

Public Hearing – Contract Award for Downtown District Management 2023 - 2028

June 12, 2023



- Since 1978, the City has had a Municipal Service District (MSD) for the Downtown area.
- The tax levied is \$0.10 per \$100 in valuation and has remained the same for several years.
- The tax rate produces approximately \$140k annually.
- Costs for the MSD include utilities and debt service for the Franklin St. Parking Deck and the Downtown Management Contract.
- The General Fund subsidizes the Downtown Management Contract with a transfer of \$100k per year.

- North Carolina General Statute 160A-536 allows for the City to enter into a contract with a private agency to provide services, facilities, functions, or promotional and developmental activities in a municipal service district.
- The same law requires that:
 - input from the property owners is considered (survey),
 - a formal bid process is followed (Request for Proposals), and
 - a public hearing is required prior to entering into a contract.

- Cool Spring Downtown District, Inc. (CSDD) has been the managing partner for the Downtown since 2017 and has shown tremendous success in place-based economic development.
- CSDD hosts various downtown events, manages logistics in the district, and works with property owners, businesses, and residents to resolve issues.
- CSDD was the only respondent to the Request for Proposals (RFP).
- The CSDD response to the RFP includes a change of terms from prior years and two options (reviewed on next slide).

- The CSDD proposal presents two options:
 - Option A: \$220,000 with annual inflation adjustment of 6% per year.
This results in a fifth-year cost of \$294,680.
 - Option B: \$220,000 with annual inflation adjustment of 6% per year. Additionally, fund the Ambassador program at \$50,000 and fund special events (New Years, Juneteenth, July 4th) at \$380,000 annually with an annual inflation adjustment estimated to be 6% per year.
This results in a fifth-year cost of \$837,545.
- Prior contracts were funded at a flat rate of \$220,000 per year.

- Both options result in an increased impact to the General Fund as the MSD revenues do not fully cover the cost of the contract. Currently the annual transfer is \$100k.
- Property tax growth in the district has averaged 3% annually for the past five years.
- The Ambassador program was funded in FY23 by a one-time fund balance appropriation of \$50,000 and would need to be funded by the General Fund for FY24
- The special events (New Years, Juneteenth, and July 4th) are included in the Parks & Recreation Department's FY24 budget at \$276,000. CSDD is requesting \$380,000 to provide these events.

1. Approve the MSD management contract at \$220,000 for a five-year term, adjusted annually by estimated property tax growth (3%);
2. Approve the MSD management contract at \$220,000 for a five-year term, adjusted annually by estimated inflation (6%);
3. Approve a contract that includes the MSD management (\$220,000), the Ambassador Program (\$50,000) and three Special Events (\$380,000) for a five-year term, adjusted annually by estimated inflation (6%);
4. Do not approve a contract award to Cool Spring Downtown District, Inc. for a five-year term and provide additional direction to Staff.

- Staff recommends that Council hold the required Public Hearing.
- Upon closing the Public Hearing, Staff recommends that the City Council move to approve the contract award to Cool Spring Downtown District, Inc. for Enhanced Services for the Arts and Entertainment-Focused Downtown Municipal Service District for a five-year term, adjusted annually by estimated property tax growth.





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