Staff: Finance Division

Noah Brick, Assistant Counsel

Masis Sarkissian, Financial Analyst



###### THE COUNCIL

**REPORT OF THE FINANCE DIVISION**

**LATONIA MCKINNEY, DIRECTOR**

##### COMMITTEE ON FINANCE

##### Hon. DANIEL DROMM, CHAIR

##### October 30, 2019

**INT. NO. 1750:** By Council Member Dromm (by request of the Mayor)

**TITLE:** Local Law to amend the administrative code of the city of New York, in relation to authorizing an increase in the amount to be expended annually in five business improvement districts and one special assessment district

**ADMINISTRATIVE CODE:** Amends Administrative Code §§25-421.1(a), 25-423.1(a), 25-428.1(a), 25-431.1(a), 25-441(a), 25-602(a) and adds Administrative Code §§25-446.1

On October 30, 2019, the Committee on Finance will hold a hearing on Intro. No. 1750, *A Local Law to amend the administrative code of the city of New York, in relation to authorizing an increase in the amount to be expended annually in five business improvement districts and one special assessment district*, sponsored by Council Member Dromm (by request of the Mayor). These increases, which have been requested by the Business Improvement Districts (BIDs) and the Special Assessment Districts (SAD)[[1]](#footnote-1) approved by the respective District Management Associations, would result in a higher assessment on all properties currently subject to the BIDs’ assessments as a result of the increase in the assessment rate.

Pursuant to §§ 25-410(b) and 25-416 of the Administrative Code, the BIDs may obtain an increase in its budget (i.e. the total amount allowed to be expended annually by the BIDs for improvements, services, maintenance, and operation) by means of the adoption of a local law amending the BID’s district plan. Such a local law may be adopted by the City Council after a determination that it is in the public interest to authorize such an increase in the maximum annual amount and that the tax and debt limits prescribed in § 25-412 of the Administrative Code will not be exceeded. Notice of the public hearing to consider such a local law must be published in at least one newspaper having general circulation in the district specifying the time when, and the place where, the hearing will be held and stating the increase proposed in the maximum amount to be expended annually.

On October 17, 2019, the Committee adopted Resolution 1093 that set October 30, 2019 as the date to consider a local law that would increase the annual expenditures of five BIDs and one SAD, as of July 1, 2019. Today, the Committee will hear from all persons interested in the legislation, which would increase the amount to be expended annually in the five BIDs and one SAD.

The following BIDs have requested increases to their budgets, as indicated below:

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **BID Name** | **Yr Est** | **Last Increase Yr** | **Current Authorized Assessment**  **Cap** | **Proposed Authorized Assessment**  **Cap** | **$ Increase Request** | | **Months**  **Reserve** | **Increase**  **Schedule** | **Retro/**  **Forward** | **CM District (s)** | **SBS Justification** |
| **Yrs** | **Increase Amount** | **Total**  **% Increase** | **Annualized**  **% Increase** | **CM(s)** |
| **34th Street** | 1992 | 2018 | $12,640,000 | $13,000,000 | $360,000 | | 2.7 | One-time | Retroactive | 3, 4 | Assessment increase will supplement program revenues lost during Plaza 33 construction; expand horticulture maintenance to seasonal displays; and repair, replace, and maintain aging street furniture and capital improvements. A portion of this increase will be used to sustain current levels of programs and services impacted by rising contract costs associated with the increase in minimum wage. |
| 27 | $1,755,000 | 2.85% | 2.85% | 1x $360,000 | Johnson,  Powers |
|  |  |  | |  |  |  |  |  |  |  | |
| **Fifth Avenue** | 1993 | 2016 | $3,207,000 | $6,414,000 | $3,207,000 | | 4.0 | One-time | Retroactive | 4 | Assessment increase will launch new district marketing and cultural programs including: art installations, daily programming in public spaces, and new holiday lights; introduce banner program and advertising campaigns; expand beautification projects and repair streetscape elements including: painting all district lightpoles, constructing and maintaining new DOT parklet, installing planters throughout the district; hire three (3) full-time staff to manage new marketing, external affairs, and streetscape programs; and introduce FSA and 401k plans. A portion of this increase will be used to sustain current levels of programs and services impacted by rising contract costs associated with the increase in minimum wage. |
| 26 | $302,108 | 100.00% | 33.33% | 1x $3,207,000 | Powers |
|  |  |  | |  |  |  |  |  |  |  | |
| **Fulton Mall** | 1976 | 2015 | $2,100,000 | $3,006,750 | $906,750 | | 3.4 | Phased | Retroactive | 33 | Assessment increase will fund additional arts and cultural programming and events in Albee Square; design, install, maintain new holiday lighting; relocate and build-out new field office for sanitation, public safety, and streetscape staff; additional seasonal plantings; design, fabricate, and install new distinctive streetscape elements; replace and maintain aging existing street furniture, tree guards, trash compactors; install and maintain new DOT StreetSeats. A portion of this increase will be used to sustain current levels of programs and services impacted by rising contract costs associated with the increase in minimum wage. |
| 43 | $562,500 | 43.18% | 10.79% | 1x $601,350  1x $200,450  1x $200,450 | Levin |
|  |  |  | |  |  |  |  |  |  |  | |
| **MetroTech (North)** | 1992 | 2016 | $3,274,492 | $4,911,738 | $1,637,246 | | 5.2 | Phased | Retroactive | 33, 35 | Assessment increase will provide additional arts and cultural programming in Willoughby Square Park; hire one (1) full- time staff to program Willoughby Square Park; design, install, maintain new holiday lighting; install and landscape new planters, tree guards and tree pits; relocate and build-out new field office for sanitation and streetscape staff; conduct a Public Realm Study to propose capital projects to tie together neighborhood elements. A portion of this increase will be used to sustain current levels of programs and services impacted by rising contract costs associated with the increase in minimum wage. |
| 27 | $650,000 | 50.00% | 16.67% | 1x $725,508  1x $584,288  1x $327,449 | Levin,  Cumbo |
|  |  |  | |  |  |  |  |  |  |  | |
| **Noho** | 1997 | 1997 | $540,000 | $800,000 | $260,000 | | 8.5 | Phased | Retroactive | 1, 2 | Assessment increase will provide two (2) full-time security guards to patrol the district; introduce banner program; update neighborhood signage; update website; replace old planters and increase seasonal landscaping; conduct neighborhood planning study in advance of potential rezoning; implement new retail attraction program. A portion of this increase will be used to sustain current levels of programs and services impacted by rising contract costs associated with the increase in minimum wage. |
| 22 | N/A | 48.15% | 2.19% | 1x $190,000  1x $40,000  1x $30,000 | Chin,  Rivera |
|  |  |  | |  |  |  |  |  |  |  | |
| **Union**  **Square** | 1982 | 2017 | $2,600,000 | $4,200,000 | $1,600,000 | | 3.3 | Phased | Forward | 2 | Assessment increase will expand sanitation program and hire one (1) additional full-time sanitation staff and four (6) seasonal sanitation workers; hire one (1) full-time Deputy Director of Operations; launch retail attraction program; invest in streetscape improvements resulting from neighborhood visioning and planning process. A portion of this increase will be used to sustain current levels of programs and services impacted by rising contract costs associated with the increase in minimum wage. |
| 37 | $600,000 | 61.54% | 30.77% | 1x $480,000  1x $400,000  1x $400,000 | Rivera |

Int. No. 1750

By Council Member Dromm (by request of the Mayor)

..Title

A Local Law to amend the administrative code of the city of New York, in relation to authorizing an increase in the amount to be expended annually in five business improvement districts and one special assessment district

..Body

Be it enacted by the Council as follows:

Section 1. Subdivision a of section 25-421.1 of the administrative code of the city of New York, as amended by local law number 135 for the year 2016, is amended to read as follows:

a. The city council having determined, pursuant to subdivision b of section 25-410 of chapter four of this title, that it is in the public interest to authorize an increase in the amount to be expended annually in the Metrotech Area business improvement district beginning on July 1, [2016] 2019, and the council having determined further that the tax and debt limits prescribed in section 25-412 of chapter four of this title will not be exceeded by such increased expenditure, there is hereby authorized in such district an annual expenditure of [four million two hundred seventy-four thousand four hundred ninety-two dollars ($4,274,492)] five million nine hundred eleven thousand seven hundred thirty-eight dollars ($5,911,738), of which [three million two hundred seventy-four thousand four hundred ninety-two dollars ($3,274,492)] four million nine hundred eleven thousand seven hundred thirty-eight dollars ($4,911,738) may be expended in the north subdistrict, and one million dollars ($1,000,000) may be expended in the south subdistrict.

§ 2. Subdivision a of section 25-423.1 of the administrative code of the city of New York, as amended by local law number 235 for the year 2017, is amended to read as follows:

a. The city council having determined, pursuant to subdivision b of section 25-410 of chapter four of this title, that it is in the public interest to authorize an increase in the amount to be expended annually in the 34th Street business improvement district beginning on July 1, [2017] 2019, and the council having determined further that the tax and debt limits prescribed in section 25-412 of chapter four of this title will not be exceeded by such increased expenditure, there is hereby authorized in such district an annual expenditure of [twelve million six hundred forty thousand dollars ($12,640,000)] thirteen million dollars ($13,000,000).

§ 3. Subdivision a of section 25-431.1 of the administrative code of the city of New York, as amended by local law number 135 for the year 2016, is amended to read as follows:

a. The city council having determined, pursuant to subdivision b of section 25-410 of chapter four of this title, that it is in the public interest to authorize an increase in the amount to be expended annually in the Fifth Avenue Association business improvement district beginning on July 1, [2016] 2019, and the council having determined further that the tax and debt limits prescribed in section 25-412 of chapter four of this title will not be exceeded by such increased expenditure, there is hereby authorized in such district an annual expenditure of [three million two hundred seven thousand dollars ($3,207,000)] six million four hundred fourteen thousand dollars ($6,414,000).

§ 4. Subdivision a of section 25-444.1 of the administrative code of the city of New York, as amended by local law number 17 for the year 2016, is amended to read as follows:

a. The city council having determined, pursuant to subdivision b of section 25-410 of chapter four of this title, that it is in the public interest to authorize an increase in the amount to be expended annually in the 14th Street-Union Square business improvement district beginning on July 1, [2015] 2019, and the council having determined further that the tax and debt limits prescribed in section 25-412 of chapter four of this title will not be exceeded by such increased expenditure, there is hereby authorized in such district an annual expenditure of [two million six hundred thousand dollars ($2,600,000)] four million two hundred thousand dollars ($4,200,000).

§ 5. Chapter 5 of title 25 of the administrative code of the city of New York is amended by adding a new section 25-446.1 to read as follows:

§ 25-446.1 NoHo New York business improvement district; increase in the amount to be expended annually. a. The city council having determined, pursuant to subdivision b of section 25-410 of chapter four of this title, that it is in the public interest to authorize an increase in the amount to be expended annually in the NoHo New York business improvement district beginning on July 1, 2019, and the council having determined further that the tax and debt limits prescribed in section 25-412 of chapter four of this title will not be exceeded by such increased expenditure, there is hereby authorized in such district an annual expenditure of eight hundred thousand dollars ($800,000).

b. The amount of such expenditure to be levied upon each property in the district shall be determined in accordance with the method of assessment set forth in the NoHo New York business improvement district plan.

§ 6. Subdivision a of section 25-602 of the administrative code of the city of New York, as amended by local law number 30 for the year 2016, is amended to read as follows:

a. The city council having determined, pursuant to subdivision b of section 25-410 of chapter four of this title, that it is in the public interest to authorize an increase in the amount to be expended annually in the Fulton Mall special assessment district beginning on July 1, [2015] 2019, and the council having determined further that the tax and debt limits prescribed in section 25-412 of chapter four of this title will not be exceeded by such increased expenditure, there is hereby authorized in such district an annual expenditure of [two million one hundred thousand dollars ($2,100,000)] three million six thousand seven hundred fifty dollars ($3,006,750).

§ 7. This local law takes effect immediately and is retroactive to and deemed to have been in effect as of July 1, 2019.

1. Prior to the creation of the BID system as it is known today, in the 1970’s New York State created fourteen SADs which collected assessments from property owners to pay for pedestrian malls and street improvements. Four of these SADs were located in New York City, with the first being the Fulton Mall in Brooklyn which was established in 1976. In 1982, pursuant to authorization by State law, the Council adopted legislation governing the formation of BIDs. [↑](#footnote-ref-1)