



Guide to
starting a

Special Service Area

SSA



City of Chicago, Department of Community Development

PLEASE NOTE:

SSA Applications are due no later than May 15, 2009 to start or renew an SSA for 2010.

TABLE OF CONTENTS

SSAs: An Overview.....	3
The SSA Creation Process.....	5
Steps to Creating an SSA	
PHASE 1	
Step 1: review the SSA guide and meet with DCD	6
Step 2: identify a Sponsor Agency (Capacity Analysis)	6
Step 3: convene an SSA Advisory Committee.....	6
Step 4: evaluate whether to form an SSA (Feasibility Study)	7
Step 5: prepare an SSA creation timeline	8
PHASE 2	
Step 6: prepare a draft SSA Application.....	9
Step 7: convene stakeholder meeting(s).....	11
Step 8: prepare/submit the final SSA Application.....	12
Step 9: make Application revisions as needed.....	12
Step 10: explore potential SSA Commission candidates.....	12
PHASE 3	
Step 11: public hearing ordinance.....	13
Step 12: establishment ordinance.....	13
Step 13: commissioner appointments/confirmation.....	14
Step 14: service provider and commission orientations.....	14
Step 15: a word about renewals.....	14

GUIDE USERS

This guide is intended as a hands-on guide that details steps to establish and manage an SSA. This guide should be considered only as a reference, neither as a definitive manual on the use of SSA financing nor as a source for legal opinion. The Sponsor should obtain legal counsel and/or other professional guidance as needed. For more information, visit www.cityofchicago.org/DPD.

SSAs: An Overview

1. What is an SSA?

A Special Service Area (SSA) is a public/private partnership in which property owners pay an additional tax used for supplemental services for the maintenance and enhancement of their SSA district. Services are supplemental to what the government provides generally.

The State SSA Tax Act combined with City Ordinances provides the structure for SSAs. The Chicago Department of Community Development (DCD) oversees the SSAs, local SSA Commissions govern their services/budget, and local SSA Provider Agencies administer the SSA program.

SSAs are similar Business Improvement Districts (BIDs). Over 1,000 of these districts exist in the nation's cities. Today people have many choices in where to shop, live, and work. Special districts provide funds and leadership to give districts a competitive edge.

While each SSA is unique, they commonly provide public way stewardship such as sidewalk cleaning, landscaping, marketing, and safety services. Some SSAs have a façade enhancement program, transit shuttles, and green initiatives.

2. What SSAs Provide



- a well-maintained, safe and attractive district
- consistent funding source to meet annual and long-term goals
- localized and innovative decision-making responsive to local trends
- leverage with other funding tools/leadership
- potential for enhanced property values, retail sales, and reduced vacancies

3. SSAs, TIFs, and SADs

SSAs are similar to Tax Increment Financing (TIF) Districts and Special Assessment Districts (SAD) in that tax revenues or fees pay for localized improvements. Where they differ is that TIFs use tax increment above a tax base to fund primarily infrastructure and real estate development in blighted areas. SADs differ in that they are a fee used for one-time capital improvements and cannot be used for maintenance.

Discuss these and other funding tools with DCD to determine which tool or combination of tools is the appropriate fit for your area.

SSAs: An Overview

4. How are SSA Programs Paid For?

Funds are generated by a tax levy paid by taxable properties in the SSA. This levy is collected on the Cook County real estate tax bills and disbursed by the City to local SSA Provider agencies, which deliver the SSA services. The tax rate cap is set when the SSA is established and the annual levy can only use a tax rate at or below this cap as applied to the property's Equalized Assessed Value (EAV).

5. Who Oversees the SSA?

The City's Department of Community Development provides oversight, monitoring, and support for SSAs. A local SSA Commission comprised of property owners or lessees recommend the services, budget, and provider agency to the City. Commissioners are appointed by the Mayor, serve without compensation, and convene open public meetings.

6. Are SSAs Successful?

Each SSA has measures for success, which typically focus on the degree of satisfaction SSA stakeholders have in the services. A significant indicator of SSA success is the renewal and expansion rate of existing SSAs.

7. How are SSAs formed?

Since SSAs are a long-term finance and organizing tool, the formation process requires research, outreach, and widespread support by the property owners in the proposed SSA district. This guide offers recommendations and the required steps in creating a successful SSA district.

How to Use this Manual: 3-Phase Approach

Phase One: Planning & Research

Phase Two: Refinement & Outreach

Phase Three: Legislative & Orientation

These phases are designed to provide a balanced understanding of the tasks and timeline for creating an SSA. Contact DCD for document samples and templates used for preparing the application. DCD staff work with applicants through the establishment process and help address unique issues that may arise along the way.

The SSA Creation Process

PHASE 1: PLANNING & RESEARCH

1. review the SSA guide and meet with DCD
2. identify a Sponsor Agency (Capacity Analysis)
3. convene an SSA Advisory Committee
4. evaluate whether to form an SSA (Feasibility Study)
5. prepare an SSA creation timeline

PHASE 2: REFINEMENT & OUTREACH

6. prepare a draft SSA Application
7. convene stakeholder meeting(s)
8. prepare/submit the final SSA Application
9. make Application revisions as needed
10. explore potential SSA Commission candidates

PHASE 3: LEGISLATIVE & ORIENTATION

11. public hearing ordinance
12. establishment ordinance
13. commissioner appointments/confirmation
14. service provider and commission orientations
15. a word about renewals

1. review the SSA guide and meet with DCD

After reviewing the SSA Guide, agencies notify and meet with DCD staff in charge of SSAs and the appropriate DCD neighborhood project manager. Commonly DCD staff present the SSA tool at an agency board or committee meeting where creation steps and the role of the Sponsor organization are discussed.

2. identify a Sponsor Agency (Capacity Analysis)

Determining whether an SSA is right for an area starts with identifying an organization with the ability to explore this question and implement an SSA if created. Agencies seeking to be an SSA Sponsor complete the Capacity Analysis, which is approved by DCD in collaboration with the local aldermen. (See the Capacity Analysis for details.)

Agencies should plan for staff and/or consultants and funds to cover start-up costs, which include mapping, PIN data, legal description, mailings, and educational materials. Depending on the geographical size and programmatic complexity of an SSA, start-up costs can range from \$15,000 - \$50,000. On average, SSA start-up costs are about \$20,000. If the SSA is created, these costs are reimbursable; if not, the agency absorbs the start-up costs. (See the City-Sponsor Tasks for further details.)

3. convene an SSA Advisory Committee

Once the Sponsor agency is selected, they help recruit and convene an SSA Advisory Committee. Participants should include property owners/lessees in the proposed SSA. The Committee serves as the local “sounding board” for many aspects of the SSA creation. This experience positions participants for consideration as SSA commissioners.

The Committee can have many roles, including: crafting a district vision; recommending the boundary, services, and budget; presenting aspects of the SSA designation at stakeholder meetings; and outreach to other property owners/lessees.

The Committee should consider selecting a chairperson who is knowledgeable about the community, can build consensus, and is committed to the long-term economic stability of the area.

4. evaluate whether to form an SSA (Feasibility Study)



Factors for SSA feasibility:

1. Minimal vacant land & buildings
2. Clearly defined district
3. Strong local support
4. Competent leadership & management
5. Stated need for an SSA

Minimal vacant land & buildings

Since SSA funds are generated from a real estate tax levy, the area considered for an SSA should have sufficient value to generate enough SSA funds without using a disproportionately high tax rate. As a rule of thumb, the area should not have more than a 20% vacancy rate.

Clearly defined district

Since SSAs are a specific area in which services that benefit the area are delivered, having a district boundary that is rational and makes sense to the taxpayers in the district strengthens the rationale for an SSA overall.

Strong local support

Due to the localized nature of SSAs, strong local support by the taxpayers and elected officials is key to an SSA's success.

Competent leadership & management

SSAs garner much of their strength from a competent SSA Commission governance and agency management. Commissions grounded in SSA tax law and abiding in state acts and bylaws can realize the potential of their SSA. Agencies managing with strong internal controls, effective consensus-building and professional staff can make the Commission's vision a practical reality.

Stated need for an SSA

A stated need for an SSA can focus the local stakeholders around a vision and implementation of that vision. Stakeholder surveys can help form a solid needs assessment. An SSA's stated need also distinguishes the City's general services from special services.

(See the SSA Feasibility Study, which the Sponsor agency submits to the City for review.)



5. prepare an SSA creation timeline

An SSA creation timeline is oriented around Cook County’s statutory deadline to receive levy ordinances, which is every December. DCD accepts SSA applications any time, but holds a May 15 deadline if an SSA is desired for the following year.

Typically an SSA creation process can take 12-16 months with six to eight of those months for legislative actions.

Recognizing these deadlines, SSA Advisory Committees in partnership with the Sponsor agency should craft their SSA creation timeline accordingly based on when they initiate the process.

For example, an SSA creation process starting in June offers 11 months before the application is due the following May, which accommodates revisions, multiple community meetings, and legislative action. A process shorter than 12-16 months may result in unrealistic expectations for passage of a successful SSA.

REPRESENTATIVE SSA CREATION TIMELINE

Month 1	Month 2	Months 3-4	Month 5	Months 6-7	Month 8	Months 9-15	Month 16
Sponsor Agency selected	SSA Advisory Committee Convened	Successful Feasibility Study	Draft SSA Application completed	Stakeholder Meeting(s) convened	SSA Application refined and finalized	Legislative Process	County Levy Ordinance Deadline (December)

KEY ACTION

TIME

1. Sponsor Agency selection	No mandated time; DCD issues letter when appropriate
2. Feasibility Study acceptance	No mandated time, but prior to SSA Application submission
3. Draft SSA Application	No mandated time, but prior to stakeholder outreach
4. Stakeholder Meeting notice(s)	No mandated time, but reasonable lead time for notice(s)
5. Final SSA Application	By May 15 th annually for a following-year start
6. Commission candidates	No mandated time, but prior to the SSA start
7. Public Hearing Ordinance	Final packet due 3 weeks before City Council introduction
8. Public Hearing Notice	Newspaper ad: 15 days prior; mailed notice: 10 days prior
9. Public Hearing	No later than November for a following-year start
10. Establishment Ordinance	Final packet due 3 weeks before City Council introduction
11. County Ordinance Filing	No later than 3 rd Tuesday in December

6. prepare a draft SSA Application

Having identified a Sponsor agency, formed an SSA Advisory Committee, and prepared a Feasibility Study that indicates an SSA is the right tool, the SSA Application can be crafted. The SSA Application builds on these three components. (See the SSA Application for further details.)

Two key technical Application items are the database and legal description:

The database components:

1. Each Property Index Number (PIN) in the proposed district
2. Each PIN's street address
3. Property owner or taxpayer contact and mailing address
4. The most recent gross and base Equalized Assessed Values
5. The range and selected tax rates and levies

The legal description components:

1. Professional legal description by a survey company
2. Use of meets and bounds; PIN usage as final resort
3. Contiguous boundary
4. No PIN splits
5. Must be reviewed/approved by the City and County

SERVICES/IMPROVEMENTS

The Feasibility Study informs the desired services/improvements, implemented either in-house or subcontracted, and can include:

Advertising & Promotions: district directories, websites, special events, shopper rebates

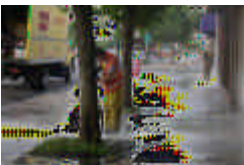
Maintenance/Aesthetics: trash removal, snow plowing, graffiti removal, landscaping, streetscape elements, holiday decorations

Tenant Retention/Attraction: site marketing, demographic analysis, façade rebate programs

Parking/Transit/Access: shuttle buses, bicycle and public transit promotions, subsidized public parking lots

Security & Hospitality: Security cameras, patrol, district greeters

District Planning: master plans, streetscape design, market studies



BUDGET

The programs/services exercise informs a service-driven budget, and in turn helps in selecting an optimal tax rate. DCD provides the budget template, which includes a Cost Allocation Plan and three schedules.

The SSA provider will have personnel and operational costs. Personnel costs include direct, in-house and administrative duties. Operational costs (rent, utilities, etc) are considered solely administrative costs. Loss Collection accounts for unpaid taxes in a budget; until actual loss collection rates are available, 5% is used.

Following is a sample Schedule C budget summary. “2008 Levy” is the request for new taxes collected in 2009 (Cook County taxes are collected in arrears). “Carry Over” is unspent SSA levy and “2009 Budget” is the total of the two.

Service	2008 Levy	+	Carry Over	=	2009 Budget
Advertising & Promotion	\$ 68,500		\$ 10,000		\$ 78,500
Public Way Maintenance	\$ 53,500		\$ -		\$ 53,500
Public Way Aesthetics	\$ 50,000		\$ -		\$ 50,000
Tenant Retention/Attraction	\$ 32,600		\$ 4,000		\$ 36,600
Façade Improvements	\$ 28,580		\$ 8,000		\$ 36,580
Parking/Transit/Accessibility Initiatives	\$ 28,500		\$ -		\$ 28,500
Safety Programs	\$ 23,000		\$ -		\$ 23,000
District Planning	\$ 80,000		\$ -		\$ 80,000
Other Technical Assistance	\$ -		\$ -		\$ -
TOTAL SERVICES	\$ 364,680		\$ 22,000		\$ 386,680
Administration	\$ 23,150		\$ 1,000		\$ 24,150
Loss Collection 5.0%	\$ 18,000		\$ 2,450		\$ 20,450
GRAND TOTAL	\$ 405,830	+	\$ 25,450	=	\$ 431,280

TAX RATE

A range of budget scenarios and tax rates helps determine the optimal tax rate cap that on the one hand, levies sufficient funds to make an impact and on the other, is a reasonable amount for a variety of taxpayers. The **tax rate cap** is the not-to-exceed cap defined in ordinance. The **annual tax rate** can be equal or less than this cap, due to a service-driven budget process.

The average Citywide SSA tax rate cap is 0.95% while the average annual tax rate is 0.60%, which demonstrates that SSA budgets are service-driven.

7. convene stakeholder meeting(s)

With considerable research and vetting done by the SSA Advisory Committee, local elected officials, and DCD, the Sponsor can now raise awareness with local stakeholders about the proposed SSA.

In Illinois, the SSA Tax Law is enabling legislation, which contemplates SSAs as a beneficial economic development tool. As a result, there is not a referendum for creating SSAs, but an opposition petition option for owners and voters in the proposed district (see the IL SSA Tax Law for details.)


The Sponsor and Advisory Committee collaborate with the elected officials and DCD to establish target support levels, which could include a certain type/number of support letters.

Sponsor agencies typically mail out a community meeting notice to the taxpayer PIN list and community groups inviting them to learn more about the proposed SSA.

For the meeting, Sponsors typically create informational brochures, executive summaries of the services/budget, and PowerPoint presentations all aimed at explaining the SSA and encouraging stakeholder feedback. DCD will present an overview of the SSA tool while the sponsor and their consultants will discuss the particulars of the proposed SSA.

PUBLIC MEETING NOTICE

Jan 43rd Ward Alderman V Daley, the Clark Street Special Service Area (SSA) #23 Commission, the City of Chicago Department of Planning and Development, and the Lincoln Park Chamber of Commerce for an important presentation and discussion on the proposed renewal and slight expansion of the Clark Street #23 SSA, which has been providing important community services since 2002.



As a stakeholder affected by the proposed renewal and slight expansion of the Clark Street SSA #23, you are invited to participate in a presentation and discussion to learn more about this innovative, locally driven economic development program. The Clark Street SSA #23 levies a small additional tax to fund important enhancement services for the special service area, including snow removal, landscaping, special events and marketing. The Clark Street SSA #23 is locally administered with oversight by a local Commission made up of business owners, property owners and residents. Over 1,200 SSA districts operate nationally, with 37 active SSA's in the City of Chicago, working to create and maintain attractive, safe and healthy communities. Please join us to learn more about this important program.

Tuesday, April 1, 2008
 Sunrise Assisted Living
 2710 N. Clark Street
 8:00 - 10:00 a.m.

Thursday, April 10, 2008
 Francis W. Parker School
 330 W. Webster Avenue
 6:00 - 8:00 p.m.

For more information, please contact the Lincoln Park Chamber of Commerce at (773) 693-5200 or visit the Clark Street Special Service Area #23 website at www.clarkstrettpark.com.

in includes
 ing,
 ring and
 minor capital

2002 and
 struction,
 ng, snow
 credited in
 treet that
 as also
 e, from
 l services
 (x per/week),
 :space,
 m, holiday
 and traffic
 continue
 scape
 ber Board of
 pers will have
 jet to
 ed goals and

How will the SSA levy funds?
 The Clark Street Special Service Area #23 is proj to raise \$445,000 annually to fund locally import programs and services. Beginning in 2008, tax ; properties within the SSA district will be levied a additional 0.00228 (approximately) against their equalized assessed valuation (EAV). Below are a tax payments for residential, commercial and m use property owners. For example:

SSA Tax at Property Type	Average Annual Property Tax	Average SSA Annual Assessment
Residential Property	\$2,989.18	\$127.42
Commercial Property	\$49,218.30	\$2,108.84
Mixed-Use Property	\$85,081.45	\$3,633.73



8. prepare/submit the final SSA Application

Based on feedback from the stakeholder meeting(s) and further review by the SSA Advisory Committee, elected officials, and DCD, the Sponsor updates information in the SSA Application. The final application is then submitted to DCD.

9. make Application revisions as needed

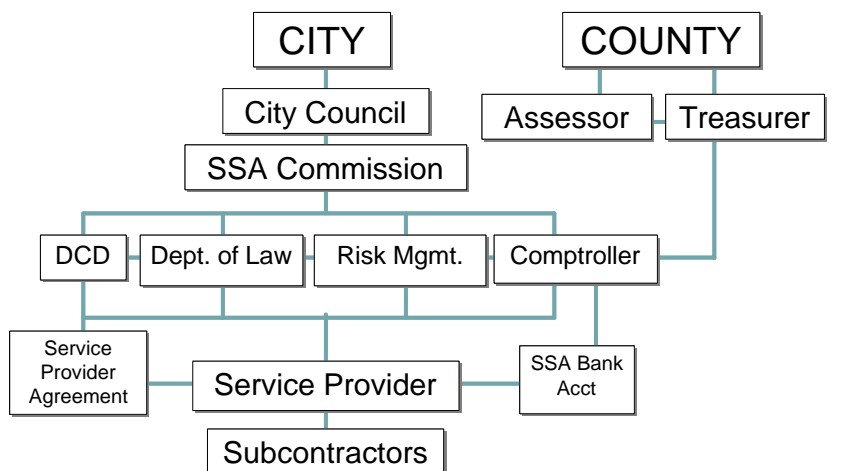
DCD reviews the Application with other City departments and advises the Sponsor of corrections or amendments.

The legal description and PIN list typically take the longest to vet since they are reviewed by both DCD and the Cook County Maps Department for accuracy, split PINs and contiguity.

10. explore potential SSA commission candidates

SSA commissioners are the local governance for SSAs. They are created in each SSA establishment ordinance. Their powers are three-fold: to recommend the annual services, budget and service provider.

Candidates should represent the SSA district, including owners/lessees, land use, and demographics. While they are Mayorally appointed, the recruitment process can differ amongst SSAs. Typically aldermen convene a Nominating Committee, and with the help of the Sponsor, announce open seats. Commissioners should be local property owners or lessees and minimal overlap with the Service Provider agency board. (See the SSA Commissioner Application for further details.)



SSA Organizational Chart

11. public hearing ordinance

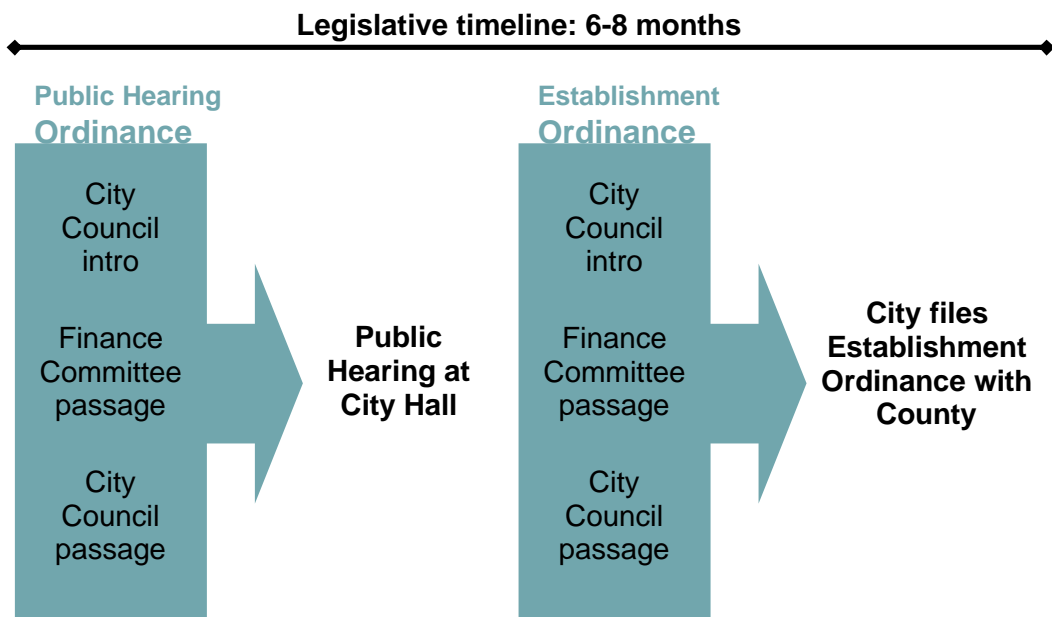
Once the SSA Application is vetted, DCD prepares a Public Hearing Ordinance for passage by City Council. This ordinance authorizes the Committee on Finance to convene a public hearing, which is the one legally required hearing by state law.

Sixty days from the hearing, two petitions could be submitted that would terminate the SSA creation: 51% of property owners and another comprised of 51% of registered voters. See the IL SSA Tax Law for details.

DCD provides the Sponsor the hearing notice and envelopes for mailing. Sponsors typically testify at the hearing and encourage supporters to also testify.

12. establishment ordinance

After the hearing, DCD prepares the Establishment Ordinance for passage by City Council. This ordinance authorizes the creation of the SSA and includes: the SSA's term (average is 10 years), boundary, tax rate cap, services, commission, and authority for DCD to enter into a service provider agreement with a local agency. Once filed with the County, the SSA is officially active.



13. commissioner appointments/confirmation

With a commissioner recruitment process in place, the slate of nominees prepares the SSA Commissioner Application to submit to DCD. Once vetted, nominee applications are submitted to the Mayor's Office for appointment, which in turn introduces these appointments to City Council for confirmation.

14. service provider and commission orientations

The SSA Sponsor typically serves as the SSA Service Provider at least for the first year until a confirmed SSA Commission is seated and can formally vote on their preferred service provider agency.

DCD conducts an orientation that helps both the provider and commissioners understand their roles, responsibilities, and creative opportunities for their particular SSA.

15. a word about renewals

In many cases, local stakeholders will desire to renew or expand their local SSA district. The SSA designation process is the same, except modifications are made on a case by case basis depending on the scope of the renewal or expansion.

While stakeholders may start out wanting to add territory to their SSA, they may find other aspects worth amending in the process, such as a new tax rate cap or expanded authorized services. This is a key benefit to using a modified SSA designation process.