the vitality and life of downtown Scranton. Stakeholders agreed that focusing on increasing the resident population in downtown Scranton was paramount to the success of downtown revitalization. Several stakeholders linked the vibrancy of downtown to its geographic connections with the surrounding stakeholders and the associated employment. Many specifically perceived that TCMC's graduate medical students were an important source for downtown residential demand.

### ***Priority: Increasing Amenities Downtown***

Stakeholders believe that continuing to advance revitalization of downtown through residential development will require additional amenities to broaden and strengthen demand. These amenities should include a grocery store, open space and improved pedestrian networks. Green space or open space would allow for greater recreation opportunities like dog walking and pick-up sports. This, in turn, would add to the vitality of downtown Scranton and attract visitors and residents. Several stakeholders mentioned that, in order for Scranton to retain young professionals as they mature and start families, Scranton will ultimately need to improve the quality and performance of its school district.

### ***Priority: Maintenance and Aesthetic Improvements***

Many stakeholders focused on issues that are generally related to maintenance and aesthetics of downtown's urban fabric. Issues raised include:

- Signage;
- pedestrian safety and facilities;
- general aesthetics (plantings, façade improvements, street-sweeping); and
- upkeep of public infrastructure (sidewalks, streets).

Some stakeholders stated that inordinate amounts of signage distract from the beauty of the architecture, others felt that the signage was ineffective and that

wayfinding in the city was inadequate. Pedestrian safety and ease of access was often mentioned in connection with signage issues. Multiple stakeholders noted that crosswalks in downtown Scranton prioritize vehicular traffic. Others noted that there are several places in downtown which are hot-spots for pedestrian and vehicle collisions.

***Priority: New York City Rail Access***

Several stakeholders strongly believe that rail access to New York City was the largest potential “game changer” for Scranton and its downtown, and should be a priority for the Downtown Plan. Stakeholders noted the potential transformative effect for a number of different industries including the education sector, business, and tourism. These stakeholders believed that a downtown implementation organization should have a long-term focus on bringing back passenger rail, and recognized this will require a broader coalition of other Pennsylvania and New Jersey stakeholders.

***Priority: Eds and Meds Job Growth and Workforce Development***

Most stakeholders acknowledged the importance of Scranton’s anchor institutions to the health of downtown Scranton. Recognizing this, stakeholders want to prioritize workforce development in order to make Scranton a regional Eds and Meds hub as well as spur overall job growth. There were varied opinions as to how this would best be achieved, from partnering with the Workforce Development Board to creating internship or fellowship programs through TCMC or the University of Scranton. Regardless of the means, stakeholders agreed that a vital outcome of the Downtown Plan implementation is sustainable job growth.

***Priority: Marketing and Branding of Downtown Scranton***

Some stakeholders feel downtown needs a “cheerleader” or champion of the downtown that could help attract more developers and businesses to locate in downtown through marketing and incentives. There was not uniform agreement as to what this messaging should be, although it could include better marketing and branding of Scranton as a college town. Others desired a concerted effort to focus on positive revitalization outcomes in order to lend credibility and increase enthusiasm for downtown Scranton and the implementation organization.

## V. OPPORTUNITIES AND CHALLENGES

Through stakeholder interviews, baseline data gathering, and in-person observation, HR&A has compiled a list of both opportunities and challenges that may help or hinder the successful revitalization of downtown Scranton.

### ***Opportunity: Stakeholder Consensus on Importance of Downtown Scranton***

Stakeholders are unified in their acknowledgment that enhancing downtown Scranton is in all of their interests, and they are interested in seeing the Downtown Plan implemented. Multiple stakeholders directly connected the success of downtown Scranton to their ability to attract and retain employees, customers, and students. Many noted that the successful revitalization of downtown could provide Scranton with an economic base that would lead to improvements in the city's other neighborhoods. This consensus on the importance of downtown to the city's overall health, and support for implementing the initiatives in the Downtown Plan, provide a solid foundation on which to develop a downtown implementation organization.

### ***Opportunity: Scranton's Numerous Anchor Institutions***

Scranton's multiple anchor institutions have the potential to be vital partners in the revitalization of Scranton's downtown. Anchor institutions can act as development partners in real estate projects that could further strengthen the downtown's residential and retail sectors. Anchor institutions are vital employers to Scranton – as their missions grow, so do their employee and student populations, bringing further economic activity to the city. As previously stated, Scranton's anchor institutions recognize that downtown Scranton's success is intertwined with their own success. Therefore, Scranton and the downtown implementation organization should work with engaged anchor institutions to advance public-private partnerships within downtown Scranton that may prove mutually beneficial.

### ***Opportunity: Downtown Scranton's Historic Building Portfolio***

Downtown Scranton is visually striking. Its historic buildings provide aesthetic appeal and likely play a role in attracting new residents downtown. Scranton can continue to support and foster the promising trend of

converting these vacant or underutilized buildings into residential space. While some stakeholders mentioned aesthetics as a potential weakness, visual observation by the engagement team found downtown Scranton to be predominantly clean and well kept. Minor maintenance efforts will help Scranton further project an image that attracts residents, tourists, and students.

### ***Opportunity: Scranton's Cohesive Urban Fabric***

Downtown Scranton has a compact and relatively cohesive urban fabric that combines a mix of uses and is anchored by large institutions. With additional amenities, Scranton can flesh out its existing urban fabric and promote connected, walkable streetscapes that link major institutions like the University of Scranton, the Marketplace at Steamtown, and TCMC. Minor improvements will allow residents and tourists alike to walk the entirety of downtown Scranton. This will help support retail and restaurants, promote an 18-hour environment, and add to the vibrancy of the downtown.

### ***Opportunity: Momentum of Residential Development***

Residential demand and historic tax credits are enabling developers to convert, preserve, and activate Scranton's historic buildings. This trend points to a future for downtown in which local residents support a vibrant retail base that makes downtown a regional destination for leisure and shopping activities. Portions of downtown Scranton already have a healthy retail environment. These pockets of downtown retail primarily target local neighborhood residents and the daytime population, such as cafes, drinking establishments, and small clothing stores. Downtown Scranton's comparatively weak economic metrics are influenced by the student population. Thus, it is very possible that increased residential development will support a thriving retail sector particularly with a steadily growing student and young professional population. The University of Scranton and downtown Scranton's student population can help bolster retail and restaurant activity through the provision of amenities that target young adults – bars, dinner establishments, concert venues, etc.

### ***Challenge: Poor Connectivity and Access to Major Downtown Institutions***

Stakeholders specifically noted signage, wayfinding, and pedestrian access as a priority for the implementation of

the Downtown Plan. Observation by the engagement team corroborates these opinions. Many corners have no painted crosswalk, force pedestrians to wait for long periods of time between lights, or do not allow crossing at all. Additionally, downtown Scranton's busiest roads do not have crosswalks that enforce mandatory yields for crossing pedestrians. Retail vacancy is concentrated on certain blocks, diminishing continuity between retail corridors and disincentivizing street life. The implementation organization should focus on strengthening the aforementioned urban fabric to better connect commercial properties.

**Challenge: Job Loss from Scranton**

Scranton's daytime employees are a vital component of a healthy and vibrant downtown Scranton. From 2010 to 2014, Scranton lost 1,000 jobs. The implementation organization must prioritize retention and attraction of jobs and businesses in order to slow or reverse this trend and attract jobs and businesses to Scranton and the downtown. This course of action reinforces statements from several stakeholders about the importance of job growth and workforce development within the city. Several stakeholders noted the challenges that Scranton's local tax rates pose for attracting and retaining businesses.

**Challenge: Public Infrastructure Maintenance**

There is a need for increased maintenance and enhancement of infrastructure and streetscapes downtown. The City of Scranton is actively addressing the financial challenges it faces and that have made increased investment difficult. A recent agreement between the City and the National Development Council to operate the municipal parking decks includes requirements to upgrade the facilities. This will address some of the maintenance challenges. Maintenance needs include:

- Cracked or broken sidewalks;
- streets in need of repaving;
- fading or missing pedestrian crosswalks; and
- peeling paint on decorative light-posts downtown.

Through investment and the repair of these items, including cosmetic repairs and maintenance, the City can substantially increase the confidence of local property

owners. The City should strive to create an environment in which property owners are willing to invest additional funds in downtown improvements.

**Challenge: Scranton's High Tax Rates**

In order to achieve its mission, the downtown implementation organization will need stable funding. Many stakeholders noted that taxes in Scranton are already among the highest in the state. They also noted that municipal services have been stretched thin. As a result, many stakeholders were not confident that additional taxes or a special assessment to fund downtown implementation would secure support from downtown businesses and property owners. This response indicates that the City and stakeholders may need to focus first on actions that can be implemented in the short-term and that will show results in order to build the confidence of business and property owners in the ability of a downtown implementation organization to deliver valuable improvements.

## VI. BEST PRACTICES FOR DOWNTOWN REVITALIZATION ORGANIZATIONS

### Background

The NRN engagement team conducted research and analysis of best practices of downtown organizations to inform the efforts of the City of Scranton and its stakeholders on the tradeoffs and advantages of various organizational structures. The NRN team's approach included drawing lessons learned from a recent NRN-sponsored report by New York University regarding collaboration between municipalities and anchor institutions, *Striking a (Local) Grand Bargain*; and by researching and analyzing selected case studies of successful downtown revitalization collaborations between municipalities and their business, nonprofit, and institutional stakeholders.

A summary of the key lessons for Scranton in *Striking a (Local) Grand Bargain* study on anchor institutions can be found in the callout box on page 14. The NRN team then selected the four case study cities in consultation with the City of Scranton and considering the following criteria:

- Success implementing a downtown plan;
- Comparability of total population;
- Hospital and university institutions within or adjacent to downtown, or primary anchor institutions in the city;
- Preference for Pennsylvania cities using comparable economic development tools; and,
- Implementation led by an organization that was existing before, or created to coincide with, the start of the initiative.

The team purposely tried to ensure this set of cities had a diverse range of organizational structures leading implementation. The organizations that had prominent roles in revitalization through these case studies include business improvement districts, nonprofits, university-led initiatives, and development corporations.

The four cities chosen for case studies, and their downtown implementation organizations, were:

- Pittsburgh, PA: Pittsburgh Downtown Partnership (a private nonprofit business that also manages a

downtown BID) and the Urban Redevelopment Authority

- Chattanooga, TN: River City Company, a 501(c)(3) nonprofit dedicated to the improvement of downtown Chattanooga
- Lancaster, PA: The Lancaster City Alliance, a private nonprofit downtown improvement organization that also manages a downtown BID and is the successor to the James Street Improvement District, a nonprofit collaboration between Franklin and Marshall University and Lancaster General Hospital
- Syracuse, NY: The Downtown Committee, a business improvement district

City	Name of Entity	Type of Entity	Key Dates	Degree of City/Mayoral Control	Anchor Institution Involvement	Primary Funding Source (% of funds)
Pittsburgh, PA	The Pittsburgh Downtown Partnership	Private nonprofit managing a BID	<ul style="list-style-type: none"> <li>▪ 1994: BID created by local business leaders</li> <li>▪ 1996: PDP founded to help manage BID</li> <li>▪ 1996: The Downtown Pittsburgh Plan is begun; the new PDP takes part</li> </ul>	Low: Representative of the Mayor's office a voting member of the board, and of the BID committee	Heavy involvement from local business anchors, who originally formed the BID that the PDP now manages	Special Assessment (36%) Foundations (15%) Sponsorship (13%)
Chattanooga, TN	River City Company	Private nonprofit	<ul style="list-style-type: none"> <li>▪ 1985: Tennessee Riverfront Master Plan</li> <li>▪ 1986: RCC founded</li> <li>▪ 2001-2005: 21<sup>st</sup> Century Waterfront Plan</li> </ul>	Moderate: Mayor an ex officio voting member of the board, various mayors have directed major RCC initiatives	Limited involvement from universities or hospitals, but substantial engagement by local philanthropies	Rental income (58%) <sup>1</sup> Parking income (22%) Donations (16%)
Lancaster, PA	Lancaster City Alliance (LCA)  Downtown Improvement District (DID)	Private nonprofit managing a BID	<ul style="list-style-type: none"> <li>▪ 1991: Downtown Improvement District</li> <li>▪ 1993: Lancaster Alliance founded</li> <li>▪ 2003: The James Street Improvement District (JSID)</li> <li>▪ 2013: The Lancaster Alliance and the JSID merge</li> </ul>	Low: City Economic Development Director an ex officio voting member of the board	Commitment to and leadership of major projects by Franklin & Marshal university and Lancaster General Hospital	LCA: Institutional and private funding (75%) DID: Special Assessment (75%) <sup>2</sup>
Syracuse, NY	The Downtown Committee	BID	<ul style="list-style-type: none"> <li>▪ 1975: Downtown Committee founded</li> <li>▪ 1984: Armory Square Historic District designated</li> <li>▪ 1996: Downtown Action Plan</li> <li>▪ 2015: Connective Corridor</li> </ul>	High: Mayor controls appointment to the board and approval of annual budget	Commitment to and leadership of major project by Syracuse University	Special Assessment (75%)

<sup>1</sup> The River City Company was originally capitalized with \$12 million of funding from local philanthropic organizations. These funds were used to purchase and develop properties that now provide rental revenues that sustain the operation of the organization.

<sup>2</sup> The LCA and the DID that it manages have separate operating budgets

## Key Elements Contributing to Successful Plan Implementation

The four case studies revealed a consistent set of ingredients for successful implementation for city downtown revitalization efforts:

### Leadership

- *Active and consistent engagement by individual leaders at the municipality and stakeholders in the business, institutional, and nonprofit sectors are critical to advancing collaborative revitalization efforts.*
- *Often these downtown efforts are spearheaded by key leaders, such as Mayor Bob Corker in Chattanooga and University of Syracuse chancellor Nancy Cantor, who championed ambitious visions and used their networks and relationships to secure buy-in and commitment from multiple sectors.*

### Partnerships

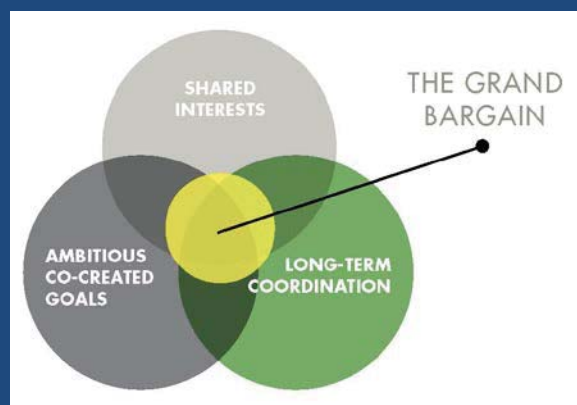
- *Collaborations that secure the commitment and buy-in of leaders from multiple sectors (civic, institutional, business, other levels of government) have larger impacts and a greater ability to outlast the tenure of individual leaders. This was particularly important as the success of downtown revitalization was linked to the longevity of the initiative and spanned multiple mayoral administrations, such as the multiple decade effort in Chattanooga;*
- *Partnerships between the city, private sector stakeholders and property owners was an essential element of the revitalization efforts, especially for cities where the lead downtown entity levies an assessment. Private sector investment in individual properties and projects far outpaced public sector capital improvements in each downtown studied. The lead implementation organization in these cities became vehicles for developing networks and relationships between city leaders and private sector stakeholders that catalyzed broader investment.*

### Resources

- *The successful case study cities secured a diverse set of stable revenue sources to support and capitalize the implementation organization. Successful downtown revitalization efforts were characterized by diverse funding sources,*

## The NRN Approach to Collaborative Implementation: The Local Grand Bargain

The National Resource Network Anchor Institution Report presents a framework for collaboration between municipalities and their stakeholders organized around “the local Grand Bargain”.<sup>1</sup> The Grand Bargain is an expanded relationship between cities and institutions based on their mutual needs and interests: economic development, provision of a high quality of life to enhance recruiting, quality public services. The Grand Bargain moves beyond isolated quid pro quo exchanges, to a structured, systematic partnership in pursuit of mutual self-interest and large-scale improvements.



The process of establishing a Grand Bargain involves three steps:

*Taking the initiative to reach out and establish the Bargain* by identifying clear community priorities, identifying the best external partners to advance local efforts, building on collaborative activity that is already occurring, and engaging senior leadership at the anchor institutions to co-create goals and strategies.

*Leveraging supportive mechanisms* by using available tools and programs from the federal government to support partnership efforts.

*Maintaining an ecosystem for collaboration* through an “anchor compact” detailing the strategic priorities of the bargain and the mutual benefits anticipated, and an “anchor roundtable” or forum to facilitate contact and communication between public sector and anchor leaders.



including special assessments, private contributions, public financing, and public-sector grants from the State and Federal government. For example:

- The Lancaster City Alliance and predecessor organizations used funding from special assessments to fund ongoing operations, while major investments by Franklin and Marshall University and Lancaster General Hospital transformed the James street corridor.
- In Chattanooga, the \$12 million initial capitalization by local philanthropies set up the River City Company for its later success by funding several years of operation and enabling the organization to acquire properties for redevelopment;
- *Local funds support operations, while grants and outside funding finance major capital improvements.* Successful revitalization efforts tended to use local funds and resources for routine organization operations that created the capacity to apply for and manage grants and outside funding sufficient to finance major capital improvements.

### **Flexibility**

- *The case studies demonstrate that implementation organizations must be flexible and able to adjust their mission and focus to address changing conditions as implementation proceeds.* For example:
- The River City Company in Chattanooga demonstrates this flexibility through the way it has transitioned its focus over three decades from initially serving as a “developer of last resort” for downtown housing, to serving in a downtown marketing and promotion role, to implementing a comprehensive set of physical improvements as part of the 21<sup>st</sup> Century Waterfront Plan.
- The Lancaster City Alliance resulted from the evolution and consolidation of multiple organizations over time including a private nonprofit partnership organization, the downtown BID and an anchor institution-led improvement organization.

- The value of flexibility is also shown by the Downtown Committee in Syracuse, which quickly planned and implemented an apartment tour program to help developers market newly renovated buildings. Implemented the same year it was conceived; the apartment tour has become a popular event of high value to the Downtown Committee’s stakeholders.

### **Overcoming the Challenges to Implementation**

Collaborative revitalization efforts that engage the municipality, property owners, and anchor institutions can be rewarding, but often face a consistent set of challenges. The case studies and the Anchor Institution Report demonstrate the steps cities and stakeholder partners can take to overcome foreseeable obstacles. These challenges included:

- Different practices and communication styles between the municipality, anchor institutions, and local businesses;
- Partnerships, as opposed to quid-pro-quo relationships, require constant maintenance;

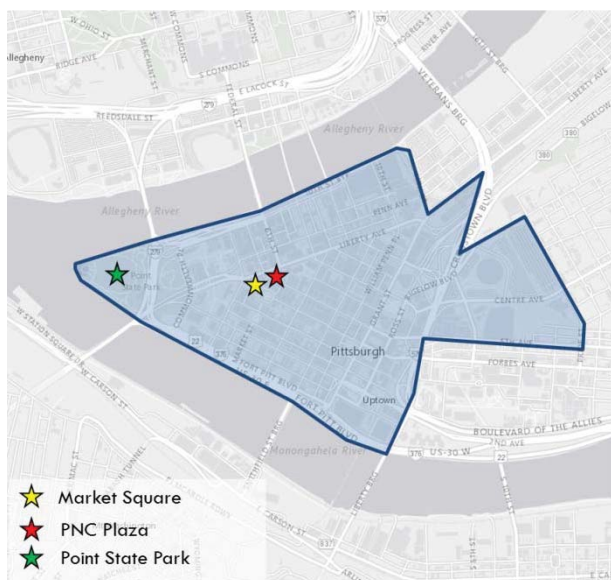
Solutions to these challenges were:

- Development of clear, transparent goals and objectives for the initiative that aligned the interests of the municipality and stakeholders. In the event of conflicts or challenges, clear objectives helped leaders to mediate and to refocus on common goals;
- Creation of a structure for implementation that facilitated frequent contact and interaction between the leadership of the municipality, and its institutions, nonprofits, and business communities.

## PITTSBURGH, PA

<b>City Population</b>	305,000
<b>Downtown Population</b>	3,700
<b>Downtown Area</b>	0.6 Square Miles

Figure 3 | Downtown Pittsburgh



When Pittsburgh began developing its Downtown Plan in 1996, it had been more than 35 years since a comprehensive planning process for downtown Pittsburgh had been undertaken. In that time, Pittsburgh had experienced a period of immense economic change. For many years, the city had struggled to shift away from its steel-driven past and diversify its economy. In the early 1990s and coinciding with the development of the Downtown Plan, Pittsburgh’s Urban Redevelopment Authority (URA) began focusing on large-scale revitalization of Pittsburgh’s urban core. The incorporation of the Pittsburgh Downtown Partnership (PDP) coincided with the URA’s redevelopment push. PDP paired its marketing and activation initiatives with the URA’s large financial investments in redevelopment to create visible and highly successful revitalization projects in downtown Pittsburgh.

### History and Background

Steel manufacturing underpinned the Pittsburgh economy, leading to the nickname “the Steel City,” since the early 1900s. In the 1950s, Pittsburgh began suffering from the decline of the manufacturing industry. In 1955, 42% of

Pittsburgh’s employment base was involved in some form of manufacturing; by 1980, this slipped to 25%. With the loss of manufacturing industries, Pittsburgh also lost jobs and population. Pittsburgh’s downtown, the economic center, began to suffer from high levels of crime, vacancy, and economic deterioration.

Pittsburgh Mayor Tom Murphy took office in 1994 and inherited Pittsburgh’s flagging economy. In his first two terms, Murphy directed over \$4 billion in new investment into Pittsburgh, encouraged redevelopment and revitalization, and partnered with Pittsburgh’s Eds and Meds anchor institutions. Murphy led a period of remarkable economic development over three terms that contrasted sharply with the weak economic conditions he inherited, but he also faced criticism for his aggressive focus on redevelopment and use of eminent domain. Murphy’s tough decisions and focus on redevelopment resulted in some very large wins for downtown Pittsburgh and the city as a whole. Today, Murphy is seen as a driving force behind the economic revitalization of and reinvestment in Pittsburgh and its downtown.

One of Mayor Murphy’s most consistent partners in his ambitious redevelopment projects was Pittsburgh’s URA. Pittsburgh’s economic distress in the 1980s and early 1990s left a portfolio of vacant properties in the downtown. In these vacant properties, the URA saw an opportunity. Along with Murphy, the URA began buying up properties, packaging them together, and offering them to developers through a streamlined process. During Murphy’s administration, the URA purchased over 1,000 acres of land, most of it vacant land from closed manufacturing and steel mills. Mayor Murphy and the URA focused on providing redevelopment financing for these vacant properties in order to spur development within downtown Pittsburgh and the surrounding neighborhoods. Murphy was focused on providing development opportunities for Pittsburgh’s Eds and Meds. One of Murphy’s signature projects, SouthSide Works, includes the McGowan Institute for Regenerative Medicine, the University of Pittsburgh Medical Center (UPMC) distribution center and the UPMC sports medicine complex. Vacant land redevelopment was a vital first step in stemming the flow of jobs and investment out of downtown Pittsburgh. With new development came new residents, new businesses, and new opportunities. In fact, four of Pittsburgh’s top ten employers are related to Eds and Meds, including the University of Pittsburgh and UPMC.

When Pittsburgh began creating its Downtown Plan in 1996, the URA's development activities were well under way. Conversely, the Pittsburgh Downtown Partnership (PDP) had just recently been incorporated. Business leaders in downtown Pittsburgh had begun discussing the need for a BID in 1994 and after two years of fundraising and garnering support, they officially incorporated the PDP. In this way, businesses that were paying the BID assessment were also responsible for creating the assessment in the first place, giving the PDP a strong mandate to provide clean and safe services as well as economic development services to downtown Pittsburgh. The PDP is a nonprofit organization that manages the Business Improvement District located in downtown Pittsburgh. Through the BID, the PDP spends its resources on clean and safe initiatives, economic development, marketing, and advocacy. The URA and the PDP often work in tandem on large capital improvement projects to market revitalization efforts. In this way, PDP acts as a vital partner to the URA by providing "boots on the ground" and garnering buy-in from local businesses, residents, civic organizations, and foundations for the URA's largest revitalization efforts.

Beyond partnering with the URA, the PDP acts as an advocate for downtown Pittsburgh's residents and businesses. Unlike the URA, whose focus is city-wide, the PDP's focus is the downtown, and it can channel all of its resources to provide sustained effort and progress on downtown initiatives. Many of PDP's initiatives partner with and promote large-scale developments, like those funded by the URA, and aim to activate traditionally underutilized or vacant space. For instance, in concert with the URA's Market Square redevelopment, PDP held events to attract visitors downtown and supported businesses with the attraction and retention of retail and restaurant tenants.

Pittsburgh and its revitalized downtown have had steady success for the past decade. Since the mid-2000s, Pittsburgh has consistently been named one of the most livable cities in the United States by a variety of publications. The recession of 2008-2009, a nightmare scenario for many other cities, barely touched Pittsburgh – wages remained high, home prices went up, and unemployment was comparatively low. Projects and redevelopments undertaken by the URA and the PDP are regularly touted in local and national media. All of these successes are attributable to a number of different factors and local organizations. Still, without the catalytic projects from the URA and the PDP, downtown

Pittsburgh's revitalization would not be as advanced as it is today.

### **Key Achievements**

The URA and PDP have excelled in neighborhood-level redevelopment and downtown revitalization. Crawford Square is a residential development that was once a blighted area. The URA acquired the land and selected a developer to revitalize the underutilized neighborhood into a desirable area. The master planning of the area included substantial involvement of community leaders and residents and focused on weaving the new Crawford Square into the existing fabric of Pittsburgh's neighborhoods. The Crawford Square redevelopment resulted in more than 400 new residential units and brought economic development to a traditionally underserved area. The project was financed through a combination of developer equity, low-income housing tax credits, and other loans and grants. The URA provided financing support to the chosen developer in order to ensure the success of the project.

Market Square was a joint project between the URA and the PDP that has revitalized an entire area of downtown Pittsburgh. Market Square was a rundown, economically depressed public square in the heart of downtown Pittsburgh. Seeing an opportunity, the URA worked with the PDP to acquire Redevelopment Assistance Capital Program (RACP) funding from the State of Pennsylvania. URA focused on the physical renovation of Market Square while PDP led community outreach initiatives. Within two years, 36 restaurants opened within a two-block radius of the square. Based off the success of the first round of funding, a second round of funding was awarded to provide façade improvements to struggling buildings surrounding the square. Today, Market Square is a public amenity that adds value and vitality to the surrounding area.

As demonstrated by the Market Square redevelopment, the PDP has been successful at expanding beyond the scope of traditional clean and safe operations. The PDP contracts with the national company Block by Block to carry out the majority of its clean and safe initiatives. This allows for the flexibility to focus staff and resources on other initiatives led by the PDP. The PDP funds events throughout downtown Pittsburgh in order to activate underutilized space and attract visitors. These events range from rooftop movie screenings to a weekly farmers market. In 2015, there were over 200 days of programmed activities led by the PDP. In addition, the

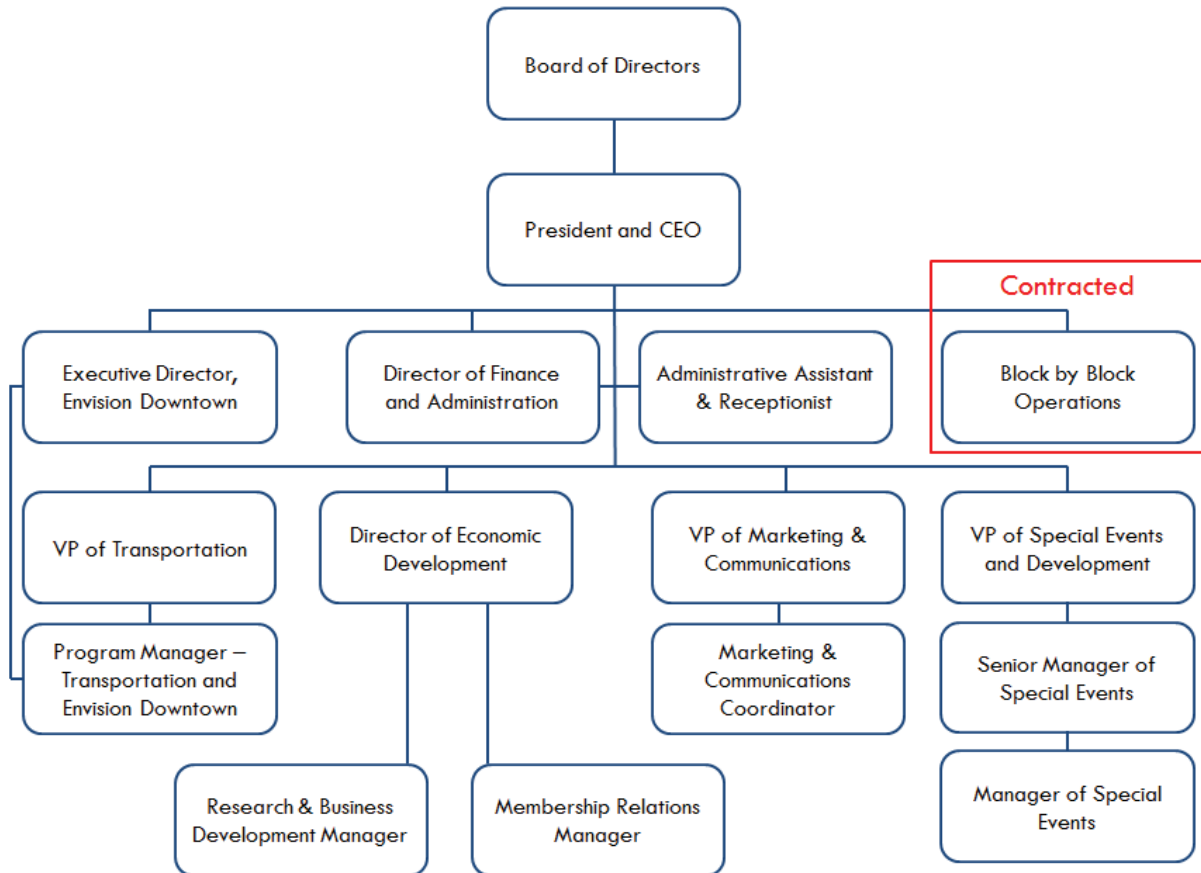
PDP conducts market research within downtown Pittsburgh in order to better assist local businesses and property owners. Finally, the PDP encouraged residential development in downtown Pittsburgh by advocating for and securing 10-year tax abatements for residential development through Pennsylvania's Local Economic Revitalization Assistance (LERTA) program.

### **Structure of the Pittsburgh Downtown Partnership**

The PDP is led by a Board of Directors that currently consists of about 40 individuals. The board represents a diverse group of stakeholders including the Mayor's Office, the URA, the State of Pennsylvania, local universities, and several private companies. The Board of Directors approves the budget and the annual plan and provides high-level support and guidance to the organization. The President and CEO, along with the Board's 15-member Executive Committee, drive the daily operations of the organization. The Board meets four times a year while the executive committee meets monthly. Finally, a BID committee oversees the use of funds collected from the assessment.

The Directors of Finance and Economic Development report to the PDP President, as do the Vice Presidents of Transportation, Marketing & Communication, and Special Events & Development. The PDP contracts with Block by Block to carry out its Clean and Safe initiatives. By contracting out Clean and Safe operations, the PDP is able to better focus staff time and additional resources on initiatives that extend beyond the traditional role of a BID. Finally, a local public-private partnership, Envision Downtown, works in concert with the PDP to address transportation issues and upgrades in downtown Pittsburgh.

Figure 4 | PDP Organization Structure



**Funding**

Funding for the PDP comes from a number of different sources. Assessments from the Business Improvement District contribute the greatest amount to PDP’s revenues. PDP relies on its close partnerships with local foundations, businesses, and voluntary members to provide a large portion of its operating budget. The PDP spends about half of its BID assessments on clean and safe initiatives. Almost half of PDP’s budget is dedicated to projects and programs carried out by the organization to activate vacant or underutilized space in downtown Pittsburgh.

Figure 5 | PDP Operating Revenues and Expenditures, 2016 Budget (in millions)

<b>Revenues</b>	
Business Improvement District Income	\$1.7
Program Income	\$0.4
Foundations	\$0.7
Sponsorships	\$0.6
Membership Revenue	\$0.2
Assets Released from Restrictions	\$0.8
<b>Total*</b>	<b>\$4.7</b>

<b>Expenses</b>	
Employee Salaries and Benefits	\$1.2
General Expenses, including Rent	\$0.1
Office Expenses	\$0.1
Projects/Programs	\$2.1
Clean & Safe Services	\$0.9
Marketing/Professional Services	\$0.1
Depreciation/Amortization	\$0.1
<b>Total*</b>	<b>\$4.7</b>

\*Total does not add up due to rounding

### Lessons and Success Factors

- **Leadership: The URA and the PDP were guided by a strong vision from the Mayor of Pittsburgh.** Mayor Tom Murphy’s commitment to redevelopment and his willingness to take both economic and political risks helped drive the pace of revitalization since the mid-1990s. While not all initiatives were successful reflecting Mayor Murphy’s willingness to take risks and experiment, Murphy’s three term focus on transforming and activating vacant properties defined the missions of the URA and the PDP – his vision continues to hold relevance today as it was adopted in many ways by his successors. For example, Mayor Luke Ravenstahl was a champion of the Market Square redevelopment, which built on Murphy’s principal of achieving economic development through large-scale investment and redevelopment.
- **Leadership: The PDP continues to work with leaders in both the public and private realms to sustain momentum for large-scale initiatives.** The PDP works closely with the Mayor’s Office, the URA, and other city-led departments to further shared downtown revitalization goals. However, administrations and city governments change and turnover. Therefore, the PDP has also fostered extensive relationships with the leadership of local anchor institutions and private businesses to ensure longevity and momentum for initiatives that span multiple administrations.

- **Partnership: The PDP’s community-based initiatives complement and support the URA’s large-scale economic developments.** The URA focuses on the fiscal support of large development projects within downtown Pittsburgh. Simultaneously, the PDP acts as an advocate for downtown businesses and residents to ensure community buy-in, interest, and excitement surround new development projects. By acting as the requisite “boots on the ground,” the PDP ensures that large scale developments meet the needs of current residents and businesses.

- **Partnerships: The PDP helps fund programs and initiatives by partnering with Pittsburgh foundations and other philanthropic organizations.** Pittsburgh is known for its deep bench of philanthropic organizations – PDP solicits financial support for specific initiatives from a number of different foundations including the Heinz Endowments and the BNY Mellon Foundation of Southwestern Pennsylvania. In addition, local Eds and Meds anchor institutions support the PDP through voluntary membership contributions. These organizations include Point Park University and University of Pittsburgh Medical Center (UPMC).

- **Resources: The PDP focuses on quantitative metrics of success to highlight its value to downtown Pittsburgh and maintain access to vital resources.** The PDP has been granted reauthorization of its BID every 5 years since it was founded 22 years ago. The BID provides a large portion of the PDP’s operating budget. Foundations and sponsorships provide another vital portion of the budget. In order to demonstrate its continued relevance and value, the PDP measures its quantitative success, like the number of events planned and programmed or pounds of trash collected.

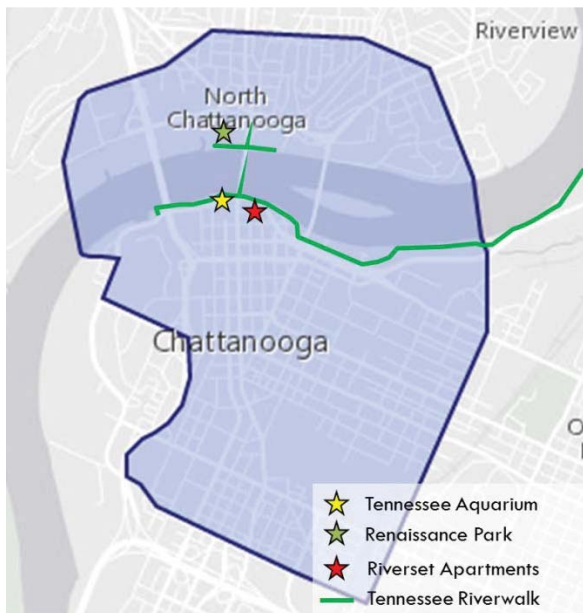
- **Flexibility/Resources: Both the URA and the PDP have broad scopes that allow for flexibility when approaching downtown revitalization challenges.** The URA financing sources are extremely varied. It has employed TIF, LERTA tax abatements, historic tax credits, Main Street Program funding, RACP grants, and new market

tax credits, among others, to help finance large development projects. The PDP has the capacity and expertise to carry out a number of activities that support these developments and the broader health of downtown Pittsburgh. These include clean and safe initiatives, marketing, programming, and economic development research and consulting. This gives both organizations a suite of options to address downtown redevelopment and revitalization.

## CHATTANOOGA, TN

<b>City Population</b>	180,000
<b>Downtown Population</b>	10,000
<b>Downtown Area</b>	2.5 square miles

Figure 6 | Downtown Chattanooga



The City of Chattanooga created the River City Company, a 501(c)(3) private nonprofit, in 1986 to serve as the lead entity implementing their downtown plan, and to catalyze economic development and public-private real estate development in downtown Chattanooga. In its 30 years of operations, the River City Company (RCC) has been a leading force in the development of the Tennessee Aquarium, public open space, and more than a dozen other projects, which have collectively attracted significant population and job growth as well as tourism to Downtown Chattanooga, and contributed to Chattanooga’s national recognition as one of the best cities to live, work and play. The RCC’s mission and focus have evolved over the past three decades – as it moved from “developer of last resort” in the city to an active promoter of private investment – and it remains a key organization for improving downtown.

### History and background

The story of downtown Chattanooga’s rebirth began in the 1980s with the establishment of the Moccasin Bend Task Force and the Vision 2000 process. At the time it

was said that the sidewalks in downtown Chattanooga rolled up after 5:00pm. No one went downtown unless they were going to work, and few people lived downtown, the last apartment building having been constructed in 1974.

Vision 2000 was a public engagement effort begun in 1984, led by the nonprofit Chattanooga Venture, and funded by the Lyndhurst Foundation. Vision 2000 was a 20-week process where more than 1,700 community members shared what they wanted the city to look like by the year 2000. These were consolidated into 40 goals for downtown revitalization and waterfront development.<sup>1</sup>

The Moccasin Bend Task Force, was a citizens group assembled in 1982, by the City and County, to study the highest and best use of 600+ underutilized acres on Moccasin Bend, a peninsula alongside the Tennessee River. The group quickly realized they needed to expand the scope of their study to include the 22-mile river corridor traversing the city. Pulling inspiration from Vision 2000, the task force unveiled the Tennessee Riverpark Master Plan in 1985. The strategy behind this 20-year, 22-mile plan was to create a string of parks along the riverfront to bring people back to the city. Due to the scale and extended timeframe, the plan called for the creation of a public-private partnership which would be responsible for coordinating overall management of the development process, and long term administration of the Riverpark system.

In 1986 the City of Chattanooga created the River City Company, a downtown development company, to raise money, oversee the city design process and implementation of the Tennessee Riverpark Master Plan, and develop property. Local foundations and financial institutions capitalized the RCC with \$12 million in seed money, enabling the organization to acquire property along the riverfront. By 1993, the RCC controlled more than 26 acres from abandoned sites associated with declining businesses. Owning the land allowed the RCC to ensure high quality redevelopment of these properties and also to secure a longer-term income stream from rent and redevelopment.

Since its creation more than three decades ago, the RCC has succeed in redeveloping much of downtown Chattanooga and revitalizing the city through impressive

<sup>1</sup> <http://www.chattanooga.com/2007/11/8/116655/Paul-Brock-Jr.-Downtown-Is-Thriving.aspx>



collaboration between local government, the private sector and philanthropic foundations, strong leadership and access to local resources. This development has resulted in a booming population and tourist industry, economic prosperity and global recognition for the City. Today, the City is home to approximately 180,000 residents.<sup>2</sup> Since 2000, Chattanooga's total population has risen by 14%, making it one of the fastest growing cities in Tennessee. The downtown is now approximately 10,000 residents, a rapid growth of more than 3,000 people since 2000, with more than 50% of residents between the ages of 15-34.<sup>3</sup>

The downtown housing supply has expanded with increased demand. According to the RCC annual review, in 2015 downtown Chattanooga boasted 1,800 apartment units, 1,400 student beds, 526 hotel rooms and 71 single family homes in the pipeline or under construction, amounting to \$524 million in private investment.<sup>4</sup> From 2000 to 2016 the downtown area added more than 1,000 new housing units.<sup>5</sup> Downtown housing has come a long way since the early 1990s, when the RCC acted as "developer of last resort" to subsidized development of the first housing downtown since 1974, the Riverset Apartment Complex, because no private developer was willing to take the risk. In the past decade Chattanooga has won 3 national awards for outstanding livability, 9 Gunther Blue Ribbon Awards for excellence in housing and consolidated planning, and in 2011 and 2015 was named the 'Best Town Ever' by Outside Magazine.<sup>6</sup>

### Key achievements

One of the RCC's greatest achievements is the Tennessee Riverpark, an investment of \$750 million funded by the city and county governments (which still share maintenance costs) with additional contributions from large local donors such as the Lyndhurst Foundation. The first phase of the Riverwalk was completed in the late 1980s. The Riverwalk today is a 10-mile path connecting Coolidge Park, Renaissance Park, Ross's Landing and other spaces developed as part of the Riverpark system. The success of this public-private partnership, the fact that the project benefited locals as well as tourists, and

the high quality design created the confidence to move forward with future public-private partnerships.

A second major achievement was the planning, design and development of the world class Tennessee Aquarium which opened in 1992. The original \$45 million Aquarium was funded entirely by private donors. Today the Aquarium attracts more than 700,000 visitors, contributing \$101.3 million in economic impact annually, including 1,086 jobs and \$6.3 million in tax revenue throughout the county.<sup>7</sup>

A third major achievement was the completion of the 21<sup>st</sup> Century Waterfront, which was completed in 2005. The 21<sup>st</sup> Century Waterfront was a major public realm investment which developed nearly 130 acres on both sides of the Tennessee River and connected all downtown redevelopment into a seamless network of attractions, housing, and entertainment. The RCC acted as master developer behind the 35 month, \$120 million project to transform the downtown waterfront into 83 acres of open space and infrastructure and 43 acres of mixed-use development.

The idea for the \$120 million 21<sup>st</sup> Century Waterfront began with visionary Mayor Bob Corker in the early 2000s. Mayor Corker persuaded the State Department of Transportation to hand control of the four lane state highway, which separated parts of the city from the river, over to the City. After announcing the plan, Corker helped to lead a joint effort between the Aquarium and the Hunter and Creative Discovery Museums resulting in \$51 million in private contributions in just 3 months. At the same time, Corker helped to convince the state legislature to pass a hotel/motel tax as a way to help fund the plan. Chattanooga received \$69 million in public support and, without support from the City general fund, expanded the Aquarium and Discovery museums, narrowed the former highway from four to two lanes, and created additional waterfront park spaces connecting downtown with its river.<sup>8</sup>

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<sup>2</sup> Esri Census Bureau Data, 2016

<sup>3</sup> Ibid

<sup>4</sup> River City Company Annual Report 2015, <http://annualreport.rivercitycompany.com/>

<sup>5</sup> Esri, Census Bureau Data, 2016

<sup>6</sup> <http://www.downtownchattanooga.org/new/live/overview>

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<sup>7</sup> Community Impact: Key Social and Economic Benefits Created by the Non-Profit Tennessee Aquarium.

[http://www.tnaqua.org/images/uploads/subpages/TNAq\\_CommImpact-Report-f2.pdf](http://www.tnaqua.org/images/uploads/subpages/TNAq_CommImpact-Report-f2.pdf)

<sup>8</sup> <http://www.chattanooga-chamber.com/news-media/news/unsorted-news/committees/chattanooga-area-business-trend/return-to-the-river>

**Structure of the River City Company**

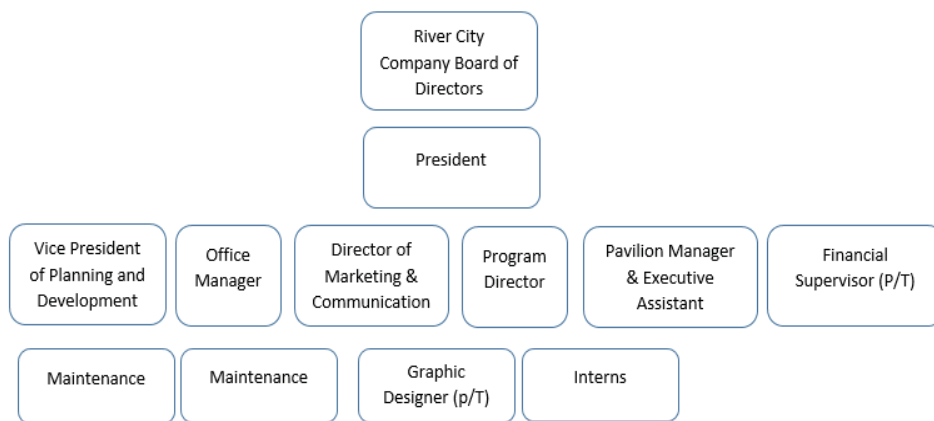
The RCC is a private nonprofit 501(c)(3), with a board comprised of a mix of public officials and private citizens. The RCC is self-governing and is contracted by the City and/or County governments to undertake specific projects.

The River City Company is led by a president, who is supported by seven full time employees, two part-time employees and one intern. Pursuant to the RCC Charter, the Board of Directors will at all times include between 8 and 21 members comprised of 6 public officials with the balance to be private members of the community and business leaders. For the RCC, having representatives from the public sector, business community, foundations and community members at large has allowed the RCC to increase involvement and decrease retrenchment. For example, past presidents of the RCC noted that when everyone is involved there are no surprises and it is less likely that civic leaders block initiatives, claiming that they do not know what is going on.

The 2016 Board includes 20 sitting members, including 6 government representatives, the Chancellor of the University of Tennessee at Chattanooga, Presidents from the Aquarium and Hunter Museum, and the remaining 11 from the private sector including major local employers and land owners. While the mission of the RCC is to catalyze economic development in the City and County through the stimulation of new capital investment etc., aside from its board membership, the City and County only have oversight on projects it has hired the RCC to run, and do not dictate all operations or project work.

The River City Company works in partnership with a variety of different actors spanning City and County governments, philanthropic foundations and the private sector to advance its mission. Today, the RCC is actively engaged with 35 local partner organizations including major city employers, universities, foundations, and government agencies.

Figure 7 | River City Company Organization Structure



As a private nonprofit, the RCC has had flexibility to adapt its focus to reflect changes to the political environment and to economic conditions. When the RCC was first established, few developers were willing to work downtown and so the RCC played an important role as ‘the developer of last resort’. Overtime, their success catalyzed private development and decreased the need for the RCC to act as a developer on major projects. As their developer role waned the organization was pulled into an economic recruiter role for the city and county. This was less successful for the RCC, and the Company was pulled back into a development role by

strong leadership across sectors that propelled the 21<sup>st</sup> Century Waterfront. Another major change came in the late 2000s. The RCC again had reduced its development role as it had redeveloped much of its initially purchased land. The organization was in the red and in danger of shutting down. As a result, President Kim White restructured the organization and went to the business community for support for the first time. Today, the RCC is far nimbler and focuses on targeted plans and projects like housing and singular parks.

## Funding

The RCC has diverse funding sources for its operations and projects. The RCC’s annual budget today is approximately \$3.2 million, of which approximately ¼ is for general administration and ¾ is for events and project related activities.

The operating budget is funded entirely by non-governmental sources with approximately 2/3 from rental income (resulting from the development of the 26 acres purchased with the initial seed money) and income from parking lots controlled by the RCC. The balance comes from a variety of sources including event income and private donations.

Although the RCC’s revenues and the initial donations support the operation of the organization, the RCC must secure grants and outside financing for major capital improvements. The RCC has roughly \$3 million set aside to support small projects, but funding for large capital projects comes from a mix of sources including city, county and state grants, private philanthropy and business donations. As a nonprofit organization, the RCC does not have the authority to issue debt.

Today’s budget reflects a mature organization that has existed from more than 30 years. In the RCC’s earlier days, they relied almost exclusively on private donations and philanthropic foundations. City, state and federal funding through grants and taxes continue to be an important funding source for capital improvements, as seen in the 21<sup>st</sup> Century Waterfront. However, since 2009, the RCC has not received any public funding. Instead funding from businesses is becoming more important. For example, as the residential community is set increase sharply in the coming years, there has been consideration of setting up a downtown improvement district supported by a special assessment.

Figure 8 | River City Company Operating Revenues and Expenditures, 2016 Budget (in millions)

<b>Support &amp; Revenues</b>	
Unrestricted Donations	\$0.1
Restricted Donations & Gifts	\$0.4
Rental Income	\$1.9
Parking Income	\$0.7
Event Income	\$0.07
Interest/Investment/Miscellaneous	\$0.05
<b>Total Support &amp; Revenue</b>	<b>\$3.3</b>

<b>Expenses</b>	
Unrestricted Event Costs	\$0.2
Unrestricted Project Costs	\$0.1
Restricted Project Costs	\$0.8
Rental Costs	\$1.1
Administrative Costs	\$0.6
<b>Total Expenses</b>	<b>\$2.9</b>

## Lessons and success factors

- **Leadership: Strong leaders from the RCC, the government and the private and philanthropic sectors have complemented one another’s skill set and been able to push through large scale development.** For example, Rick Montague and the Lyndhurst foundation worked closely with then President Bill Sudderth, and played a major role in guiding the visioning process, raising funds and building momentum when the RCC was first established. In a second example, Mayor Corker was instrumental in securing state, federal and community funding for the 21<sup>st</sup> century waterfront, a \$121 million effort completed in just 3 years.
- **Leadership, Partnerships, & Resources: Commitment by visionary leaders has catalyzed public engagement and fostered the partnerships that generated the initial resources for the River City Company.** The success of downtown Chattanooga’s rebirth illustrates the links between leadership, partnerships and resources needed to support

revitalization. Chattanooga's foundations jump-started the public engagement processes that culminated in the vision for downtown, and catalyzed other donors to action. Endowed with these initial resources to begin acquiring properties, the RCC used these assets for developments that supported and complimented additional public and private investment. This collective action represents the partnerships between Chattanooga's public, private, and nonprofit sector embodied in the River City Company.

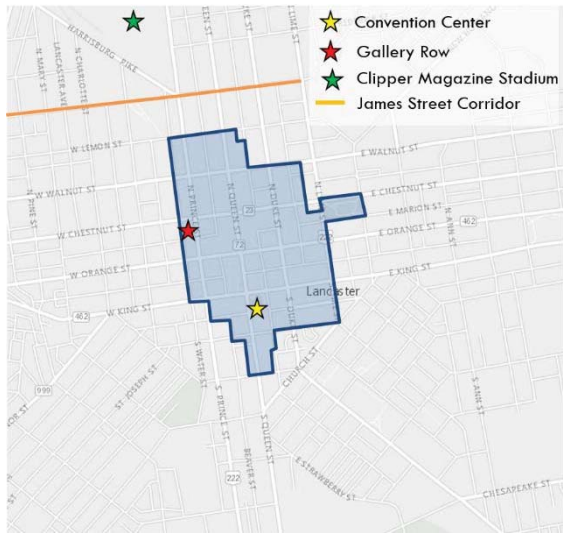
- **Partnerships: Partnerships and extensive engagement with the Community helped to establish important trust networks.** The RCC is dedicated to inclusion, community engagement and multistep processes that have brought city leaders and community members together. From Vision 2000 to the 2011 Urban Design Competition, to the composition of the Moccasin Bend Task Force and River City Board today, Chattanooga has ensured that key City, County and community stakeholders are included in the major phases of strategy and development. Collaboration and inclusion has created strong networks and personal relationships among community members and leaders. Leaders can leverage these networks to push through difficult projects and create additional buy-in.
- **Flexibility: The River City Company has a large degree of independence from the City, shielding the City from criticism of being too focused on the downtown and insulating the River City Company from political changes.** The RCC's operating budget is self-funded from parking and rental income, while the city invests on a project-by-project basis in initiatives that create tangible benefits for residents of Chattanooga.
- **Flexibility: The River City Company structure and specific objectives have been flexible to adapt to changing political and economic conditions, enabling it to sustain its core mission through multiple political administrations.** Over the last 30 years, political engagement with River City objectives has ebbed and flowed. The RCC is able to respond to requests from the City to either

substantially increase or reduce its role in major development projects. It is both responsive to mayoral leadership and nimble enough flex its mission and internal capacity based on the priorities of the City and its business constituents. The RCC has adjusted its activities to continue fulfilling its overall mission of activating downtown.

## LANCASTER, PA

<b>City Population</b>	60,000
<b>Downtown Population</b>	2,000
<b>Downtown Area</b>	0.2 square miles

Figure 9 | Downtown Lancaster



The Lancaster City Alliance (The LCA) is a private sector nonprofit that partners with local anchor institutions and the City to advance economic development and downtown revitalization. The LCA manages Lancaster’s Downtown Improvement District, which collects an assessment from downtown business owners to provide clean and safe services. The LCA was founded in 2013 when the James Street Improvement District (JSID) and the Lancaster Alliance joined together to form one organization. Previously, these two organizations had worked together to implement Lancaster’s Economic Development Action Agenda (the LDR Plan). With the aid of Franklin & Marshall College and Lancaster General Hospital, many facets of the LDR Plan have come to fruition. Strong Eds and Meds anchor institution partners, determined leaders, and a deep bench of engaged community members have all been necessary to downtown Lancaster’s transformation.

### History and Background

The breadth of economic development and community organizations in Lancaster was extensive. Over the past two decades, Lancaster’s numerous organizations largely consolidated under one umbrella – The Lancaster City Alliance.

#### Lancaster’s Downtown Investment District (DID)

the DID is a business improvement district founded in 1991 by local businesses in order to provide clean and safe services. Created under Pennsylvania’s Central Business District Authority Act, the DID has been responsible for a number of early initiatives and improvements to downtown Lancaster that now continue under the Lancaster City Alliance.

#### The Lancaster Campaign and Lancaster Alliance

The Lancaster Campaign was founded in the mid-1990s by local businesses leaders, property owners, and developers who recognized that the success of Lancaster was vital to the health and longevity of their businesses and investments. The purpose of the Lancaster Campaign was to encourage public-private partnerships, investment, and capital improvements within the City of Lancaster and to complement the DID. The Lancaster Campaign eventually became the Lancaster Alliance and, in 2013, became the Lancaster City Alliance.

#### The LDR Plan

The Lancaster Campaign was one of the champions of the LDR Plan in 1998. Created through extensive community and stakeholder collaboration, the LDR Plan helped lay the groundwork for a series of successes in downtown Lancaster. The Lancaster Campaign was a natural champion of the implementation of the LDR Plan due to its deep bench of private sector leaders that could help make the LDR Plan a reality when engaged.

#### Role of Anchor Institutions and the James Street Improvement District

Lancaster General Hospital and Franklin & Marshall College, sitting at opposite ends of James Street, joined together to form the JSID in 2003. These two organizations recognized the importance of the aesthetics and safety of their immediate neighborhood and worked to provide clean and safe services to the area. Their most visible initiative puts bicycle ambassadors throughout Lancaster’s downtown and James Street area.

### **Consolidation and Coordination of the Alliance, JSID and DID**

In 2007, the JSID entered a management agreement with the DID to consolidate resources and prevent duplicative downtown revitalization activities. In 2013 the JSID and the Lancaster Alliance (formerly the Lancaster Campaign) combined to form the Lancaster City Alliance. As these organizations have grown, their capacity and missions have grown as well.

### **Key Achievements**

One of the largest redevelopments in Lancaster occurred as a result of the strategic leadership of two major Eds and Meds stakeholders – Franklin & Marshall College and Lancaster General Hospital. The organizations had previously worked together to form the JSID and both recognized the importance of continuing revitalization efforts in and around downtown Lancaster. Under the leadership of former Franklin & Marshall president John Fry, the team led a \$75 million redevelopment that took 77-acres of blighted and unused properties and landfill and is transforming them into residential and retail developments and providing space for the growth of both Franklin & Marshall College and Lancaster General. The project, started in 2002 and quickly made progress with the \$27 million demolition of blighted structures and remediation, of which Franklin & Marshall and Lancaster General each contributed \$6 million. Franklin & Marshall and Lancaster General continue to implement the long-term plan, expanding their campuses into this land. Franklin & Marshall began construction on a \$19 million new stadium on the site in October, 2016, and anticipates continued long-term expansion of its academic programs into its ‘North Campus’. Lancaster General continues to plan an expansion of the Nursing & Health Sciences College for its portion of the land.

Another major development in the downtown was the Lancaster Convention Center. A component of the LDR Plan, the convention center came to fruition in 2009 after two decades of planning and development. The Lancaster Campaign was instrumental in pushing the initiative forward by facilitating collaboration and partnerships between the City and its stakeholders. The development used an RACP grant from Pennsylvania and a new hotel tax to aid in the funding of the project. The convention center was estimated to increase the number of tourists to Lancaster by over 100,000 visitors annually and contribute \$42 million annually to the local economy.

Finally, the Lancaster Alliance was instrumental in revitalizing downtown Lancaster’s retail district. The Lancaster Alliance aided in the marketing and filling of Gallery Row, an active three-block corridor that supports the arts and contains a number of galleries and boutiques. The Lancaster Alliance worked with the Pennsylvania College of Art and Design, which anchors Gallery Row, to create a space that is responsive to the needs of local artists while also creating an amenity for Lancaster residents.

### **Structure of the Lancaster City Alliance and DID**

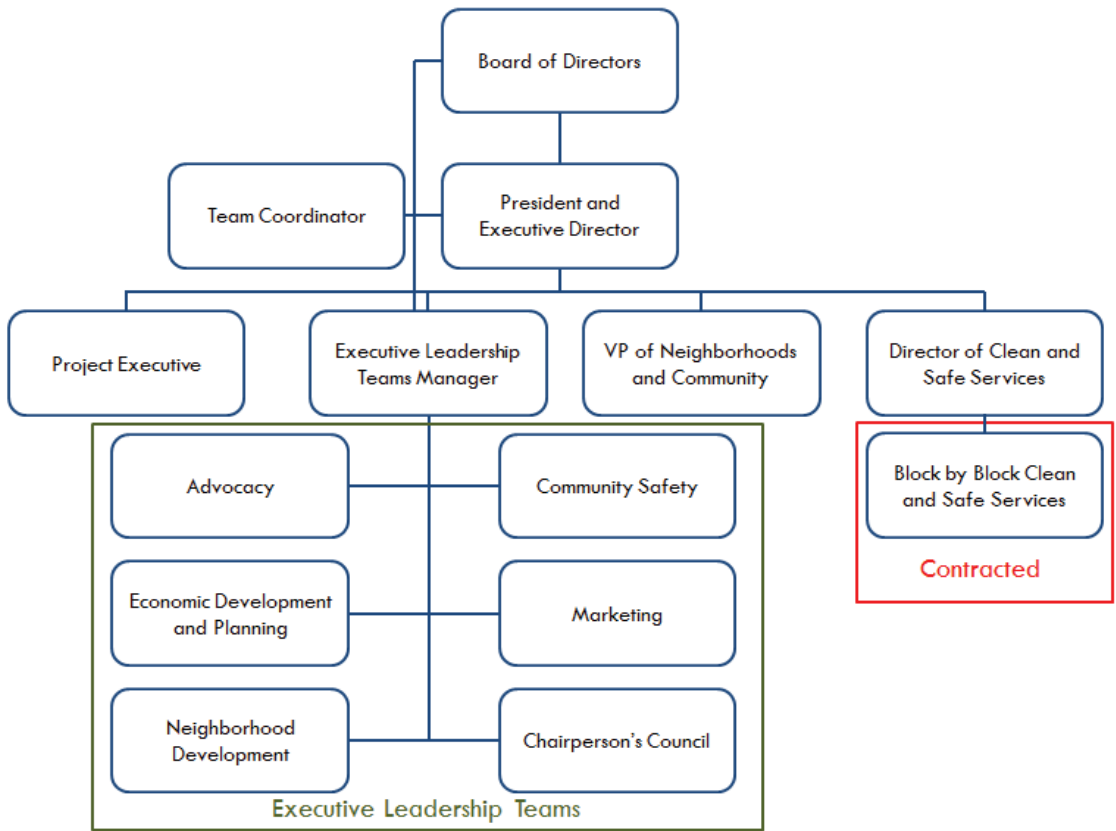
The Lancaster City Alliance is governed by a 13-person board of directors comprised primarily of private sector business representatives. A representative of the City, currently the Director of Economic Development, serves on the board as an *ex officio*, full voting member. The LCA Board is self-nominating and directors serve five-year terms, however, the Mayor of Lancaster appoints one member of the Board every five years. The LCA is run by a President, who is accountable to the Board, and a staff of 7 employees.

The board and the LCA’s full-time employees are supported by six executive leadership teams, comprised of volunteers from the business and institutional sectors. These teams have representatives from the board, the LCA, and the surrounding community and local businesses. These teams strive to create cohesive and targeted action agendas in order to further the goals of each team. The executive leadership teams were created to give the LCA’s predecessors’ board a voice within the LCA. Rather than combine the boards of the JSID and the Lancaster Alliance, the LCA created executive leadership teams to keep the board at a manageable size while giving community and business leaders an alternative outlet to take a hand in the revitalization of downtown Lancaster. Each executive leadership team is managed by an LCA employee.

The DID has an entirely different board, as mandated in its original authorization. The board is comprised of private-sector businesses, local community leaders, residents, and representatives from the City. The President of the LCA also serves as the Executive Director of the DID. The Director of Clean and Safe Services, an LCA employee, acts as the day-to-day manager of the DID and reports to the DID board. Lancaster contracts out the majority of the DID’s clean and safe services to the national organization Block by Block. This allows the LCA

to focus additional resources and capacity on other facets of downtown revitalization, including marketing and economic development.

Figure 10 | LCA Organization Structure



## Funding

Figure 11 | LCA Operating Revenues and Expenditures, 2014 Budget (in millions)

Revenues	
Corporate/Individual/Institutional Funding	\$0.8
DID Management Fee	\$0.2
Foundations	\$0.1
<b>Total</b>	<b>\$1.1</b>
Expenses	
Public Safety	\$0.4
Administration	\$0.4
Economic Development	\$0.1
Community Development	\$0.1
Marketing	\$0.1
<b>Total</b>	<b>\$1.1</b>

Figure 12 | DID Operating Revenues and Expenditures, 2014 Budget (in millions)

Revenues	
Assessments	\$0.3
Contributions/Donations	\$0.1
<b>Total</b>	<b>\$0.4</b>
Expenses	
Public Safety	\$0.15
Appearance	\$0.15
Operations	\$0.1
Marketing	\$0.05
<b>Total*</b>	<b>\$0.4</b>

## Lessons and Success Factors

- Partnerships: Lancaster's Eds and Meds anchor institutions recognized the need for a high-quality downtown, leading to high levels of engagement with downtown revitalization.** Franklin & Marshall College, Lancaster General Hospital, and the Pennsylvania College of Art and Design have all helped shape Lancaster's downtown. Through financial investment and intense redevelopment, Franklin & Marshall and Lancaster General are revitalizing 77-acres of formerly blighted land industrial land and railroad yards. The Pennsylvania College of Art

and Design supports a thriving arts community by anchoring the successful Gallery Row. High levels of investment and engagement from visible and permanent anchor institutions provide momentum for other downtown improvements.

- Resources: The Lancaster DID, while small in budget and scope, focuses on highly visible clean and safe initiatives.** The DID's bike squad is a common sight around downtown Lancaster. Their visitor and security services are visible to all businesses paying the DID assessment and would otherwise not be provided through the City of Lancaster. As a result, the LCA and the DID are able to easily communicate the benefit that the assessment brings to the downtown business owners.
- Resources: The LCA receives the majority of its funding from local businesses and anchor institutions.** The LCA has proven extremely effective in maintaining close partnerships with local businesses in order to receive substantial and reliable funding. The LCA gives funders an opportunity to remain engaged in the activities of the organization by including them on executive leadership teams. This allows funders to "get their hands dirty" and have a role in the direction of the economic and community development functions.
- Flexibility: The revitalization of Lancaster required organizations that could take on different roles, from enhanced clean & safe services of a BID to development more commonly provided by a development corporation.** The Lancaster experience shows that revitalization of downtowns requires flexible interventions to address the underlying factors. Initially created as separate organizations, Lancaster eventually combined them to increase collaboration. The structure of a BID within a broader organization served Lancaster well by creating a forum for building trust among stakeholders and facilitating collaboration among city leaders, generating a source for funding clean & safe improvements, and enabling the organization to consider additional



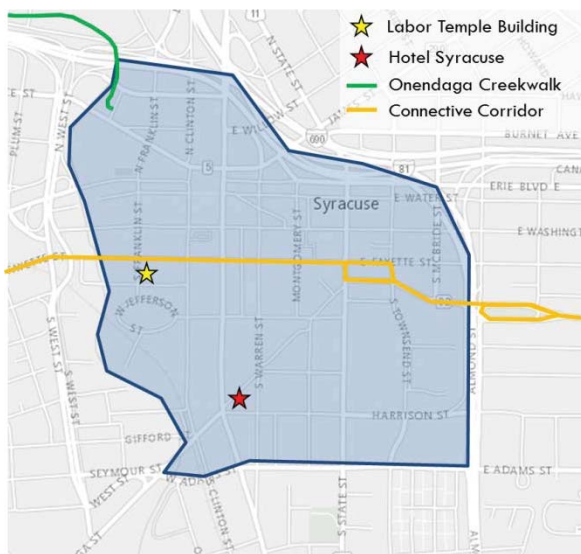
roles such as development on and as needed basis.

- ***Flexibility:*** Lancaster’s entities representing the interests of downtown stakeholders evolved to form a single umbrella entity. The multiple organizations that represented anchor institutions, property owners, private businesses, and city government came together to form a single entity with increased capacity for implementation downtown. The merger required radical changes to the board structure and the consent of board members to take on different roles as volunteers on the executive committees. In addition, the anchor institutions supported the merger by continuing to donate to the merged organization at the same level that they had been giving to the Lancaster Alliance and the JSID. By consolidating resources, the LCA can provide a suite of services to the city that extends beyond what each organization could have done alone.

## SYRACUSE, NY

<b>City Population</b>	144,000
<b>Downtown Population</b>	2,500
<b>Downtown Area</b>	0.5 square miles

Figure 13 | Downtown Syracuse



In 1975, business and civic leaders in Syracuse created the Downtown Committee of Syracuse, a special assessment district focused on beautification and improvement of the downtown. The Downtown Committee became a forum for the City of Syracuse to engage with downtown property owners to invest in and enhance downtown. The Downtown Committee has focused on making the downtown clean and safe, improving public spaces, and providing marketing for the district, and its achievements are reflected in the significant level of investment by downtown property owners and developers. In 2015, over \$502 million had been invested in the downtown in the past 5 years. Downtown’s population has increased 50% since 2006, to 3,200 people, with another 430 units in the pipeline, making it one of the fastest growing neighborhoods in Onondaga County. The growth of downtown is beginning to draw back employers as well: companies had plans to move 1,500 jobs into downtown Syracuse by the end of 2017. The Downtown Committee continues to focus on a core mission of enhancing the downtown by making the neighborhood an attractive place for investment and development.

### History and Background

Downtown Syracuse in the 1970s was filled with historic but aging office buildings that were emptying as retail and office users decamped for the suburbs. In response, business and civic leaders in Syracuse created the Downtown Committee of Syracuse, New York’s first special assessment district and the model for subsequent business improvement districts in the state. Revitalization began in the mid-1980s when two pioneering developers recognized the potential to convert the most historic area of downtown into a vibrant retail and living area. Their success with an initial project, the conversion of the Labor Temple building in 1984 into a popular restaurant, sparked the interest of the wider development community. The Downtown Committee spearheaded successful efforts to designate Armory Square in downtown Syracuse as a historic place in order to make developments there eligible for historic preservation tax credits. The designation made conversion of underutilized office space into residential apartments feasible, spurring a building boom downtown that continues today.

The Downtown Committee continued to guide the revitalization of downtown by leading the development of a downtown action plan in 1996 at the behest of Mayor Roy Bernardi. The plan was a concise and clear document to guide the development downtown with the Downtown Committee at the center as a partnership between the public and private sectors. The plan envisioned a more active 24-hour downtown with historic focal points like Armory Square as regional attractions. Implementation actions focused on addressing “dead spaces” by:

- increasing the residential population downtown
- creating a year-round public market and enlivening public spaces
- increasing marketing to attract more residents and business
- renovating the Landmark Theater into a performing arts center

The Downtown Committee updated the plan in 2001 with a continued focus on increasing activity and vibrancy downtown. In addition to continuing to support the development of downtown housing, the 2001 plan increased the focus on maintenance and beautification downtown, on improving the marketing campaign developed after 1996, and on revitalizing a distressed block at downtown’s core (300 South Salina Street). Since

completing the 2001 plan, the Downtown Committee has focused on marketing and maintaining downtown.

### **Key Achievements**

As a vehicle for facilitating a partnership between Syracuse's political leaders and the development community, the key achievements of the Downtown Committee are reflected in the extensive amount of public and private investment in downtown. Much of this development has been re-use of historic buildings, benefiting from the historic preservation tax credits the Downtown Committee made accessible by securing historic designation of downtown districts. Other developments that involved rehabilitation of important local landmarks such as the Landmark Theater and the Syracuse Hotel received local funding and grants directly. In addition, the city and county governments made substantial investments in public facilities, open spaces, and streetscapes downtown to make the area more attractive to pedestrians and residents.

Mayor Bernardi championed a \$9.2 million renovation of Clinton Square at the center of Downtown Syracuse, the public plaza through which the Erie Canal once flowed and that is surrounded by many of Syracuse's historic buildings. The Downtown Committee partnered with the City by commissioning feasibility studies for an open-air ice skating rink and renovation of Clinton Square and working with private owners surrounding the plaza to support the public process. The project was financed by a combination of federal, state, and local sources, and donations from businesses.

While few projects were direct partnerships between the public and private sectors, the Downtown Committee facilitated interaction and networking between the city and property owners and businesses that created the conditions for investment and redevelopment of Syracuse's historic buildings.

Downtown Syracuse is now an active and vibrant environment, as demonstrated by the increase in the residential population. As of 2016, Downtown Syracuse has over 2,000 market rate residential units and 430 additional units under construction or planned. This new

downtown housing has a 99% occupancy rate, and reports indicate they are appealing to recent graduates of the University of Syracuse and retirees. Armory Square is an active restaurant and retail center of downtown, and revitalization has spread to the nearby historic Hannover Square and South Salina Street areas.

Since the Downtown Committee's first action plan in 1996, notable developments downtown include a mix of public and private efforts that have collectively have transformed the district:

- \$11 million construction of a 2.6-mile public path from downtown to Onondaga Lake along Onondaga creek
- \$18 million Centro Transit Hub, a new transit center built by the regional transit system in 2012
- \$76 million restoration of the 1924 Hotel Syracuse, completed in 2015
- \$16 million expansion and improvements to the Landmark Theater in 2010
- \$28 million conversion of 130,000 square feet of vacant space to 67 apartments and ground floor retail in the Pike Block at 300 South Salina Street, accomplished with state and local funding support
- \$1.5 million renovation of the middle floors of the 12-story 1929 Chimes Building from offices into luxury condominiums.

### **Structure of the Downtown Committee**

The Downtown Committee is a 501(c)(3) downtown management organization that represents the property owners and tenants of downtown Syracuse. The Mayor of Syracuse appoints the 15 members of the board, but it is legally required that 11 of the 15 members be downtown property owners. Currently the executive officers of several development companies, local financial institutions, and large downtown employers sit on the board. Both the City and the County also have a staff member appointed to the board but neither the Mayor nor the County Executive are members.

The Downtown Committee has a staff of 8 full time positions and several additional part-time positions that provide security, parking, and landscape maintenance services.

The Downtown Committee's functions are organized into five programming areas:

- *Environmental Maintenance:* maintaining plantings in downtown, removing graffiti, and cleaning litter
- *Marketing and Communications:* creation of brochures, leading walking tours, production of a weekly newsletter, social media outreach to promote downtown Syracuse
- *Events:* arts and crafts festival, a farmers' market, an earth day cleanup, and an annual housing tour of recently developed apartments
  - The housing tour was created in the mid-2000s when housing development downtown accelerated. The cost of the tour is covered by the tickets to the event as well as fees paid by the participating property owners. In 2015, 3,270 people bought tickets for the tour.
- *Economic Development:* helping property owners and developers access incentives and grant programs for improvements, collection of data on market conditions downtown
- *Security:* 2 full time and 2 part-time security personnel

### Budget & Finances

The Downtown Committee had operating revenues and expenses of \$1.2 million in 2015, as shown in Figure 14. Approximately 80% of the committee's revenues come from the special assessment, and it is required to spend these revenues on enhanced services for the district. The Downtown Committee board develops an annual budget that the must receive the endorsement of the Mayor, and then approval of the city council. The City of Syracuse also must approve any changes to the assessment rates. During the course of its budget year with the approval of the board of directors, the Downtown Committee has the ability to shift funds between and within program areas as needs or opportunities arise. The principal uses of the funds are for landscaping and environmental services, staff and administration costs, marketing, and security. The special assessment remains the primary source of funds although the 2001 action prioritized the

### Anchor Institutions Augmenting City Capacity: The University of Syracuse's Connective Corridor



The University of Syracuse was not directly involved with the Downtown Committee, but under the guidance of chancellor Nancy Cantor championed an extensive effort to improve the physical connection between Downtown and the university.

In 2004, Cantor set about expanding the University's role and engagement with the surrounding community. The University of Syracuse spearheaded a partnership with the City that led to development of the \$47 million Connective Corridor, a 2-mile multi-modal transportation corridor connecting Syracuse University, downtown, and the Near Westside. Cantor committed the university to the project and secured federal funding to conduct a preliminary study of the corridor, jump-starting a complex 10-year process lead by the university with support from the City of Syracuse. Through perseverance over a decade, the City and university assembled \$4.5 million in earmarked federal funds as well as a \$10 million TIGER grant, \$20 million in state grants, and \$1.1 million in local funds to construct the corridor. Much of these funds were granted to the city government, but the university provided the staff and capacity to complete state and federal grant applications. Construction involved installation of wide pedestrian sidewalks, a painted bicycle path, landscaping, new signage and lighting, and public art. In addition to the rebuilt streetscape, the university provides funds to the local transit agency to provide free loop shuttles between the university and downtown. The Connective Corridor was the 2013 American Public Works Association project of the year in 2013 and received a 2015 Federal Highway Administration award.

The Connective Corridor showcases an anchor institution supplementing city capacity by leading major economic development initiatives with the support of city leaders and public agencies. The initiative also demonstrates the importance of visionary leadership. The connective corridor is Cantor's legacy in Syracuse; staff involved in the process believe that her commitment was essential to securing resources and keeping the corridor as a priority for the university and city throughout the development process.

diversification of the Downtown Committee’s revenue stream.

Figure 14 | PDP Operating Revenues and Expenditures, 2016 Budget (in millions)

Revenues	
Special Assessment	\$0.8
Events	\$0.1
Transportation (2 parking lots)	\$0.1
Grants (Main Street)	\$0.1
<b>Total</b>	<b>\$1.1</b>

Expenses	
Environmental Maintenance	\$0.2
Administration	\$0.2
Marketing	\$0.2
Security	\$0.2
Economic Development	\$0.1
Grants (Main Street)	\$0.1
Events	\$0.1
<b>Total</b>	<b>\$1.1</b>

### Lessons and Success Factors

- Leadership:** Visionary leaders from the development and public sectors championed and led elements of the revitalization of Downtown Syracuse. The development community spearheaded the Downtown Committee, with notable leaders including Robert Doucette who made the initial investments in historic buildings downtown and continues to serve on the board of the Downtown Committee. Syracuse Mayor Bernardi oversaw the redevelopment of Clinton Square at the heart of downtown.
- Partnerships:** The Downtown Committee helped build private-sector support for City initiatives, and raise awareness of business concerns. Revitalization of downtown Syracuse required public and private investments that worked together, creating a need for ongoing relationships and networks between downtown stakeholders and city leaders. While the Downtown Committee activities focused on

marketing and beautification downtown as opposed to physical construction, it facilitated engagement and collaboration between downtown property owners and the Mayor’s office. The Downtown Committee led the process of applying for and designating Armory Square as a historic district, making many of the buildings there eligible for historic tax credits that made redevelopment feasible. Additionally, the Clinton Square redevelopment demonstrates the value of this role – the Downtown Committee promoted inclusion of an attraction and built private-sector support for the initiative. The significant involvement of the Mayor’s office in the appointment of the board and approval of the annual budget created the conditions to build relationships and networks between the City and the development community that are at the heart of this ongoing partnership.

- Resources:** Downtown property owners comprise a supermajority of the Downtown Committee’s board, securing support for the special assessment. The property owners subject to the special assessment have control and oversight over the use of the funds through their majority on the board. This structure ensures the committee is responsive to the needs of the people and entities that finance its activities and is key for securing support for the special assessment.
- Flexibility:** The Downtown Committee is a flexible tool for downtown property owners and the city to quickly create and implement initiatives that improve the business climate. Examples include providing the capacity to designate Armory Square as a historic district which enabled developers to access historic preservation tax credits, and the creation of the downtown apartment tour to help developers showcase their products as development of new units increased in the mid-2000s. The engagement of property owners as a board majority makes the organization quick to respond to downtown conditions and to shift resources as new priorities arise.

## VII. RECOMMENDATIONS AND NEXT STEPS

### Key Themes from the NRN Workshop with Scranton's Downtown Stakeholders

On November 2, 2016, the National Resource Network facilitated a workshop with the City of Scranton and downtown stakeholders to discuss possible structures for implementing the Downtown Plan. The key themes from the discussion informed the National Resource Network team's subsequent recommendations:

- Scranton's anchor institutions recognize the benefit of a revitalized downtown and are willing to invest in an implementation organization, but require the City to first endorse and champion a vision for the neighborhood and take a lead role in implementation.
- Downtown stakeholders noted a need for the City to designate a staff member with responsibility for economic development and downtown improvement.
- Workshop participants were encouraged by the positive energy at the discussion and expressed a desire to continue the process with the hope of creating a more cohesive economic development strategy for Scranton.
- Many participants stated that without a clearer understanding of the City's role in implementation, it is too soon to select a structure for implementation but that they could make further progress through a brief (i.e. 3-4 month) facilitated task force.

Leaders of Scranton Tomorrow affirmed that their organization is receptive to structural and governing changes to better align with the needs for implementing the Downtown Plan.

### Recommendations and Next Steps to Advance Implementation of the Downtown Plan

The NRN team developed the following recommendations for the City of Scranton to advance implementation of the Downtown Plan. These recommendations are based on the research into existing conditions in downtown

Scranton, opportunities and challenges of downtown Scranton redevelopment, case studies of successful implementation efforts of downtown plans in comparable cities, and the stakeholder discussion at the workshop:

- **Recommendation 1:** Increase the City of Scranton's capacity for economic development by designating a current or new staff member to be the City's point person for implementation of the Downtown Plan.
- **Recommendation 2:** Designate Scranton Tomorrow as the City's lead partner organization for coordinating the implementation and evolution of the Downtown Plan. Restructure Scranton Tomorrow and enhance its capacity to accomplish this responsibility.
- **Recommendation 2-B:** Organize a focused, short-term task force led by the City, and including representatives from the downtown institutions and stakeholder organizations to further define the required changes to Scranton Tomorrow to effectively implement the Downtown Plan. Have the task force decide how to enhance the capacity of and restructure Scranton Tomorrow, clarify the role of the City as a leader and partner to Scranton Tomorrow and major stakeholders in the implementation of the Downtown Plan, and create a strategy for funding implementation of the Downtown Plan.
- **Recommendation 3:** Focus the efforts of Scranton Tomorrow and the City's downtown point person on building support among downtown property owners for the creation of a business improvement district with a stable source of funds from a special assessment.

Figure 15 | Timeline for Implementation



**Timeline for Implementation**

Implementation of the recommendations should occur over the short- and medium-term and the earliest task should begin within a month of the completion of the National Resource Network engagement. Figure 15 shows the optimal timeline for implementing the recommendations and which lead up to the City and downtown stakeholders proposing the establishment of a downtown business improvement district:

**Recommendation 1: Increase the City of Scranton’s Capacity for Economic Development by Designating a City Staff Member as the Point Person for Implementation of the Downtown Plan**

- **Timing:** Short-term, occurring within the first month after the conclusion of the National Resource Network engagement. This should be completed prior to the initial meetings of the task force (see Recommendation 2-B).
- **Lead Responsibility:** The City of Scranton.

To advance the Downtown Plan and secure buy-in from Scranton’s institutions and downtown stakeholders, the City of Scranton must take a lead role in the implementation, which requires increasing the City’s capacity for economic development. The key lessons from the case studies support this recommendation: although the champion for implementation may have been a nonprofit organization or private-sector stakeholder, the municipality was always an active and engaged partner.

In Scranton, the downtown institutions indicated a clear interest in actively working to implement the downtown plan in partnership with the City. Any investment by these institutions would need to align with their core missions – including having an attractive and welcoming place for

students, patients, and employees – and have a prudent risk profile. The stakeholders indicated that a leadership role by the City is an important factor in their assessment of risk, and this City role should include promoting the plan, securing a meaningful portion of funding (including through outside grants), and aligning the Downtown Plan with a forthcoming citywide economic development strategy.

To increase capacity for economic development in a meaningful way, the City of Scranton should designate a current or new city staff member as the point person for implementation. The key responsibilities of the point person role would be to:

- Link the Mayor and City officials with Scranton Tomorrow and the downtown stakeholders to ensure the City remains a clear proponent and leader of the Downtown Plan;
- Serve as the primary point of contact for property owners regarding municipal services downtown;
- Coordinate activities by municipal agencies in support of the Downtown Plan;
- Apply for outside grant funds to finance capital improvements; and
- Advance broader economic development efforts in Scranton, such as creation of a comprehensive economic development strategy.

In order to successfully fill this role, the City’s point person should have the following characteristics:

- *Knowledge of the fundamentals of economic development:* If a current employee is the designated point person and does not currently

have prior economic development experience, this could be achieved through economic development coursework, for example classes offered by Penn State Harrisburg that are accredited by the International Economic Development Council.

- *Close contact with the office of the Mayor:* Advancing priorities of the Downtown Plan and coordinating City services to respond to the needs of downtown property owners requires the point person regularly engage the attentions of the Mayor, Business Administrator and other city leaders. This will necessitate a close working relationship with and routine access to the office of the Mayor.
- *Managerial position within the Office of Economic and Community Development (OECD).* The point person should be a management-level employee in the OECD to more closely link the implementation of the Downtown Plan with the City's economic development strategy.

**Recommendation 2: Designate Scranton Tomorrow as the Lead Agency for Coordinating the Implementation and Evolution of the Downtown Plan**

- **Timing:** Short-term (3- to 4- months). This would occur simultaneously with the task force in Recommendation 2-B.
- **Lead Responsibility:** The City of Scranton and the stakeholder institutions would collectively share responsibility for designating Scranton Tomorrow as the lead/coordinating organization.

Implementing, updating, and sustaining the focus on the Downtown Plan would benefit from a dedicated nonprofit agency tasked with this role. The National Resource Network engagement team evaluated the possible lead implementation agencies, including adapting an existing or creating a new organization, and discussed the merits and drawbacks of each option with the City and stakeholders at the workshop. It became clear during the evaluation and discussion that Scranton Tomorrow could be well-positioned to lead/coordinate implementation of the Downtown Plan if

it could enhance its capacity. The key attributes that make Scranton Tomorrow the recommended option are that:

- The case studies of Pittsburgh, Chattanooga, Lancaster, and Syracuse showed that a private, nonprofit partner of the City that could effectively connect City, institutional, and private sector leaders was a central ingredient to these downtowns' successful revitalization efforts;
- Scranton Tomorrow's existing mission is largely focused on improving downtown Scranton; and
- Scranton Tomorrow is already the designated Main Street organization, and its staff and board have extensive institutional knowledge of the City, the downtown stakeholders, Pennsylvania Department of Community and Economic Development programs and grant opportunities for downtowns, and the process for creating a BID.

In the role as the plan's lead/coordinator, Scranton Tomorrow's focus should include:

- Convening City leaders and downtown stakeholders to assess progress, agree to major initiatives, and coordinate investments;
- Applying for grant funds for major capital improvements called for in the Downtown Plan;
- Promoting and marketing downtown, including recruitment to fill empty retail spaces along prominent downtown streets;
- Organizing regular events to activate downtown and give Scranton residents reasons to recreate downtown; and
- Initiating a more comprehensive suite of Clean & Safe programs downtown.

Although it is potentially well-positioned for this role, successfully taking on these responsibilities will require enhancing Scranton Tomorrow's capacity and restructuring the organization.

Increasing the capacity of Scranton Tomorrow requires securing a stable funding source to expand staffing levels. The case studies of Lancaster and Syracuse showcase the effectiveness of downtown nonprofits that



have evolved into organizations with a permanent staff of between six and ten compared with only one at Scranton Tomorrow. The Task Force in Recommendation 2-B should consider a staffing (and/or contracting) plan to enhance Scranton Tomorrow's capacity to manage Clean & Safe initiatives, downtown promotion and marketing, and apply for grants. However, as part of the task force (see Recommendation 4) the City, Scranton Tomorrow leaders, and downtown stakeholders should determine future staffing based on the specific activities Scranton Tomorrow will undertake.

In addition to increasing capacity, the composition and structure of the Scranton Tomorrow board should change to better align with the funding strategy and to increase representation for key downtown stakeholders. In general, board members should be key decision makers at organizations or government agencies providing funding for operations, and that have a stake in the downtown. As Scranton Tomorrow moves towards becoming a BID management agency (see recommendation 3), downtown property owners who would bear the cost of the special assessment should be given greater representation on the board.

Scranton Tomorrow will need an infusion of funds to increase its capacity for an initial 2- to 3-year period (see Recommendation 3 for details on the focus and activities during this period). A potential funding strategy might involve seeding Scranton Tomorrow with approximately \$1.5 million to add 2 or 3 permanent staff members. These funds might come from a variety of sources, such as \$500,000 from the City derived from proceeds from the sale of its sewer authority, \$500,000 from the State in the form of economic development grants, and \$500,000 collectively invested by Scranton's downtown anchor institutions.

**Recommendation 2-B: Organize a Focused, Short-term Task Force of the Downtown Institutions and Stakeholder Organizations to Strengthen the Justification for Investing in the Downtown Plan, and Determine the Changes Needed to Make Scranton Tomorrow the Lead Implementation Organization**

- **Timing:** Short-term, lasting 3- to 4-months. To ensure momentum of the project the task force

should begin within a month of the completion of the National Resource Network engagement.

- **Lead Responsibility:** The City of Scranton would have primary responsibility for establishing the task force, hiring a facilitator, and designating a leader.
- **Supporting Responsibility:** The task force lead selected by the City of Scranton would fulfill the administrative responsibility for convening the group, documenting decisions taking, and reporting out.

The task force, lasting 3- to 4-months followed by a report-out summarizing the results to City leaders, is needed to give the City and downtown stakeholders time to build the justification for investing in a downtown plan implementation organization. The task force should develop solutions to the following questions:

- What changes, if any, are needed to the Downtown Plan, to craft a clear vision for Downtown Scranton that is fully endorsed and supported by the municipal leaders and stakeholder organizations;
- How do the City of Scranton, Scranton Tomorrow, and the downtown stakeholders take collaborative roles in the implementation of the Downtown Plan, and how does this partnership relate to a broader economic development agenda for Scranton;
- What should be the organization structure of Scranton Tomorrow so that it is an effective leader/coordinator implementing the Downtown Plan;
- What capacity and governance structure does Scranton Tomorrow need to fulfill this role;
- What are the financial resources needed for Scranton Tomorrow to maintain the optimal capacity levels, and what is the strategy for securing those resources; and
- What must Scranton Tomorrow, the City, and the downtown stakeholders accomplish to secure the support of downtown property owners for a business improvement district and special assessment.

The task force serves the purpose of continuing the productive and positive discussion among downtown stakeholders with sufficient time to reach definitive conclusions, but also short enough to enable the City and stakeholders to quickly pivot to implementation activities.

The City should designate a leader of the task force group with the responsibility for convening the task force and reporting back. This leader would be responsible for ensuring the group meets on a regular basis and generates the required deliverables. Potential options for this lead convener might be the City’s point person, the Chamber of Commerce, or one of the anchor institutions.

In addition, the City or task force members should engage a professional facilitator to manage the task force process and help the group reach key milestone decisions. This facilitator should be a neutral entity that does not have a stake in the downtown. The facilitator might organize the meetings, provide an agenda, guide discussion, and document the decisions taken.

The task force should include representatives from the City and executive leadership from downtown stakeholder organizations:

- City of Scranton, Office of Economic and Community Development
- City of Scranton, Business Administrator
- Scranton Tomorrow
- The Greater Scranton Chamber of Commerce
- The University of Scranton
- Lackawanna College
- Geisinger Health System
- The Commonwealth Medical College
- The National Development Council

**Recommendation 3: Focus the Efforts of Scranton Tomorrow and the City Point Person on Building Support Among Downtown Property Owners for the Creation of a Business Improvement District with a Stable Source of Funds Via a Special Assessment**

- **Timing:** Medium-term, 2- to 3-years. Implementation should begin as soon as the task force reports back to City leaders.

- **Lead Responsibility:** Scranton Tomorrow and the City of Scranton
- **Supporting Responsibility:** Downtown stakeholders

Implementation of the Downtown Plan would benefit from a stable and defined source of revenue for Scranton Tomorrow, the lead/coordinating organization. The City and downtown stakeholders agree that a special assessment for a business improvement district would best fill these needs, but that downtown property owners must first be convinced that they will receive positive value from a BID. Downtown property owners perceive current taxes to be high and are concerned about the ability of Scranton’s civic organizations to deliver services. To address this, Scranton Tomorrow must first focus its implementation efforts on demonstrating its efficacy as an organization and the benefits of a pooled assessment to fund downtown initiatives. This should also be the initial focus of the City’s downtown point person, who would work closely with Scranton Tomorrow to ensure prompt provision of City services such as code enforcement as needed.

Following the conclusion of the task force (see Recommendation 2-B) and the resulting changes to Scranton Tomorrow’s structure and capacity, Scranton Tomorrow should undertake the following activities to persuade downtown property owners of the merits of a business improvement district:

- Organize frequent events that bring large crowds to downtown Scranton;
- Enhance the City of Scranton’s code enforcement efforts;
- Market empty retail spaces on prominent streets; and
- Inform downtown property owners of its activities and accomplishments.

Some downtown property owners feel that they are individually investing in cleaning their property and block. Therefore, although standard Clean & Safe initiatives should be a part of Scranton Tomorrow’s responsibilities, the organization should emphasize activities that address notable challenges facing

downtown property owners or that individual property owners cannot undertake alone.

The period for demonstrating the value of a downtown business improvement district, likely to take 2 to 3 years, should be defined. In addition, the City and downtown stakeholders should plan to propose to property owners implementing a special assessment once the period ends to continue the activities with a stable source of funding. Scranton Tomorrow will need resources to fund activities during the demonstration period. It is important that the City and downtown stakeholders are aligned regarding the duration of the demonstration period, Scranton Tomorrow's activities during this period, the desired outcomes, and the steps after the demonstration period ends in order to ensure effective use of the invested funds.

The City of Scranton, Scranton Tomorrow, and the downtown stakeholders would all share responsibility for building support among property owners for a business improvement district. The City would focus city services on downtown and provide funding for Scranton Tomorrow, Scranton Tomorrow would perform the functions of a BID, and the downtown stakeholders would provide funding for and then active oversight of Scranton Tomorrow.