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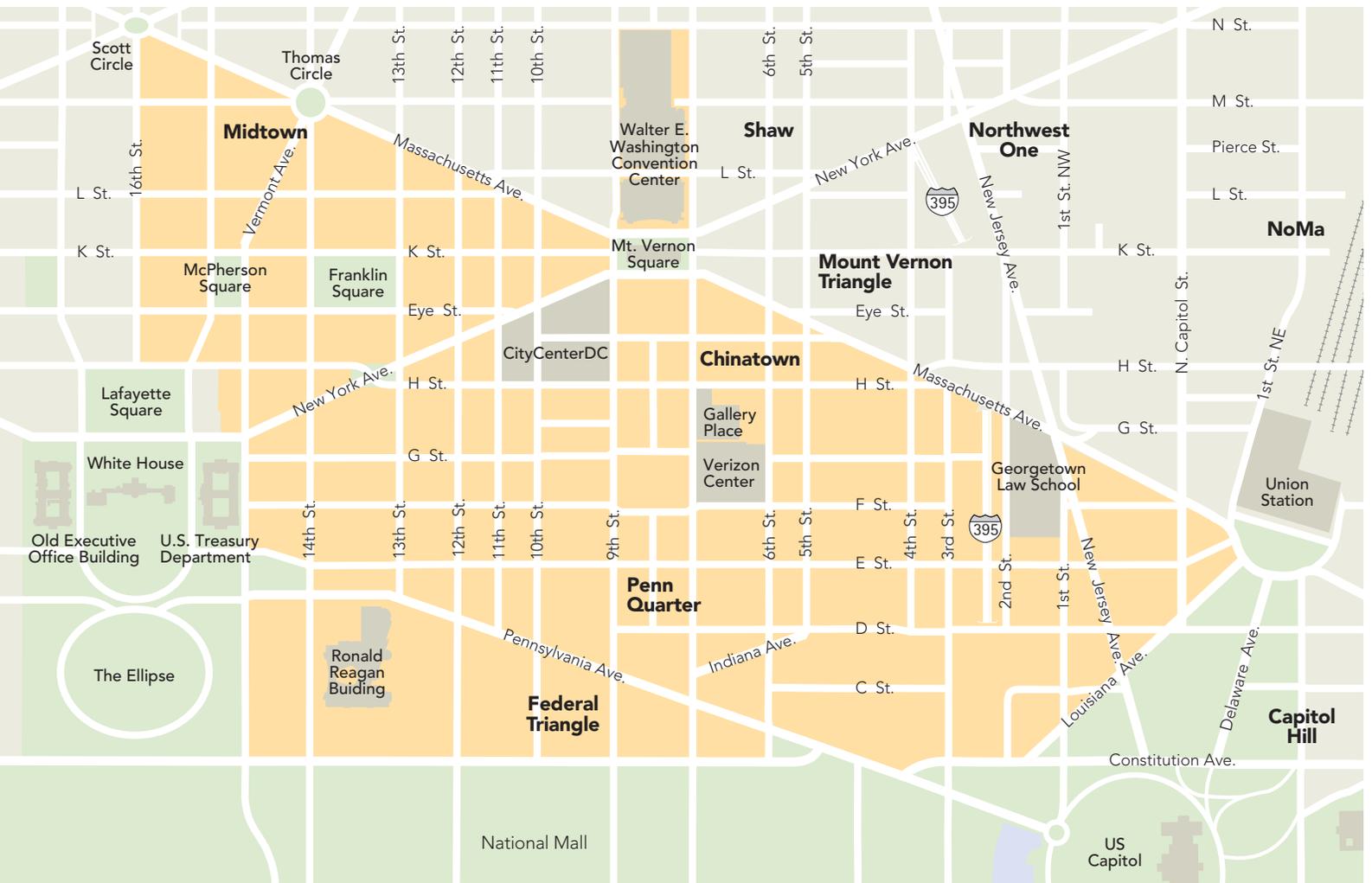


Downtown DC Business Improvement District
ANNUAL REPORT

2009

ABOUT THE DOWNTOWN BID

Vibrant, inviting and smart, Downtown DC is Washington's premiere destination for exploring, creating and sharing ideas and experiences. The Downtown DC Business Improvement District (BID), a private non-profit organization, provides capital improvements, resources and research to help diversify the economy and enhance the Downtown experience for all. As a catalyst, facilitator and thought leader, the Downtown BID promotes public/private partnerships to create a remarkable urban environment within this special district, which encompasses a 138-block area, and spends more than \$5 million annually on direct street services.



The Downtown BID is funded through a special district, where property owners tax themselves to improve the Downtown BID area and to promote and retain businesses. Established under District of Columbia legislation in 1997, the Mayor and City Council reauthorized the Downtown BID for additional five-year terms in 2002 and 2007, after property owners and tenants voted in favor of the action.

More than 800 commercial properties are located in the Downtown BID area within the boundaries of the National Mall on the south, Massachusetts Avenue (including the Walter E. Washington Convention Center) on the north, Louisiana Avenue on the east and the White House and 16th Street on the west. The Downtown BID area encompasses the Gallery Place, Chinatown, Federal Triangle, Franklin Square, McPherson Square, Midtown and Penn Quarter neighborhoods.

A Board of Directors, consisting of 42 business and civic leaders, governs the organization with an annual \$10 million budget, the majority of which is spent on maintenance, beautification, safety and hospitality. The Downtown BID employs 140 staff, 105 of whom are Safety, Hospitality and Maintenance

personnel, known as SAMs, who keep Downtown streets clean, safe and friendly and assist workers, visitors and residents with a variety of needs.

The Downtown BID provides services in the areas of safety and hospitality, maintenance and beautification, economic development, environmental sustainability, homeless services, marketing, physical improvements, planning, transportation and special events. In addition, the Downtown BID provides management services to affiliated non-profit organizations: the National Cherry Blossom Festival, the Downtown Events Corporation, District of Columbia Surface Transit, Inc. (DCST) and the Mount Vernon Triangle Community Improvement District.

Partnerships with the municipal and federal governments (especially the General Services Administration, as part of their Good Neighbor Program, which actively supports urban development through community partnerships; the National Park Service; and the National Capital Planning Commission), as well as a variety of other public agencies and private sector organizations, enable the Downtown BID to provide premiere services to the business community.

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LETTER FROM THE CHAIRMAN AND EXECUTIVE DIRECTOR

The year presented challenges for our city, the nation and the international community, as all grappled with the global financial and economic crisis. In the face of economic hardship, however, the decline was less severe in Downtown DC, where some economic sectors performed relatively well due to past and recent investments that the federal and city governments initiated. Although DC's unemployment rate rose, Downtown experienced a net gain in jobs. Hotel occupancy rates increased and attendance at most events maintained a brisk pace as visitors and residents engaged in diverse cultural and entertainment offerings. Through it all, the Downtown BID stuck to the fundamentals—premiere business services, strong partnerships and innovative initiatives—to ensure that the city's economic engine sustained momentum.

FACT

The Downtown BID's annual budget is \$10 million.



Although approaching full build out of available land for development, the Downtown BID area had no new ground-breakings or completed projects as construction slowed to a veritable standstill. Thoughtful planning for the economy's rebound was the order of the day. Relying on our strengths—visioning, stimulating discussions, building coalitions and building consensus for strategies to expand the economy—we supported endeavors to get short-term federal assistance for stimulus projects and leveraged our partner relationships to encourage plans for long-term projects that would enhance our quality of life. The goal: rejuvenate and spur economic activity by creating and capturing new jobs and opportunities for businesses and citizens.

On Inauguration Day, when a new era of social and political transformation promised to take hold, the Downtown BID area displayed its remarkable physical transformation with all the world watching. Downtown SAMs played a leadership role in conveying the transformational

nature of experiencing American history being made in Downtown. They helped greet and guide nearly 2 million visitors. SAMs took charge with superior knowledge of where to go and how to get there. Working inside the security perimeter, they were knowledgeable aids, helping to monitor crowd activity and promote local businesses, and then bringing the neighborhood back to normalcy when the festivities had ended. Crews worked 15 hours to collect 19 tons of trash. Individual BID staffers took on supportive roles as volunteers at the many programs and balls.

As one of the most successful and expensive office markets in the region, nation, and the world, the key to Downtown's competitive edge lies in the quality of experience in public areas and spaces. The BID worked to improve street vitality through exceptional placemaking. In collaboration with the District Department of Transportation (DDOT), the Downtown BID helped develop a comprehensive \$5.5 million streetscape plan that will be implemented in 2010. We also provided assistance to the National Museum of Women in the Arts to



prepare drawings and obtain public space and construction permits for the New York Avenue Sculpture Project, an outdoor gallery featuring contemporary works by world-famous artists, which also is due to premiere in 2010. Both will transform the public environment in Downtown sub-areas.

Recognizing that parks impact Downtown's economic, environmental, social, cultural and aesthetic well-being, we continued our efforts with the National Park Service (NPS) and the DC Office of Planning (OP) to effect major change in designing, managing and maintaining these public gathering places. Improvements to Reservation 72 (Chinatown Park) and Indiana Plaza are underway. In addition, we worked with OP to formulate ways to determine whether parks and open space in the Downtown BID area and neighborhoods to the north can be available for programming and other uses.

Several other initiatives kept the Downtown BID engaged in planning throughout the year. We collaborated with DDOT to submit

a \$140 million proposal to the Federal Highway Administration (FHA) for the K Street Transitway, which will affect a more efficient surface transit operation and enhance the pedestrian experience. We also worked with DDOT to garner public support for a city streetcar network. At the same time, we partnered with OP and other stakeholders to initiate the planning process for the Mount Vernon Square District Project, which will consist of parks, open spaces and a transit hub. Working through the District of Columbia Surface Transit, Inc. (DCST), we helped coordinate the DC Circulator's expansion into more neighborhoods and improve connections to Downtown.

Our Greening Downtown DC initiative continued to reap benefits for Downtown and the city. The Downtown BID promoted LEED standards and Energy Star benchmarking, which more Downtown office buildings adopted per capita than anywhere else in the country. This momentum helps to promote Downtown as a responsible sustainable leader, committed to pursuing the highest standards

of efficiency and sustainability in both new and existing buildings.

Looking back, the year was tough but productive. Compared to other downtowns, the Downtown BID area closed 2009 on a stable note. We experienced somewhat stronger economic activity than most of our US and global competitors. To keep the momentum going, the Downtown BID will continue to engage proactively to provide leadership on jobs and a new economic strategy, as well as to assist the business community in working with the city on issues such as tax reductions to business retention and attraction.

We stand ready for change and growth fashioned on innovation and creative solutions. We invite you to join us.

Matthew Klein

Chairman

Downtown Business Improvement District Corporation

Richard H. Bradley

Executive Director

Downtown Business Improvement District Corporation

SAFETY AND HOSPITALITY

As the first point of contact for information and special needs and the ubiquitous face of Downtown, Safety, Hospitality and Maintenance employees—known as Downtown SAMs—make the Downtown experience welcoming and inviting, easily accessible and convenient for all. Half of the SAMs corps concentrate on safety and hospitality. They can be seen at Metro entrances, key intersections, special events and major outdoor attractions 362 days a year. The uniformed, radio-equipped team welcomes and assists hundreds of thousands of Downtown workers, visitors and residents annually and maintains contact with law enforcement officers should trouble arise.



ACCOMPLISHMENTS

A comprehensive crime prevention program, devoted to enhanced safety awareness, shared problem solving and targeted actions in response to incidents, helped deter crime in Downtown in 2009. Through weekly Lobby Safety Fairs, and monthly Property Manager Council and Downtown Safety Alliance meetings, the Downtown BID shared timely information and developed comprehensive responses to issues concerning Downtown tenants and patrons. All told, more than 5,660 Downtown workers attended the office building Safety Fairs—more than three times the number in 2008. In addition, the SAMs assisted 345,105 citizens by offering directions, handing out maps and notifying police when trouble arose. The SAMs also engaged in 13,277 homeless assists and escorted 205 workers to their vehicles or public transportation in the evening.

During the four-day Presidential Inauguration celebration, SAMs helped to maintain order and forge lifelong memories for some 1.8 million people who attended the ceremonial events and official balls in Downtown. Armed with information to help move the masses along and find their destinations, the Hospitality Team that weekend assisted more than 20,000 visitors—on average, the SAMs assist about 16,500 visitors per month—who poured through manned Metrorail stations and security checkpoints in the Downtown BID. They provided updated information about transit accessibility and security checkpoints, disseminated maps and fielded thousands of visitors' questions.

After residing for 10 years at 1006 F Street, NW, the SAMs' office moved to new headquarters at 1229 New York Avenue, NW. The new location puts SAM operations in direct proximity

to the planned sculpture project that will attract hundreds of visitors, as well as bringing them closer to the mixed-use hub that will be CityCenterDC; a revitalized K Street; and what could become Downtown's very own public commons, Mount Vernon Square.

GOALS

SAMs will continue to undergo intensive training to become knowledgeable about issues such as crime prevention and reporting, first aid and first-responder training, communication skills and homeless outreach services. Valuable partnerships forged with the Metropolitan Police Department (MPD) and other area law enforcement help to sustain low crime levels in Downtown through monitoring and reporting any uncivil activity.

In addition, the Downtown BID will ratchet up the SAMs operations program with a



focus on placemaking, parks and technology. SAM employees will complete a bicycle-assistance training module to boost Downtown's bicycle friendliness. SAMs will meet a higher level of hospitality service at every point of contact with patrons, and they will monitor routinely almost every element of the public environment, reporting problems to appropriate public and private organizations. We will accomplish this using sophisticated hand-held devices, or personal digital assistants (PDAs), and storing information on the Geographic Information System (GIS) in order to monitor the public environment, to improve defect resolution times and to provide the public with real-time information.



FACT

The Downtown BID conducts lunchtime Safety Information Lobby Fairs in major office buildings and employment centers.

MAINTENANCE AND BEAUTIFICATION

Maintenance SAMs provide vital services to maintain Downtown's welcoming image by picking up litter and trash, sweeping sidewalks, removing gum and graffiti, planting flowers, hanging banners and painting public fixtures.



ACCOMPLISHMENTS

The SAM Maintenance team kept Downtown streets clean and free of litter by collecting, on average, 16,579 bags of litter and trash monthly. Working in a timely fashion, they removed graffiti from 1,187 locations (more than double the 2008 total), stickers from 2,161 sites and illegal posters from 135 locations throughout the Downtown BID area. SAMs identified and reported hazards and defects to the appropriate response team for follow-up and corrective action. Through collaborative efforts established with city and federal agencies, the BID assures consistent service delivery to Downtown stakeholders.

To brighten the Downtown environment and keep up existing landscaping, the Downtown BID continued its supplemental landscaping program with new trees, shrubs and 150 flower baskets. Partnerships with the DDOT

FACT

SAMs undergo intensive classroom training, and four weeks of on-the-job-training.

Urban Forestry Administration, Casey Trees, the NPS and area property managers continued as the BID staff worked to improve, replace, maintain and monitor the area's 2,500 trees.

Following the Presidential Inauguration celebrations in January, the SAMs immediately set about returning Downtown to normalcy, sweeping and picking up trash. Forty SAMs bagged 19 tons of trash—twice the daily collection, excluding trash collected by the DC Department of Public Works (DPW). Many worked 15-hour shifts to get the job done. The SAMs remained vigilant, as they were overwhelmed with packed trash receptacles and debris. In the midst of restricted security zones and enormous crowds of nearly 2 million people, they worked diligently to keep curb lines free of refuge and filled to capacity a five-ton compactor. They also transported several hundred bags of debris to a DPW-designated site.

GOALS

As the next phase of the Tree Management Program begins, partnerships with Casey Trees, city agencies, property managers and the NPS will be essential to helping reduce tree losses throughout the Downtown BID area.

SAMs will continue to assess conditions in the physical environment and conduct inventories of items in the public realm (street signs and poles, parking meters, benches, bus shelters, etc.) using hand-held global positioning system (GPS) devices to produce timely information, as well as to respond to and resolve streetscape issues. Using more efficient mechanized equipment, SAMs can enhance lighting for well-trafficked streets and provide more hanging flower baskets. They will work to maintain the service standards that stakeholders, workers, visitors, and residents have come to expect.



PHYSICAL IMPROVEMENTS

Protecting and enhancing the physical environment and the pedestrian experience contributes greatly to the quality of life in Downtown. From the built realm to the aesthetics of urban gathering places, the Downtown BID works to lessen our burden on the planet and incorporate sustainability into business practices while creating public places where people want to congregate and be inspired.



ACCOMPLISHMENTS

The Downtown BID's Greening Downtown DC Initiative entered its second year of conducting research, establishing measures, communicating information and convening training that promotes sustainability and makes Downtown more competitive and attractive to investors and visitors. In 2009, the four inter-related areas of focus—greening new and existing buildings, educating tenants on green best practices, improving public spaces and enhancing transportation options—all demonstrated progress.

The Downtown BID received recognition for its leadership in implementing the Green Business Certification Program pilot with the Sustainable Business Network of Washington (SB NOW). As the first organization to undergo an SB NOW assessment for eco-friendly practice in its daily operations, the Downtown

FACT

SAMs audit elements in the public realm, including parking meters, light fixtures, benches, trees, news boxes and trashcans.

BID earned “Certifiably Green Business” status, meaning it demonstrated leadership in six areas ranging from water conservation and quality, to waste reduction and recycling.

Properties bearing the Energy Star label increased from 36 to 53, adding another 5.3 million square feet of energy efficient office space to the market. A handful of these existing properties earned the LEED Existing Building Certification; several others are pending, creating identifiable business opportunities that can leverage federal retrofit programs, rebates and tax incentives. In the spring, the US General Services Administration (GSA) committed \$396 million to retrofit federal properties in the Downtown BID area.

The National Museum of Women in the Arts collaborated with the Downtown BID, DC Office of Planning, Federal Highway

Administration (FHA) and other agencies on a plan to create the New York Avenue Sculpture Project. The Downtown BID also continued to diversify the Downtown economy and enhance the Downtown experience by supporting new vendors with novel vending designs and products that offer consumers more options. We helped facilitate a DC Central Kitchen vending cart location at 7th and F Streets and On The Fly’s placement near the intercity bus lines at CityCenterDC. In addition, the pilot FreshFarm Farmers’ Market that opened on Vermont Avenue near the White House received promotional, consultatory and logistical support.

The Public Recycling Pilot Program, a partnership among the Downtown BID, the DPW and the American Beverage Association, exceeded expectations. In total, Downtown denizens deposited 1.5 tons of recyclable materials monthly in 25 blue cans—for

an 80% recovery rate. The Downtown BID worked with the DDOT to expand the program to include 38 additional cans, which will be delivered in 2010 under the Downtown BID’s \$5.5 million comprehensive Streetscape Project implemented with federal stimulus funding.

GOALS

Creating a strong physical identity for Downtown and enlivening open spaces to have high quality design and event programming are critical to maintaining Downtown’s vitality and economic competitiveness. Future plans entail continuing to integrate placemaking and sustainability into the Downtown environment. Using DDOT grants, the Downtown BID will continue to make physical improvements at Reservation 72 (Chinatown Park) and Indiana Plaza and finalize major streetscape improvements in Downtown from Chinatown to Penn Quarter.



HOMELESS SERVICES

The Downtown BID serves as an advocate for homeless individuals and a partner with property managers, business and community leaders, as well as city officials and leading service providers, to incorporate best practices to end homelessness. The Downtown BID's homeless outreach team, the only non-governmental, clinically based outreach team for homeless individuals and families in DC, supports the city's efforts to house the homeless and provide street-level intervention and solutions for this segment of the population. In addition, the Downtown BID adopted the "Housing First" approach to chronic homelessness to reduce the number of mentally ill homeless persons living on the streets.



ACCOMPLISHMENTS

In 2009, the Downtown BID identified more than 150 individuals for immediate placement into permanent housing. Through a partnership with Pathways to Housing DC, the Downtown BID continued to address homelessness in Downtown, which declined by 44% in September compared to a year ago, despite tough economic times. Seven months earlier, in January, a homeless enumeration showed a 38.5% decline from the previous year. Overall, homelessness in Downtown has dropped almost 50% since 2008.

Using the "Housing First" model (which focuses on moving homeless persons into affordable housing first and then providing them with supportive services that can help them remain housed) and an intensive outreach program, the Downtown BID was able to connect an average

of 50 people per month to needed social services. The DC Department of Human Services (DHS) housed nearly 500 of Downtown's homeless and provided them with supportive services, and is committed to providing another 500 housing units in the coming year.

The Downtown BID continued to support mental health and homeless service providers that address the daily needs of the homeless. Six workers—a clinical director, two social workers, a certified addiction counselor, a licensed psychologist and a community support worker—identified and built relationships with the chronically homeless to assist in their goal to lead more stable lives. In addition, the BID's Downtown Homeless Services Team conducted about 10 training workshops on homelessness to enable property managers, elected officials and other decision-makers to help homeless people in a positive way.

Working with Pathways to Housing DC, the Downtown BID proposed an innovative approach to first-step housing for the homeless, which consists of individual sleeping and shared living spaces, to the DHS. This type of transient lodging provides a temporary refuge until providers can find more permanent supportive housing. In partnership with the DC Department of Mental Health (DMH), Pathways to Housing DC and the Downtown BID hope to be instrumental in opening at least two single room occupancy (SRO) facilities with efficiency apartments. In addition, the Downtown Homeless Services Team began working with the DC Public Library to develop a program to address the sometimes conflicting needs of the library's staff and the dire needs of the homeless individuals who frequently use libraries for temporary refuge.



FACT

The SAM Host Team is specially trained to recognize and engage homeless individuals.



GOALS

In 2010, the Downtown BID will continue to work with the Mayor's Interagency Council on Homelessness, the Community Partnership for the Prevention of Homelessness and more than 20 partner providers to move Downtown's homeless into services, make the system more consumer friendly, link the most vulnerable homeless to appropriate providers and assist individuals in reconnecting with family members. Continued collaborations with Pathways to Housing DC, Catholic Charities, the DHS and DMH, the MPD, the District of Columbia Housing Authority, the US Park Police and NPS will enable the BID to identify innovative solutions to the homelessness problem. These significant partnerships will allow the Downtown Homeless Services Team to engage homeless people and move them from the streets into independent living.



"The Department of Mental Health (DMH) values its close working relationship with the Downtown BID, whose outreach and support services have been instrumental in reducing chronic homelessness in the downtown area."

— Steve Baron, Director, Department of Mental Health

TRANSPORTATION

The Downtown BID's transportation efforts play a pivotal role in championing DC's economic prosperity and sustainability. As the Downtown BID area welcomes more workers, visitors and residents, access to multiple and efficient modes of transportation become increasingly more critical. The transportation system creates the platform upon which all other Downtown activities are built.



ACCOMPLISHMENTS

The Downtown BID collaborated with the DDOT to design and place 70 new bus shelters made of aluminum and glass and vandal- and graffiti-resistant materials in Downtown. The shelters display information to make it easier for people to travel in and around Downtown on both the DC Circulator and Metrobus. The Downtown BID also worked with the DDOT in striping new bike lanes on G Street, from 3rd to 15th Streets, to create a safer bicycling environment, complement the SmartBike DC kiosks and connect existing bike lanes to expand the cycling network.

In addition, a DDOT and Downtown BID partnership led to significant brick replacement and improved curb ramps to the medians along K Street from 12th to 16th Streets. Eight bus shelters and bus stops are located on these medians, which had become hazardous for pedestrians and inaccessible for the disabled.

In September, DDOT developed design alternatives to redesign

and reconstruct K Street between Washington Circle and Mount Vernon Square, a longtime priority for the Downtown and Golden Triangle BIDs, which have been dedicated to creating a great boulevard for years. This initiative will help stabilize and grow employment and population in DC and drive new development projects in Downtown, the Center City and some commercial corridors in primarily residential areas throughout the city.

The Downtown BID's successful, two-year-old K Street Pilot Program, designed to reduce traffic congestion and create better loading zones, led the DC City Council to enact the Commercial Curbside Loading Zones Implementation Act of 2009. The new law tackles insufficient loading zones along the curb and inadequate enforcement which causes congestion and impedes goods and services deliveries, an essential commercial activity in Downtown.

The city initiated a huge planning process, which included the Downtown BID

and other stakeholders, for the Mount Vernon Square area. This project has a major transportation component which aims to create a multi-modal hub, tying into plans to bring streetcars back to DC.

The DC Circulator, originally established by a collaborative that includes the Downtown and other BIDs as well as local, regional and federal agencies, added two new routes, effectively bringing total Circulator routes to five and extending the affordable transit system across new areas of the city. The Circulator fleet also expanded nearly 33%, with 14 new buses for a total of 43 systemwide.

GOALS

The Downtown BID will work with property owners, businesses and the DDOT to implement the new Commercial Loading and Valet Parking Programs successfully in 2010 and will continue its leadership role in providing management services to plan and market the DC Circulator. The Downtown BID also will strive to create

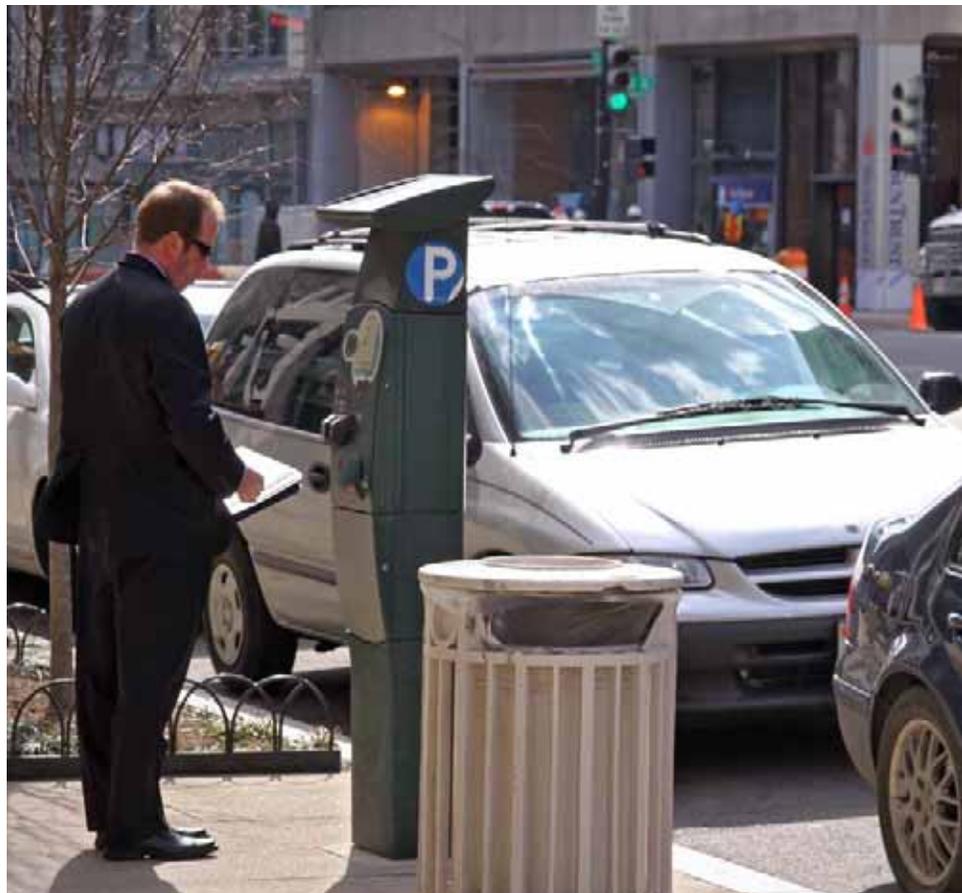
FACT

The Downtown BID area welcomed more than 10.7 million visitors in 2009.

a successful streetcar system linking residents to jobs, shopping and other destinations and spurring economic development through public/private partnerships.

The DDOT plans to install additional bike parking racks in Downtown in 2010. The Downtown BID will match the number of DDOT racks, with the goal of 200 new racks and increased bicycle use in Downtown. In addition, the Downtown BID will continue, where practical, to get protected bike lanes that are close to the curb, away from vehicular traffic and with parking lane shielding to provide cyclists more protection from motorized traffic on Downtown streets.

Efforts to help expedite planning to redesign K Street and the Mount Vernon Square District will continue, as will efforts to provide leadership on Downtown's transportation future through research and dialogue with the community, public officials and urban transportation experts.



ECONOMIC DEVELOPMENT

The Downtown BID promotes Downtown’s economic growth and diversification through research and public/private partnerships. Collecting and distributing the facts about the Downtown economy assists investors, developers and policymakers in their decision-making. This research also highlights Downtown as a stable and attractive investment market, and as the city’s economic engine while competing against strong regional, national and global challengers. Downtown BID-led public/private partnerships foster collective decision making on new policies and investments that support growth in Downtown businesses, employment and housing. Downtown’s significant fiscal contributions to city revenues support growth in the city’s social investment, including public schools, affordable housing and job training.



FACT

The Downtown BID area is home to 14 museums, 6 theaters, 2 cinemas and more than 130 destination restaurants.



ACCOMPLISHMENTS

The Downtown BID collaborated with other BIDs and the city government to develop a property tax abatement program for non-profit organizations and associations in the emerging Center City office submarkets to retain and attract cost-conscious non-profits and associations to DC. As analytical support for this program, the Downtown BID managed a Delta Associates study of the “DC Area Non-Profit and Association Office Market” that the Office of the Deputy Mayor for Planning and Economic Development (ODMPED); Capitol Riverfront BID; Washington, DC Economic Partnership; and the Mount Vernon Triangle CID funded.

A December 2008 Leadership Paper on the city’s response to the global financial and economic crisis outlined steps that the city can take to prepare

for the economy’s recovery, such as partnering with federal agencies to maintain and expand their presence in the city, developing a long-term economic development strategy, and devising tax policies to make commercial development and occupancy costs in DC more competitive regionally.

The Leadership Paper’s suggested initiatives to develop a long-term economic development strategy led to an ODMPED/Downtown BID partnership and spawned a McKinsey & Company report on how to create a broader economic development strategy, bolster competitive positions and create jobs for the city. The study shows that certain industries—finance, health care and energy—are primed for growth due to federal government activity and that DC can capture a large share of this growth.



The Downtown BID continued to produce several research reports, including: the Quarterly Development, annual State of Downtown, bi-annual Downtown Economy/Employment, and quarterly DC Office Tenant Movement. New studies included the Impact of Law Firm Lay-Offs, Office Market Assessments and Office Employment Needed Before New Office Development Restarts. In addition, the Downtown BID also produced information on Downtown retail and market values, and office space tax revenue value.

In partnership with the Capitol Riverfront and NoMa BIDs, the Downtown BID commissioned Robert Charles Lesser & Co. to conduct a study that compared the total costs for four users of office space (federal government users, non-profit organizations and associations, partnerships and corporations) across 13 DC and suburban office submarkets.



The study will be completed in 2010. This report will highlight the non-market cost factors in DC and the Maryland and Virginia office markets as compared to the market cost factors (such as the differences in triple net rents and the portion of property taxes per square foot due to higher office values rather than tax rate).

The annual State of Downtown Public Forum, titled “Holding Steady In Uncertain Times,” brought together an expert panel of government, commercial and media representatives to review data from the 2008 State of Downtown Report and to discuss the economic outlook for continued development in Downtown. Nearly 200 stakeholders attended the event at the Newseum.

GOALS

The Downtown BID will conduct research and engage in public/private partnerships to maintain, grow and diversify the Downtown economy. In 2010, the Downtown BID will work with the city to build its business/employment retention and attraction capacity, and help develop a financing plan for the proposed streetcar system, as well as develop an alternative framework for managing the city’s economic development debt level—a long-term budget roadmap that should include reducing commercial property tax rates—conduct retail research and create marketing materials to assist in retail attraction efforts for CityCenterDC (325,000 square feet of retail). In light of recent turmoil in the economic and financial markets, we will assist in updating the 2008 Center City Action Agenda to focus on prioritizing activities against available funding.

PLANNING

The Downtown BID partners with all levels of government and non-governmental organizations to plan Downtown streets, parks and public spaces, to ensure that the area is represented adequately in citywide and regional planning processes and to serve as a catalyst in planning new resources for the critical mix of assets within Downtown.



ACCOMPLISHMENTS

In 2009, extensive planning reaped gains on several fronts as the DC and federal governments unveiled tactics to improve Downtown parks, streets and public spaces. Working with city officials and area stakeholders, the Downtown BID helped complete final recommendations for the Chinatown Cultural Development Strategy to position Chinatown as the regional anchor for Chinese-Asian culture and attractions. The strategy outlines actions to celebrate what remains of Chinatown, an important regional asset that Downtown's tremendous growth has endangered.

The Downtown BID also joined with several stakeholders to initiate the city's Mount Vernon Square District Project, an ambitious sub-area plan. The 2008 Center City Action Agenda recommended the plan as a way to coordinate public and private



investment in Mount Vernon Square and establish a great destination capable of attracting visitors from other areas. The Center City Action Agenda is the city's formal plan to stimulate new development and placemaking and expand Downtown uses into emerging areas with the goal of sustaining DC's economic momentum and fiscal stability.

Serving as a liaison to the National Park Service on the National Mall Plan, the Downtown BID continued to participate actively in the National Capital Planning Commission's Monumental Core Framework and CapitalSpace plans – all designed to create vibrant and accessible destinations and open space. The Monumental Core Framework Plan's recommendations include Pennsylvania Avenue, streets and open spaces in the Federal Triangle—including a Cultural Heritage Trail—and landmark

federal properties such as the Old Post Office Pavilion, the FBI Headquarters Building and the Internal Revenue Service Headquarters.

The Downtown BID began work to make improvements to Reservation 72 (Chinatown Park) and studied Indiana Plaza under a general partnership agreement with the NPS. In 2008, the Downtown BID collected data on the 34 NPS parks and reservations that constitute 22 acres of the Downtown BID area. In conjunction with the DC Office of Planning, federal partners and other stakeholders, many parks and open spaces in the area and neighborhoods to the north were examined to determine their accessibility and availability for programming.

GOALS

During these uncertain economic times, the Downtown BID will promote an investment

agenda to help sustain revitalization efforts, which have propelled the city to a position of prominence among world capitals. Maintaining strong job growth, office development and revenue generation is essential to DC retaining its regional competitive edge.

Now that we have completed an inventory of park conditions, the Downtown BID will move forward with plans to finance local park revitalization and create new, high-quality open spaces through partnerships with park neighbors, the city and the NPS.

In addition, the joint effort to monitor the Center City Action Agenda's implementation and keep a scorecard of developments will continue with the OP, as will efforts to help create a critical mass of shoppers' good retail in an emerging Downtown shopping district.



FACT

The Downtown BID's initial \$500,000 streetscape investment has generated \$35.5 million in total public improvements.

MARKETING AND COMMUNICATIONS

An integrated program of strategic communications and marketing activities works to position Downtown DC's commercial, cultural and civic assets competitively across the region, the nation and the world. At the same time, a broad range of public relations tools and products help enhance the Downtown BID's institutional image as a provider of premier services, an innovative program developer and a leadership organization.



ACCOMPLISHMENTS

In 2009, the Downtown BID elicited significant attention on several key issues: homelessness, transportation and Chinatown development, via print and electronic media. As thought leaders and catalysts for public/private partnerships, BID principals remain important resources for writers, reporters and editors tracking the area's continuing renaissance.

With key image materials in place to reflect new positioning, the Downtown BID elevated the discussion on branding to enhancing Downtown's unique character and identity through memorable experiences, and identifying new ways for businesses to add value to economic offerings. To that end, we invited "The Experience Economy's" co-author Joe Pine to deliver a presentation to key stakeholder organizations on the transformational aspects of Downtown's economy and creating a sense of place as dynamic and competitive

advantages that could be exploited to sustain the area's revitalized status. The half-day workshop looked at aspects of the experience economy in DC, authenticity as a way of rendering experience and steps that Downtown businesses can take to improve their economic offerings.

The Downtown BID's website (www.downtowndc.org), newsletter and events calendar kept stakeholders informed about new restaurants and retail, commercial and residential development, as well as cultural and entertainment activities in order to promote Downtown as a hub of activity for the city and the region. A variety of reports and studies provided government officials, investors, partner organizations and the public with up-to-date statistical data on Downtown's economic indicators. This culminated in the second annual State of Downtown public forum, where the BID presented a year-end snapshot of fiscal trends and a panel of experts delivered insights on Downtown and the city's economic future.



FACT

The Downtown BID website has more than 5,000 page views per day.

In recognition of the BID's 10th anniversary in November 2007 (fiscal year 2008), the Annual Report showcased a 10-year retrospective tracing the organization's evolution and marking major milestones from the early planning days to the present. In addition, the Downtown BID produced three new Leadership Papers focusing on homelessness, the financial economic crisis and transportation. This series of occasional working papers foster dialogue among important policy- and decision-makers about critical issues related to Downtown's economic, social and physical development.

Extensive communication efforts prepared the entire Downtown community for the Presidential Inauguration. As host to nearly 2 million people, the Downtown BID shared information regularly with local businesses via a series of electronic Inaugural Alerts to ensure that they were aware of security boundaries and organizing agencies to contact for more details. A special Inaugural edition of the Downtown Update

newsletter informed businesses, workers and residents about official Inaugural plans, access to Metro, street closings and other security measures. These targeted communications garnered hundreds of new newsletter subscribers and visitors to the website.

The annual Momentum Awards celebrated the best of Downtown by honoring a cross section of leaders, doers and most talked about projects that help make it a remarkable urban experience. The awards gala was one of the most anticipated networking event of the season. Business owners, developers, city officials, partner organizations and residents converged at the JW Marriot Hotel Washington to give peers and visionaries their due. Amid all the merriment, awards were presented to an impressive list of honorees in both the public and private sectors.

GOALS

In 2010, building on the success of the Inaugural Alerts, the

Downtown BID will develop tailored communications for special stakeholder groups. We will conduct the bi-annual Pedestrian Perception Study to gauge progress on the core fundamentals of clean, safe and friendly with the goal of elevating the Downtown experience to remarkably vibrant, inviting and smart for everyone.

The Downtown BID will continue to promote and help diversify Downtown's economy through high quality, accurate and timely research, reports and resource information to support real estate development, transportation initiatives, retail attraction, placemaking and physical improvements and homeless services. In addition, we will strive to enhance real and virtual access to commercial, cultural, entertainment and residential offerings. Most importantly, highlighting safety, hospitality, beautification and maintenance services will remain the foundation of all marketing and communications activities.

SPECIAL EVENTS

By identifying opportunities to foster high-quality event programming in Downtown, the Downtown BID positions the area as the region's premier cultural and entertainment destination.



ACCOMPLISHMENTS

The fourth annual Downtown Holiday Market, located in front of the Smithsonian American Art Museum and the National Portrait Gallery, offered workers, visitors and residents 19 days of juried craft shopping, musical entertainment and sundry food choices. The Downtown BID partnered with Diverse Markets Management (DMM) to provide a first-rate outdoor marketplace. More than 150 vendors generated \$700,000 in tax revenue for DC. In keeping with the Downtown BID's sustainability efforts, Market materials consisted of 100% post-consumed recycling paper, and bio-diesel fuel provided power. The Washington Examiner, WAMU 88.5 and WASH 97.1 FM signed on once again as media partners.

The National Cherry Blossom Festival, DC and the nation's most popular springtime gala, celebrated its 97th year with much fanfare in 2009. An expanded program, the Cherry Blast, gave art enthusiasts and younger attendees a late night multi-media event that featured Japanese anime. The signature Family Day and the Opening Ceremony drew 12,000 attendees, while the Sakura

Matsuri Japanese Street Festival welcomed 160,000 attendees—both record turnouts. More than 1 million patrons generated about \$100 million in direct spending for the city during the 16-day event. The annual fundraiser, The Pink Tie Party, attracted celebrity chef Art Smith, while the Parade—which sold out bleacher seats—featured “Jeopardy!” host Alex Trebek as Grand Marshal. The Downtown BID provides a home base and critical staffing for the Festival, which draws international attention to the community every year.

The 17th Annual Arts on Foot Festival celebrated the fall arts season's opening in Downtown, attracting more than 25,000 patrons. A second preview day enhanced the Art Market, which consisted of 95 artists and showcased musical and dance talent on two stages. Visitors and MTV's “The Real World” cast enjoyed the Neighborhood Showcase, which featured 38 organizations hosting cultural programming. In addition, 30 high-end restaurants offered food sampling and acclaimed chefs participated in a dedicated Cooking as an Art demonstration. According to an informal survey of patrons, 60% of the

samplers were exposed to a new restaurant, more than 90% of all festival visitors live in the DC area and 100% said they would attend the festival again. The Downtown BID produces Arts on Foot in partnership with the Penn Quarter Neighborhood Association, and with DC Commission on the Arts and Humanities' support.

The Downtown BID continued to promote events at CityCenterDC. The Trapeze School of New York signed up for a six-month stay. The Washington Kastles, DC's World Team Tennis franchise, brought a championship-winning season to Downtown with world-class athletes. The Susan G. Komen's Race for the Cure, which raised thousands of dollars for breast cancer research, used the lot as a staging area for equipment and volunteer parking. The Presidential Inaugural Committee (PIC) and InauguralFest, a nonpartisan tribute to presidential history, also staged events on the space. In addition, several independent and mainstream Hollywood films made it their production base.

Providing consultation and support to neighborhood events, the Downtown BID helped coordinate logistical matters,

FACT

The Holiday Market features 187 local artisans and retailers over 20 days.

including obtaining permits to facilitate production. The Capital Fringe Festival and the DC Shorts Film Festival again received support that helped bring innovative programming to Downtown patrons. The independent Fringe performing arts festival happened exclusively within the BID for the first time since 2006. DC Shorts, the nation's third largest short film festival, featured more than 100 films and attracted more than 150 filmmakers from around the world.

GOALS

Facilitating novel and compelling programming is a key component of maintaining Downtown's lively, creative and diverse environment and to contributing to the community's economic, artistic and aesthetic well being.

Efforts to develop, support and implement high-quality BID-produced and nationally recognized BID-based events that promote a positive image of Downtown as an international cultural and entertainment destination will continue.



ADMINISTRATION

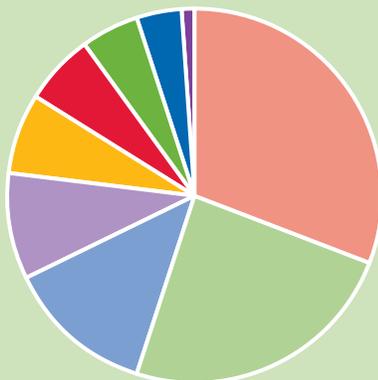
To operate the BID effectively, a centralized professional financial and administrative staff has primary responsibility for budget and financial matters, human resources management, Board relations, business and contract management and policy implementation.



ACCOMPLISHMENTS

The special tax that property owners agree to pay enables the Downtown BID to provide premiere business services and benefits to the community. The assessment collection rate continued to improve in 2009, reaching 99.9%. Good relationships with the DC government helped fulfill several objectives: to maintain accurate property information, to establish realistic payment schedules and to resolve matters that hampered established payment timetables.

Maximum financial performance prevailed once again throughout all programs, as the Downtown BID and subsidiary and affiliate corporations' financial assets and activities—such as SAM services, the Downtown Events Corporation and DC Surface Transit—maintained year-long financial stability. Each entity, with individual assets, liabilities, equity, revenues and expenditures, received annual spending plans and timely and accurate financial reports. Customary controls and



FY 2009 ALLOCATION

Safety	31%
Maintenance	24%
Marketing	13%
Administration	9%
Physical Improvements	7%
Homeless Services	6%
Economic Development	5%
Transportation	4%
Special Projects	1%

FACT

The Downtown BID supports the DC Traffic Court/East of the Community Court with more than 5,800 hours of community service.

procedures ensured that financial statements conformed to General Accepted Accounting Principles (GAAP) and complied with each Board's expenditure limits.

The Administration Department diligently executed and monitored financial and personnel policies and procedures, risk management, insurance, legal matters, compliance and contract reviews to ensure that the Downtown BID Corporation had appropriate legal protection on several levels. The Department also oversaw the General Services Administration (GSA) service contract and maintained partnerships with the DC Department of Employment Services (DOES) and other local workforce programs that assist DC residents. Board reporting, information technology and office management services, equipment and inventory, meetings support and other administrative activities were centralized for all programs.

Human resources attracted, retained and supported a highly skilled staff of 140 individuals,

including SAMs, and kept the turnover rate substantially below 20%. In 2009, Administration also continued to support the Downtown BID's green initiative by reducing consumable product use, and converting information and communications to online processes.

GOALS

Continuing to collect assessment revenue and income from contractual arrangements, managing and controlling expenditures and overseeing financial and administrative planning will remain a priority for the upcoming year. The Downtown BID also will continue to support consistent operations, regulatory compliance and appropriate protections for the organization and all Board activities, corporate and contractual relationships, as well as recruit and support a highly qualified and creative staff capable of producing superior results.



LETTER FROM THE TREASURER

We are pleased to release the Downtown Business Improvement District (BID) Corporation's audited Consolidated Financial Statement for FY 2009 on the facing page, which covers the period from October 1, 2008 through September 30, 2009.

As Treasurer for a second term during 2009, I worked with staff to manage the organization's financial affairs. Over the past year, the Downtown BID had a stable budget in place, and despite the challenge of operating with little to no increase in the revenue stream, the organization funded all operations with current revenues. We rowed with the oars we had, and in the final analysis, our strategic decisions and sound financial management practices led to successful results. We attribute this success in large part to the Board of Directors' leadership

as well as the unremitting efforts of our Executive Director, Richard H. Bradley, and the Downtown BID staff.

The Downtown BID maintained the commercial tax rate at 14.9835 cents per square foot and the hotel tax rate at \$74.215 per room in FY 2009. We continued to stay in contact with the Office of Tax and Revenue, an action that resulted in greater cooperation and communication and led to the organization receiving disbursements and delinquent assessment payments in a timely and efficient manner.

Our audit firm, Beers & Cutler, oversees financial reporting for the Downtown BID and issued an unqualified opinion on the financial statements.

With another year of strong fiscal performance, I am pleased to present these statements for public review. If you have any questions, or would like to obtain copies, please feel free to contact the Downtown BID directly.

Bradley Edwards

Treasurer

Downtown Business Improvement District Corporation



FACT

*The Downtown
BID employs
105 SAMs.*

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 270,167	\$ 752,107
Cash reserve account	314,386	350,000
TOTAL CASH AND CASH EQUIVALENTS	584,553	1,102,107
Accounts receivable, net	382,600	232,420
Deposits and other	86,351	61,353
Property and equipment, net	380,102	212,055
TOTAL ASSETS	\$ 1,433,606	\$ 1,607,935
LIABILITIES AND NET ASSETS		
Accounts payable and other liabilities	\$ 300,468	\$ 289,873
UNRESTRICTED NET ASSETS:		
Unrestricted	618,081	816,840
Property and equipment, net	380,102	212,055
Board designated	134,955	289,167
Total Unrestricted Net Assets	1,133,138	1,318,062
TOTAL LIABILITIES AND NET ASSETS	\$ 1,433,606	\$ 1,607,935

CONSOLIDATED STATEMENTS OF ACTIVITIES**SUPPORT AND REVENUES**

Assessment revenues	\$ 7,646,451	\$ 7,450,437
Contributions and other revenues	2,643,520	2,702,445
TOTAL SUPPORT AND REVENUES	10,289,971	10,152,882

EXPENSES

Administration	932,086	895,269
Marketing	1,225,586	1,215,234
Physical Improvements	610,015	595,317
Safety	3,301,849	3,043,528
Maintenance	2,663,621	2,467,217
Homelessness	579,244	560,550
Transportation	359,428	354,379
Economic Development	551,611	581,466
Special project — DC Circulator	—	149,960
TOTAL EXPENSES	10,223,440	9,862,920
Net increase in unrestricted net assets before board designated expenses and other	66,531	289,962
Board designated expenses and other	251,455	260,629
NET (DECREASE) INCREASE IN UNRESTRICTED NET ASSETS	\$ (184,924)	\$ 29,333

CONSOLIDATED STATEMENTS OF CASH FLOWS

Net cash (used in) provided by operating activities	\$ (230,941)	\$ 284,828
Net cash used in investing activities	(286,613)	(20,074)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(517,554)	264,754
Cash and Cash equivalents, beginning of period	1,102,107	837,353
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 584,553	\$ 1,102,107

This information has been derived from the financial statements audited by Beers & Cutler PLLC. The complete set of audited financial statements is available upon request from Bertha Gaymon of the Downtown Business Improvement District Corporation.

BOARD OF DIRECTORS

(OCTOBER 1, 2008 – SEPTEMBER 30, 2009)

EXECUTIVE COMMITTEE

Matthew Klein
CHAIRMAN
President
Akridge

Bradley Edwards
FIRST VICE CHAIR & TREASURER
General Manager
Renaissance Washington DC Hotel

Peter Johnston
SECOND VICE CHAIR
Senior Vice President/
Regional Manager
Boston Properties

Jane Taylor
SECRETARY
Chief Marketing Officer
Washington Sports &
Entertainment

Kingdon Gould III
PAST CHAIR
Vice President
Gould Property Company

Richard H. Bradley
PRESIDENT
Executive Director
Downtown BID Corporation

Steven Jumper
Regional Public Policy Director
Washington Gas

Yeni Wong
President
Riverdale International

MEMBERS

Joseph L. Askew, Jr.
Vice President
Government Relations
Verizon

David Bender
President
Blake Real Estate, Inc

Donald Borut
Executive Director
National League of Cities

Robert H. Braunohler
Vice President of Operations
& Development
Louis Dreyfus Property Group

Bart Bush
Regional Commissioner,
Public Buildings Service
US General Services
Administration, NCR

Philip Carr
Senior Vice President,
Development
Preferred Offices

Dean Cinkala
Chief Development Officer
(Partner)
JBG Companies

Robert Cohen
President
Perseus Realty, L.L.C

Rev. Msgr. Salvatore A. Criscuolo
Pastor
St. Patrick's Catholic Church

Charles A. Docter
President
Penn Quarter Neighborhood
Association

Thomas E. Finan
Managing Director
Trammell Crow Company

William A. Hanbury
President/CEO
Destination DC



Thor C. Headley

Vice President
Hines

Hervé Houdré

General Manager
The Williard InterContinental
Hotel

Douglas Jemal

CEO/President
Douglas Development

Christopher Jennings

Managing Director
Shakespeare Theatre Company

Helen Kelly

Director of
Administrative Services
Howrey

John Kyle

Senior Vice President
Studley

Barbara Lang

President & CEO
DC Chamber of Commerce

Carol M. Lascaris

President Emeritus
National Museum of Women
in the Arts

Arturo Lawson

Director, Policy and
Intergovernmental Relations
Washington Area Metropolitan
Transit Authority

Ron Linton

Representative
Downtown Cluster of
Congregations

Merrick T. Malone

Principal
Metropolis Development Co., LLC

Joel Manion

Managing Director
Washington Court Hotel

Michael McCarthy

Vice President/Director of
Acquisitions
Quadrangle Development
Corporation

Tom Meyer

Executive Vice President
Clyde's Restaurant Group

Wallace J. Mlyniec

Lupo-Rici Professor of
Clinical Legal Justice
Director, Juvenile Justice Clinic
Georgetown University
Law Center

Jerry A. Moore III

Partner
Venable LLP

Gregory A. O'Dell

CEO and General Manager
Washington Convention
Center Authority

Vincent B. Orange, Sr.

Regional Vice President,
Washington, DC
PEPCO

Amy Rifkind

Counsel
Arnold & Porter

Stanley W. Slotter

President
Paradigm

Paul R. Tetreault

Director
Ford's Theatre

Patrick J. Tyrrell

Chief Operating Officer
Vornado/Charles E. Smith

Rob Wilder

CEO
Think Food Group

FACT

*SAMs hung 1,361
banners last year.*



STAFF

(AS OF SEPTEMBER 30, 2009)



EXECUTIVE OFFICE

Richard H. Bradley
Executive Director

Frank Russo
Deputy Executive Director,
Programs and Services

Richard T. Reinhard
Deputy Executive Director,
Planning and Development

DeLores M. Dickens
Executive Assistant/Office
Manager

ADMINISTRATION

Eileen O. Andary
Director of Administration

Dennis McCarthy
Information Systems Manager

Jalal Chaoui
Administrative Specialist

Rebecca Igwe
Human Resources Assistant

Angela T. Jones
Receptionist/Office Assistant

Thelma Resper
Receptionist

ECONOMIC DEVELOPMENT AND PLANNING

Gerry Widdicombe
Director of Economic
Development

Caitlin Davis
Research Assistant

William McLeod
Executive Director
Mount Vernon Triangle CID

Renee J.P. Childers
Operations Manager
Mount Vernon Triangle CID

FINANCE

Bertha A. Gaymon
Chief Financial Officer

Lulu Liu
Staff Accountant

Demeka Stevenson
Staff Accountant

Charles McFadden
Administrative Assistant

HOMELESS SERVICES

Chet Grey
Director of Homeless Services

MARKETING AND COMMUNICATIONS

Karen M. Sibert
Director of Marketing
and Communications

Desiree French
Public Relations Writer



FACT

70% of all SAMs are DC residents.



Wayne Nicolosi
Electronic Media Specialist

Ebony P. Walton
Production Specialist

NATIONAL CHERRY BLOSSOM FESTIVAL

Diana Mayhew
President

Lillian Iversen
Program Manager

Kirsten Poole
Business Manager

Soyini George
Program Coordinator

Alissa Greer
Special Events Coordinator

OPERATIONS

Everett D. E. Scruggs
Director of Operations

Hiram K. Brewton
Director of Environmental Services

Anna Standard
Safety/Hospitality Manager

Ronald E. Jones
Maintenance Services Manager

PHYSICAL IMPROVEMENTS

Lito Tongson
Streetscape Manager

Scott Pomeroy
Environmental Programs Manager

Brian Gober
Program Assistant, GIS

TRANSPORTATION

Ellen Jones
Director of Transportation

Kelly Peterson
Program Associate

Matt Pearson
Part-Time Program Associate

CREDITS

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Kevin Koski

Graphic Design
Amy E. Billingham
Pensaré Design Group

Printing
Digilink



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