

THE PITTSBURGH BUSINESS  
IMPROVEMENT DISTRICT:  
A CONSTRUCTIVE CRITIQUE

*by*

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## Key Findings

- The Pittsburgh Downtown Partnership (PDP) proposes to establish a Business Improvement District (BID), ostensibly to help improve the city's business environment. However, this approach is short-sighted. The BID's supporters have not offered a compelling case for the necessity of a BID and the tax increase that would accompany it. Instead, these individuals only say that over 1,000 other BIDs have been successful, and talk about what they would do if one existed in Pittsburgh. The success of other BIDs does not constitute a sufficient reason for placing another tax on the already over-burdened backs of the city's businesses by establishing one here. Also, there are other ways to accomplish the PDP's objectives. Is this BID necessary?
- The PDP never answers a key question: If the downtown is so important to the future of the city, then why is it so difficult to get another million dollars from the government for security, cleanup, marketing and other objectives that the BID hopes to accomplish?
- Moreover, why is a BID necessary in light of the ongoing and planned government-sponsored projects such as Lazarus, a new riverwalk park, the Cultural District, an expanded convention center, and a new baseball stadium, all of which are supposed to bring people into town?
- The BID would be diversionary and essentially a cosmetic solution that would not address fundamental problems. These include the lack of free or even affordable parking, a shortage of parking spaces, empty office space and nothing substantial to attract new shoppers to the central business district.
- The proposed budget for the BID's first year is \$1,278,250. Of that, \$720,000 -- or 56 percent -- is devoted to marketing, management and advocacy. No major BID in the country spends a majority of its budget on marketing and advocacy. Instead, these BIDs devote most of their finances to bolstering security and cleaning services. Ostensibly, the primary reason for the BID is to help make the Golden Triangle cleaner and safer. Then why would only 44 percent of the proposed district's funding be allocated for these things?
- Supposedly, the BID would supplement and not replace essential city services. However, could it be that some in city government are looking at the BID as a way of further excusing the city from providing these services to the Golden Triangle?

## Introduction

Because of Pittsburgh's worsening economic situation, Golden Triangle business owners want to establish a Business Improvement District (BID). Other BIDs around the country have been overwhelmingly successful at turning cities around, and Pittsburgh wants to replicate this success. Downtown businesses hope to accomplish some of the things that other BIDs have delivered, like cleaner, safer streets that city government has been unable to provide.

There is no compelling reason, though, that makes a BID necessary in Pittsburgh. The area is not blighted like "Filthydelphia." Nor is there a special section of town like the 16<sup>th</sup> St. Mall in Denver, Old Town in Pasadena, California, or the 3<sup>rd</sup> St. Promenade in Santa Monica, California, to which the BID's backers hope to attract businesses and shoppers.<sup>1</sup> Furthermore, a BID will do nothing to address Pittsburgh's problems of inadequate and expensive parking, high taxes, excessive regulations and empty office space.

What Pittsburgh needs, instead of an improvement district, is action on the part of commerce and industry. These individuals need to demand that city government fulfill its obligations due them as the primary economic engine of the city. Otherwise, businesses will have yet another tax placed on their already overburdened backs with little likely to show for it. The proposed BID may indeed make the streets cleaner and improve the area's *perception* of safety (evidence exists that it is already safe), but will it help to the extent that the city's business environment will improve? Probably not.

The following will look at some of the present and historical trends that have resulted in business owners proposing this near-desperate measure to improve the conditions of commerce in the city of Pittsburgh.

## The Case for a Pittsburgh Business Improvement District<sup>2</sup>

It is an old and familiar question: What if you threw a party and nobody came? The City of Pittsburgh may soon find out with the recent proposal to establish a Business Improvement District (BID).

A BID is an organization of businesses established to promote and improve the commercial environment in a specific geographic area for the benefit of businesses within its borders. Such an endeavor is attractive because Pittsburgh, for years now, has witnessed a continual decline in its condition. As the Pennsylvania Economy League (PEL) recently stated in its report, *Business Improvement District Feasibility Study*, the city "fare[s] very poorly" compared with the rest of the nation by virtually every economic indicator. From population retention to job growth to manufacturing earnings, Pittsburgh is doing miserably.

As Nick Nicholas, a Market Square property owner, recently said, "[Something must be done to help Downtown because] business has never been worse off than it is now."<sup>3</sup>

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<sup>1</sup> Unless you count as a "special section" the entire 100-block area of the Golden Triangle.

<sup>2</sup> This piece will focus primarily on the retail aspect of having a BID for reasons that will become apparent.

<sup>3</sup> Pittsburgh Post-Gazette, p. B2, July 31, 1996.

The "city fathers" have long given lip service to helping the Downtown area. In 1988, Pittsburgh launched the Center City project, but it has never made the transition from paper to pavement. Even if it had, though, it most likely would have failed, given the trends in recent American history, in which so-called "Edge Cities" -- and not center cities -- are the engines of growth.

In any case, the city has not addressed the problems of high taxes, limited and expensive parking, littered streets and a perceived lack of safety in the downtown area. All of this makes for a situation where there is nothing to attract either new businesses (or the patrons that would enable existing businesses to enjoy higher profits) to the Downtown area.

To counter this dilemma, the Pittsburgh Downtown Partnership and various elements within the city government have called for the creation of a downtown business improvement district, in part because no other remedy readily exists. The proposed area for this district would be either the Golden Triangle or perhaps just a portion. It would have five years to prove itself successful or it would cease operations.

On the surface, the proposal makes sense. BIDs have had remarkable success at revitalizing downtown areas. Of the nearly 1,000 BIDs already in existence, only one is known to have failed. BIDs have helped revive cities as large as New Orleans and Philadelphia, and as small as Elizabeth, New Jersey, and Pasadena, California. "In Philadelphia, 2,000 surveyed property owners, employers, workers, residents and visitors said conditions in the [BID] had improved markedly for the second consecutive year."<sup>4</sup> In Baltimore, downtown crime has fallen 10 percent, the perception of safety has risen 7 percent, and the perception of cleanliness has risen 20 percent. Other municipalities point to similar successes.

Without a doubt, the record of the BIDs has been impressive. It is this record that Pittsburgh hopes to replicate, thereby drawing in more businesses and shoppers to the downtown area.

As currently envisioned, the BID would:

- Market the center city.
- Provide advocacy (i.e., lobbying) for business interests within the BID.
- Supplement public works services to the area by sweeping sidewalks and provide for a more regular emptying of trash receptacles.
- Supplement public safety services to the area by providing "ambassadors," who would remain in close contact with city police, provide a constant security presence and assist tourists with directions and other assistance.

To fund these functions, "government support will remain constant at \$150,000,"<sup>5</sup> and businesses within the district will have assessed from them an extra "11.5 mills on land values of properties

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<sup>4</sup> Lawrence O. Houston, Jr., "Betting on BIDs," *Urban Land*, June 1994.

<sup>5</sup> Pennsylvania Economy League, *Downtown Pittsburgh Business Improvement District: A Feasibility Study on Establishing a Service District*, page 21.

within district boundaries.”<sup>6</sup> The BID planners chose this formula based on land values alone “because this method would produce a range of assessments that comes close to meeting the task force’s objectives.”<sup>7</sup> It will be a “4.25 percent increase in the total city, county and school district taxes on land, but an average of only 1.45 percent in total land and building taxes.”<sup>8</sup> Furthermore, it is assumed that “[l]and assessments will decrease by 1 percent annually.”<sup>9</sup> The PEL claims that “[u]pon comparison, the proposed property assessments are lower per block than BIDs in similar cities.”<sup>10</sup>

With the BID, planners expect to usher in a third Pittsburgh “renaissance.” Essentially, they are hoping that, “If we build it, they will come.”

Pittsburgh, though, is unlike virtually every other municipality with a business improvement district. Denver, for instance, formed its BID for the purposes of maintaining the renovated 16<sup>th</sup> St. Mall, not because it wanted to resurrect its downtown. Those cities that did want such a transformation were blighted and crime-ridden. Take Philadelphia, a town that had deservedly earned its nickname, “Filthydelphia,” and where crime was a real and prevalent problem. Another example was Pasadena, California, safe in some parts only on New Year’s Day during the Rose Parade.

The Golden Triangle, on the other hand, has nothing in common with these BIDs, or many others, for that matter. To the casual observer it is relatively clean and, business owners agree, safe.

Granted, 5<sup>th</sup> St. is at times a sea of litter. Also, a majority of respondents to the PEL’s feasibility study survey (53 percent) said that they did not believe that they were getting their tax dollar’s worth from the government in terms of public works services. Thirty-eight percent, a plurality, said that the appearance of downtown streets, sidewalks and public spaces affect their ability to lease space in their buildings. Another plurality (40 percent) said the same thing about the rents that they are able to charge. In the survey, 31 percent rated “Cleanliness/condition of streets and sidewalks” as “Poor,” 40 percent rated it as “Fair,” and 27 percent rated it as “Good.” Therefore it depends on how one interprets this data to determine whether there is a high level of either satisfaction or dissatisfaction with the Golden Triangle’s cleanliness. Eighty-four percent of survey respondents said that cleaning sidewalks of trash and litter is a high priority and something that needs doing. Roughly equal percentages want alleys cleaned and trash cans emptied regularly. However, none of these are problems that a 100-block improvement district is needed in order to solve. Furthermore, as various reports have indicated, trash in Pittsburgh is as much a cultural problem as it is anything else, and therefore not easily alleviated by a BID.

## Priorities

*“The city’s ability to continue providing services it traditionally has provided is being rapidly eroded.”* Councilman Sala Udin, July 30, 1996, as quoted in the *Pittsburgh Post-Gazette*.

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<sup>6</sup> PEL feasibility study, page 24.

<sup>7</sup> PEL feasibility study, page 24.

<sup>8</sup> PEL feasibility study, page 25.

<sup>9</sup> PEL feasibility study, page 21.

<sup>10</sup> PEL feasibility study, page 24.

Part of the problem with cleanliness lies squarely with the city government. In terms of city property and school taxes alone, the Golden Triangle provides over \$60 million in revenues to Pittsburgh. Add in mercantile, amusement, business privilege and other taxes, fees and assessments that make this city one of the worst to do business in the nation, and estimates of the district's total tax bill rise as high as \$80 million. Clearly, this area is the goose that lays the Iron City's golden eggs.

While no hard figures exist, a generous estimate of what the Golden Triangle receives back from the city in services is anywhere from \$6 to 10 million.<sup>11</sup> This is a very poor return compared to the taxes being paid. No one is requesting that the city provide services like sweeping sidewalks because that would be too much to ask. The city has neither the will nor the resources to take on this task. However, something as simple as emptying the trash cans, both on busy thoroughfares and in alleys, can be done more regularly. The same can be said of street sweeping, as well as providing a more active security presence.

### **The Problem with Advocacy**

Due to the current dissatisfaction with the city's responsiveness to the needs of business, planners have earmarked a quarter of the proposed first-year budget for the BID for advocacy. This "includes promoting downtown capital improvements, low-interest renovation loan programs, increased parking, reduced taxes and better coordination of City permitting and zoning among other issues."<sup>12</sup> This leads one to ask, though, if the city already has the Greater Pittsburgh Chamber of Commerce, the Building Owners' Management Association, and other "business advocacy" groups, why is another advocacy group necessary? The PDP argues that these organizations do not have the staff or resources needed to adequately lobby for the improvements, reductions in parking fees and changes in zoning laws that BID members desire. Why not, though, just hire a part- or full-time lobbyist? It would be much cheaper than the \$360,000 currently projected for "management/advocacy."<sup>13</sup>

Better yet, if the downtown is so important to the region's economic health, then why not divert resources to the area from other uses? Given the supposed primacy of the Golden Triangle, surely another \$500,000 could be found to help make the streets cleaner and safer and improve Pittsburgh's commercial vitality.

All of this begs the following question: Why is the city so unresponsive to the concerns of business that lobbying is necessary? Why is a BID needed to advocate for "services that the downtown wants and needs"?<sup>14</sup> This area contributes over \$60 million in tax revenues per year to the city of Pittsburgh-- according to the PEL, nearly a third of the city's property taxes. In total revenues, the Golden Triangle provides anywhere from a fifth to a fourth of those revenues. Given the importance of the proposed improvement district to Pittsburgh's financial health, one would think that the "city fathers" would jump at the opportunity to make the area even more economically viable. However, either because they lack the will or the intelligence to demand that the city

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<sup>11</sup> Estimates derived from Public Safety's Zone 2's, Public Safety's COP Program's and Public Work's personnel budgets.

<sup>12</sup> PEL feasibility study, page 13

<sup>13</sup> PEL feasibility study, page 21.

<sup>14</sup> PEL feasibility study, page 13.

provide the services that it is required to, business owners are resorting to desperate measures like the BID and all its trappings.

It essentially comes down to this: the city is willing to spend millions of taxpayer dollars to keeping a perennially debt-ridden baseball team here or to bringing Lazarus downtown, but it is not willing to fund --either outright or through a tax break -- a cleaner, safer, more effectively marketed Golden Triangle. It is willing to keep a number of revenue-generating buildings off the tax rolls, but it refuses to give area commercial interests a tax break to help make themselves more competitive. The city government is like a ship's captain who is more concerned with keeping the deck chairs shiny and clean than he is about keeping the engine oiled properly. This is a rather short-sighted set of priorities.

Then there is some question about the appropriateness of the advocacy as envisioned in the PEL's feasibility study. The BID's board, as currently conceived, will "include representation from City and County government."<sup>15</sup> If advocacy means "keep[ing] the interests of property and business owners before local government,"<sup>16</sup> how ethical and/or proper is it for the city and county to lobby themselves? Also, as a 501(c)3 organization<sup>17</sup>, the BID would be prevented by law from lobbying. No one has yet determined how to get around that particular problem.

### **Governing the BID: *Sleeping With the Enemy***

Furthermore, is a public presence needed on the BID board? According to the International Downtown Association, the overwhelming majority of BID boards have no public presence on them. Granted, California state law does mandate that a public advisory board be appointed to the BID board. And almost all business plans have to meet the approval of the city council before a BID can begin operations. After that, however, there is hardly any degree of public involvement in the running of most BIDs.

Why is Pittsburgh going against this trend? After all, if public officials had done their jobs and listened to business owners over the years, a BID might not be necessary. Isn't the BID supposed to present a solution to businesses' problems with the city? Inviting the city to be a part of the governing board seems like inviting a fox to help manage the replenishing of a hen house that it helped to decimate. If the city was concentrating on its core priorities, instead of throwing money at imprudent ventures like the Pirates, "Forbes Field II" and Lazarus, a BID would not be necessary. The PDP argues that one needs a "friend on the inside" fighting for one's interests. Again, this leads back to the question: why is having a "friend" necessary if the sole function of government is to serve its constituents and to do them no harm? This is especially the case when the constituent in question is a cash cow like the downtown area.

Furthermore, if one is going to have a "friend" on the inside, then why is an advocacy budget needed at all? Isn't advocacy then taken care of?

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<sup>15</sup> PEL feasibility study, page 27.

<sup>16</sup> PEL feasibility study, page 13.

<sup>17</sup> As currently proposed, the BID will be a 501 C3 organization. Due to legal considerations, this might change.



## Is the Method of Funding the BID Appropriate?

Many business and property owners in the Golden Triangle do not like the current formula for funding the BID. At the July city council hearing on the proposed improvement district, many affected smaller business owners wanted to use a land and building assessment instead of the current formula. This is because it would hit small business disproportionately. A restaurant owner in Market Square does not have 30 stories of lessees to whom he can pass along the levy in order to recoup the costs of tax.

Furthermore, the PEL study says that 49 percent of survey respondents would only willingly contribute to the BID depending on the services provided. A quarter of the area's businesses would want input into the specific services offered before they would agree to contribute.

Regardless of what formula is ultimately adopted, though, business owners in the Golden Triangle should not have an even greater tax burden placed on them. Instead, business and property owners should receive a tax credit for their contributions. Currently, a bill is pending in Congress to amend the Internal Revenue Code of 1986 to "provide a tax credit for investment necessary to revitalize communities within the United States."<sup>18</sup> The city could get out in front of the Congress and pass its own tax break. Given the success of other BIDs around the country, it is likely that the city will more than recoup the costs involved with this if the BID is created. More simply put, when a business wants to generate extra revenue, it doesn't increase prices, it holds a sale. History shows the same holds true with tax credits and, better yet, tax cuts.<sup>19</sup>

Possibly problematic is the PDP's Errol Fraley's hope that some of the funding will come from \$300,000 in voluntary contributions from tax-exempt organizations. There is no guarantee that these organizations will contribute, possibly running the danger of a budget shortfall.

## How Did They Get Their Budget Figures?

The PEL's report compares Pittsburgh's proposed BID budget to those of seven existing improvement districts. Of the eight, Pittsburgh is the only one that would spend more on marketing and administration than on security and maintenance (56 percent to 44 percent).<sup>20</sup> Compare this to the distribution in other cities: Baltimore, 15 percent to 84 percent; Buffalo, 35 percent to 52 percent; Denver, 50 percent to 50 percent; Philadelphia, 22 percent to 63 percent;<sup>21</sup> and Reading, Pennsylvania, 27 percent to 72 percent. If the primary purpose of the BID is to make the downtown cleaner and safer, then why is such a disproportionate share given to marketing, advocacy and administration as contrasted with the other successful BIDs?

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<sup>18</sup> Synopsis of H.R. 2138, provided by the U.S. House of Representatives

<sup>19</sup> In 1963, President John Kennedy passed an across the board tax cut. By 1964, the economy was growing at "the remarkable rate of 4 percent. But federal revenues were growing at 20 percent, five times as fast." (From *The Wall Street Journal*, p. A14, September 12, 1996.) Similar results occurred after President Truman's tax cut in the late forties, and after President Reagan's 1981 tax cut. Why wouldn't the same work here in Pittsburgh?

<sup>20</sup> All figures come from PEL feasibility study, pages 22-23, and are for 1995, except for Philadelphia's. Philadelphia's figures come directly from its Center City District office, and are for 1996.

<sup>21</sup> The remaining 15 percent is allocated for capital programs debt service.

	Expenditure/Percent Marketing/Advocacy	Expenditure/Percent Security/Cleaning
<b>Pittsburgh</b>	<b>\$720,000/56%</b>	<b>\$558,251/44%</b>
Baltimore	\$376,807/15%	\$2,100,359/84%
Buffalo	\$595,709/35%	\$878,087/52%
Denver	\$975,710/50%	\$976,710/50%
Philadelphia	\$1,630,000/22%	\$4,640,000/63%
Reading, PA	\$166,860/27%	\$436,046/72%

Part of the reason lies in that area business and property owners seem to feel a great urgency for someone to market the downtown. They also want someone to lobby government on their behalf. Again, this points to the failure of the city to do its job properly and its total lack of responsiveness to the needs of business.

As David Matter, president of Oxford Development Co., said recently. "Downtown Pittsburgh has been too quiet for too long. We can no longer look to city hall alone to solve our problems. We need to do something radically different for the health and vitality of the Central Business District."<sup>22</sup>

It also points to the cumulative failure of various private groups to market the region and influence government to the liking of their constituents. The PEL survey shows that Golden Triangle businessmen do not feel as if they have anyone speaking for them in city or county government. Having such a voice would, no doubt, prove beneficial to Pittsburgh's commercial environment. Combine effective advocacy with marketing, and who knows what might happen?

For instance, it might help fill office space. Filling vacant space is arguably one of the downtown's most pressing problems because this is where the greatest revenues will come from, at least from the city's perspective. If the central business district was a good place to do business, occupancy rates would be above 90 percent. However, they are currently in the low eighties, and as recently as 1993, they were at 75 percent.<sup>23</sup> With more filled office space, there will conceivably be more retail customers and, therefore, greater revenues for downtown businesses. Given the opinions of Triangle businessmen on the cleanliness of the streets' affecting their ability to rent space, BID proponents will argue that this is the perfect reason to start an improvement district. However, any businessman knows that high rents, taxes and regulatory burdens are a much greater impediment to doing business downtown than trash on the streets.

Indeed, Buffalo, which has had an improvement district since the early 1980s, has found that its BID has done nothing to fill up office space. In fact, there is so much office space available that rents are dropping precipitously. This has attracted some companies into the downtown area. The disadvantage is that, with rents coming down, BID assessments on larger ventures are also coming down. This results in smaller businesses bearing a larger assessment burden. With the folding of downtown Buffalo's last major department store, there is less foot traffic in the area, resulting in smaller business profits and a decreased ability to afford the rising levies. As more businesses come to the center city because of cheaper rents, this situation might improve in the long term.

<sup>22</sup> Pittsburgh Post-Gazette, pgs. B1-2, July 31, 1996.

<sup>23</sup> The last time a major business moved downtown was when Armco leased 50,000 sq. ft. in Oxford Center roughly two years ago.

(However, that would also occur without an improvement district.) In the meantime, though, it would seem that smaller “mom-and-pop” businesses will have a harder time surviving. Given the current circumstances, Pittsburgh is in danger of recreating this predicament with its BID.

## Security

The proposed budget for security, ostensibly one of the biggest reasons for creating the BID, is \$212,415. With these funds, the BID would hire 15 ambassadors and two supervisors. In checking with various security firms around town, this budget is not unreasonable for doing the sort of security work that firms like Pinkerton et al do. The rate for supervisors generally ranges to \$17,000 to \$20,000, and most guards are paid less than \$6.00/hour. Given a 35 hour work week, which it appears the PEL report is proposing, this would square with the budget figures.

However, most of the shifts, according to the report, would be of the 5 p.m. to midnight, Monday through Friday variety. There would be some coverage “during part of the day ... There may be some need for earlier shifts and coverage on weekends.”<sup>24</sup> Given the findings of this report, this scenario does not make sense because there will not be many people in the Golden Triangle at the times of peak coverage. Furthermore, unless the ambassadors were going to strictly provide security, they would only be able to focus on a very limited area, and not the entire 100-block BID. This is because they would be asked to stop and provide directions and tourist assistance, which would prevent them from covering more than ten blocks during a shift (which itself is probably a generous estimate).

This means that many within the proposed improvement district will be paying for services that they will never see. Given the concerns over how this project is to be funded, this is not likely to win over those who are opposed to BID. If the ambassadors’ sole function is to provide security, then why not contract with off-duty police officers (who would be able to provide an armed presence), or with security firms?

Still, the budget seems unrealistic. If all one wants is a patrol person, someone who has no greater duty than to look for trouble and then report it to the authorities, paying \$6.00/hour is reasonable. But, if one wants to have someone in the position of ambassador who is articulate, friendly with people, and familiar with security operations., then \$8.00/hour or more is probably going to be required. Keeping 15 people would then mean an increase in the safety budget of over 50,000, at least. If one wanted to keep the line item at current levels, one would necessarily have to have fewer people providing coverage. This again gets back to concerns of BID members paying for services that they will not receive.

## Who is the BID Trying to Attract, Specifically?

*“The city of Pittsburgh is going to pot. We have nothing to bring people in here.”* Bill Roberts, Wood Street jeweler.<sup>25</sup>

All of this leads to these questions: If they build it, will they come? And, who is “they”?

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<sup>24</sup> PEL feasibility study, p. 17.

<sup>25</sup> Pittsburgh Post-Gazette, p. B2, July 31, 1996.

To determine the feasibility of the improvement district, business and property owners within the area were surveyed and participated in focus groups. They were asked about the availability of parking, the safety of the area and its cleanliness. All of this was helpful in determining the necessity of the BID, except for one thing: it only took into account the need as perceived by business interests. The feasibility study gave no consideration as to whether or not the customers who supposedly would flock to the new and improved downtown want this.

### **BID? More like “BOG” (Bill of Goods)**

With the crowded parking, with the concentration of a third of all Pittsburgh employment in the Golden Triangle making traffic in the area horrendous (especially in the early evening), and with a lack of easy accessibility, the downtown is not a good place to shop. Having a BID will alleviate none of these problems. Therefore, at best, having a BID is a weekend strategy to attract shoppers on these days. Actually, it is really more of a Saturday strategy since most people devote their Sundays to attending church and relaxing with their families, and not to shopping. Essentially, the central business district is willing to tax itself over \$1 million per year for the next five years, while it is already struggling in order to increase business one day a week.

In his August 1993 report on downtown shopping for the University of Pittsburgh (the most recent information available), James DeAngelis reported a number of relevant facts regarding people who shop in the city. These tend to cast doubt on the perception of business that the Downtown's problem is only its appearance:

- Only 14 percent of Allegheny County's residents named the Central Business District (CBD), as the report calls the downtown, as their most frequently shopped Major Retail Center (MRC). This includes over 40 percent of the people who work in downtown Pittsburgh, and about 30 percent of the city's residents.<sup>26</sup>

This is a significant drop in the amount of county residents shopping downtown from the previous study, conducted in 1988. Back then, two-thirds of residents had shopped downtown during the five prior years; by 1992, that number had dropped to 46 percent.

- “If you stop a shopper in the CBD, there is a 50 percent chance that he or she is a Pittsburgh resident. If you ask a Pittsburgh resident what his or her most frequently shopped major retail center is, there is less than a one-in-three chance he/she will say the CBD. In other words, the CBD is more dependent on city residents than city residents are on the CBD.”
- In both surveys (1988 and 1992), over a third of CBD shoppers said that the worst aspect of downtown shopping is parking.
- “Almost 60 percent of the respondents with parking problems reported that they usually went to more than one parking facility to find a parking space in the CBD. The situation that emerges is that parking spaces are found by at least four-fifths of the CBD shoppers after visiting at least two parking facilities.”

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<sup>26</sup> CBD shoppers were defined in the report as “respondents who [said] they had shopped in downtown Pittsburgh in the previous five years.”

- Atmosphere (undefined) was the second most frequently mentioned “worst” aspect mentioned in both surveys. In 1992, “CBD shoppers rated the CBD’s image and appearance to be worse than all ... suburban shopping malls.”
- Non-CBD shoppers do not shop in the CBD because it is not convenient for them, and because they see parking and security as major problems. Furthermore, “the percentage of CBD shoppers that cited safety and security concerns jumped fourfold between the two surveys.” This at the same time that businesses express overwhelming satisfaction with public safety.
- Having more visible security patrols “seems to be most appealing to people who are already CBD shoppers. *It would tend to retain [current] shoppers rather than attract new [ones]* (emphasis added). This is also true of the other two tested improvement strategies, more attractive sidewalks and public spaces and simultaneous promotions and sales by all downtown stores.”

The BID as proposed would go a long way in providing the perception of a cleaner and safer atmosphere for area shoppers. But obviously, appearance is not the CBD’s greatest problem. And as the last point shows, neither increased cleanliness nor security will do much to attract new customers. It will do nothing to change the city’s status as a traffic nightmare, especially in the early evening. What is more, the BID does nothing to deal with the parking situation. Area shoppers want “more spaces, easier to find garages and cheaper rates for shoppers.” They also want a “new indoor shopping mall similar to a large suburban shopping mall with free parking.”

Business owners know this fact painfully well. John Petrolias is the owner of the Smithfield Cafe, a restaurant that has “been on Smithfield St. for 63 years and made money every year until the past four.” He [says] his eatery [has] been hurt by a decrease in office workers Downtown and *a lack of free parking* (emphasis added). “We are losing affluent shoppers to suburban malls because they offer free parking,” he [says].<sup>27</sup>

It is not just free parking, though, but more plentiful parking. Part of the reason that parking is so expensive is that its supply is so limited. Lot and garage owners know that they can charge rates that are usurious. Who really cares if 60 percent of shoppers have to go to more than one garage or that the attendants have a reputation for being surly? What options do they have otherwise?

Businesses need to bring pressure to bear on the city government, letting it know that Pittsburgh business will no longer stand for the status quo as far as parking goes. The city owns a number of lots, and privatizing them or at least lowering their rates would be a decent start towards alleviating the current situation. Furthermore, parking taxes must be greatly reduced. Granted, the city derives a great deal of revenue from these levies, but they keep shoppers away. These are issues that the city can and must lead on; they are also issues that a BID can do precious little to affect.

Another thing that a BID will do little to change is convenience for non-CBD shoppers. Because there is no beltway, accessing downtown is not as simple as it would be if one existed. However, there seems to be a perception that a beltway would harm the center city, when in actuality the opposite is true. Those in leadership positions need to face facts: the age of the downtown as the center of the universe is over, not just here in Pittsburgh but throughout the nation. For one thing, the downtown, particularly in Pittsburgh, is just too small to handle the amount of traffic of the

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<sup>27</sup> Pittsburgh Post-Gazette, p. B2, July 31, 1996.

modern age. (Incidentally, this gets back to why it would be good to have a beltway.) For another, there is not a huge demand for a train system that would give the center city more of a central role in the region. Once the “city fathers” realize that the city is not the end of the earth, and change the paradigm that they work from, everyone will be the better for it.

The survey does show that shoppers like the selection of stores they can find downtown. However, the survey was taken four years ago. Since then, the nation has witnessed an upsurge in the popularity of specialty retail shops. Pittsburgh has a palpable lack of these. Yes, there is a Barnes & Noble, a few Starbucks Coffee outlets and a Brooks Brothers, but there are none of the draws that more successful center cities have. In scanning the phone directory, downtown Pittsburgh has no Gap, Victoria’s Secret, Eddie Bauer, Contempo, Structure, Xpress, Nature Company, Urban Outfitters, Bath & Body Works, Crate & Barrel, The Body Shop or any of the other stores that make for the contemporary American shopping experience. What is to draw in visitors? Cleaner, safer streets alone? The city or the PDP should identify those shops that are/would be successful in the downtown area, and then promote those.

Who is it that those who envision the BID want to attract? There is no indication that the PEL study gave any thought to this matter. However, studies, including the DeAngelis report, show that trying to attract a wide cross section of a region’s inhabitants is not the best use of one’s efforts. What they do show is that center cities attract the young. For instance, the DeAngelis report says that, “People in their late teens and twenties ... use of the downtown has been conspicuous. [T]hey represent an important market segment for downtown retailing. Older respondents, on the other hand, were more likely to rate the CBD as having ‘declined,’ ... buying less there than they had five years earlier.”

As Joel Garreau, author of the seminal work, *Edge City*, puts it, “I can’t picture a circumstance where the downtown is the center of the universe again. So the situation then becomes that the downtown thrives not as the center of the universe but as a niche market because it has something that [rim] cities don’t: history. *It’s a good place to be young* (emphasis added), have the arts, an NFL team, courthouses, [etc.] [Center cities] are beloved antiques from time past. At the same time, the everyday furniture of our lives is out in the edge cities.”

Look at any thriving section of a city and it is filled with young people, not just shoppers but residents, people who pay income taxes to the city. Who frequents Chicago’s Lincoln Park and Rush Street sections? Overwhelmingly young people. Soho and Chelsea in New York? Ditto. The downtown usually *is* a good place to be young. But what young professional wants to live in a town where there is not much to offer in terms of shopping or night-life, where there isn’t even a convenient supermarket, and where the income tax base is so incredibly high? If the PDP is going to create a BID, and right now it seems like a very unwise “if,” then it should cater to young people.

### **Who Does the BID Benefit?**

The BID is being proposed to benefit downtown businesses, and, though unlikely, there is an ever so slight possibility that it might do just that. However, it will definitely benefit two entities: the PDP and the city government.

The PDP's funding runs out this year. Therefore, it will benefit from the BID by procuring for itself a renewed source of revenues. Actually, the BID is a glorified PDP, with a bigger budget, a larger scope of involvement in city affairs and, correspondingly, more power.

The city government benefits because the BID gives it an excuse to basically ignore the Golden Triangle. By essentially abdicating a large part of its duty to the area, it makes the BID responsible for things like marketing the city (in essence, marketing the downtown) and more regular trash pickup.

**What would make a Pittsburgh BID successful?** Instead of copying something that has been tried somewhere else just because it was successful there, the PDP should instead focus on a specific problem that needs solving and devote the majority of its efforts to solving it. Rather than the 100-block area currently proposed, the BID should be focused on a smaller area that could attract new businesses able to draw shoppers back to the city.

## **Conclusion**

Downtown business owners are frustrated after years of waiting for the city to remedy the factors that make Pittsburgh such an inhospitable place to transact commerce. In a near-desperate measure, they, through the PDP, have proposed enacting a Business Improvement District. Though BIDs have proven successful in numerous instances, they are not a guaranteed success. One needs a compelling reason for a BID to exist before adding yet another tax onto the backs of already overburdened businesses. None exists in Pittsburgh that a little responsibility on the part of city government would not fix. However, the fact that the PDP and its constituents want a BID to help remedy the downtown's problems is evidence just how desperate their situation has become. Instead of assessing themselves for something that will most likely not remedy this town's commercial problems, business leaders should heavily pressure the city government to change the status quo.