

President's Message: Quentin Knipe – Stoel Rives LLP

I see them every day from my office at the corner of Capitol and Main: Cars with license plates from faraway Idaho counties driving (sometimes in the wrong direction) down Capitol Boulevard. They remind me that our downtown is not just the heart of Boise, but of the Treasure Valley and all of Idaho.



Quentin Knipe

When I traveled last year to the annual meeting of the International Downtown Association, I learned that communities all across America are struggling to create what we already have: a clean, safe and vibrant downtown, where people come from miles around to work, shop, dine, play, and live. We have achieved so much, so fast, that some may find it hard to believe that the DBA's main event Alive After Five is named for the fact that, not long ago, downtown Boise was widely perceived as dead after five o'clock at night.

At this juncture, we risk becoming the victim of our success. Complacency can become our new, worst enemy because it blinds us to new challenges. We have more competition than ever before. Other communities are bending over backward to create thriving, urban centers like ours.

Transit options to provide ease of access to our downtown, while being discussed, do not have a funding mechanism to provide alternatives to congested highways and expensive gasoline. Urban infill devel-

opment remains challenging, leaving many of our vacant lots undeveloped and propensity for government to subsidize rural sprawl continues. Fortunately, it's not easy to compete with a state capital, a county seat and a state university, to name just a few of our unique assets.

The DBA's funding model is heavily dependent on attendance at outdoor events and the generosity of sponsors. On top of all that, some of our own members seem quick to forget that the DBA is the reason why the sidewalks get cleaned, the flower pots get planted, the gift cards get sold, and events like Alive After Five get held.

If we do not address these problems, we stand to lose what we have fought so hard to obtain.

Fortunately, your DBA staff is incredibly talented and up to the task. This last year, when Wells Fargo needed a partner to organize the Twilight Criterium, your DBA staff (Kâren Sander, Geoff Hundt and Morgan Cole) did not hesitate to take on that new challenge, even though the event falls in the middle of the DBA's busiest season.

Every day, we see our members face issues that the DBA could easily pass off as the responsibility of another agency. Fortunately for all of us, Kâren Sander is not one to pass the buck. If a DBA member faces a dilemma, our staff does all it can to find a solution, even if all it can do is bring the right people to the table.

With the DBA's dedicated staff and your continued support & involvement, we can continue to meet these challenges and keep the heart of Boise, Treasure Valley, and Idaho beating strong.

Defining Our Role: Kâren Sander – Executive Director, Downtown Boise Association

The staff of the Downtown Boise Association, are asked on many occasions, "what exactly do you do?" The answer to that question is never straightforward, as we do many things to fulfill the mission of the DBA.



Kâren Sander

Our roles are varied and include keeping our members informed through our weekly e-news, maintaining a database of all businesses in the district, meeting new members, organizing board meetings, member forums, neighborhood meetings and keeping our Web site up-to-date.

We organize and promote events, including Alive After Five, First Thursday, Jazz on the Grove, the Holiday Tree Lighting Celebration, Christmas in the City, Fall for Boise, the Annual State of Downtown meeting and now the Wells Fargo Twilight Criterium. We assist community event organizers to notify businesses of the impact of their events on downtown and serve on the city's event committee where we assist event producers to create great events with minimal negative impact to our members.

On a daily basis we manage and coordinate the clean team schedules and facilitate the planting and maintenance of flower planters. This may include working with property owners, the City, ACHD and CCDC to coordinate placement of trees, tree grates, bike racks, benches and general improvements to sidewalks.

We plan and implement an annual marketing campaign, including the promotion and sale of the downtown gift cards, the design, print and distribution of the downtown map & directory, 4th quarter print, radio and television media as well as coordination of ongoing marketing to supplement DBA events and promotions.

One of our most important tasks is our role in Advocacy. We serve on many committees and task forces that play a role in the future of downtown's success. Those committees range in topic from transportation, housing, homelessness, parking and more. We keep informed and inform our members on legislative issues and government policies that impact downtown.

As you can see from the list of tasks, events and committees, we are a busy staff of three plus a part-time intern, providing service to downtown businesses and fulfilling the mission of the Downtown Boise Association: "to be the steward for the promotion and operation of downtown Boise as an attractive, safe and vibrant place to work, shop, live and play."

A Look Back at 2007

Clean and Safe

Cleaning is a dirty job and the DBA Clean Team does an excellent job of keeping downtown clean. A 60-block area is kept clean seven days a week, with sidewalk sweeping, trash removal and general maintenance to tree grates, bike racks and benches.

With an above-average snowfall this past winter, the DBA's role in supplemental snow removal came under question which has prompted that we do a



full evaluation of how we deliver services to downtown based on the Memorandum Of Understanding that exists between the DBA, City, ACHD and CCDC, and the current budget allocation for services in each district. A bright spot in Downtown Boise are the 400 flower planters on display throughout summer filled with creative and leading edge use of plant materials for an urban environment.

The cooperation between downtown businesses and the efforts of Boise Police has resulted in an 11.7% decrease in crime rates in the downtown area. In addition, downtown businesses, Boise Police and the City of Boise have collaborated on ordinances that will introduce compulsory alcohol server training and the elimination of "all you can drink" specials.

The City of Boise sidewalk café ordinance was adjusted to allow for service on patios until 2 a.m. with compromises agreed to by all sides. DBA staff and members continue to participate in the Safety Task Force meetings working through issues related to keeping downtown safe for everyone.

Events

DBA hosted events are an essential part of fulfilling our mission statement of bringing vibrancy to Downtown, as well as a source of much-needed funding for services and marketing.

The 21st annual **Alive After Five** Summer Concert Series was a success made possible by generous corporate sponsorship, led by PacificSource Health Plans and Hayden Beverage. With only two rain-out dates, our total estimated attendance was just under 50,000 for the season. We continue to bring new music to an appreciative audience while providing a family-friendly gathering in the heart of our city.



The **Downtown Bronco Shuttle** continues to be a popular service that provides parking relief around Boise State University and brings business to Downtown before and after the games. We contracted with Boise Tours to provide shuttles for seven BSU football home games as well as the Humanitarian Bowl. Average ridership was 2,000 per game for a total of 16,000 riders for the season, and parking use in the garages increased again this year for the home games. The shuttle was generously funded through sponsorship from downtown businesses, The Idaho Lottery, Capital City Development Corp. and Old Boise Merchants Association.



The annual **Downtown Zions Bank Tree Lighting Ceremony** attracted another record crowd to the Grove Plaza for caroling and the lighting of the tree, generously donated by John

and Cami Conners. Thanks to the generosity of the community, the Giving Tree was an unprecedented success with over 2,500 requests filled at record value, creating a brighter holiday season for the families of the Women's and Children's Alliance.

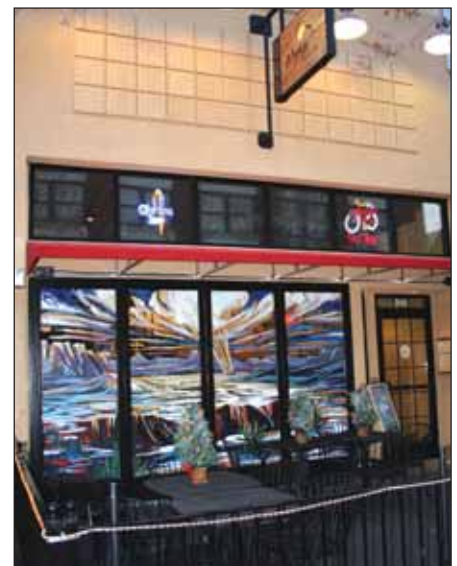
An edgy New York trio, the "Bad Plus," and local favorites the "Sandon Mayhew Group" brought out the largest crowd yet for the 3rd annual **Jazz on the Grove**, a signature event of "Fall for Boise." This event is possible due to the generous support of Syringa Bank, KNIN Channel 9, Sysco Food Services of Idaho, CCDC and Hayden Beverage.

Fall for Boise celebrated the fourth year of providing a way to promote the diversity of our rich cultural heritage and community events. The support of Boise Convention and Visitors Bureau, the City of Boise Mayor's Office and local media partners provide the funding necessary to print and distribute 30,000 brochures.

A partnership with the Idaho Wine Commission brought free wine sampling back to **First Thursday** for the December event along with record crowds. We have continued this collaboration and have selected five dates in 2008 to host wine sampling at downtown galleries. In addition, we printed and distributed posters for merchants to display on First Thursday reminding patrons to join us for First Thursday "tonight." A new partnership with the Boise Weekly to expand their coverage of First Thursday has been a success with the center spread dedicated to First Thursday each month. We are excited to announce that as of May 2008, DL Evans Bank will be the presenting sponsor of First Thursday.

A time of celebration, giving and community are themed throughout **Christmas in the City**. This year's events were sponsored by Old Boise and BoDo historic districts and a free parking day was made possible by the generous support of Capital City Development Corporation, Republic Parking, The Car Park, and Diamond Parking. Our partnership with Macy's and the American Cancer Society provided a fund-raising opportunity for the Society and the opportunity for over 500 children to tell Santa their Christmas wishes and have their pictures taken with Santa in the front window of Macy's in an antique sleigh, compliments of Old Boise.

We teamed up with Boise City Arts Commission for a second year to provide a unique art experience, an outdoor **"Winter Window Gallery Stroll"** during Christmas in the City. Sixteen local artists created a work of art depicting their choice of a winter or holiday scene on downtown business window locations. The event kicked off during December's First Thursday and art was on display for the entire holiday season.



Marketing

The **Downtown gift card** continues to grow in popularity. A total of 9,771 cards were sold in 2007 for a total of \$394,817 which is a 13% increase over 2006. Since the program was introduced five years ago the total value of cards and certificates sold has exceeded \$1.6 million!

We added the Bronco Shop in BoDo to our existing sales locations of Macy's and Record Exchange and are adding 8th Street Wine Company in early spring of 2008 to provide retail locations for the public to buy the downtown gift card.

We have increased the print run of the **Map & Directory** to 90,000 a year. This publication has increased in popularity and is distributed primarily through the Boise Convention & Visitors Bureau, local hotels, relocation agencies, the Boise Metro Chamber of Commerce and downtown businesses.

The annual **marketing plan** and media buy is a plan that maximizes the budget and sponsorship opportunities available to the DBA. The assessment base rate makes up 80% of the marketing budget income with the balance subsidized through event income and sponsorships for an annual media plan worth \$175,000. Two co-op advertising opportunities were available last year in Horizon Air In-Flight and United Airlines Hemispheres In-Flight magazines, broadening our message to millions of people.

Advocacy

DBA staff and board members serve on a multitude of committees and task forces, including the policy and technical committees locating the Multi-Modal Transportation Center & Circulator, the City of Boise's 10-Year Plan to End Homelessness, the Downtown Safety Task Force, CCDC's Workforce Housing Task Force, CCDC and City Parking committees, and the City of Boise Depot Visioning Plan. We are always at the table on Downtown Boise's behalf.

Residential

This year, we launched a new Web site that promotes downtown Boise living opportunities. Downtownboiseliving.com includes information about existing properties, those under development and planned for in the future. The site will also be a tool for the residents of the neighborhood to find out about neighborhood meetings, crime stats, events, services and activities.

In 2009, we will launch the **Downtown Boise Urban Living Tour**, a tour of available residential units in the downtown neighborhood. Many cities host

similar tours, providing an opportunity to educate and sell the concept of urban living. Our media partner, Boise Journal, will produce and distribute a quality guide for the tour.

Plans to create a Downtown Residential Management Plan were stalled due to lack of funding; however, we are looking into alternatives to provide this valuable road map to balancing the needs of existing businesses and residents alike as downtown residential increases.



Royal Plaza

Downtown Indicators

Downtown Office Projects

Current vacancy within the downtown core is 9.3% or approximately 322,000 square feet. The Boise Cascade corporate building now referred to as Boise Plaza has completed renovations and re-leasing on 125,000 square feet of the 350,000-square-foot facility which had been partially vacated as part of the sale. The new Idaho Independent Bank Building, completed in 2007, has pending leases which would bring occupancy to 70%.

Downtown continues to have lower vacancy rates when compared to the overall Boise Valley vacancy rate of 12.1%, dispelling the myth that downtown is not competitive with suburban office parks. The recent addition of The Hawkins Company's offices is an example of a large employer moving from a suburban office park, with lower occupancy costs, to relocate in downtown at the employees' request.

Downtown Retail

The current inventory of retail space in the core of downtown is approximately 731,589 square feet. The current vacant space is approximately 108,842 square feet or 14%, an increase over last year's 9.3%. The rise in vacancy can be attributed to the reconfiguring of space in the BoDo project which was originally office space now in the process of conversion to retail space.

The addition of approximately 10,000 square feet of new space at the Royal Plaza project and the new spaces in two projects (RGrey Lofts and Gem Noble Building) make up a majority of the vacant space in the downtown today. In the past year, we have seen the addition of Anthropologie, See Jane Run, Chandler's Steak House, City Grill, and Berryhill & Co. to the downtown core.

Downtown Hotel Projects

The Statehouse Inn has recently completed a renovation of all 112 rooms, lobby and restaurant. The hotel has been re-branded the "Hotel 43," Boise's first full-service boutique hotel. The Marriott Town Place Suite has opened, adding 121 rooms and bringing the downtown total to 1,469 rooms. The current occupancy for most of the downtown hotels is nearly 66%, above the industry average of 58%.

The downtown hospitality market is softening from previous years. The addition of several new limited service hotels in the valley coupled with a softening of the business drivers has had a negative effect on overall hotel occupancy and room rates.

Downtown Residential Projects

The pioneers of residential development continue despite softening market conditions. Currently, 195 units are under construction or just completed and another 534 units have received design review approval from Boise City.

Of the total, 635 are condominiums, 20 are townhomes and 94 are apartments. Projects range from a mixed-income apartment development at 8th and Idaho to mid-market and luxury condominium units. Announced prices for 510 of the for-sale units range from \$150,000 to \$1.5 million, of which approximately half are below and half above the \$450,000 mark. Of these units, about a fourth are proposed to be affordable to workforce households (80-140% of median income).

The CitySide Lofts at 13th and Myrtle represent the first large-scale owner-occupied condominium project to be developed in downtown in two decades. Sales of the recently completed first phase have been strong, in spite of the recent downturn in the valley's housing market.

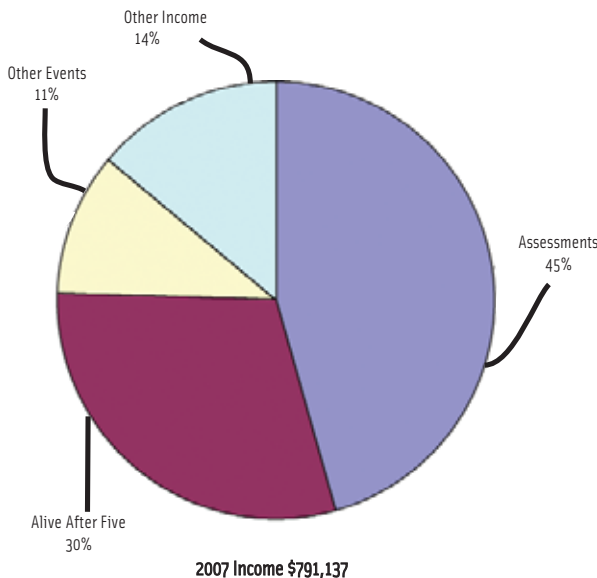
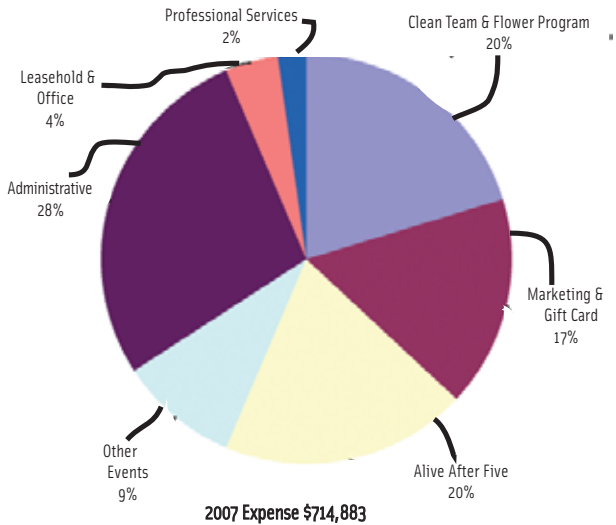
Downtown Indicators' sources: Colliers International and Capital City Development Corp.

Downtown Boise Association Statement of Financial Position

(Audited results as of 12/31/07)

ASSETS	
Current Assets	
Total Checking/Savings	\$101,935.94
Total Accounts Receivable	\$92,437.95
Prepaid Expenses	\$8,751.18
Total Current Assets	\$203,125.07
Total Fixed Assets	\$9,413.47
TOTAL ASSETS	\$212,538.54
LIABILITIES & EQUITY	
Total Accounts Payable	\$42,315.44
Deferred Revenue-Gift Certificates	\$1,251.62
Payroll Liabilities	\$10,513.30
Total Current Liabilities	\$52,828.74
Total Equity	\$159,709.80
TOTAL LIABILITIES & EQUITY	\$212,538.54

DBA Financial Results



2007/'08 Board of Directors

Officers

- President**
 Quentin Knipe – Stoel Rives **
- President Elect**
 Jim Tomlinson- Tomlinson & Associates **
- Secretary**
 Roy Hillman- Idaho Power **
- Treasurer**
 LeAnn Sannes- Eide Bailly **

Professional

- David Baum- Baum Realty/Block 44
 Scott Schoenherr- Rafanelli Nahas/
 Boise Plaza
 Glenn Schumacher- Glenn Schumacher
 CPA
 Daniel Prohaska- Idaho Trust National
 Bank
 David Wali- Colliers

Ex-Officio

- Phil Kushlan- Capital City Development
 Corp. **
 Patrick Rice- Greater Boise Auditorium
 District **
 Jeff Cilek- St. Luke's Medical Center
 Barb Bowman- Boise Metro Chamber of
 Commerce
 Dan Watts- Sterling Savings Bank

Directors

- Property Owners**
 Clay Carley- Old Boise
 Charlie Schmoeger- American Cleaning
 Service

Advisor Members

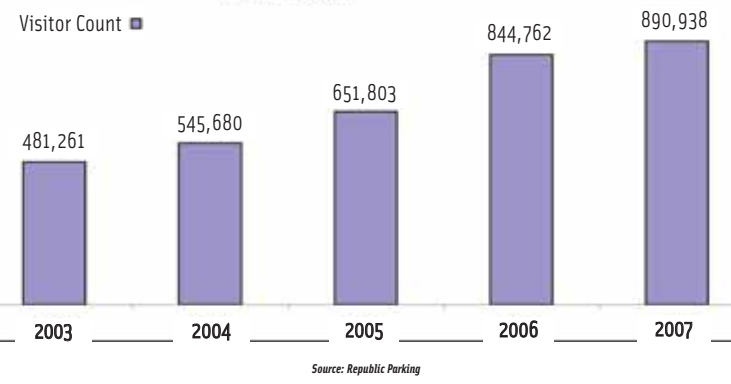
- Retail & Service**
 Sonja Eau Claire- Macy's **
 Gregg Mizuta- Bandanna Running &
 Walking
 Lisa Myers- Flying M
 Lil Kurek- American Clothing Gallery

- Ken Howell- Hawley Troxell Ennis &
 Hawley
 John Franden- Ada County Highway
 District
 Theresa McLeod- Boise City Mayor's
 Office **
 Maryanne Jordan- Boise City Council **
 Officer Scott McMikle- Boise Police
 Department

- Restaurant, Lodging, & Entertainment**
 John Berryhill- Berryhill & Co.
 John Cunningham- Qwest Arena
 Curt Knipe- Angell's Bar & Grill **
 Erik McLaughlin- 8th Street Wine Co.
 Paul Thornton- TAG Promotions

 ** Denotes Executive Committee Member

Downtown Public Parking System



Downtown Vacancy Rates

