

MEMORANDUM

November 14, 2013

TO: Planning, Housing, and Economic Development Committee

FROM: Natalia Carrizosa, ^{NC}Legislative Analyst
Office of Legislative Oversight

SUBJECT: *2013 Evaluation of the Bethesda Urban Partnership, Inc.*

On November 18th, the Planning, Housing, and Economic Development (PHED) Committee will hold a worksession on Office of Legislative Oversight (OLO) Report 2014-1. The Council formally received and released the report on October 29, 2013. This report responds to the legal requirement for an OLO evaluation of the Bethesda Urban Partnership (BUP) before the Council considers reauthorization of the Partnership. The organization's current term ends on January 31, 2014.

Copies of the full report are available in the Council's Legislative Information Services office (5th floor of the Council Office Building) and online at www.montgomerycountymd.gov/olo.

OLO recommends the following worksession agenda:

- Briefing on the report by OLO staff;
- Comments from Executive Branch and Bethesda Urban Partnership representatives; and
- Committee discussion of OLO's recommendations.

The following representatives are scheduled to attend the PHED Committee worksession:

Executive Branch:

- Ken Hartman, Director, Bethesda-Chevy Chase Regional Services Center

Bethesda Urban Partnership:

- Dave Dabney, Executive Director, Bethesda Urban Partnership
- Jeff Burton, Deputy Executive Director
- Stephanie Coppola, Marketing Director
- Jeff Oyer, Director of Finance
- Kristen Blackmon, Director of the TMD
- Anne Mead, BUP Board of Directors
- Chris Bruch, BUP Board of Directors

Greater Bethesda-Chevy Chase Chamber of Commerce:

- Ginnane Italiano, President & CEO

ATTACHMENTS	PAGE
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A. BACKGROUND

Chapter 68A of the County Code authorizes the County to establish urban district corporations to provide services within the County's urban districts. By law, an urban district corporation exists for five years after its articles of incorporation are accepted for recording by the State Department of Assessments and Taxation. An urban district corporation can be extended for an unlimited number of additional five-year terms by a resolution adopted by the County Council and approved by the County Executive. **Before the County renews a corporation's term, the law requires that the Office of Legislative Oversight conduct a performance evaluation that includes feedback from property owners, business owners, and residents from in and around the urban district.**

Bethesda is the only urban district in Montgomery County that has an urban district corporation. The Bethesda Urban Partnership, Inc. (BUP) began its first term as the urban district corporation to manage the Bethesda Urban District in 1994. In this capacity, BUP performs landscaping and other maintenance services, plans special events, promotes the urban district and oversees the operation of the Bethesda Circulator, a shuttle serving the downtown area. BUP also manages the Bethesda Transportation Management District and the Bethesda Arts and Entertainment District.

BUP has operated for four five-year terms since its creation, and the County Council has released three prior OLO evaluations of BUP. In December 2008, the County Council approved Resolution 16-786, which reauthorized the Bethesda Urban Partnership for its fourth five-year term starting on February 1, 2009 and ending on January 31, 2014.

To aid the Council as they consider the reauthorization of BUP for a fifth term, OLO report 2014-1 includes:

- Descriptions of BUP's current services, staffing, progress on previous strategic plan goals, the organization's newest strategic plan, and finances; and
- Feedback on BUP's performance from County government, community representatives and other individuals who regularly interact with BUP or benefit from its services.

B. ISSUES

Issue #1: Reauthorization of the Bethesda Urban Partnership for another five-year term and retention of the requirement for an OLO evaluation prior to reauthorization.

OLO found that BUP's County Government and community partners are pleased with the quality of BUP's work. Representatives from County Government expressed satisfaction with the services that BUP provides; most indicated that BUP's services are of very high quality and that BUP communicates and collaborates with its partners extremely effectively. In addition, business owners, developers, employers, and residents of

Bethesda who participated in focus groups displayed a consistently high regard for BUP, its staff, and BUP's role in Bethesda.

OLO's review confirmed that BUP's activities continue to fulfill the purposes of the organization as described by State and County law, the 1994 Bethesda Central Business District Sector Plan, and BUP's own Articles of Incorporation. Retaining the requirement for an OLO evaluation prior to reauthorization will assist the Council to decide whether changes are needed in BUP's purpose and responsibilities; to closely examine how the County finances the services that BUP provides; and to review the quality of BUP's services in the future.

OLO recommends that the Council adopt a resolution to reauthorize the Bethesda Urban Partnership, Inc. for another five-year term and also continue the requirement for an OLO evaluation. The CAO concurs with OLO's recommendation to reauthorize BUP "with another OLO evaluation and Council reauthorization in five years." The BUP Board expresses its appreciation of the recommendation to reauthorize BUP.

A draft Council resolution reauthorizing BUP for an additional five-year term is attached at ©14. If the Committee recommends that the Council reauthorize BUP, BUP's Board will supply updated Articles of Incorporation to be approved by the County Council along with the resolution.

Issue #2: Requirement for BUP to develop a new five-year strategic plan before the next reauthorization.

BUP's full 2014-2019 Strategic Plan, which the BUP Board submitted to the Council in July is appended to the OLO Report. This strategic plan responds to the Council's 2008 request that BUP update its five-year strategic plan before the Council considers reauthorization in 2014. In 2008, the Council also requested that BUP solicit comments on the plan's proposed objectives from relevant County Government Departments.

As part of the current re-authorization process, it is helpful to address what information would add value to the evaluation and re-authorization process that will take place five years from now. This issue has three parts:

First, OLO recommends that the Council continue to require BUP to develop a new five-year strategic plan before the next reauthorization, including focus group feedback. Seeking input from constituents, including County Government departments, business owners, employers, developers, residents, and visitors to Bethesda at the beginning of the strategic planning process through surveys or focus groups adds value to both the strategic planning process and OLO's evaluation. The CAO agrees that BUP should develop a new five-year strategic plan before the next reauthorization.

Second, OLO recommends that the Council again require that BUP solicit comments about the plan from the Executive Branch. OLO understands that some Executive Branch departments did not have an opportunity to provide their comments. To address this oversight, the Committee may wish to invite Executive Branch representatives to share their comments on BUP's new strategic plan at the worksession.

This year's strategic plan included a status report on implementing objectives identified in the previous strategic plan. **OLO recommends that BUP should continue this practice since this would assist the Council to assess BUP's performance and understand how the new plan differs from the previous one.**

Issue #3: Other Approaches for Managing and Funding Urban District Services

As the only urban district corporation in the County, BUP represents a unique model for urban district management; however, this model may not be appropriate or feasible in all downtown or urban areas. As the more urban communities that require a higher level of urban services develop and build out, it may be useful for the Council to understand what other management and funding options exist. **The Committee may wish to discuss the merits of an OLO project to examine different models for managing urban districts that may be relevant in other places in the County as part of next year's OLO work program.**

2013 Evaluation of the Bethesda Urban Partnership

OLO Report Number 2014-1

October 29, 2013

The County Council established the Bethesda Urban Partnership (BUP) in 1993 as the urban district corporation for the Bethesda Urban District. By law, an urban district corporation exists for five years before it must be reauthorized by Council resolution and approved by the County Executive. Before its term is renewed, the Office of Legislative Oversight must conduct a performance evaluation.

BUP's current term ends on January 31, 2014. Since this evaluation finds that BUP continues to fulfill its mandated responsibilities, OLO recommends the Council reauthorize BUP for another five year term.

BUP's Organizational Structure and Responsibilities

A Board of Directors, consisting of 11 members appointed by the County Executive and approved by the County Council, oversees the Bethesda Urban Partnership. BUP has 34 year-round (31 full-time) staff members in four divisions: internal operations, field operations, marketing, and transportation management.

By law, "urban districts are created to provide public services and facilities that are: (1) primarily of benefit to the property and persons within the urban district rather than to the County as a whole; and (2) in addition to services and facilities that the County provides generally" (County Code Chapter 68A). Listed below are BUP's legally authorized responsibilities and the contracted services it provides.

Responsibility	Bethesda Urban Partnership Services
Maintaining and enhancing streetscape amenities	<ul style="list-style-type: none"> ● Maintenance and landscaping (including trash/recycling collection, tree maintenance, snow removal, and street sweeping) of Bethesda public rights-of-way, public parking structures, the Bethesda Metro pedestrian tunnel and highway medians ● Trash collection and street sweeping in Wheaton and Silver Spring Urban Districts
Promotion, organization, and support of cultural, recreational, and business activities	<ul style="list-style-type: none"> ● Maintenance of website, conducting media outreach and publishing written advertising materials ● Organization of special promotional events such as Taste of Bethesda, Imagination Bethesda, and Winter Wonderland ● Promotion and management of cultural activities and events such as Gallery B and dance festivals
Advancing the business and residential environment and sense of community	<ul style="list-style-type: none"> ● Providing of assistance to Bethesda visitors through the Ask Me Team ● Communicating with appropriate agencies about emergency maintenance, safety, or cleanliness issues ● Participation in the Bethesda Metro Improvement Task Force
Enhancing safety and security in public areas	<ul style="list-style-type: none"> ● Collaboration with County Police and Fire/Rescue Service to improve safety and security ● Serving as alternative command center for the Bethesda police station in an emergency
Providing specialized transportation services	<ul style="list-style-type: none"> ● Management of the free downtown Bethesda Circulator
Increasing the number of people using alternative modes of transportation for commuting to Bethesda	<ul style="list-style-type: none"> ● Assistance to employers with development of traffic mitigation plans ● Marketing of alternative transportation options such as public transit, carpools, and vanpools to employers and employees in downtown Bethesda ● Completion of annual survey of employees on transportation use



Feedback on BUP's Services

OLO conducted 18 interviews with County Government staff and community representatives who work with BUP. Every interviewee reported satisfaction with BUP's work. Most reported that BUP delivers very high quality services and that BUP communicates and collaborates extremely effectively with its partners. Many cited BUP's high level of expertise in urban district management and emphasized the role of BUP's senior management in ensuring efficiency and effectiveness. One County partner stated that BUP could communicate more proactively regarding interruptions and changes to services.

OLO also reviewed focus group feedback on BUP's performance that Association Laboratory, Inc. compiled as part of BUP's strategic planning process. This feedback indicated that various participants, including property developers, residents, visitors and employers in downtown Bethesda, consistently had high regard for BUP, its staff, and BUP's role in Bethesda. Focus group members shared specific positive feedback about the quality of BUP's website, BUP's ability to effectively promote events, BUP's role in resolving problems and coordinating with the local arts community, and BUP's positive relationship and effective communication with the County.

Bethesda Urban Partnership's Finances

BUP receives revenue from a combination of County and non-County sources. From FY09-FY13, 92% of BUP's revenue came from the County Government and 8% came from non-County sources. During this period, BUP's County revenue decreased by 0.6%, and non-County revenue decreased by 32%. The table on the next page shows BUP's actual revenues and expenditures for the FY09-FY13 period.

BUP's County revenue comes from four service contracts managed by 3 different County entities. Specifically, BUP provides:

- **Urban district management services**, such as maintenance and landscaping, promoting downtown Bethesda, planning special events, and managing the Bethesda Circulator, under a contract managed by the Bethesda Chevy-Chase Regional Services Center. This contract is BUP's largest single source of revenue.
- **Bethesda Transportation Management District (TMD) services**, such as promoting alternate modes of transportation and conducting an annual commuter survey of employees in the Bethesda TMD under a contract managed by the Department of Transportation.
- **Groundskeeping services** at public parking lots and garages in Bethesda under a contract managed by the Department of Transportation.
- **Street sweeping and trash collection services** in the Silver Spring and Wheaton Urban Districts under one contract with the County to provide street sweeping and a second one to collect trash from public receptacles in the Silver Spring and Wheaton Urban Districts.

BUP's non-County revenue comes from event income and sponsorships, advertising on the Bethesda Circulator, and service contracts with other entities (e.g., State Highway Administration and Imagination Stage). BUP uses this revenue to enhance services and fund an equipment replacement reserve.

BUP uses six expenditure categories: field operations (e.g., maintenance), marketing and special events, transportation management, internal operations, arts & entertainment and an equipment replacement reserve. BUP's expenditures totaled \$4.3 million in FY13, a 4% decrease compared to its FY09 expenditures of \$4.5 million. In every year except FY10, BUP's revenues exceeded its expenditures.

Bethesda Urban Partnership Revenues and Expenditures, FY09 – FY13

	FY09	FY10	FY11	FY12	FY13
Revenues (\$000s)					
County Contracts	4,133	4,011	3,971	4,014	4,110
Bethesda Urban District	3,269	3,155	3,208	3,271	3,358
Bethesda Transportation Management District	614	624	567	557	563
Streetsweeping in Wheaton and Silver Spring	78	65	43	40	46
Trash Removal in Wheaton and Silver Spring	138	139	128	116	117
Groundskeeping at Public Parking Lots and Garages	33	28	27	31	25
Non-County Revenue	476	362	393	315	323
Total BUP Revenue	4,609	4,372	4,365	4,329	4,433
Expenditures (\$000s)					
Field Operations	2,273	2,254	2,205	2,305	2,306
Marketing and Special Events	841	816	806	774	769
Transportation Management	604	593	560	545	549
Internal Operations	525	531	490	492	486
Arts and Entertainment District	191	159	140	154	146
Reserve for Equipment Replacements	50	50	50	50	50
TOTAL	4,484	4,403	4,250	4,321	4,306

County Funding Sources for BUP's Contracts

Two primary sources of revenue fund BUP's County Government contracts:

Bethesda Parking Lot District (PLD) Fund. The Bethesda PLD Fund receives revenue from three sources: a property tax on commercial and non-commercial property in the PLD; parking fees and fines collected within the PLD; and investment income. By law, these funds may be used to operate, construct, and renovate parking facilities in Bethesda and to fund Urban District and transportation management activities in Bethesda. The law limits PLD support for the Urban District to no more than 10% and no less than 90% of the combined revenue from the PLD transfer and the urban district tax (see below). In FY13, the County transferred approximately \$2.8 million (or 96% of the allowable amount) from the Bethesda PLD Fund to the Bethesda Urban District, which BUP manages.

Bethesda Urban District Fund. Besides transfers from the Bethesda PLD, the Bethesda Urban District Fund receives revenue from an urban district tax on real and personal property and from maintenance charges paid by optional method developers. In FY13, approximately \$3.4 million (98%) of estimated expenditures from this fund paid for BUP's contract with the County to manage the urban district.

BUP and the Living Wage

In 2002, the Council adopted a Living Wage Law that requires certain County contractors and subcontractors to pay their employees who perform work under County service contracts a County established wage – known as a "living wage." In FY14, the County living wage is \$13.95/hour. The County Attorney has determined that BUP is not legally required to pay the living wage.

Notwithstanding this determination, as a matter of policy, the BUP Board has advocated for funding to pay its employees the living wage rate since FY09. This past summer, the County finally adjusted BUP's budget to pay BUP employees the FY14 living wage rate. In future years, the Bethesda Chevy-Chase Regional Services Center Director will notify BUP of any living wage rate changes, and the budget request BUP submits to the County will reflect these wage rate changes.

Bethesda Urban Partnership's Strategic Plan

BUP's Board of Directors recently submitted a new 2009-2014 strategic plan with goals for maintenance, marketing and communications, transportation, and arts & entertainment to the Council. Unlike previous years, the new Strategic Plan does not request any changes to County law or any amendments to BUP's contracts. BUP has four strategic goals for its new five year term. They are:

- To create a state of the art appearance and easier customer navigability for downtown Bethesda;
- To create and implement a successful marketing plan to ensure that Bethesda is at the regional forefront of attracting customers and businesses;
- To achieve a transportation system with complementary vehicular and non-vehicular options; and
- To ensure that Bethesda is a vibrant Arts & Entertainment District that attracts artists, arts patrons and arts organizations.

Office of Legislative Oversight Recommendations

OLO offers the following recommendations for Council action regarding the Bethesda Urban Partnership:

- #1: Reauthorize the Bethesda Urban Partnership for another five-year term and retain the requirement for an OLO evaluation prior to reauthorization.**

OLO's review confirmed that BUP's activities continue to fulfill the purposes of the organization. In addition, OLO found that BUP's County Government and community partners are pleased with the quality of BUP's work.

- #2: Require BUP to develop a new five-year strategic plan before the next reauthorization.**

In developing the organization's next strategic plan, OLO recommends the Council encourage BUP to continue to seek input from constituents at the beginning of the strategic planning process and include a status report on implementing objectives identified in the previous strategic plan.



OFFICE OF THE COUNTY EXECUTIVE
MEMORANDUM

Isiah Leggett
County Executive

Timothy L. Firestine
Chief Administrative Officer

October 23, 2013

TO: Chris Cihlar, Director, Office of Legislative Oversight
FROM: Timothy L. Firestine, Chief Administrative Office
SUBJECT: OLO DRAFT Report 2014-1
2013 Evaluation of the Bethesda Urban Partnership

Thank you for the opportunity to comment on Draft OLO Report No. 2014-1, regarding the evaluation of the Bethesda Urban Partnership (BUP). Your comprehensive review of the Bethesda Urban Partnership confirms our long-held opinion of the BUP as a high-performing, forward-thinking organization. I am very pleased to read that Executive Branch staff and the community continue to hold BUP in high regard. BUP is a critical partner in providing services in the Bethesda Urban District, a key economic engine for Montgomery County.

In response to the report's recommendations, I offer the following comments:

OLO Recommendation #1

Reauthorize the Bethesda Urban Partnership for another five-year term, and retain the requirement for an OLO evaluation prior to reauthorization.

CAO Response to OLO Recommendation #1

We concur with OLO's recommendation to reauthorize the BUP with another OLO evaluation and Council Reauthorization in five years. We feel the five-year timeframe provides an important opportunity for the Executive Branch and County Council to reacquaint ourselves with the issues important to the continued success of the Bethesda Urban District.

OLO Recommendation #2

Require BUP to develop a new five-year strategic plan before the next reauthorization.

CAO Response to OLO Recommendation #2

We concur with the recommendation to require the development of a new five-year strategic plan before the next reauthorization. The strategic plan, updated regularly, is a critical exercise not only for BUP but for the County as a whole as we seek to enhance the economy and livability of our urban centers.

Chris Cihlar, Director, Office of Legislative Oversight

October 23 2013

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We appreciate the opportunity to comment on this draft report and look forward to participating in the Council's review. If you have any questions or need additional information, please contact Ken Hartman, Bethesda-Chevy Chase Regional Services Center Director, at 240-777-8206 or ken.hartman@montgomerycountymd.gov.

TLF:kh

cc: Fariba Kassiri, Assistant Chief Administrative Officer

Ken Hartman, Director, Bethesda-Chevy Chase Regional Services Center

**Business, Residents and
Government Working for
a Better Bethesda**

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Oct. 24, 2013

Chris Cihlar, Ph.D., Director
Office of Legislative Oversight
Montgomery County Council
100 Maryland Avenue
Rockville, MD 20850

Dear Dr. Cihlar,

The Board of Directors of the Bethesda Urban Partnership (BUP) has reviewed the draft of the OLO Report for 2013. We appreciate the opportunity to comment on the technical aspects of the report and your acceptance of these comments. The findings in the report reflect what we also feel are the strengths of our organization, and we are very appreciative that you are recommending re-authorization of the Bethesda Urban Partnership.

We greatly value your time and effort in reviewing our Strategic Plan, talking to key constituents and thoroughly reviewing our efforts in downtown Bethesda.

The BUP Board again wishes to thank the Office of Legislative Oversight for their efforts in producing this, OLO's fourth recommendation for reauthorization. It is the goal of our Board and staff to continue to provide downtown Bethesda with the most efficient and effective maintenance, marketing and transportation management services through the reinvestment of the fees raised in the Urban District.

Sincerely,

A handwritten signature in black ink that reads "Andrew T. O'Hare".

Andy O'Hare
Chair

cc: Natalia Carrizosa, Research Associate, OLO

CHAPTER VI. Findings

Chapter 68A of the County Code authorizes the County to establish urban district corporations to provide services within the County’s urban districts. By law, an urban district corporation exists for five years and can be extended for an unlimited number of additional five-year terms by a resolution adopted by the County Council and approved by the County Executive. Before the Council renews the corporation’s term, the law requires the Office of Legislative Oversight to conduct a performance evaluation.

The County Council established the Bethesda Urban Partnership (BUP) in 1993 as the urban district corporation for the Bethesda Urban District. Since BUP’s establishment, the Council has reauthorized BUP for three additional five-year terms, most recently in December 2008. This term ends on January 31, 2014.

This chapter presents the findings from OLO’s evaluation of BUP:

- Section A provides findings related to BUP’s responsibilities;
- Section B presents findings related to BUP’s finances; and
- Section C offers a finding related to BUP’s strategic plan.

A. RESPONSIBILITIES

Finding #1: The Bethesda Urban Partnership’s overall responsibilities have not changed since the Council reauthorized BUP in 2008.

The statutes, governing documents and contracts listed in the table below define BUP’s responsibilities. Since 2008, no major changes or additions to the law or other documents have been made.

Statutes, Other Governing Documents and Contracts that Define BUP’s Responsibilities

Statutes
<ul style="list-style-type: none"> • Code of Maryland, Commercial District Management Authorities • Montgomery County Code Chapter 68A, Urban Districts • County Code Chapter 42A, Ridesharing and Transportation Management
Governing Documents
<ul style="list-style-type: none"> • Resolution 14-56, Establishment of a Transportation Management District in Bethesda • 1994 Bethesda Central Business District Sector Plan • Bethesda Urban Partnership Articles of Incorporation
County Government Contracts
<ul style="list-style-type: none"> • Agreement to manage the Bethesda Urban District, including the Bethesda Circulator • Contract to manage the Bethesda Transportation Management District • Contracts for Street Sweeping and Trash Collection in the Silver Spring and Wheaton Urban Districts • Contract for Groundskeeping at Public Parking Lots and Garages in Bethesda

BUP’s major areas of responsibility continue to be to:

- Maintain and enhance streetscape amenities;
- Program public interest activities, including promotion, organization, and support of cultural, recreational, and business activities;
- Advance the business and residential environment and sense of community;



- Enhance safety and security in public areas;
- Provide specialized transportation services; and
- Increase the number of people using alternative modes of transportation.

Finding #2: The Bethesda Urban Partnership’s services continue to fulfill the organization’s responsibilities.

The following table provides examples of how BUP achieves the organization’s purposes defined in the law, governing documents and County Government contracts.

Responsibility	Examples
Maintaining and enhancing streetscape amenities	<ul style="list-style-type: none"> • Maintenance and landscaping (including trash/recycling collection, tree maintenance, snow removal, and street sweeping) of Bethesda public rights-of-way, public parking structures, and highway medians • Maintenance of pedestrian tunnel next to the Bethesda Metro Station • Trash collection and street sweeping in Wheaton and Silver Spring Urban Districts
Programming public interest activities, including promotion, organization, and support of cultural, recreational, and business activities	<ul style="list-style-type: none"> • Maintenance of website, conducting media outreach and publishing written advertising materials • Organization of special promotional events such as Taste of Bethesda, Imagination Bethesda, and Winter Wonderland • Promotion and management of cultural activities and events such as Gallery B and dance festivals
Advancing the business and residential environment and sense of community	<ul style="list-style-type: none"> • Providing of assistance to Bethesda visitors through the Ask Me Team • Communicating with appropriate agencies about emergency maintenance, safety, or cleanliness issues • Participation in the Bethesda Metro Improvement Task Force
Enhancing safety and security in public areas	<ul style="list-style-type: none"> • Collaboration with County Police and Fire/Rescue Service to improve safety and security • Serving as alternative command center for the Bethesda police station in an emergency
Providing specialized transportation services	<ul style="list-style-type: none"> • Management of the free downtown Bethesda Circulator
Increasing the number of people using alternative modes of transportation for commuting to Bethesda	<ul style="list-style-type: none"> • Assistance with the development of traffic mitigation plans for employers • Marketing of alternative transportation options such as public transit, carpools, and vanpools to employers and employees in downtown Bethesda • Completion of an annual survey of employees to monitor changes in transportation use

Finding #3: Since BUP's last reauthorization in 2008, the organization reduced the number of staff slightly and has expanded services in some areas.

Since 2008, BUP's employee complement changed from 33 full-time and three part-time positions to 31 full-time and three part-time positions. During this period, BUP's revenues decreased by 4% as a result of reductions in both non-County revenues such as event income and sponsorships and County contract revenues. At the same time, BUP has added services in some areas:

- In 2011, BUP opened Gallery B, a nonprofit gallery for artists to display their work at a low cost, and in late fall of 2013 BUP plans to open Studio B to provide a low-cost studio space for local and regional artists.
- In May of 2012, BUP completed "Tunnel Vision," an initiative to display art in the tunnel next to the Bethesda Metro Station and began providing regular maintenance services in the tunnel.
- In 2013, BUP entered into an agreement with the National Institutes of Health to maintain a green space at the corner of Woodmont and Wisconsin Avenues, which is adjacent to the Bethesda Urban District.

Several County and community partners interviewed by OLO noted that new development projects in downtown Bethesda will lead to an increased workload in the future for BUP as more residents and visitors arrive.

Finding #4: County and community representatives provided positive assessments of BUP's services and staff.

OLO interviewed County Government representatives and other individuals who work with BUP. All interviewees reported satisfaction with BUP's work. Most interviewees reported that BUP's services are of very high quality and that BUP communicates and collaborates with its partners extremely effectively. Many cited BUP's high level of expertise in urban district management and several emphasized the role of BUP's senior management in ensuring efficiency and effectiveness.

OLO also reviewed focus group feedback on BUP's performance, compiled by Association Laboratory, Inc. during BUP's strategic planning process. The feedback indicated that participants, which included property developers, residents, visitors and employers in downtown Bethesda, had a consistently high regard for BUP, its staff, and BUP's role in Bethesda. Focus groups shared specific positive feedback regarding the quality of BUP's website, BUP's ability to effectively promote events, BUP's role in resolving problems and coordinating with the local arts community, and BUP's positive relationship and effective communication with the County.

B. FINANCES

Finding #5: In FY13, BUP's expenditures were \$4.3 million.

In FY13, BUP's expenditures were \$4.3 million, reflecting a decrease of 4% from FY09 as shown in the table below. For each year, BUP's largest expenditure categories are field operations and marketing and special events.

Bethesda Urban Partnership Expenditures, FY09 – FY13 (Actuals, \$000s)

	FY09	FY10	FY11	FY12	FY13
Field Operations and Bethesda Circulator	2,273	2,254	2,205	2,305	2,306
Marketing and Special Events	841	816	806	774	769
Transportation Management	604	593	560	545	549
Internal Operations	525	531	490	492	486
Arts and Entertainment District	191	159	140	154	146
Reserve for Equipment Replacements	50	50	50	50	50
TOTAL	4,484	4,403	4,250	4,321	4,306

Source: Bethesda Urban Partnership

Finding #6: In FY13, the County Government provided 93% of BUP's revenue via five contracts. BUP's contract to manage the Bethesda Urban District provided the majority of funding from the County Government.

In FY13, BUP received 93% of its revenues from the County Government via five contracts to provide specific services in Bethesda and other urban districts. 7% of its revenues came from non-County sources including event income and sponsorships, Bethesda Circulator advertising, and contracts with non-County entities to provide maintenance services.

Bethesda Urban Partnership Revenue by Type, FY09 – FY13 (Actuals, \$000s)

BUP Revenue	FY09	FY10	FY11	FY12	FY13
County Revenue	4,133	4,011	3,971	4,014	4,110
Non-County Revenue	476	362	393	315	323
Total BUP Revenue	4,609	4,372	4,365	4,329	4,433
County % of Total	90%	92%	91%	93%	93%

BUP's contract with the County to manage the Bethesda Urban District provided \$3.4 million in revenues in FY13, which represents the majority (82%) of revenues from the County.

Finding #7: Bethesda Parking Lot District funds represent the primary source of revenue for the Bethesda Urban District.

The Bethesda Urban District provides the funding for BUP's contract to manage the Bethesda Urban District. The Urban District receives funding from transfers from the Bethesda Parking Lot District (PLD), from the Urban District Tax, and from maintenance charges paid by optional method developers.



In FY13, revenues for the Bethesda Urban District included a \$2.8 million transfer from the Bethesda PLD, \$446,000 in revenues from the Urban District Tax and \$150,000 from charges paid by optional method developers.

Bethesda Urban District Revenues, FY09 – FY13 (\$000s)

Revenue Source	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Estimated
Transfer from the Bethesda Parking District	2,775	2,835	2,593	2,865	2,815
Urban District Tax	461	478	485	463	446
OMD Maintenance Charges	138	123	150	144	150
Investment Income	4	0	1	0	0
Total	3,369	3,428	3,220	3,457	3,397

Source: Approved Operating Budgets, FY11, FY12, FY13, and FY14

The Bethesda PLD is funded by a property tax on commercial and non-commercial property in the PLD, parking fees collected in the PLD, parking fines issued within the PLD, and investment income. These funds may be used to operate, construct, and renovate parking facilities in Bethesda and fund the Urban District and transportation management activities in Bethesda.

Finding #8: BUP pays the County’s “Living Wage” rate to its employees as a matter of policy, and the County has adjusted BUP’s budget for this purpose.

In 2002, the Council adopted the Living Wage Law, which requires certain contractors and their subcontractors of the County to pay a certain level of wages – known as a “living wage” – to employees who perform work on County service contracts.¹ County staff report that the County Attorney has determined that BUP is not legally required to pay the living wage because the County has an agreement with BUP to manage the Bethesda Urban District instead of a contract. The County Attorney has not issued a formal opinion on this matter.

As a matter of policy, the BUP Board has advocated for funding to pay its employees the living wage rate. County staff report that, this past summer, the County adjusted BUP’s budget to pay BUP employees the FY14 living wage rate. In future years, the Bethesda Chevy-Chase Regional Services Center will notify BUP of living wage rate changes, and BUP’s budget request will include an adjustment for those changes.

¹ County Code § 11B-33A

C. STRATEGIC PLAN

Finding #9: Unlike previous strategic plans, BUP's recently completed strategic plan for 2014-2019 does not include requests for changes to the law or to the administration of BUP's contracts.

In December of 2008, the Council reauthorized BUP for its fourth five-year term and requested that BUP update its five-year strategic plan before the Council considers reauthorization again in 2014. In July of 2013, BUP submitted its strategic plan for 2014-2019 to the Council.

In the plan, BUP has identified strategic goals for maintenance, marketing and communications, transportation, and the Arts and Entertainment District, along with specific strategies and action items for each goal. BUP's strategic goals for 2014 to 2019 are to:

- Create a state of the art appearance and easier customer navigability for downtown Bethesda;
- Create and implement a successful marketing plan to ensure that Bethesda is at the regional forefront of attracting customers and businesses;
- Achieve a transportation system with complementary vehicular and non-vehicular options; and
- Ensure that Bethesda is a vibrant Arts & Entertainment District that attracts artists, arts patrons and arts organizations.

In previous strategic plans, BUP made specific requests with potential legal or contractual impacts. The 2014-2019 strategic plan includes no such requests.

Resolution No.: _____
Introduced: November 26, 2013
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Planning, Housing, and Economic Development Committee

SUBJECT: Bethesda Urban Partnership, Inc. - Reauthorization

Background

1. On April 20, 1993, in Bill No. 41-92, the County Council amended Chapter 68A of the County Code to enable the creation of Urban District Corporations.
2. In December 1993, the County Council authorized and the County Executive approved the incorporation of an Urban District Corporation under Chapter 68A of the County Code, the Bethesda Urban Partnership, Inc.
3. The Articles of Incorporation of the Bethesda Urban Partnership, Inc. were filed with the State Department of Assessments and Taxation on February 1, 1994. Article II of the Articles of Incorporation provides that the period of duration of the corporation is perpetual, but that it will cease to exist after five years if the County Council does not approve a resolution (also approved by the County Executive) extending the corporation for one or an unlimited number of additional five-year terms.
4. The duration of the Bethesda Urban Partnership, Inc. (as a corporation) will expire on February 1, 2014, unless extended by resolution of the County Council and approved by the County Executive as provided in §68A-13(b) of the County Code.
5. The County Council's Office of Legislative Oversight has conducted an evaluation of the operations of Bethesda Urban Partnership, Inc. as provided in §68A-12(e) of the County Code and recommends reauthorization for an additional period of five years.
6. Articles of Amendment of the Articles of Incorporation are attached to this Resolution.

Action

The County Council for Montgomery County, Maryland, approves the following resolution:

As provided in §68A-13(b) of the County Code, the existence of the Bethesda Urban Partnership, Inc. is continued for an additional five-year term, commencing February 1, 2014, and concluding January 31, 2019. The Articles of Amendment of the Articles of Incorporation for the Bethesda Urban Partnership, Inc. extending its existence for an additional five-year term attached to this resolution are approved.

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council