



2017-2031
PROPOSED SERVICE, IMPROVEMENT, and ASSESSMENT PLAN



This document presents a proposed Fifteen Year Plan (2017-2031), setting forth a vision, mission, goals to be achieved, services to be rendered, and improvements to be made in support of the commercial property owners within the Montrose Management District (the District). This document also outlines costs and a proposal for funding the plan for the area comprised by the District.

The mission of the District is to attract public and private investment, provide professional management to the area, and enhance the economic well-being of the community. To assist with this mission, the District is empowered to finance projects and plans related to public safety, business and economic development, mobility and transportation, maintenance, and beautification. The District also leverages local resources, public and private, to enhance the business environment and quality of life in the area.

In creating and continuing a management district, property owners seek to:

- *Organize themselves to pursue a common vision.*
- *Create capital investment, services, and improvement.*
- *Render continuous, focused, and professional management of the area's needs.*
- *Provide cost-effective funding mechanisms for improvements.*
- *Advance the District as a superior place to conduct business, invest, live, work, and visit.*

The District's Board of Directors pursues these goals through a variety of programs and projects focused on four areas:

Public Safety, Security, and Maintenance

Business & Economic Development and Marketing

Planning, Mobility, Environmental & Urban Design, and Visual Improvements

Project Staffing and Administration

About the District

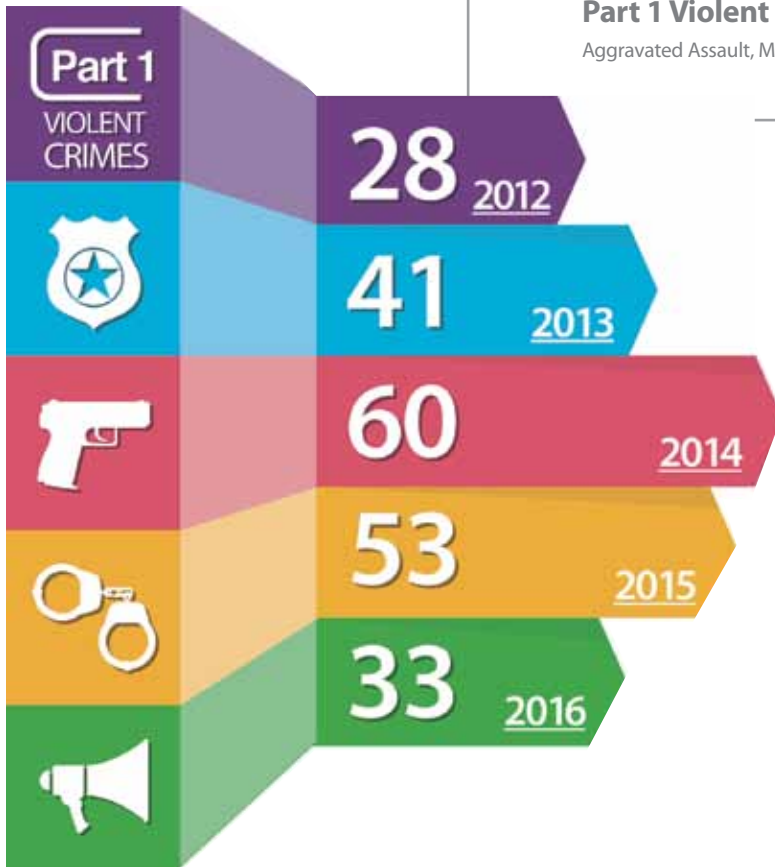
Our Story – The First Ten Years

The focus in the first 10 years was on conveyance of the benefits through the entire District to provide enhanced services in order to make the community safer, cleaner, and greener. We accomplished this by providing public safety patrols, mobile security cameras, Chapter 125 nuisance and graffiti abatement programs, routine maintenance, and developing beautification and district identification projects aimed at creating a sense of place and civic pride.

In the next 15 years we will continue to provide services and projects developed and implemented in the first 10 years with an increased emphasis on long-range strategic planning, economic development, enhanced maintenance services, and capital improvement initiatives in areas that are commercial in character – from major corridors such as Montrose Boulevard, Westheimer Road, South Shepherd Avenue, Dunlavy Street or West Gray and West Dallas Streets; to commercial centers such as the intersection of Westheimer Road and Montrose Boulevard or Grant and Fairview; to neighborhood commercial. More specifically, commercial character includes retail, service, office, institutional, recreational, and multifamily uses consisting of 21 units or more. In comparison, residential character areas typically consist of neighborhoods, townhomes, condominiums, and limited density multifamily structures, but exclude neighborhood commercial.

The Board of Directors believes that by being pro-active, we as a community, can shape the places where we live and work. The Board is supported in their efforts by staff specialists and an executive director who perform planning, budgeting, accounting, project management, economic development, and marketing functions at the direction of the Board. While each of the core service areas are critical to enhancing the already vibrant Montrose community, it is long-range strategic planning that provides the foundation for everything we do.

10 Year Summary



Part 1 Violent Crimes:

Aggravated Assault, Murder, Robbery, Sexual Assault.



1.2k+

Street Light Outages
over 1,200 reported
Program started March 2013



550+

Bandit Signs
over 550**
removed



**Program started April 2017

12.6k+

Pounds of Trash
over 12,600**
removed



390+

Litter Abatement
over 390** miles of
ROW De-littered



21k+

Graffiti Abatement
over 21,000
incidents removed

Annual Public Safety Averages



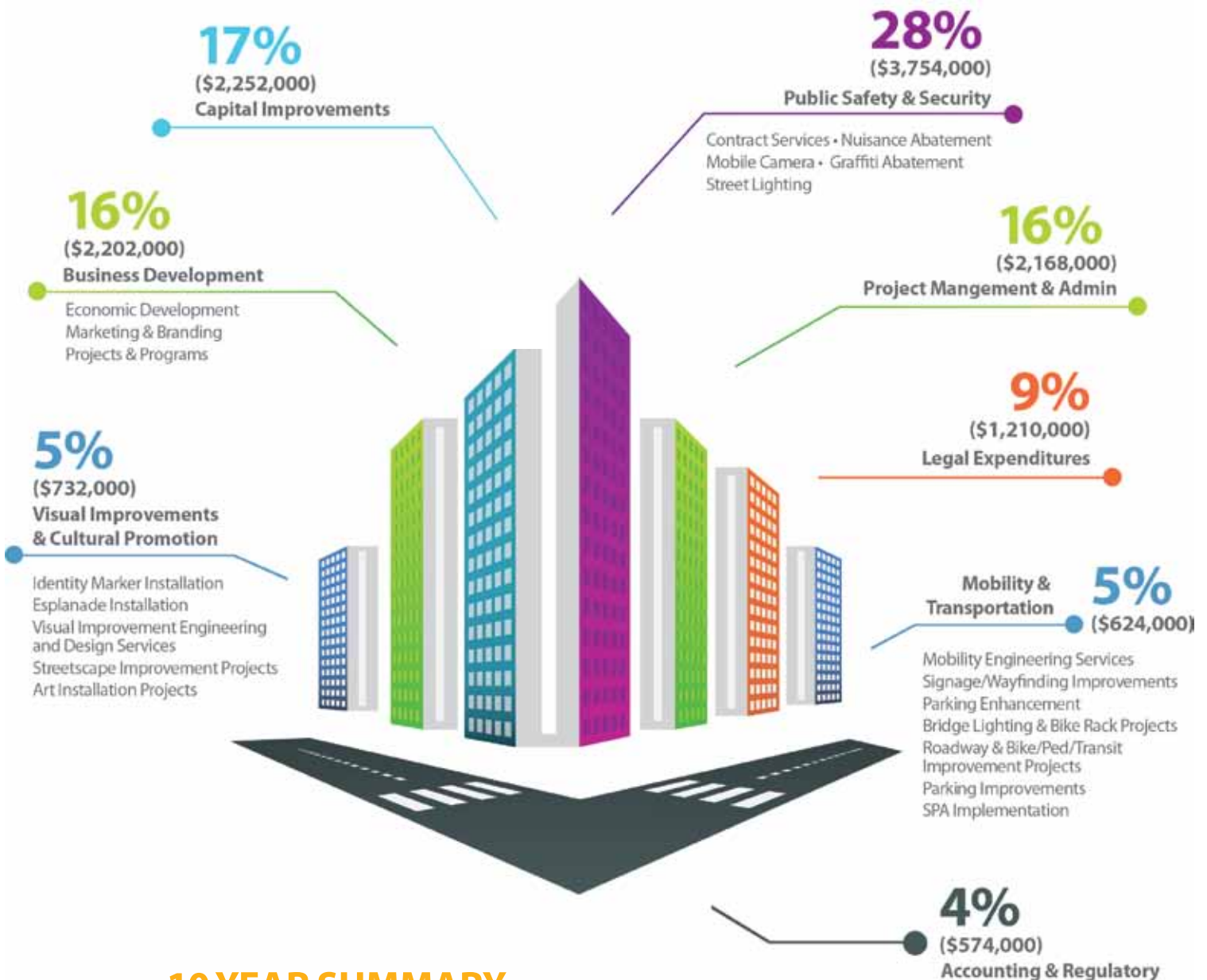
12,100
BMV Report Cards



24,900
Patrol Miles Driven



11,950
Business Checks



10 YEAR SUMMARY of EXPENDITURES

Public Safety, Security, & Maintenance Services

Security is more than maintaining an area free of crime. It also means the ability to invest, live, and work comfortably. The District has developed strategies and actions to enhance the level of public safety, security, and maintenance, and regularly monitors and evaluates the results of programs and projects, while recommending steps for continuous improvement.

Programs & projects developed during the first ten years included:

- A “work-smarter” philosophy police patrol initiative which utilizes veteran Houston Police officers assigned to the Differential Response Team. In addition to being experienced, these officers are specially trained problem solvers. They know the community, its character, and its challenges. More importantly, they know and care for the people who live, work in, and enjoy Montrose. On average, our officers spend around 7,000 total hours annually, covering over 22,000 miles patrolling the main commercial corridors within the Montrose District.
- An internet accessible, mobile security camera program to assist property owners and police by documenting suspicious/criminal activity and serve as a visual deterrent.
- An on-going graffiti abatement program. Since 2008 through mid-July 2017, over 21,000 tags have been removed from public and private properties and trash dumpsters, and the average annual number of tags removed has been trending down since 2015.
- Monthly surveys of street lights throughout the District and follow-up contacts to CenterPoint Energy to ensure broken or inoperable lights are replaced or repaired.
- A tri-district contract with the Harris County District Attorney’s office related to nuisance abatement activities.
- Regular street sweeping program for principal streets, right-of-way de-littering, and trash pick-up.



Business & Economic Development and Marketing

This function of the District has helped support and promote over \$400 million in new multi-family, office, and retail development in the area. New luxury apartments that have been completed or are under construction will bring over 3,000 new residents, mostly young professionals who will add even more vitality to the restaurant and retail sectors of the Montrose community.

During our first 10 years, programs & projects included:

- Annual real estate forum luncheons attended by commercial real estate owners, brokers and developers, financial executives, architects, engineers, and business owners. Well known speakers describe current business trends and opportunities, as well as the future outlook for Montrose.
- Retail workshops attended by District retailers who describe issues of importance to them and receive information about District efforts that will benefit their businesses. District staff also get retailers' suggestions to help them plan the real estate forum events.
- Creation of illustrated brochures given to developers to provide them with useful information about the District, trade area population, and demographics; the purposes, history, committee structure, and **Service, Improvement, and Assessment Plan** of the District; numbers and types of businesses; comparison of retail demand and supply; and District strengths and advantages.
- Advocacy for increased City of Houston CIP and Rebuild Houston funding to repair, improve, and replace poorly conditioned streets, sidewalks, and utility infrastructure.
- Survey of candidates for mayor to obtain their views on issues of importance to District businesses and residents.
- Meetings with a Westheimer commercial property owner to provide information to him on how to proceed on a possible structured garage project utilizing leading-edge technology.
- Preparation of the preliminary financing plan proposal for creation of a Montrose TIRZ which was approved by Houston City Council with the Board appointed in December, 2015.
- An analysis of property and sales taxes paid vs. services, and CIP expenditures received by the District from the City of Houston to ensure District share equality.
- Support and tracking of major new real estate projects planned or under construction.
- Development of a multi-step Economic Development Action Plan for the District.
- Analyses of statistical information of population, demographics, and key economic factors pertaining to the District.
- Inventory of vacant properties, properties for sale, and underutilized properties in the District for the purpose of determining where future commercial development and redevelopment is likely to occur.
- A visioning exercise to gauge the types, magnitude, and locations of development and redevelopment that are likely to occur in the District over the next 15 year period, as well as the factors that may hinder such projects.
- Creation of a District website, Facebook, and Twitter feeds which include: Houston's 3-1-1 service, an events calendar, what's happening in the District, a photographic tour, updates, and a business database which includes shops, restaurants, bars, services, and entertainment.
- Publishing of monthly e-newsletters and a semi-annual printed newsletter covering District achievements, topics of interest, events, and major new real estate projects.
- Conduct biannual recycling events, an annual holiday lighting ceremony, and holiday decorating contest.





Planning, Mobility, Environmental & Urban Design, Visual Improvements, and Cultural Promotions

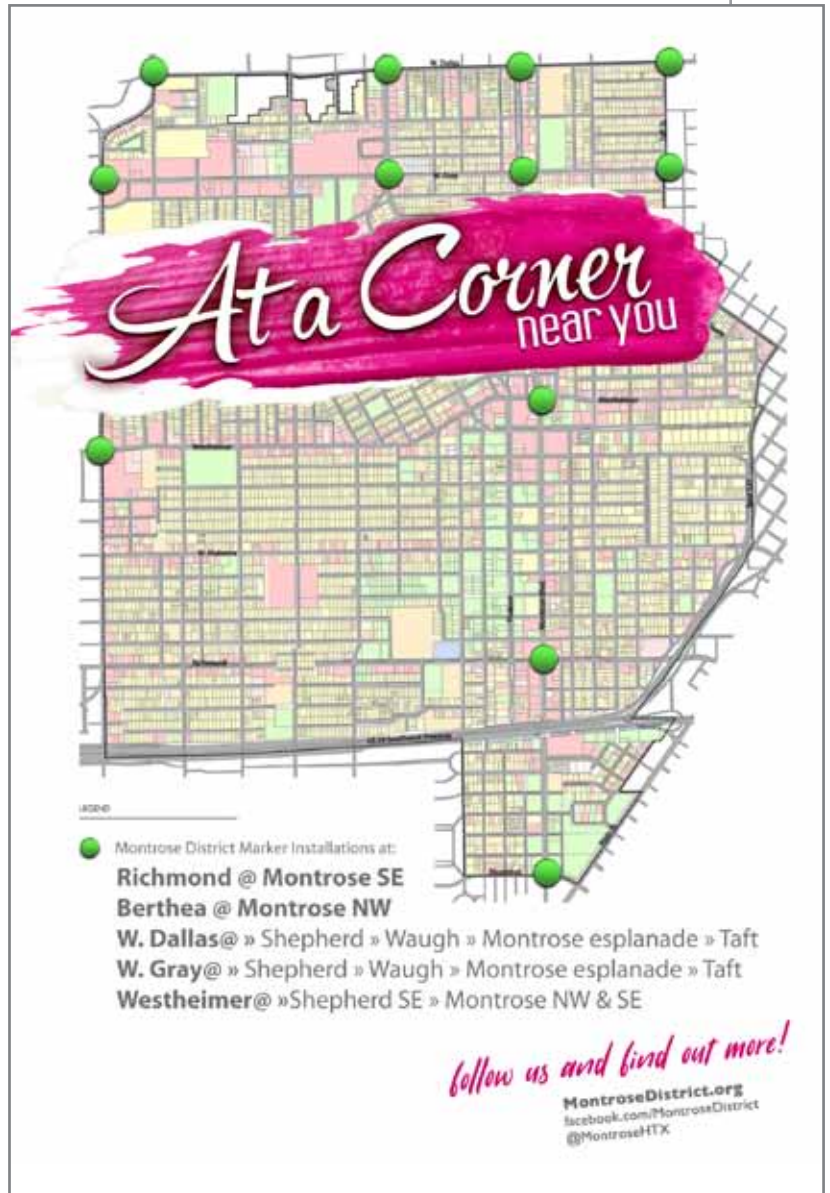
These projects provide the foundation for enhancing how the District looks and works while also providing a sense of place, a source of community pride, and dramatically impact the decisions of potential investors. During the first ten years plans were developed for projects related to beautification, landscaping, perimeter and interior markers, HWY 59 bridge lighting, banners, flags, custom signage, and monuments. The District also advocates concepts to improve internal mobility and regional access including a Special Parking Area (SPA).

Specific projects included:

- Completion of a comprehensive study of mobility, parking, and drainage infrastructure throughout the District and presented study results to the Houston city council committee on infrastructure, transportation, and technology to focus its attention on District infrastructure needs.
- Coordination with the City of Houston, Houston-Galveston Area Council, and Texas Department of Transportation to secure grant funding and redesign lighting along the seven U.S. 59 overpass bridges with opportunity for area non-profits to light bridges and ID markers with organization colors.
- Application to the City to designate the core of Montrose as a SPA to address after-hours parking challenges and to take advantage of flexibility allowed in the latest city parking ordinances.
- Support of Metro's petition to amend the city's thoroughfare plan to accommodate a University Line Transit.
- District monumentation and beautification program including improvements to Montrose entrances and esplanades.
- Adoption of all of the esplanades throughout Montrose to ensure consistent maintenance standards.
- Improvements to Montrose esplanades and installation of Identity Markers.
- Support for initiatives that maintain and increase District parks and green spaces.
- Design and installation of branded bike rack system near select Montrose businesses at 7 locations in partnership with BikeHouston.



Identity Markers



MONTROSE DISTRICT
We're all in



2017-2031

... CONTINUING THE MISSION



The District will:

Public Safety, Security, & Maintenance Services

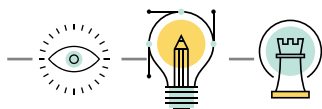


1. Continue to strengthen our relationship with HPD's Positive Interaction Program (PIP) and Differential Response Team (DRT) by providing support and assistance where necessary and appropriate.
2. Proactively patrol the District's commercial areas to reduce criminal opportunities and enhance communication between business owners, the police, and the community as a whole.
3. Increase Mobile Video Camera placement to deter crime in commercial and other areas of concern to the community and law enforcement.
4. Compile and maintain a database for storing and analyzing crime data and use data to implement targeted programs and projects.
5. Seek opportunities to expand the patrol units into District residential neighborhoods on an 'opt-in' cost basis by civic associations who have requested the patrol units and agreed to fund the service cost.
6. Continue the street light reporting program with CenterPoint Energy, the City of Houston, retail electric providers, and others to increase and maintain consistent street lighting in public areas.
7. Continue supplemental mowing, trash pick-up, and bandit sign removal on public rights-of-way. Add new pan and broom maintenance team members, distinctly uniformed to patrol the rights-of-way, assisting with: trash pick-up, observation of infrastructure needs, and suspicious activity.
8. On behalf of property owners, advocate for regional security needs with county, city, educational, state, and federal law enforcement agencies.

Business & Economic Development and Marketing



1. Plan and implement a vision for the District that makes the community a more walkable, cultural, and stimulating place to work, live, and play.
2. Improve District infrastructure by assisting in the full implementation of a capital improvements program for the Montrose TIRZ.
3. Launch new efforts to attract and retain small businesses and professionals in the District.
4. Support the restaurant and retail business owners in the District by holding periodic workshops to address their opportunities and problems.
5. Continue to host annual real estate forum luncheons which stimulate interest in the District on the part of property owners, investors, developers, brokers, and businesses.
6. Provide market data and other information to developers considering new capital projects or leasing space in newly developed facilities.
7. Develop a strategic outreach plan for earned media and evaluate plan successes on an on-going basis.
8. Strengthen and expand our **Communications Plan** to increase community and business engagement via our website and social media outlets through regular communication with District businesses and owners.
9. Continue direct outreach to businesses via visits from the Business Ambassador and Maintenance Teams.
10. Continue to promote and support District cultural activities.



Planning, Mobility, Environmental & Urban Design, Visual Improvements, and Cultural Promotion



The District will:

1. Coordinate with the City of Houston, Houston-Galveston Area Council, METRO, Montrose TIRZ, and other entities to plan for and facilitate District wide improvements for mobility and connectivity within the rights-of-way, including roadways, sidewalks, bikeways, crosswalks, intersections, and transit stations.
2. Establish and implement a plan to improve the mobility experience through visual enhancements within the rights-of-way, including street lights, wayfinding/signage, banners, landscaping, public art, trash bins, street furniture like benches, and other streetscape amenities.
3. Complete and maintain enhancements to select District esplanades.
4. Maintain the lighting on the seven bridges over U.S. Highway 59 in a manner that complements the identity markers and physical branding program for the Montrose and non-profit community.
5. Expand installation of the branded bike racks as part of a larger bicycle-realm improvement program in partnership with BikeHouston and area businesses.
6. Implement and expand the various tenets of the Special Parking Area, including efforts to best utilize existing parking in the District while supporting strategic addition to the community's parking inventory.
7. Establish a program to facilitate and accommodate public art in a variety of forms throughout Montrose, including permanent art installations within the rights-of-way.
8. Promote and support alternative transportation opportunities in and to the Montrose community.

Project Staffing & Administration

The District will:

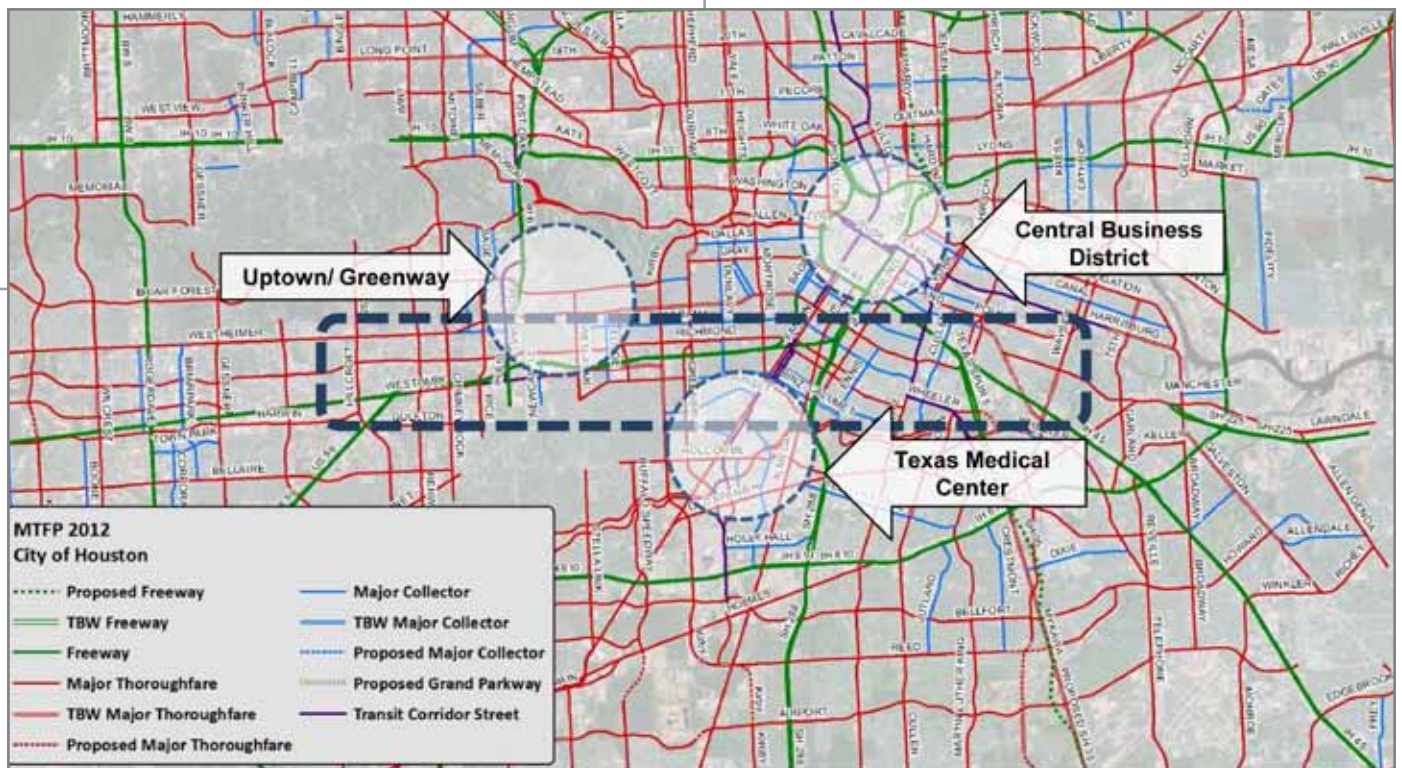
1. Advocate for the District's legitimate share of city, county, and state resources.
2. Accurately reflect the costs of providing services in each program area through a carefully monitored cost allocation system.
3. Provide annual financial audits that protect the financial integrity of the District and help ensure the most efficient use of resources.
4. Ensure compliance with the Texas Public Information Act (*Open Records Act*), Open Meetings Act, Public Funds Investment Act, and all other applicable state, federal, and local laws and regulations.
5. In partnership with Montrose TIRZ, establish a strategic plan for the Montrose community, including a capital improvement program.
6. Monitor, evaluate, and adjust administrative systems and procedures to assure maximum benefit on revenues received by the District from property owner assessments, grants, contracts, and other financial resources.

Metro University Corridor

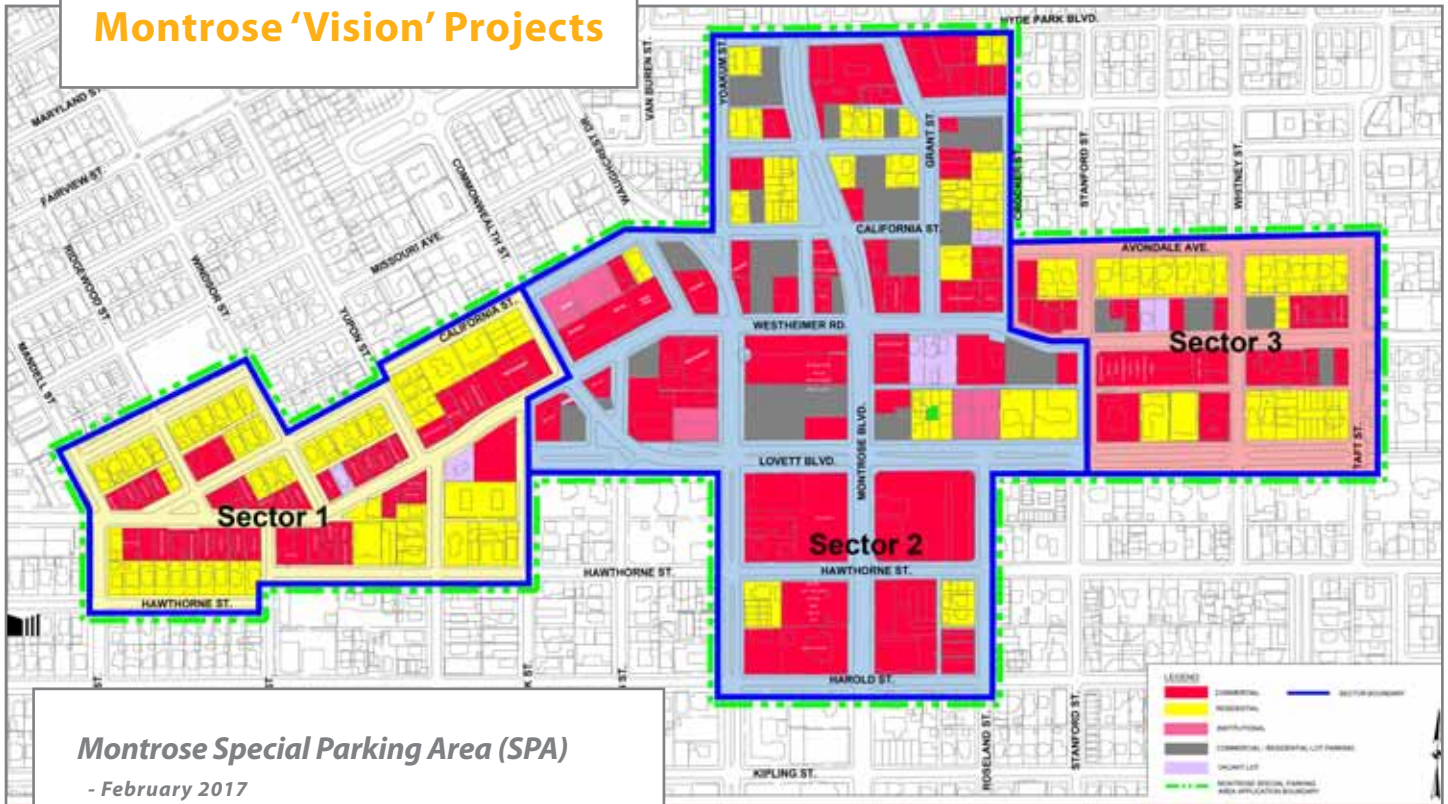
— April 2013

- The District supports the establishment of a high-capacity transit option in an east-west orientation through the District.
- A high-capacity transit corridor should be located to connect as many institutions such as schools, universities, and high-population areas as possible.
- A high-capacity transit corridor should be located to connect to as many other high-capacity transit corridors as possible.
- The District also supports increased transit frequency and options on other major corridors in addition to a high-capacity transit option.

Montrose 'Vision' Projects



Montrose 'Vision' Projects



Montrose Special Parking Area (SPA)

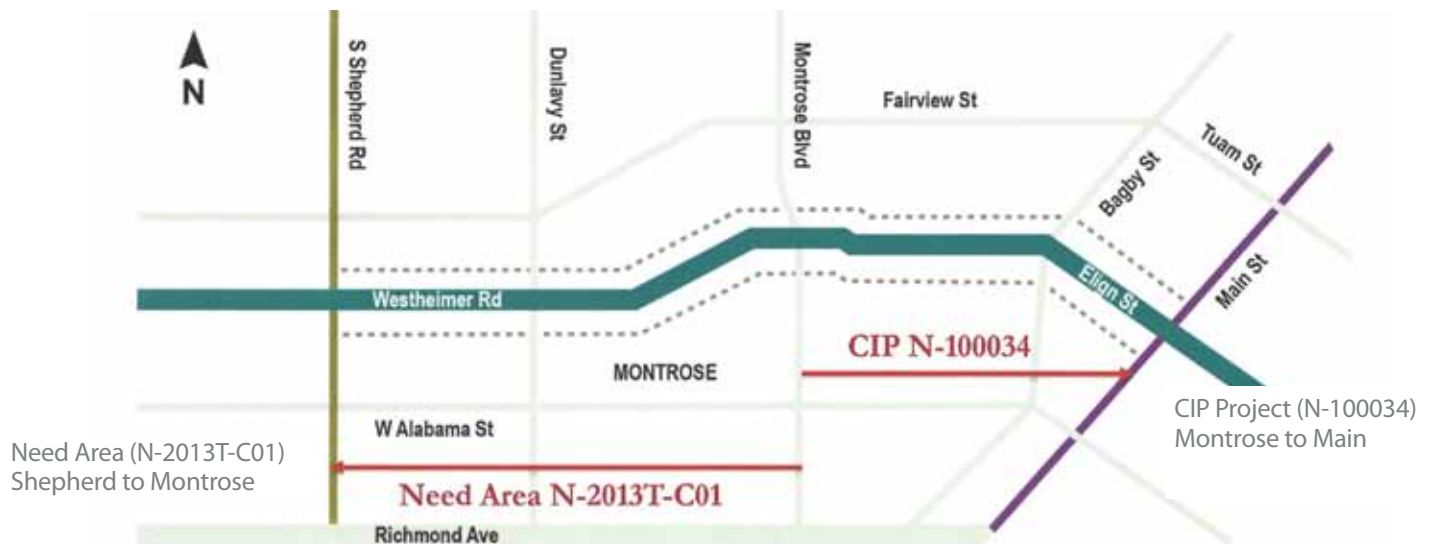
- February 2017

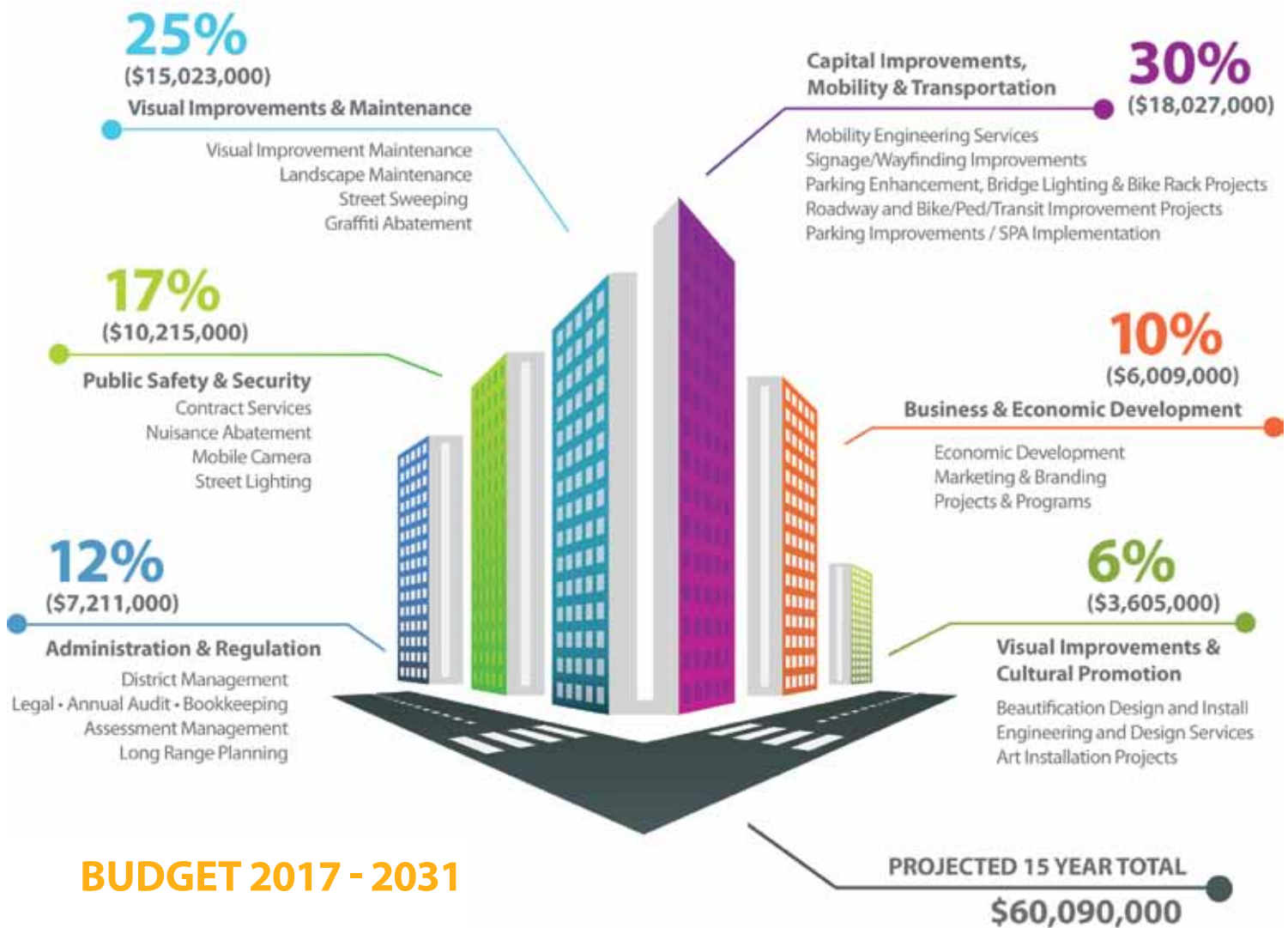
- The District was authorized for the first SPA in the City of Houston.
- The SPA was instituted to relax parking requirements by allowing parking at greater distances from businesses and to encourage a more walkable Montrose neighborhood.
- The SPA is the first phase of a broader parking management plan that is intended to be expanded to the entire Montrose District.
- The District is available to assist property and business owners in meeting the requirements of the SPA.

Lower Westheimer CIP Project

- April 2017

- The District supports the Lower Westheimer CIP projects (Shepherd to Main Street).
- The District desires for the first phase of this project to be expanded west to include Commonwealth and complete the intersection of Montrose & Westheimer in its entirety.
- The District believes this project needs further analysis in the design phase to ensure compliance with the turning radius required by transit and larger service delivery vehicles from Westheimer onto key cross streets (i.e. Dunlavy, Montrose, Bagby).





BUDGET 2017 - 2031



The District will provide funding to the major program areas as outlined above. These estimates are general projections based on needs and priorities anticipated today. From year to year, priorities will change. This plan provides that the District's Board of Directors will have the flexibility to adjust the application of resources to meet the changing needs of the area.

Each year the District's Board of Directors will re-evaluate the plan, assess projects and services, and approve a budget for that year. Above are the projected total expenditures for the services authorized under this *Proposed Service, Improvement, and Assessment Plan*.

• All Service Areas Include Project Management Services

ASSESSMENT PLAN: FINANCING THE VISION

Under this proposed *Service, Improvement, and Assessment Plan*, the District will assess the land and improvements of commercial property owners within the District's boundaries to provide funding for the projects within the major areas of service outlined. The assessment for each year of *the Service, Improvement, and Assessment Plan* is proposed to not exceed \$0.125 for each \$100 of value based on the taxable property value as certified by the Harris County Appraisal District (HCAD) for that calendar year. Services and improvements are intended to be provided on a pay-as-you-go basis with assessments collected to fund projects. If the Board determines that projects are needed which cannot be financed on this basis, the Board may authorize bonds or other debt financing after holding a public hearing regarding the financing options.

MORE DETAILED INFORMATION ON THE SERVICE, IMPROVEMENT and ASSESSMENT PLAN



Property Subject to Assessment. The property subject to assessment will be the land and improvements of the commercial property owners within the boundaries of the District. The following property will be exempt from assessment: single-family detached residential, duplexes, triplexes, quadraplexes, condominiums, municipalities, counties, other political subdivisions, entities exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, public utilities, and recreational property or scenic use property that meets the requirements of Section 375.163, Texas Local Government Code. Equipment and inventory are not subject to assessment.

Annual Budgets and Assessment Rates. The Board of Directors will annually evaluate the need for and advisability of the services authorized under this *Service, Improvement, and Assessment Plan* to determine the specific projects within the *Service, Improvement, and Assessment Plan* that will be undertaken the following year. The Board will then set and approve a budget for the following year consistent with the annual plan, taking into consideration the value of the property subject to assessment and the revenue that the assessment rate will produce.

As this plan is fifteen years in length, it is probable that the service needs in each of the major categories will change, particularly as District objectives are met. Therefore, this *Service, Improvement, and Assessment Plan* allows the Board of Directors the flexibility to apply the assessment revenue to the major categories of services in varying percentages.

The District proposes to set the initial rate of assessment at \$0.125 per \$100 valuation for each year of the Service and Improvement Plan based on the taxable property value as certified by HCAD with respect to that calendar year. The assessment will be made after the District's tax rolls are certified by HCAD each year to generate funds for implementation of the *Service, Improvement, and Assessment Plan* in the following year. The assessment roll will be revised and amended as necessary to accommodate certified valuation changes or additions made by HCAD from time to time. This would mean that a property subject to assessment valued by HCAD at \$1M in any given year would pay an assessment of \$1,250 to fund projects in the following year with a \$0.125 rate of assessment.

Assessment Rate Increases. Pursuant to this *Service, Improvement, and Assessment Plan*, the District Board of Directors is proposing a one-time assessment due and payable on an annual basis over the fifteen year life of the Plan.

Cap on the Amount of Individual Property Assessments.

The plan provides that no property may be assessed an amount in any year of this plan that exceeds twice the amount such property was assessed for projects in the first year of the *Service, Improvement, and Assessment Plan* (2017), plus any value added by new construction on such property so designated by HCAD.

Basis for Assessment. In each year of the plan, the assessment will be based on the HCAD certified taxable value for each property in such year as established by HCAD. This means that an individual property owner's assessment may vary each year.

New Construction. New construction so designated by HCAD and any property annexed into the District, if any, will be added to the assessment roll at the value set by HCAD. The Board will prepare a supplemental assessment roll for such property and levy assessments on such property for the specific benefits to be received by the services and improvements to be provided by the District. Such new construction in the District and annexations, if any, will generate new revenue. The average expenditures projected above assume a 2% growth in value per year. Over the years, it will also be necessary for the Board of Directors to consider the effects of inflation and to factor it into the District's budgets. If inflation remains low or values increase more than 2% per year, the Board anticipates the growth in assessment revenue from new construction will cover inflation during the fifteen-year period and allow the District to provide most, if not all, of the services contemplated hereunder. If revenues exceed projections, the Board may allocate those additional revenues to each program category.

Assessments would become due and payable and become delinquent and incur penalties and interest in accordance with the provisions relating to ad valorem taxation contained in the Texas Tax Code. Assessments will also be subject to the recapture provisions, which apply to change in use of agricultural land in accordance with the Texas Tax Code.

The delivery of the services and improvements is anticipated to add value to all properties within the District. The District property owners will be able to collectively leverage greater resources, resulting in increased levels of service and an enhanced public awareness and image for the District. An improved District benefits property owners directly and also the Houston metropolitan region at large. A boundary map of the District is located on the next page.

Credit against certain property owners' association assessments.

The Purposes of the District are served when groups of property owners take upon themselves the goals and functions that would otherwise be carried out by the District. In some instances, the financial efforts of associations of the owners of assessable property in the District duplicate the services or projects of the District, thereby allowing the District to focus its financial efforts on other property. In such event, a property owners' association representing property subject to assessment by the District may petition the District's Board for a credit against a District assessment if such duplication is established to the satisfaction of the Board. The petition must be received on or before 15 days prior to the date the budget for the following year is finalized by the Board to allow the Board to accommodate a valid petition. In the alternative, the Board may allow a credit applicable to the entire Plan or the balance thereof. The credit shall be determined calculating the amount of the petitioner's self-assessment representing the duplicated efforts, and providing a corresponding offset against the applicable District annual assessment.







BOARD of DIRECTORS

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