



DOWNTOWN TUCSON
PARTNERSHIP

2010-2011 ANNUAL REPORT



*Annual Report FY 2010-2011 for Downtown Tucson Enhanced Services Agreement
(described in Mayor and Council Resolution No. 17966 adopted February 23, 1998
with renewals through June 30, 2013)*

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1. The Organization

The Downtown Tucson Partnership Inc. is a 501 (c)(6) corporation that was originally formed in 1998 as the Tucson Downtown Alliance. The name was changed in 2007 as part of a corporate restructuring process.

The Partnership is committed to making Downtown Tucson the most dynamic urban center in the Southwest. DTP acts as a catalyst for the redevelopment of Downtown Tucson, creating a vibrant and safe downtown while growing small business and increasing the number of people who choose to visit and live in the urban center. This year we made great strides towards achieving our goals.

The Partnership's fiscal year is from July 1 to June 30. This report summarizes operations between July 1, 2010 and June 30, 2011. The financial for the Partnership are contained in Appendix A.

A. Board of Directors

The Partnership Board of Directors consists of 41 individuals representing the scope of Downtown Tucson. Our current Board (with one vacancy) is the following:



- | | |
|-------------------------------|------------------------------------|
| Chair: Lisa Lovallo | (Cox Communications) |
| Vice Chair: Fletcher McCusker | (Providence Corporation) |
| Don Bourn | (Bourn Partners) |
| Liz Burden | (Armory Park Neighborhood) |
| Jan Cervelli | (University of AZ – Architecture) |
| Stacey Collins | (Abby Office Centers) |
| Jannie Cox | (Rio Nuevo District Board) |
| Michael Crawford | (Mesch, Clark & Rthschild PC) |
| Beth Dell | (Beowulf Alley Theatre) |
| Carryl Dobras | (Downtown Development Corporation) |
| Randi Dorman | (MOCA) |
| Susan Gamble | (Santa Theresa Tile Works, WAMO) |
| Karen Greene | (Dunbar Spring Neighborhood) |
| Tim Hagyard | (Dunbar Spring Neighborhood) |
| Kevin Heath | (Wells Fargo) |
| Larry Hecker | (Hecker & Muehlebach) |

Chuck Huckelberry	(County Administrator, Pima County)
John Humenik	(Arizona Daily Star)
Roger Karber	(Karber Realty Advisors, LLC)
Mike Kasser	(Holualoa Properties)
Ben Korn	(Safeguard Tucson)
Nancy Lutz	(TPAC)
Jill Madden	(Madden Media)
Richard Miranda	(City Manager, Tucson)
Omar Mireles	(HSL Asset Management)
Renee Morton	(Homestyle Galleries)
Rick Myers	(Southern AZ Leadership Council)
Richard Oseran	(Hotel Congress, Maynards)
Steve Quinlan	(Long Realty)
Scott Rathbun	(TEP)
Travis Reece	(47 Scott)
Walter Richter	(SW Gas)
Ron Schwabe	(Peach Properties)
John Sedwick	(Fourth Avenue Merchants Association)
Maricela Solis de Kester	(YMCA)
Craig Sumberg	(Fox Tucson Theatre)
Leslie Tolbert	(University of Arizona)
Bob Vint	(Vint & Associates, Architects)
Tom Warne	(JL Investments)
Adam Weinstein	(Gadsden Development)

B. DTP Staff

The Partnership has approximately 51 staff positions in 2009-2010. Staff was engaged in the following activities:

Streetscape maintenance

Security

Economic development

Marketing and events

Public and governmental relations



Senior staff in 2010-2011 included:

Michael Keith, Chief Executive Officer from May 7, 2010

Cara Rene, Vice President of Community Development until October, 2010

Pamela Sutherland, Economic Development Director, from February, 2011

Stan McIntyre, Security Manager

September Howe, Maintenance Manager

Karen Miller, Parking Coordinator

Teresa Truelson, Marketing until October, 2010

Teresa Vasquez, Downtown Planner

Caitlin Jensen, Economic Development Associate, from February, 2011

Brandi Haga, Administrator

Carrie Toth, Bookkeeper

2. Financial Performance

Financial statements for the Downtown Tucson Partnership are included in Appendix A.

DTP continues to move toward financial sustainability. Highlights of FY 2010-11 include:

- Retired \$150,000 in debt
- Re-established \$50,000 credit line
- Increased on-hand working capital to \$60,000 by year's end

The Downtown Tucson Partnership reported total revenues of \$1,731,967 (an increase from the budget estimate of \$1,677,806), and expenses of \$1,395,574 (a decrease from the budgeted expenses of \$1,532,916), thus generating a surplus prior to depreciation of \$336,393 in fiscal year 2010-2011.

The Partnership has four major contracts: ParkWise (management consulting, maintenance and security), the Business Improvement District (economic development, marketing, maintenance and security), the City of Tucson's Enhanced Services Agreement (to which this annual report is directed, and covering management consulting, economic development, maintenance, and security) and the contract with the City Manager's office for consulting.

The budget for 2011-12 is included as Appendix B.



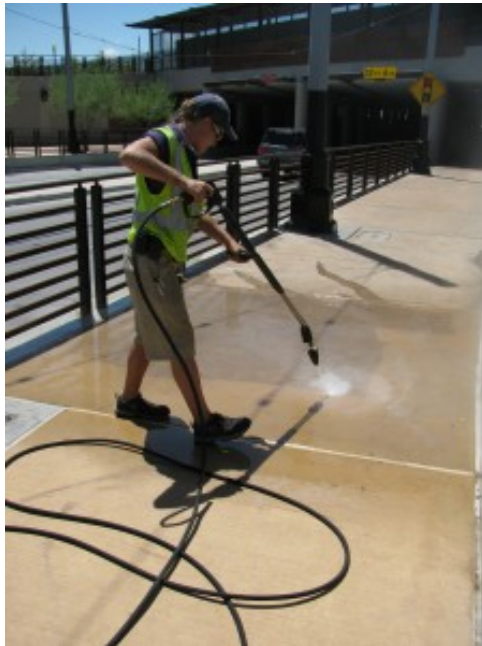
3. Streetscape Maintenance

Downtown Tucson Partnership provides supplemental streetscape maintenance services within the Business Improvement District to ensure daily cleanliness and upkeep of sidewalks, alleyways, exteriors of buildings, and public areas through a maintenance program including sidewalk cleaning and graffiti removal, tree-trimming and landscaping, and communication with private property and business owners.

September Howe is the Maintenance Manager and a six year veteran of the Downtown Tucson Partnership. She oversees 13 full time employees who provide services Downtown six days a week from 6 AM – 2 PM; a night shift does power washing from 11 PM until 7 AM. Maintenance staff levels increased by two people in FY 2010-11.

In this past year fiscal year, Downtown Tucson Partnership has:

- Purchased a new Power Washer and has a schedule in place for Downtown streets to be power washed on a regular basis (see www.DowntownTucson.org for the power washing schedule)



- Monitored alleys, curbs, exteriors of buildings, gutters, plazas, hardscape areas of parks, Ronstadt Transportation Center, special event areas, streets, underpasses, vacant private lots, trash cans (there are 89 Downtown), street lights and light poles, street furniture, sidewalk repairs, and street signs to ensure they are de-littered, any wildcat dumping is reported, urban camping is deterred,

illegally posted handbills are removed (estimated to be total 50/week in the BID), and appropriate reports are made to the appropriate City authority

- Provided special maintenance services prior to Downtown events such as Second Saturdays, including power washing the 4th Avenue Underpass
- Painted curbs Downtown upon the City's request
- Purchased plants and maintained them in Downtown planters to the extent possible (many plants were lost this past winter; we have been replacing them as we are financially able) NOTE: this is not in the ESA contract
- Trimmed trees and plants to accommodate pedestrian and vehicular traffic
- Used "Mad Vac" (street sweeping) seasonally to clean up leaves and large amounts of debris from streets and sidewalks
- Coordinated the graffiti program with the Tucson Police Department, including removing any graffiti that can be removed without extraordinary efforts and interfacing with abatement company for other graffiti. A recent program has been instituted with the TPD to take photos of graffiti that are then submitted on-line to the graffiti-analysis team of TPD.
- Collaborated with downtown event presenters and managed maintenance of Special Events, including
 - Criterium bike race
 - Club Crawl (twice annually)
 - Second Saturdays
 - Tucson Meet Yourself
 - El Tour de Tucson
 - Dillinger Days
 - Carnival Festival
 - Arizona International Film Festival

Second Saturdays, for example, DTP crews work from 6 PM to midnight to keep the streets and sidewalks clean; for the twice-annual Club Crawl, DTP staff works from 3 AM to 7 AM to ensure a tidy Downtown



4. Security

In cooperation with the Tucson Police Department, the Partnership provides supplemental security services for the BID including street surveillance and crime reporting. Regular reports are made throughout Downtown.

Stan McIntyre, Security Department Manager, was hired in February, 2011. McIntyre is a retired deputy sheriff from Washington State with a background in crime prevention, surveillance, interrogations, and investigations. He has focused on rewriting post orders and department procedure. He has restructured the security department this year and implemented 24-7 security supervisor coverage. McIntyre has ensured the Partnership's compliance with DPS requirements. He has created an in-house training program with bimonthly trainings on a shift basis. He has restructured the patrol routes to focus on areas with high incidence, deterring criminal activity and increasing visibility.

- DTP is licensed as a security agency through the Arizona Department of Public Safety, and is in the process of renewing its certification; all security staff for DTP hold and maintain Arizona Security Guard licenses through DPS
- DTP Security staff is composed of 31 employees of which 21 are full time
- DTP Security staff has undergoes training conducted by two (2) state-certified training officers. Training is conducted on a shift level bimonthly
- DTP regularly reports criminal activity to the Tucson Police Department (approximately 2000 incidents were reported in FY 2010-2011)

- DTP provides visual deterrence to criminal activity through golf cart, bicycle, and foot patrols, as well as vehicles
- DTP provides rapid response to call for assistance (usually responses occur in less than five (5) minutes from receipt of notification)
- DTP staff participates in Downtown neighborhood association meetings
- DTP provides safety escorts for patrons of Downtown parking garages (estimated at ~6 times a week)
- Increase presence when necessary
- DTP interacts with police and fire regarding impaired individuals
- All DTP staff have been trained in basic first aid and CPR as well as AED which includes training in identifying impairment



5. Ambassadors

The Partnership continues to evolve the ambassador role of its staff. In addition to the maintenance and security staff distinguishable by their Purple Shirts, all other staff and the Board of Directors are actively involved in Downtown and supporting visitors and residents with information and support. Vice Chair of the Board, Fletcher McCusker, has been called the “Duke of Downtown” and appeared in many articles and public appearances touting Downtown as the place to work and play.



6. Marketing, Public Relations, and Advocacy

The Partnership promotes Downtown, and this past year has been a banner year.

A. Marketing/Public Relations

DTP is re-branding downtown as an authentic and vibrant urban experience for visitors, residents and business owners. The majority of the marketing activities have focused on “earned” media (as opposed to paid advertising), such as events and PR opportunities including bus tours and speaking engagements. The Partnership continues to promote Downtown activity and stream information to media outlets on a wide range of subjects including the openings of new restaurants and businesses, UA student housing developments, the modern streetcar, the new Unisource building, the new UA Downtown facility, to name a few.



Downtown marketing efforts have also focused on spreading the message about the downtown activity throughout the region both on-line and in print. Through effective public relations, DTP has strengthened its reputation and leadership by informing the community about accomplishments and upcoming projects. The media looks to the DTP as a trusted information source. The Partnership and its CEO are extremely accessible for quotes, interview opportunities and speaking engagements.

- Bus tours – As part of the strategy to expose downtown to a diverse group of the community, DTP has coordinated with TREO board members and the Tucson Metropolitan Chamber of Commerce to conduct bus tours throughout downtown.
- Speaking engagements – Members of the DTP staff have participated in dozens of speaking engagements addressing a wide variety of audiences, including the following: Tucson Means Business Forum in Ward 1, Roy Place/University of Arizona Foundation, ULI meetings, MTCVB, REAP (Real Estate and Allied Professionals), Imago Dei, CREW (Commercial Real Estate Women), the statewide Historic Preservation conference, Arizona Town Hall on Art and the Economy, MAC/SBDC, among others.
- The Partnership has coordinated press coverage with media outlets including:

Print

Tucson Weekly
Zocalo Magazine
Arizona Daily Star
BizTucson
Inside Tucson Business
TREND report
Tucson Citizen – online
Tucson Sentinel – online
Downtown Tucsonan

Radio

Wake Up Tucson (KVOI)
Fred & Jeff Show
KUAZ

TV
Tucson 12
KOLD
Arizona Public Media
KVOA



B. Interactive Communications

The Partnership aims to be on the cutting-edge and stay relevant by keeping up with current technology and information sources. Working collectively with innovative design businesses in Downtown Tucson has helped lead to:

- Complete re-design of www.downtowntucson.com, (launched in August 2011) with interactive mapping technology and functionality and increased visitors by 38% and highly relevant information. This site is on track for an estimated 200,000 annual site visits this year, with the goal of 500,000 site visits in FY 2011-12.
- Development of a new mobile site version of the site that appears on any smart phone; the mobile site has reached close to 50,000 hits since its inception
- Establishment of a comprehensive Events Calendar
- New Word Press software will make website completely self-administering, lowering maintenance costs by 50%
- Regular email campaign that included bi-monthly issues of the Downtown Tucsonan and weekly updates for events and street closures
- Email database has doubled to close to 3,000 emails
- Click-through rate for DTP email blasts averages 30% compared to a national average of 15%
- Driving traffic to downtowntucson.com through collaborations with other businesses and organizations promoting Tucson

- Establishment of databases of Downtown property owners, Downtown merchants, and Downtown devotees

C. Advocacy

DTP advocates for Downtown. Michael Keith, CEO, is a standing member of the City Manager’s Task Force on Economic Development and on the committee for Downtown Management. Teresa Vasquez, Downtown Planner, has played a key role in the passage of the Historic Landmark Sign Amendment. This amendment to the Tucson Sign Code allows the restoration of historic signs such as the Tropicana sign below. The amendment won a “best legislation” award from the Arizona Chapter of American Planning Association in 2011.



Staff from DTP have been actively involved in the overhaul of the City of Tucson’s Land Use Code (LUC), which has included the newly adopted City of Tucson Parking Regulations revisions. The parking code revisions received a Common Ground award from the Metropolitan Pima Alliance for excellence in public policy.

CEO Michael Keith has presented numerous times to Mayor and Council on Downtown issues.



7. Economic Development

A. Overview

The Partnership has always included Economic Development as one of the services to stakeholders in the Business Improvement District (BID). In February, 2011 this work was expanded pursuant to a contract with the City of Tucson to provide small business support and workforce development in conjunction with the Microbusiness Advancement Center of Southern Arizona (MAC-SA). Economic Development Director Pamela Sutherland was brought on at that time to assist with this contract and other projects associated with assisting Downtown businesses. Sutherland has a 26-year background as a real estate developer, is a lawyer with a business law practice and has been certified as an Economic Development Financing Professional through the National Development Council. She serves on the Small, Minority and Women's Business Council for the City of Tucson and is a member of the start-up investment group Desert Angels.

B. Catalyst for Downtown Economic Development

The Partnership has focused on three main areas this past year:

- (1) Downtown Business Attraction: From February 1 through the end of July, 2011, the Partnership
 - * conducted over 80 site visits to leasable businesses and properties
 - * 90 business/client meetings

Businesses assisted include a Greek restaurant (we reviewed their business plan with them, suggested possible locations, suggested funding options), a job development/vocational rehab business that wants to expand to hire 20 additional

employees (we have identified financing resources for the business's expansion plans), a pizza restaurant (several meetings with owners; we provided a letter of support to the state liquor board and have been assisting with the city's permitting process), a recording studio, a restaurant near the Tucson Convention Center, a developer of Facebook apps, real estate developers interested in mixed use projects near the Modern Streetcar line, possible owner/operators of a boutique hotel near the TCC (Marist College), food trucks downtown, explored with the owner of a music store downtown possible alternate uses or restoration of the shop (we have referred them to the SBDC and they are pursuing loan options; this building was just the focus on a joint volunteer effort between the Partnership and the Tucson Historic Preservation Society which resulted in the historic tile work on the exterior of the building cleaned and restored), potential grocery stores or farmers' markets Downtown, a bicycle event provider, members of the Board and staff of the Tucson Museum of Art regarding possible expansion, Fourth Avenue Merchants Association, non-profits and funders of non-profits about moving their offices Downtown, a computer repair business, a bodega, various investors about properties and their development potential, a clothing retailer, an ice cream maker, a bed and breakfast, and a Downtown business incubator).

- * referred 10 of these business to MAC-SBDC
- * referred 24 of them to other professionals.
- * were instrumental in two new leases signed Downtown (V Thai Restaurant and the Arts Marketplace)

(2) Identify and Develop New Sources of Funding for Downtown

Business: The Partnership has worked to develop a number of new potential financing sources for Downtown businesses including:

- HUD 108 Loan Program: Last June, the Partnership advocated for the adoption of this \$20,000,000 low-interest loan pool for businesses engaged in job creation. We have met regularly with the City and the Tucson Industrial Development Authority this past year; the City's application for the fund has been drafted and submitted. The Partnership will be a member of the team administering this valuable resource.
- New Markets Tax Credits revolving loan fund: NMTC are a Federal tax credit program that can be used for projects benefiting low to moderate income areas (all of Downtown Tucson fits this criteria). The Partnership is included in an application submitted by a national Community Development Entity located in Phoenix that has expressed great interest in Downtown Tucson. Notification of this application should be received in December, 2011.

- Tohono O’odham grant: The Partnership is the proud recipient of \$90,000 in grant funding from the Tohono O’odham Nation this year. We are delighted to be working with the Nation on Downtown revitalization. The grant is specifically directed toward our Façade program.
- Other programs: The Partnership has had a series of meetings with local banks, including Alliance Bank of Arizona, regarding the need for additional conventional financing for Downtown businesses. Options being pursued currently include Federal Home Loan Bank grants and loan programs for business development, possible partnership with the Arizona Multibank , a collateral-enhancement program similar to Phoenix’s EXPAND program, small loan (\$50-150K) revolving loan fund leveraging partnerships with private individuals, the Industrial Development Authorities and the Federal Economic Development Agency (EDA). We have been invited to present to a collaborative of Arizona banks convened by the Federal Reserve Bank in November on some of these proposals.

(3) Website For the first time, Downtown Tucson business development information has been made available on DowntownTucson.com. The site includes a searchable compendium or “tool box” of 200 financing tools, including tax credits, grants and loan programs. A case study of a restaurant expanding Downtown is available for download on the site with Profit & Loss and Balance Sheets associated with a Pro Forma . Conventional lending guidelines are applied and alternative funding options to fill in the “gap” are illustrated. The Partnership has worked closely with the Planning and Development Service Department on a one-page “Commercial Restaurant Development Flow Chart” to accompany the financials. From:
http://cms3.tucsonaz.gov/sites/default/files/dsd/Permit-review/fc_restaurant.pdf



COMMERCIAL RESTAURANT PERMITTING PROCESS
 Helping you choose a location best for your needs

What is the number one fact you need to know when opening a restaurant in the City of Tucson?
 That Arizona State laws requires the services of a Licensed Design Professional (Architect) and a Licensed Contractor for any construction work on a commercial project including your restaurant if it entails more than just carpet or paint.

I'm moving into a former restaurant location:

Scenario: No construction work is being done in the space, but the restaurant menu is changing along with the business name. *

Planning and Development Services (PDS) has minimal requirements for this scenario, however you will be required to work with Pima County Health Department and possibly Pima County Wastewater. It is recommended that you check with both County departments first prior to submitting to PDS. A new menu requires submittal to the Health department accompanied by a set of plans for review. If their review results in additional requirements (new sink or floor drains, etc.), this scenario will no longer apply since that involves construction work.

1. Provide a copy of the last Certificate of Occupancy (CoFO) or last approved Site plan showing the former restaurant occupied the space. (check with your landlord or City PDS records section)
2. Sign in at the Structural counter, and plan review staff will verify your documents to the Building Code occupancy in that space. Once verified, staff will stamp your documents and confirm no new C of O is required. You will be directed to Zoning.
3. Sign in at Zoning counter and staff will verify the use is allowed in the zone. If approved to both the PDS Land Use and Building codes, PDS has cleared you to open your business. **

I'm moving into a space that was an old office and needs work:

Scenario: Work is required to add a kitchen, more walls, new seating and bathrooms. My menu is brand new.

1. Prior to signing a lease it is recommended that you visit PDS to verify zoning and occupancy for a restaurant. Zoning and Structural will ask for a copy of the last C of O or the last approved Site plan and discuss the location with you. If zoning and building codes allow, a Licensed Design Professional will be required to design the plans to the current building code and a licensed contractor will be required to perform the work. You will also be submitting these documents and a copy of your restaurant menu to Pima County Health Department. Again you are encouraged to check with the Health Department first.
2. The last approved Site plan and 2 copies of the newly designed building plans need to be submitted to PDS along with a Code Data Analysis Sheet for review and approval by Zoning, Building Code, Fire, Water and Wastewater. Review timeline is approximately 20 days per submittal until all comments are approved. Comments are publicly available and may be viewed on our website: www.tucsonaz.gov/PRO
3. If you will be adding additional square feet to the existing structure, Impact Fees will apply and a separate Grading permit may be required (which can be reviewed concurrently). Building Permits can't be issued until a Grading permit is approved and issued.

PDS will notify the applicant once the plans are approved and ready to be issued a permit **. PDS will require the following from the person securing the permit:

1. A copy of the paid Wastewater receipt from Pima County (if applicable).
 2. A letter from the Licensed Contractor stating they are the Contractor of Record along with their Bond Exemption Certificate.
 3. Any Special Inspection forms required from the Architect on the building plans.
 4. Payment for the permit. (Cash, check, Visa, MC & Discover accepted) Payment for Impact Fees can not be taken with a credit card.
- * If the menu isn't changing, a health review may not be required.
 ** A City of Tucson Business License is required to open a restaurant and any signs posted require separate sign permits.

- Helpful links:**
[Planning & Development Svcs](#)
[Special Inspection Forms](#)
[Code Data Analysis sheet](#)
[Commercial Plan Review Checklist](#)
[Impact Fees](#)
[Administrative Forms](#)
[Bond Exemption Form](#)
[Sign Permits](#)
[PDS Records](#)
[Grading Permit information](#)
[Pima County Health Dept](#)
[Pima County Wastewater](#)

[Track your progress](#)
[Property Research Online](#)

C. Resources for Downtown

The Partnership launched a commercial real estate site and a residential real estate site. See, <http://www.downtowntucson.org/invest/available-commercial-properties/>

2011 marked another round of the Downtown Tucson Façade Improvement Program. The Partnership raised \$30,000 from private sources and awarded it to three downtown businesses who matched the awards for improvements to the paint and awnings of their facades. This program has been highly successful in leveraging public or charitable funds. The purposes of the program are to assist in the preservation or restoration of the historical visual character of older buildings in Downtown Tucson; improve the appearance of Downtown streetscapes in anticipation of the arrival of the streetcar; and encourage the retention of existing or recruitment of new commercial tenants in participating buildings.



8. Looking Forward to FY 2011-12

The Downtown Tucson Partnership has made significant progress in establishing itself as the one stop shop for everything Downtown. We conducted a board retreat June 1, 2011. Among the goals discussed were:

- Developing better lines of communication with the community regarding what we do
- DTP is perceived by many as a “trusted party” and should take a leading role as the authority for all things Downtown
- Establish a storefront presence and a clearinghouse for all Downtown information
- Collaborating with Downtown partners, DTP should set the vision for Downtown
- Identify alternate funding sources to enhance the Downtown Tucson Partnership’s efforts Downtown

Attached as Appendix C is the “reach” budget developed following the board retreat. We look forward to continuing to work with the City of Tucson and all our other partners to champion a competitive business environment, integrate Tucson’s economic, social and cultural prosperity, apply the principles of urbanism, and continue to differentiate Downtown Tucson as a unique and authentic experience.