

A Sustainable Approach to Provide Extra Services to Improve Downtown Wilmington

Proposed Services, Management and Rate

Presented by the MSD Task Force Wilmington Downtown Incorperated January 28, 2016



Contents

Introduction	2
Report Requirements	3
Statement of Need	3
Public Participation	4
Downtown Wilmington Municipal Service District Boundaries	6
Program Management and Service Delivery	6
Service Plan for the District	8
Assessment and Funding	
Attachment A	
Attachment B	
Attachment C	15



MSD's Provide a Sustainable Approach to Make Downtowns:

- Safer
- Cleaner
- Active
- Vital
- Attractive

Introduction

A Municipal Service District (MSD) is a financing mechanism used to provide revenue for a variety of services that enhance, <u>not replace</u>, existing municipal services within a specified area. There are more than 1,200 BIDs in North America, according to the International Downtown Association. The North Carolina Department of Commerce identified 56 MSD's with assessments for improving downtowns. In each case, the services and activities of the BID have been tailored to meet the specific needs identified by the community that funds them.

This report has been prepared by the MSD Task Force convened by Wilmington Downtown Incorporated based on a request by the City of Wilmington to evaluate the establishment of a Municipal Improvement District in Downtown. Based on this evaluation that spanned over a year and included 3 public meetings, two mailings, dozens of individual input sessions and an extensive examination of best practices of MSDs operating in other communities, the Board of Directors of Wilmington Downtown Incorporated is recommending that the City of Wilmington create an MSD to provide new resources and extra services to further improve Downtown. The following report details the process and the rationale.

Report Requirements

North Carolina has specific statutes for creating an MSD. North Carolina G.S. 160A-537(b) reads as follows:

- (b) Report. Before the public hearing required by subsection (c), the city council shall cause to be prepared a report containing:
 - (1) A map of the proposed district, showing its proposed boundaries;
 - (2) A statement showing that the proposed district meets the standards set out in subsection (a); and
 - (3) A plan for providing in the district one or more of the services listed in G.S. 160A-536.

The final report shall be available for public inspection in the City Clerk's Office for at least four weeks before the date of the public hearing.

Statement of Need

Municipal Improvement Districts are sustainably funded, proven tools for providing services that the district wants and needs. MSDs generate an equitable and stable revenue stream necessary to provide and direct enhanced services to address and improve specific issues within the defined district.

Downtown has been growing in just about every economic sector. According to the 2010 census, the Downtown (defined as .5 mile radius from the corner of Front and Market Streets) had 1,709 housing units. The 2105 opening of CityBlock Apartments added 112 new units to this inventory – a 6.5% growth in just one year. Another 770 housing units are under construction or announced. Combined, these new projects are poised to add 882 new housing units in Downtown, a 51% growth since 2010.

From a commercial standpoint, Downtown had approximately 190 retail businesses and bars/nightclubs in 2011. Today, Downtown has 249 of these businesses. The hospitality sector shows similar gains. Since 2010, Downtown has added about 120 hotel rooms, with four more hotels announcing plans to add another 528 rooms. This growth will place new demands for services.

Taking into account the growth over the past decade and the anticipated growth and their expected needs over the next five to ten years, the Downtown Wilmington Municipal Service District meets the required statutory criteria for forming a Municipal Service District as stated in North Carolina G.S. 160A-536(b).

(b) Downtown Revitalization Defined. – As used in this section "downtown revitalization projects" are improvements, services, functions, promotions, and developmental activities intended to further the public health, safety, welfare, convenience, and economic well-being of the central city or downtown area.

Public Participation

The creation of an MSD in Downtown has been contemplated for many years. In fact, the *Vision 2020 Plan* recommended an MSD. Although many ideas from this plan have been implemented since the Plan's adoption in 2004, this recommendation remains unfulfilled.

In 2011, Wilmington Downtown Incorporated (WDI) began an outreach and education campaign with individual property owners, business owners, major tenants, and stakeholder organizations to explore a potential district. As the process unfolded, constituents raised strong opposition to the concept. When combined with the poor economic climate, WDI concluded the initiative was unviable at that time and the process was abandoned prior to consideration by City Council.

As part of the City's effort to redevelop the Water Street Parking Deck, the City hired the Development Finance Initiative (DFI) group from the University of North Carolina in 2013 to identify the highest and best use of the site. In February 2014, the group provided recommendations to City leaders and the public. In addition to the development concepts, DFI also recommended that the City create an MSD to potentially qualify for public financing and provide additional services to the new development once completed. In turn, the City of Wilmington subsequently requested WDI to reevaluate the MSD idea. This process started in September 2014 and WDI was required to provide a recommendation to the City Council by May 1, 2015.

To develop a recommendation, WDI assembled a Task Force consisting of 11 members and two, non-voting ex-officio members. This Task Force represented several different economic sectors in Downtown including owners of large and small properties and members working in retail, hospitality, restaurant, nightclub and professional services. The group also included residents. The members are identified in Attachment A.

In November 2014, the Task Force prepared and mailed a pamphlet that explained MSDs, their use in North Carolina and the costs and benefits of a potential district. The mailing also included a survey seeking input from Downtown business and property owners about priority services for Downtown. The information was sent to every property owner within the Central Business District zoning area of the City. The mailing list was assembled using property tax records provided by New Hanover County. WDI also added businesses that were within the CBD boundaries but not listed in the County tax records.

On December 12, 2014, WDI hosted a public meeting to unveil the survey results and review MSD programs and services. A postcard reminding property and businesses owners was mailed approximately 2 weeks prior to the meeting. The top three priority issues from the survey responses were Public Safety, Economic Development and Maintenance/Cleanliness. Approximately 95 people attended this meeting. MSD Task Force members also answered questions from those in attendance.

WDI subsequently provided presentations to the Downtown Business Alliance and to the Brooklyn Arts District Community Organization. Staff also provided a presentation to the government affairs committee of the Wilmington Regional Association of Realtors. Updates were provided at DBA meetings in November, January, February and May 2015. WDI also coordinated meetings with over a dozen property owners.

In addition to outreach to property and business owners, the Task Force also made site visits to learn about MSDs operating in Winston-Salem, Durham and Raleigh. Other constituents also participated in this site visit.

On March 12, 2015, the Task Force held a second public meeting. Although this date was announced at the December public meeting, the Task Force mailed a reminder postcard to residential and commercial property owners as well as business owners approximately 14 days before the meeting. About 75 people attended the session. In addition to a presentation, MSD Task force members answered questions from the audience.

After examining all the comments and input, the Task Force concluded that more work was needed prior to making a recommendation. This was communicated to the WDI Board of Directors who concurred. The Task Force leaders subsequently made a public presentation to City Council on May 5, 2015, and recommended that the evaluation and outreach process continue into the new fiscal year. City Council agreed and subsequently contracted with WDI to continue the effort and report back to Council by February 1, 2016.

After this action, the Task Force again prepared and mailed a six page pamphlet to communicate this outcome and provide more information about MSDs. The mailing also invited stakeholders to join affinity groups for future meetings. This was delivered to residential and commercial property owners within the CBD zoning area and to businesses within the district. Upon the City Council's approval of a new contract with WDI in October 2015, the Task Force subsequently hosted a series of Affinity Group meetings to gain more input from area business owners and residents. Approximately 16 people participated in sessions for Shop Owners, Club Owners, Restaurateurs, Residents and the Chamber of Commerce.

With this input, the Task Force convened a third public meeting on January 20, 2016, to review the recommended extra services, management plan, area and rate. WDI mailed postcards to property owners and to business owners within the CBD to inform them of the meeting. This session attracted approximately 35 attendees with several expressing staunch opposition to the potential MSD.

The WDI Board of Directors reviewed the process and recommendation at their regular quarterly meeting of January 27, 2016. Based on the Task Force's work and constituent input, they approved the final recommendation.

Downtown Wilmington Municipal Service District Boundaries

The map of the proposed boundaries of the Downtown Wilmington MSD can be found on Attachment B. This area consists of the City's Central Business District (CBD) zoning district. The CBD area is generally bounded by the Cape Fear River to the west, Davis Street to the north, 5^{th} Avenue to the east and Nun Street to the south. This area consists predominately of commercial or mixed use properties and is already defined by the City land use code.

Program Management and Service Delivery

Under North Carolina General Statutes, the City may provide services in a service district with its own staff, through a contract with another governmental agency, through a contract with a private agency, or by any combination thereof. Further, North Carolina G.S. 160A-540(a) stipulates: "When a city defines a new service district, it shall provide, maintain or let contracts for the services for which the residents of the district are being taxed within a reasonable time, not to exceed one year, after the effective date of the definition of the district."

Contracting with a private agency or non-profit organization to provide and manage MSD services is a common practice in North Carolina and other states. Additionally, a private agency or non-profit comprised of stakeholders can be more responsive and inclusive of ratepayers. As described in North Carolina G.S. 160A-536(d1)(2): "Prior to entering into, or the renewal of, any contract under this section, the city shall use a bid process to determine which private agency is best suited to achieve the needs of the service district. The city shall determine criteria for selection of the private agency and shall select a private agency in accordance with those criteria." With this in mind, the criteria should require an established agency with experience and expertise in managing Downtown development programs, directing an MSD and has representatives from all economic sectors in Downtown Wilmington.

Upon creation of the Municipal Service District, a Downtown Wilmington MSD Advisory Committee would be appointed by the City Council that is representative of property owners, business owners, and residents within the district. The Advisory Committee, in partnership with the Wilmington City Council, would decide on how the funds are spent.

	Downtown Wilmington MSD Advisory Committee Structure		
1	Resident	Shall be a person who owns a dwelling within	
2	Resident	the service district that is his or her primary	
3	Resident	place of residence.	
4	Owner of a Large Property	Property owner or owner's representative	
5	Owner of a Large Property	(individual, company, or corporation) whose	
		combined assessed value is over \$2 million.	
6	Hospitality Representative	Hotel or event facility property owner or owner's representative located in the district.	
7	Real Estate Developer	Real estate developer owner or owner's	
		representative located in the district.	
8	Restaurant Representative	Shall be the owner or manager of a restaurant	
		located in the district.	
9	Retail Representative	Shall be owner or manager of a retail	
		establishment located in the district.	
10	WDI Board Member	Shall be a WDI Board member and a property	
		owner or owner's representative located in the	
		district.	
11	Professional Service Representative	Shall be the owner or owner's representative of	
		an office business located within the district.	
12	Night Life Representative	Shall be owner or owner's representative of a bar	
		or nightclub located in the district.	
13	At Large Representative	Shall be the owner of real or personal property	
		within the district.	
Ex-	Ex-Officio - Non-Voting Members		
14	City Manager or Designee		

Members of the proposed Downtown Wilmington MSD Advisory Committee would serve no more than two 3-year terms and meet at least quarterly. The terms would be staggered in thirds. Further, at least seventy five (75%) of the members shall be property owners within the district boundary.

Programs would be implemented by a private agency, with oversight from the Downtown MSD Advisory Committee and the support and knowledge of City Council and staff. Meeting minutes and periodic financial statements would be provided to the City of Wilmington for review. The service provider would present an update on activities to the Wilmington City Council at least annually during a regularly scheduled meeting. Annual audits would also be provided to the City Council and made available for public review during normal business hours.

A budget would be approved via ordinance each fiscal year by the City Council based upon the recommendation of the Downtown Wilmington MSD Advisory Committee. The baseline of existing city services is expected to be maintained with public acknowledgement that the MSD is

an enhancement of city services. Specifics on current City services can be found on Attachment C along with a listing of proposed new services provided by the Downtown Wilmington MSD.

Overall, the City Council and the Downtown MSD Advisory Committee would all have vital roles and responsibilities in administration of the Downtown Wilmington Municipal Service District. City Council would set the tax rate of the district, approve the Downtown MSD service contract, and approve the annual budget. The Downtown MSD Advisory Committee would prepare the annual work plan, represent the interests of property owners, recommend an annual budget to City Council, and provide financial, program, and staff oversight. A service provider would implement the annual work plan, provide professional advice and recommendations, coordinate with government and private agencies, and provide the daily point of contact.

Service Plan for the District

The Municipal Service Districts would have four primary areas in its scope of services: increased safety and security, cleaner environment, economic development and enhanced physical appearance. All property and business owners in the MSD would receive services.

Increased Safety and Security

To enhance the overall appearance, maintenance, and safety of Downtown, the MSD provider would contract with a private service company to manage "Ambassadors." MSD Ambassadors would serve as additional eyes and ears of Downtown and report unusual activities to the Wilmington Police Department. These ambassadors would be identifiable through uniforms and equipment and would be field monitored with electronic devices that require check-ins at periodic times of the



day. They would not carry firearms, have arresting authority or be sworn law enforcement officers. Additionally, funds could be used to promote public safety awareness campaigns. These services could include:

- Serve as a deterrent to unwanted activity and contact appropriate authorities when criminal activity and/or behavior is identified
- Be knowledgeable of local ordinances (skateboarding, disorderly conduct, public urination, soliciting, etc.) and intervene when necessary to eliminate this behavior
- Identify and interact with individuals within the district to discourage panhandling and assist people to find helpful social services
- Escort residents, workers or visitors to and from personal vehicles
- Provide specific knowledge about restaurants, hotels, special events, parking, etc.
- Conduct public relations checks with businesses and Downtown homeowners to provide information and services
- Identify and report conditions and incidents that may impact the safety of those who live, work, or visit Downtown
- Record time, location, and nature of all activities and report unusual activity or issues
- Provide directions, information, and assistance to residents, workers, clients and visitors

Cleaner Environment

Ambassadors would be cross-trained to provide supplemental cleaning services such as pan and broom service, graffiti removal and pressure washing. These services could include:

Pan and Broom

- Remove litter and debris from sidewalks, storefronts, curbs, and gutters
- Damp wipe vertical surfaces to remove dust and grime (includes: street fixtures and furniture, newspaper boxes, trash cans, benches, utility and electrical boxes)
- Clean trash cans and areas around receptacles
- Remove handbills, flyers, and stickers from vertical surfaces
- Straighten street fixtures and furniture (includes: newspaper boxes, benches, trash cans, etc.)
- Remove rocks, debris, leaves and pebbles and other pedestrian impediments

Graffiti Removal

- Report graffiti on private property to property owner and Wilmington Police Department; document all incidents
- Remove graffiti from private property with written permission from the property owner
- Remove graffiti from public infrastructure using chemical applications, power washing, or painting

Pressure Washing

- Pressure wash/deep clean sidewalks as needed
- Pressure wash or steam clean public benches, trash cans, and other street furniture and fixtures
- Use spinner nozzle to remove isolated gum spots

Other Duties

- Set up safety barriers and signs as needed
- Hand pull isolated weeds or suckers and spraying and mechanical removal of larger concentrations of weeds

Economic Development

This service would provide updated and improved data, statistics, reports and plans to assist in economic development efforts. Services would include business support, recruitment, retention, visitor information, data collection (housing, retail, development trends, pedestrian counts) investment grants and planning. These services would include:

- Publish economic development recruitment packets
- Attend regional and national trade shows to attract new business investment
- Partner with regional and state organizations to recruit new commercial investment
- Conduct market studies and analyses
- Assist with navigating permitting process



- Report on Downtown's residential amenities and growth and promote living options to real estate brokers and the community
- Establish and administer grant programs to spur private investment, such as renovating facades or installing landscaping

Physical Appearance

This service would direct funds to expand and provide new amenities to enhance the physical environment of Downtown. These services would include:

- Install, expand and manage the street banner program
- Install and maintain new landscaping and beautification projects
- Install and maintain additional holiday decorations

Marketing and Branding

This service would be provided to draw more patronage and investment

Downtown through the development of new printed and electronic materials. These materials would be used to promote and educate consumers on the benefits of visiting Downtown Wilmington and bring visitors to support entertainment, retail, food, and art venues. These services could include:

- Create and direct co-operative marketing campaigns to attract commercial and residential consumers
- Increase marketing messages to include quality of life amenities for residents and customers
- Direct sustained advertising in print, electronic, social media, radio, and TV ads
- Publish annual Downtown guides and maps to identify shops, attractions, hotels and major residential areas
- Promote donations to charitable agencies as an alternative to giving money directly to panhandlers

Assessment and Funding

North Carolina General Statutes provide that City Council, upon determining an area warrants a Municipal Service District, may assess the property (real and personal) within the district at a rate sufficient to generate revenue to support the enhanced services in the area. The County sets the assessed value for both real estate and equipment and the data is public information that is available on-line through the New Hanover County website.

The proposed levy for the Downtown Wilmington Municipal Service District is \$0.07 per \$100 of assessed valuation for property within the district boundaries. This rate would be assessed on approximately \$401,000,000 of value and generate about \$281,660 in revenue. A collection rate of 98% is assumed, based on historical trends provided by New Hanover County, which would collect slightly over \$276,026 to be spent on extra services to benefit the MSD.

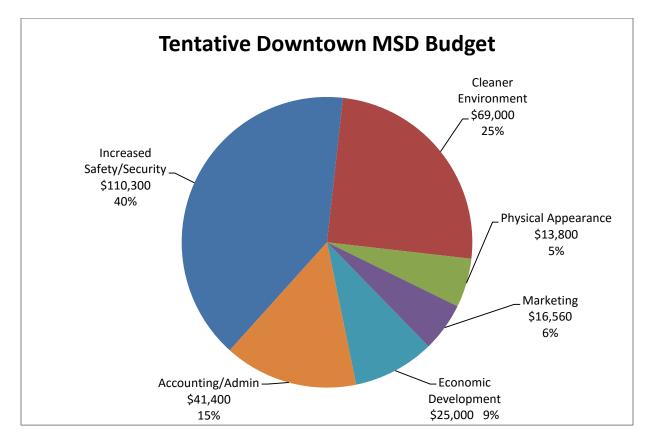


The chart below illustrates the financial impact a MSD would have on downtown residents, businesses, and property owners at this rate.

Taxable Value	Annual	<u>Monthly</u>	Daily
\$100,000	\$70	\$5.83	\$0.19
\$250,000	\$175	\$14.58	\$0.48
\$1,000,000	\$700	\$58.33	\$1.92

Projected Revenues from an Assessment Rate of \$.07

A total budget of about \$276,000 would be available in the first year. The following shows a breakdown of the proposed spending for the Downtown Wilmington MSD.



The tentative budget would allocate approximately 15% of the revenue to cover administrative expenses associated with directing daily patrols of the Ambassadors, everyday inspection of physical conditions and safety trends, completing daily work logs, managing service contracts, supporting the Downtown MSD Advisory Committee, and other tasks performed by the selected service provider. Funds will also be allocated for office supplies telecommunications, specialized equipment and storage space. This could change depending upon the service provider selected to administer the MSD.

The City would create a separate fund to account for tax revenues generated from the Municipal Service District and make quarterly disbursements to the selected service provider. Any tax

revenues unspent at the end of the fiscal year would be retained in the City's Municipal Service District fund for future appropriation by the City Council to benefit ratepayers within the MSD.

North Carolina General Statutes dictate that a resolution approved by the City Council establishing a municipal service district shall take effect at the beginning of the fiscal year following creation of the district. As proposed, the resolution creating MSDs in Downtown Wilmington would take effect July 1, 2016.

Attachment A MSD Task Force Members

Clark Hipp, Chair, Hipp Architecture, business owner. Property co-owner 221 N. Front, 228 N. Front, 317 Walnut Street.

Christie Brogan, business co-owner 128 Events Center, Bakery 105. Property co-owner 128 S. Front, 105 Orange Street.

Nancy Bullock, business and property owner, Cotton Exchange -321 N. Front, Chandler's Wharf -225 S. Water Street, Front Street Centre -130 N. Front.

Trip Coyne, Ward Smith Law Firm, property owner and resident. 116 N. Front Street.

Brian Eckel, Cape Fear Commercial Properties, developer of 101 North Third office building and manager of other properties.

Marcia Frelke, Downtown Darlings, business owner and tenant, 112-A Market Street.

Tom Harris, Front Street Brewery, business and property owner, 9 N. Front Street.

Cathey Luna, Luna | Ad, property and business owner, 116 Princess Street.

Tom Morgan, property owner & resident, 124 Walnut Street.

Justin Smith, The Husk, business co-owner and tenant, 33 S. Front Street.

Colin Tarrant, Smith Moore Leatherwood, tenant at BB&T Building, 300 N. 3rd Street.

Ex Officio Members

Glenn Harbeck, Director of Planning, Development and Transportation, City of Wilmington.

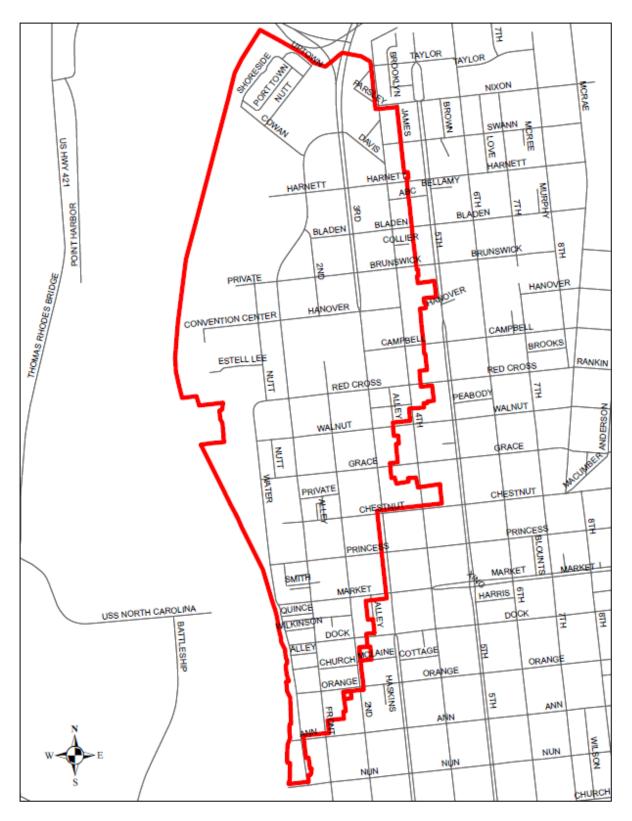
Chris O'Keefe, Development Services Director, New Hanover County.

<u>Staff</u>

Ed Wolverton, Wilmington Downtown Inc., tenant at 221 N. Front Street.

Attachment B

Downtown Municipal Service District Boundaries/Central Business District Zoning



Attachment C Overview of Current and Potential Extra Service to Improve Downtown

	Current (to continue)	Extra Services (at 7 cents per \$100 of Valuation)
<u>Safety</u>	• 2 officers until 3pm. Then 6 officers in early evening	• Daytime and early evening patrols (until 11pm) by team of 5 people – 50% daytime improvement and a 33% to 50% evening improvement
	• Late night Task Force (Wilmington Police and New Hanover County Sheriff's Deputies)	• Foot patrols targeting areas that WPD does not regularly and routinely patrol that courteously and firmly challenge any low level crimes, such as panhandling, camping, solicitation or open container violations
	• Directed foot, bike and Segway patrols	• Serve as a deterrent to unwanted activities and contact appropriate authorities when criminal and/or potentially criminal behavior is identified
	Camera system	• Escort residents, workers or customers to their destination upon request
		• Social outreach to direct people in need to shelters or other service providers
		Conduct public relation checks with businesses and homeowners
		• When time allows engage the general public to deliver hospitality, directions or recommendations
Cleanliness	 6 days per week Sidewalk bags from businesses Empty trash canisters Garbage carts collected from restaurants and apt 2-person sanitation crew M-F from 7 am to 3 pm Vacuum curbs, debris in street, sidewalks, backpack blower 4-person crew starting at 4 pm M-F Vacuum curbs, debris in street, sidewalks, backpack blower 	 7 day a week Hand broom and pan sweep sidewalks and gutters when time allows Graffiti identification and removal (w/ property owner permission) Deep clean/power wash sidewalks, trash cans Remove illegal handbills, flyers and stickers

	 Delivery and pick up trash cans for events General clean-up and litter pick-up Clean sidewalks daily Setup and take down barricades for public events as necessary 	
Maintenance	 new shrubs and flowers Electrical, plumbing, hardscape pavement, trash pick-up and other various park amenities for Riverwalk Dockmaster services for Riverwalk 	 Damp wipe benches, newspaper boxes, trash cans and utility and electrical boxes Ensure an orderly environment by straightening newspaper boxes, mail boxes, trash cans and any other movable fixtures Weed removal that city crews miss Touch up paint bike racks, poles, street furniture Remove rocks, debris, leave, pebbles and other pedestrian impediments

Public Space	 Riverwalk dock repair, vegetation encroachment maintenance (alleys) Irrigation for select plant beds/turf areas Maintenance for Riverwalk, pedestrian and vehicular wayfinding signs Brownfield program Signs for parking, loading zones, road closures Taxi stand markings 	 Install, maintain and expand the street banner program Install and maintain additional cigarette waste disposal
	 Taxi stand markings Event traffic control-signal system Special projects such as the Cape Fear Historic Byway plan, Bailey Theater, Water Street Extension Improvements Provide and maintain off-street parking (decks and lots) 24/7 for residents and visitors Provides, installs and removes Holiday decorations 	 Identify and report street light outages Monitor pet waste stations Install and maintain new landscaping such as flowers in tree wells, containers, etc. Install and maintain additional holiday decorations
Marketing	Bring It Downtown	Publish an annual shopping, dining and entertainment guide
	 campaign to promote parking (\$30,000) Regular communications to downtown stakeholder groups using lists compiled and maintained by city staff Help coordinate public meetings and public input 	 Direct a sustained advertising campaign in print, electronic, social media, radio and television ads Increase marketing messages to include quality of life amenities for residents and consumers Create and direct co-operative marketing campaigns to attract commercial and residential consumers Promote donations to charitable agencies as an alternative to giving money directly to panhandlers

	 processes as needed for downtown-specific projects/topics Communicate downtown events such as Azalea Festival, MLK Parade, Beach2Battleship, Holiday Parade and July 4th fireworks 	
Economic Development	 Wifi service (not an ongoing expense) Economic Development Services contract with WDI (\$66,325) 	 Publish business recruitment packets Conduct market studies and analyses to provide timely demographic information to prospects Compile and annually publish real estate data for Downtown to include occupancy rates, lease rates, sales information and other investor oriented data Attend and display at national and/or regional trade shows to attract new businesses and investors (International Council of Shopping Centers, Urban Land Institute, South by Southwest, etc.) Establish and administer matching grant programs to spur private investment, such as renovating building facades or installing landscaping Report on Downtown's residential amenities and growth and promote living options to real estate brokers and the community