

Wilmington Downtown, Inc. sponsored MSD Field Trip Report

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Visits to Winston-Salem, Durham and Raleigh, North Carolina

Wilmington Downtown, Inc. organized a visit to three North Carolina cities that have a special downtown tax district in place known as a Municipal Service District (MSD) also referred to as a Business Improvement District (BID), however MSD is the legal name. There are currently more than 1,200 MSDs across the country, including 56 in North Carolina.

The purpose of the trip was to meet with the executives of these three host city organizations to learn about the benefits of imposing this type of special tax district. Raleigh has the most experience (10 years) with Durham next at 18 months and Winston-Salem a little over 6 months.

The common elements in all three cities are as follows:

- 1. All of them have a defined downtown geographic area and an economic development organization.**
- 2. Each organization devoted a lot of time and effort to work with the stakeholders to establish a confidence that implementing the MSD would be beneficial. None of them said it was easy.**
- 3. In each case the main theme was to take their stakeholders concerns for safety and cleanliness and move it to a more positive level than could be realized with their current city/county capabilities which would result in revitalizing interest in visiting their downtown area. The emphasis was to supplement and enhance baseline city services, not replace them.**
- 4. All three spend the majority of the MSD revenue on a “Hospitality and Safe and Clean” program that each of them outsource to organizations that specialize in providing these services. These services are predominantly in the form of paid people on the streets to add an extra level of cleaning (sidewalks/graffiti), assist employees/visitors to and from the parking decks, interact in a positive way with individuals who may pose a fear factor to others and provide friendly information to anyone in need.**
- 5. Each city has a method to measure these extra services in things like pounds of trash removed, hours spent removing graffiti, number of escorts provided, number of mapping guides/hospitality assistances and hours of patrolling.**
- 6. The individual cities do differ in their oversight of the services.**
- 7. They each also spent some of the revenue on marketing in the form of maps, co-op advertising, merchant promotions and visitor outreach.**

WINSTON- SALEM, NC

Winston-Salem's has a downtown business development organization known as "Downtown Winston-Salem Partnership, Inc." with Jason Thiel as President. This is a non-profit C-6 membership organization. The organization is funded primarily by memberships and events with a small amount from city/county grants. The motivation for seeking a BID was to increase the security and cleanliness of the district. It took several years to create the district and get approval to implement the special tax. Over 60% of the dollars raised by the tax are used for "CLEAN AND SAFE" activities in the form of ambassadors who assist in promoting a safe environment and provide a level of cleanliness "above and beyond" what the city normally provides. According to Jason this EXTRA level of cleanliness is what makes a difference by creating a safer and friendlier environment.

Implementation date July 1, 2014

MSD rate = \$0.09 per \$100 of assessed value

Budget Revenue = \$468,000

Clean and Safe outsourced expense = \$306,380

Market and Promotion Expense = \$47,000

Enhanced Physical Appearance = \$39,760

Accelerated Development = \$10,000

Administration = \$65,630

Durham, NC

Durham implemented their Business Improvement District in July 2013. They described an enhanced level of service as “responding at the speed of business vs. responding at the speed of government”. As part of their proposal they asked that the quantified level of city service had to stay the same and they were assured of that by the city manager. They created a block by block plan for clean and safe activities. They had their clean and safe contractor’s candidates at presentations as part of the education process. They have 6 full time contract employees who work 4 - 10 hour shifts and they are visible 7 days a week. Durham spends the least of their MSD tax dollars 40% on clean and safe. 16% of their funds are for a Government Relations staff position. This position provides feedback on various studies, plans and policies which affect the downtown community (ex: Open Space Plan, Downtown Parking Analysis, Rail Crossing/Traffic Separation Study). They also have someone who works full time with the businesses on marketing and promotions.

MSD Rate = \$0.07 per \$100 of assessed value

Budget revenue = \$403,000

Clean and Safe Expenses = 40% = \$161,200

Marketing and Promotions = 21% = \$84,630

Economic Development = 18% = \$72,500

Advocacy and Public Policy = 16% = \$64,480

Special Events = 5% = \$20,150

Raleigh, NC

Raleigh has had a special tax district for over ten years. Their street ambassadors have achieved a high level of acceptance in the community. “They see downtown as a big Hotel that they want to make everyone feel like a guest”. They recommend that we pick one or two “clean and safe” contractors and include them in any public presentations. They have implemented a panhandler ordinance. They are authorized to clean the sidewalks to within 5 feet of the buildings but in reality they clean all the way up to the building. They also perform a lot of safety escorts and motorist assistance. As part of their event expenses they have outdoor movies on the city plaza.

MSD rate = \$0.09 per \$100 of assessed value

Revenue from tax = \$1,200,000

Clean and safe activities = \$882,000

Marketing and Communications = \$186,000

Special Events = \$113,000