

FINDING OPPORTUNITY WHILE MEETING NEEDS: THE FRANKFORD SPECIAL SERVICES DISTRICT

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I. INTRODUCTION

A business improvement district (BID) is a territorial subdivision of a city in which property owners are subject to additional tax assessments.¹ The BID administrators collect the revenues generated by these district-specific taxes and allot the funds for services and improvements within the BID.² Most BIDs (sometimes called neighborhood improvement districts or special services districts) focus on traditional municipal activities aimed at improving safety and sanitary conditions of the commercial zones they promote.³

Considered a “great historic district” by many locals, Frankford is a large neighborhood in the lower northeast section of Philadelphia, situated about six miles from Center City. The Frankford Special Services District of Philadelphia (FSSD or the “District”) sits in the 19124 zip code, encompassing census tracts 293, 294, 300, and 301.⁴ This area includes both sides of Frankford Avenue and certain side streets from Torresdale Avenue to Bridge Street, which is the center of commercial activity in the District.

The City of Philadelphia organized and incorporated the FSSD in 1995 and has since extended the term of existence twice, with the current term expiring December 31, 2011.⁵ At the time of the District’s creation, only two Philadelphia areas were designated special services districts: Center City, the city’s main business district, and

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1. Richard Briffault, *A Government for Our Time? Business Improvement Districts and Urban Governance*, 99 COLUM. L. REV. 365, 368 (1999).

2. *Id.* at 369.

3. *See id.* at 368–69.

4. *See American FactFinder*, U.S. CENSUS BUREAU, <http://factfinder.census.gov/> (follow “Data Sets” hyperlink; then click “Census 2000” and follow “Quick Tables” hyperlink under “Census 2000 Summary File 1 (SF 1) 100-Percent Data”; then select “Census Tract” under “Select a geographic type”; then select “Pennsylvania” under “Select a state”; then select “Philadelphia County” under “Select a county”; then select tracts 293–94 and 300–01; then click “Add”; then click “Next”; then select “DP-1 Profile of General Demographic Characteristics: 2000” under “show all tables”; then click “Add”; then click “Show Result”).

5. Phila., Pa., Ordinance No. 060957 (Dec. 14, 2006).

South Street, a well-established commercial and entertainment district within walking distance of Center City.⁶ The low income of Frankford's residents, high crime rates, and general environmental deterioration made the FSSD a revitalization BID, in need of different types of support than what Philadelphia supplied in previous commercial initiatives.

A major moment in the District's history occurred just after the municipal taxing authority reestablishment in 2007. Early in 2008, the District's board of directors voted to stop paying the Frankford Community Development Corporation to manage the BID and instead decided to hire an employee to take on the managerial post.⁷ This decision, examined thoroughly, altered the path of the Frankford BID, which in turn, quite possibly steered it toward future successes.

II. CONTEXT

With around 19,330 residents, Frankford's demographics mirror Philadelphia's.⁸ In Philadelphia, Whites outnumber African Americans by just 2% (White: 45%, African American: 43%). Likewise, in Frankford, the racial makeup is split almost evenly between White and African American residents, with other races constituting less than 15% of the population. Housing patterns are also similar to the city's, with over 85% of housing units occupied and over half of the residents owning their homes (as opposed to renting) in both Philadelphia and the FSSD. Also, educational attainment is slightly lower in Frankford, and the proportion of children residing in the FSSD is higher than Philadelphia on the whole.

While BIDs must remedy economic underdevelopment, Frankford has its share, and then some, of Philadelphia's obstacles. Although

6. Robert J. Stokes, *Business Improvement Districts and Inner City Revitalization: The Case of Philadelphia's Frankford Special Services District*, 29 INT'L J. PUB. ADMIN. 173, 178-79 (2006).

7. Telephone Interview with Tim Wisniewski, Exec. Dir., FSSD (Dec. 1, 2009).

8. All estimated demographical data contained in this section can be found at the U.S. Census Bureau website. See *American FactFinder*, *supra* note 4 (follow "Data Sets" hyperlink; then click "Census 2000" and follow "Quick Tables" hyperlink under "Census 2000 Summary File 1 (SF 1) 100-Percent Data"; then select "Census Tract" under "Select a geographic type"; then select "Pennsylvania" under "Select a state"; then select "Philadelphia County" under "Select a county"; then select tracts 47-49; then click "Add"; then "Next"; then select "DP-1 Profile of General Demographic Characteristics: 2000" under "show all tables"; then click "Add"; then click "Show Result"); see also *id.* (under "Fast Access to Information," type "Philadelphia" in "City/Town, County, or Zip" and select "Pennsylvania" under "State" and click on the "Go" hyperlink; then follow the "Philadelphia City, Pennsylvania" hyperlink; then click on "2000").

home to less than 2% of Philadelphia's population, Frankford experiences 5% of the city's serious crimes against people and property. The poverty rate tops 30% in Frankford, compared to 23% for Philadelphia, and median income is approximately \$5000 less than the median income of Philadelphia. Additionally, owner-occupied home value medians are also almost \$17,000 less than in the city as a whole, but rent is generally only \$100 less per month in Frankford than in the city.

The FSSD's biggest challenge, like that faced by many low-income BIDs, is funding. While BIDs have municipal authority to collect specific tax assessments made by the city government, the FSSD does not receive any part of the local budget and so has no guaranteed funding.⁹ The District generally pays for all projects and services through property assessments and grants.

If the FSSD could collect every assessment due in Frankford, about \$80,000 would be collected each year.¹⁰ In 2008 and 2009, 65% — a relatively high rate compared to years past — was collected.¹¹ In the past, the difficulty in raising enough money put pressure on the FSSD to seek other sources of income. Although the administrators dislike doing so, the District has placed liens on delinquent properties via Pennsylvania's Municipal Authorities Act.¹² As of January 2010, the FSSD is self-sustaining through assessment collections; however, crime and economic recession continue to hinder the Frankford District.

Even with less-than-ideal circumstances, the FSSD seeks to reinvigorate Frankford by specifically identifying commercial needs and concentrating the BID's efforts accordingly. The current FSSD Executive Director, Tim Wisniewski, explained that necessity and opportunity are two different justifications for offering services to the community.¹³ The FSSD pinpoints certain identifiable needs by interviewing individual business owners and interacting with residents. More opportunities became available as a result of higher rates of assessment collection, grant awards, and other forms of financial support. The increase in available funding has led to substantial commercial development in recent years, including new businesses opening and increased revenue to existing businesses.¹⁴

9. Telephone Interview with Tim Wisniewski, *supra* note 7.

10. *Id.*

11. *Id.*

12. Stokes, *supra* note 6, at 179.

13. Telephone Interview with Tim Wisniewski, *supra* note 7.

14. *Id.*

An essential part of this success comes from informing business owners about how to help themselves. Examining the needs of the community and matching them with appropriate prospects is one way that the FSSD helps the community by capitalizing on municipal ties. For example, to help owners with dilapidated storefronts this year, the FSSD plans to connect owners with Philadelphia's Commerce Department, which has a program to reimburse fix-up costs.¹⁵

III. HISTORY

In the 1990s, community lobbyists helped Philadelphia City Councilman Rick Mariano get funding for commercial improvement in Frankford.¹⁶ In particular, the Frankford Group Ministries Community Development Corporation (FGM CDC) accessed city funds for contracted street sweeping of Frankford Avenue.¹⁷ The FGM CDC and Mariano convinced the Philadelphia City Council to pass a bill giving municipal assessment collection authority to a newly created entity—the FSSD.¹⁸ A board of directors composed of residents, business owners, and political representatives from the Frankford neighborhood was put in charge of decision-making, agenda-setting, and fund-distributing.

Mariano's representation included several legislative highlights, including the City of Philadelphia's authorization under the Municipal Authorities Act of "the Frankford Special Services District" through Bill No. 940683 on May 27, 1995;¹⁹ the establishment of a five-year plan on July 5, 1996, following the FSSD's incorporation; and Bill No. 000541's amendment of the District's Articles of Incorporation on December 19, 2000, extending the term of tax-collection authority until December 31, 2005.²⁰ Due to political turmoil, however, the FSSD was neglected, and the authority to collect assessments expired at the end of 2005.²¹ As one of his first initiatives after assuming office, Mariano's successor, Councilman Daniel Savage, sought to reestablish the FSSD in 2007.²² Three separate public hear-

15. *Id.*

16. *Id.*

17. Stokes, *supra* note 6, at 180.

18. Phila., Pa., Ordinance No. 940683 (May 27, 1995).

19. See Phila., Pa., Ordinance No. 070540 (Jan. 3, 2008).

20. See *id.*

21. Telephone Interview with Tim Wisniewski, *supra* note 7.

22. *Id.*

ings were held regarding the Councilman Savage-sponsored bill to reestablish the FSSD.²³ Despite the depleting funds, the FSSD's board continued to meet and to provide cleaning services through grants and assistance from volunteers from 2006 into 2007.²⁴

As proscribed by earlier legislation, 51% of property owners would have to object to the FSSD's reestablishment for the rules committee to not recommend approval of the bill to city council.²⁵ While many directors from the FSSD board testified to the importance of reinstating municipal authority, some small business owners opposed it. The opposition's concerns focused on paying for services that it believed should be provided by the City of Philadelphia in light of its high tax rates and expensive licensing fees.²⁶ Some also cited the lack of improvements noticed when the BID was in full operation.²⁷

At the council hearing, Andrew Frishkoff testified in support of the bill as Director of Neighborhood Economic Development Transformation Initiative for Philadelphia. Frishkoff stressed that neighborhood improvement districts are consistent with other local government programs "designed to help re-establish neighborhood commercial corridors as central places to work, shop and meet neighbors."²⁸ He conveyed his beliefs, sharing with Councilman Savage and the FSSD Board of Directors that the FSSD's efforts "to make the Frankford Avenue commercial corridor clean, safe and attractive will directly impact the stability of the entire community, and as the community prospers, the economic vitality of the commercial center will also be strengthened."²⁹

Weighing heavily the relatively low tax burden (the average assessment was under \$200 per year),³⁰ coupled with the adequate notice to affected property owners, the rules committee evaluated the costs and benefits in favor of reinstatement. Ultimately, the city

23. *Id.*

24. *Hearing on Bill No. 070512 and Bill No. 070540 Before the Comm. on Rules* (Phila., Pa. Sept. 24, 2007) (statement of Tracy O'Drain, Manager of Economic Development Programs, Frankford Community Development Corp.) available at <http://legislation.phila.gov/transcripts/Public%20Hearings/rules/2007/ru092407.pdf>.

25. *Id.* at 29–30 (statement of Councilman Kenney).

26. *Id.* at 25 (statement of William Goldshlack, business owner).

27. *Id.* at 27–28 (statement of Andrew Frishkoff, Director, Neighborhood Econ. Dev. Transformation Initiative).

28. *Id.* at 8–9.

29. *Id.* at 10.

30. All assessments for the District can be viewed online at the FSSD website. FRANKFORD SPECIAL SERVS. DIST., <http://frankfordssd.org/index.php/services> (last visited Nov. 8, 2010).

council, on December 13, 2007, passed Bill No. 070540, which approved a final plan reestablishing the District and provided for assessment fees once again to be levied on property owners.³¹

The mission for the reestablished FSSD is “to create a thriving commercial district so that Frankford can successfully compete as an environment in which to live, do business, shop and visit.”³² To that end, the FSSD board voted to make itself independent of the FGM CDC, which had performed the management duties of the District under the board’s supervision.³³ The FGM CDC continues to handle many Frankford community responsibilities, yet the FSSD’s new-found independence from hiring an outside manager allowed the BID to focus more intently on its mission.

In 2008, the board subcontracted the management responsibilities to the District’s current executive director, Tim Wisniewski.³⁴ A native of Frankford, Wisniewski became interested in getting involved with the FSSD as a member of Councilman Savage’s staff.³⁵ He particularly wanted to help with a safety initiative for his neighborhood.³⁶ During the assessment collection lapse, an FSSD program called the Safety Ambassador Program had to end due to inadequate funding. The ambassadors—six uniformed FSSD employees—patrolled Frankford Avenue and worked with police officers, transit security, and other community groups.³⁷ The Ambassador program ended with the assessment collections. Then neighborhood crime increased.³⁸ Now, under Wisniewski’s direction and with additional funding and board approval, the FSSD is working toward returning such a security presence to the District as well as providing continuous services such as sidewalk cleaning.³⁹ By partnering with the Northeast EARN (Employee Advancement Retention Network) Center, a state program partially supported by stimulus funds,

31. Phila., Pa., Ordinance No. 070540 (Jan. 3, 2008). Full text of enacted Bill No. 070540 can be found on the FSSD website. See FRANKFORD SPECIAL SERVS. DIST., <http://frankfordssd.org/index.php/legislation> (last visited Nov. 8, 2010).

32. FRANKFORD SPECIAL SERVS. DIST., <http://frankfordssd.org/index.php/about> (last visited Nov. 8, 2010).

33. Telephone Interview with Tim Wisniewski, *supra* note 7.

34. *Id.*

35. *Id.*

36. *Id.*

37. *Id.*

38. *Id.*

39. See Stacey Burling, *In Philadelphia’s Frankford Area, Civilian Foot Patrols Step Up Security*, PHILA. INQUIRER, July 11, 2010, at D1.

Wisniewski enlisted four new ambassadors and hired a supervisor in the summer of 2010.⁴⁰

IV. THE DEVELOPMENTAL MOMENT

The FSSD board's decision to remove managerial powers from the FGM CDC and grant those powers to an independent individual was pivotal. The District's management is now administered by the executive director who oversees the subcontracted services, such as painting over graffiti-tagged structures.⁴¹ The FSSD gained new momentum with this concentration of management efforts.

The FGM CDC had played a large part in creating the FSSD, and up to 2007, the board had paid the FGM CDC to manage BID services. A conflict of policies, however, led to the vote ending the managerial relationship.⁴² The FGM CDC, with its strong community ties and desire to avoid alienating property owners, had a long-standing policy against pursuing delinquencies in court that resulted from failure to pay FSSD-specific tax assessments.⁴³ Because of its need for a broader base of community support in terms of certain housing and social service objectives, the FGM CDC tried to avoid any collection attempts that might result in a real estate lien.⁴⁴ The FSSD, on the other hand, possessed the clear intent to collect all assessments. These competing interests led the board of directors to hire its own independent manager, thereby eliminating a source of conflict. The nature of BIDs—as separate entities—allowed the FSSD to sever ties as long as the board's vote was in accordance with the District's bylaws.⁴⁵

Although breaking free from FGM CDC influence has allowed the FSSD to pursue all delinquencies, many challenges remain for the independent executive director. For instance, gone with the FGM CDC are its many resources and contacts. According to Executive

40. *Id.*

41. The FSSD contracted for the street cleaning services with LRC Services, Inc., a company that also cleans for two other Philadelphia-area special services districts.

42. Telephone Interview with Tim Wisniewski, *supra* note 7.

43. Stokes, *supra* note 6, at 179 (citing Interview with Lonnie Chafin, Dir., FGM CDC (Sept. 1998)).

44. See *id.* Stokes also noted: "Another reason for [the FGM CDC's] reluctance involved [its] desire for property owners to donate properties to the organization for revitalization purposes. Many of these BID assessment arrears were also delinquent on their city property taxes—thus giving rise to a conflict over who should receive their assessment first." *Id.* (citing Interview with Lonnie Chafin, *supra* note 43).

45. See Phila., Pa., Ordinance No. 070540 (Jan. 3, 2008).

Director Wisniewski, however, the FSSD staff, though small, has used its focus and lack of outside obligations to accomplish more than the previous management team.⁴⁶

With a one-man management team, the FSSD has focused and simplified its agenda. As suggested in some studies, when a BID's primary goal is economic revitalization, its efforts should "remain limited, simple, and focused . . . [with] master planning put on hold until the public perception of the district improves."⁴⁷ True enough, any BID can be more efficiently managed when resources are on hand. Moreover, Wisniewski says the FSSD is now more professional and pays more personal attention to its property owners than in previous years.⁴⁸ As will be explained, Wisniewski has focused – and plans to continue focusing – on the few aspects of BID influence that can produce the most sweeping results, mainly providing a cleaner and safer shopping environment.

Like many corporations, the board and management work in tandem. Evaluation of the District's progress is ongoing, with Wisniewski reporting at least quarterly – and most often weekly – to the board.⁴⁹ The manager supplies financial reports, advises the board on system changes such as database updates, and informs the directors about its progress.⁵⁰ The interaction is ongoing, and the communication allows policy arguments to be hashed out early on in the implementation process. This way, conflicts like those experienced with the FGM CDC can be more easily avoided.

V. CURRENT STATE OF AFFAIRS

Under the direction of Wisniewski and the current board, the FSSD has made marked progress. In addition to street cleaning and other appearance-rejuvenating services, the District remains hard at work to accumulate funds and continue partnerships to support security initiatives like the Safety Ambassador Program.⁵¹

46. Telephone Interview with Tim Wisniewski, *supra* note 7.

47. Stokes, *supra* note 6, at 184.

48. Telephone Interview with Tim Wisniewski, *supra* note 7.

49. *Id.*

50. *Id.*

51. *Id.*

The collection of assessments has improved remarkably.⁵² According to Wisniewski's figures, in 2004, under FGM CDC management, the District collected only 32% of revenue due.⁵³ Since then, there has been a 50.9% increase in collections.⁵⁴ In 2008, property owners paid 65% of due assessments.⁵⁵ As of December 1, 2009, FSSD received 60% of the revenue due and expected at least another 5% to come in by the end of the year to match the previous year's success.⁵⁶ A different kind of success, reflecting the impact of Wisniewski's personal approach to the district's business owners, is the increase in the number of in-kind services offered by tax-exempt property owners in Frankford, such as churches providing necessary office space.⁵⁷ Particularly with depressive economic factors influencing returns all over the country, community cooperation can become a reliable indicator of the FSSD's advancement toward its various objectives.

VI. EVALUATION

To those currently involved with the District, the emergence of the FSSD as an independent, goal-setting entity was monumental. Without the divergence of the objectives of the FGM CDC and the FSSD, the Frankford BID might not have achieved its successes.

In the creation stages of the Frankford BID, the FGM CDC needed aid to continue expensive street cleaning. With the formation of the

52. The District's website outlines its assessment-collection method:

Billing will be conducted on an annual basis. Following the certification by the Philadelphia Board of Revision of Taxes of property assessments, the Frankford Special Services District will calculate individual property assessments for Frankford Special Services District purposes and shall bill and directly collect Frankford Special Services District charges

Beginning the first month of nonpayment of an assessment, the District will apply a fine to the principal amount of the assessment. This fine will accrue at a rate of 1.5 percent per month. In the event the assessment remains unpaid, then the full amount of accumulated fines will be added to the original principal amount, and the combined amount will be the new principal amount. Beginning on February 1st of the year following the assessment, interest (1.0%) and penalty (0.5%) will be placed on the principal of the property's bill. This is a total of "1.5%" on delinquent properties. Penalties will accrue monthly. The District may also commence legal action, against property owner who do not meet their obligations.

Services Offered by the District, FRANKFORD SPECIAL SERVS. DIST., *supra* note 30.

53. Telephone Interview with Tim Wisniewski, *supra* note 7.

54. *Id.*

55. *Id.*

56. *Id.*

57. *Id.*

special services district, however, the new entity focused on commercially revitalizing Frankford. No doubt, the FGM CDC, its directors, and its employees also desire a better, more economically stable Frankford. Once the collection of assessments became a primary objective of the BID, however, the FGM CDC's concern for social advancement conflicted with the means by which its young charge conducted business. Perhaps a prohibition on the taking of liens as a remedy for delinquencies could have helped sustain the FGM CDC-SSD managerial relationship. However, taking away the BID's statutory right to collect on a government-mandated debt might not only have caused the District to suffer through a decrease in revenue but could also have damaged the BID's reputation, implying it had no teeth. Of course, larger factors, such as increased availability of grant money or Philadelphia local government intervention to make up budget deficits, could also produce the cash that would alleviate need for the lien-imposition option.

VII. CONCLUSION

Meeting Frankford's obvious economic and social needs continues to challenge the FSSD. The revitalization efforts must stay limited, simple, and focused, with a continued emphasis on efficient management. Need and opportunity go hand-in-hand. Through the current approach and future innovations, it is hoped that the FSSD will make long strides toward its community commercial enhancement goals.