

# IS IT TIME FOR A SPECIAL SERVICE DISTRICT IN DOWNTOWN WILMINGTON?

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## INFORMATION FORUMS

**Wednesday, December 17, 2014: Public Meeting Extra Services Report**  
Coastline Convention Center  
501 Nutt Street 6:00pm.

**Monday-Tuesday, January 26 & 27, 2015: Tour of Downtown Winston Salem, Durham and Raleigh (tentative)**  
Leave Wilmington at 8:30 am. Transportation provided and attendees pay own hotel expenses. Return to Wilmington 6 PM. RSVP to Haven Holsinger, 736.7349.

**Thursday, March 12, 2015: Public Meeting Preliminary Cost and Management (tentative)**  
Location TBD 6:00pm.

## FOR MORE INFORMATION

The Task Force members are listed on page 5. You are welcome to contact them with questions or comments about this important downtown initiative.

November 14, 2014

Dear Downtown Wilmington Property or Business Owner:

We are all hearing a word used more and more to characterize what's happening in Downtown Wilmington. That word is '*transformation*'!

This transformation is the product of our combined efforts to grow Downtown into an economically vibrant hub for the city—your investment, your “sweat equity,” your vision and your commitment are improving Downtown's future. You have helped make the revitalization of Wilmington's Center City an ongoing success story at a time when Southeastern North Carolina needs all the success stories it can get.

This letter is to let you know about an additional step we can take to help continue our transformation. That step is the creation of a Municipal Service District (MSD), also known as Special Services District, for Downtown Wilmington. An MSD is a tool that provides a way for us to fund extra services or projects within the area, using revenues generated by an assessment on real and personal property in the district.

If enacted, the MSD assessment would apply to:

- Owners of business property in the district.
- Owners of residential property in the district.
- Individual personal property of district residents, such as vehicles.
- Lessees whose lease agreement contains a “pass-through” provision that would enable the property owner to pass on the MSD assessment to the property occupant.

If enough of us agree that formation of an MSD is a good idea, the proposal would go to City Council for approval. That would require a detailed business plan specifying proposed assessment rates, services and improvements to be provided, and other particulars still in review. Council consideration could take place by early summer of 2015.

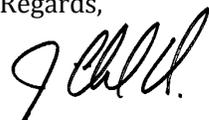
Meanwhile, a task force has begun assembling the data and information necessary to gauge the level of interest in a Downtown MSD and to prioritize the possible extra services and improvements that could be funded by a special assessment. Once we know about the interest for extra services, we will seek input on governance. This is typically carried out by a group made up of district representatives that is endorsed by City Council.

The enclosed survey is for you to provide input about services and improvements—beyond those already provided by the City—that you would like to see provided Downtown. Please complete the survey and return it to us by December 5.

No doubt, you may want more information about the survey or the MSD proposition in general. To answer some of your questions, additional MSD information is enclosed.

We look forward to talking with you more about this opportunity for us to continue to work together for the future of Downtown Wilmington.

Regards,



Clark Hipp  
MSD Task Force Chair

# QUESTIONS AND ANSWERS: The Proposed Special Service District for Wilmington's Downtown

## **What is a Municipal Service District?**

A Municipal Service District, or MSD, is a specially designated portion of the city that provides for a property assessment to finance supplemental or extra services and improvements. There currently are 56 MSDs in North Carolina, including districts in Charlotte, Raleigh, Greensboro, Goldsboro and others. (North Carolina law provides for the creation of Municipal Service Districts). More than 1,000 of these special service districts have been established throughout North America.

## **How would an MSD assessment be calculated and collected?**

The MSD assessment would be established at a given rate per 100 dollars of assessed property value. Property owners, businesses and residents would pay the assessment via the regular tax collection process. The rate would apply to real estate and qualifying equipment in the district.

## **I already pay taxes for municipal services. Why should I pay more through an MSD assessment?**

Revenues created by the MSD would be used for extra services and improvements over and above those already provided by the City or County. Existing government services would be enhanced not replaced. State law requires that MSD revenues be used only for services provided in the district.

## **Why can't the City or County fund more?**

Downtown already receives extra services that businesses along College Road, Military Cutoff and others do not. Our sidewalks are periodically pressure washed. The City underwrites marketing through the Bring It Downtown campaign. We have extra police at night. Special events routinely receive public safety support. Downtown has free WiFi. While Downtown is special and deserves this support, City government must serve other areas.

## **What area is included in the proposed district?**

The exact boundaries have not yet been determined. As a starting point for the discussion, the task force is surveying property owners within the Central Business District zoning district, commonly referred to as the CBD. The actual boundaries will be determined by the level of interest in enhanced services and improvements, balanced with the need to include an area large

enough to generate the assessment funds necessary to pay for the extra services.

## **Would an MSD assessment apply to all property in the district?**

North Carolina law exempts publicly-owned property, property owned by not-for-profit entities and property owned by utilities from the MSD assessment. However, any of these exempted entities may make a voluntary MSD payment.

## **Who will decide whether we establish an MSD?**

Final approval of the proposal is up to the Wilmington City Council. In most cases, the City empowers a stakeholders committee to select and direct the extra programs and services.

## **What kinds of things could an MSD fund?**

Typical services and projects funded with MSD assessments include:

- Security ambassadors
- Extra maintenance and trash removal
- Planning and design
- Marketing and promotions
- Economic development
- Special events
- Capital improvements
- Transportation

## **What is the process for establishing an MSD for Downtown Wilmington?**

The first step is to reach a consensus on the types of improvements and extra services we would like to have Downtown. Filling out and returning the enclosed survey will help generate the input needed for this.

Next, the MSD Task Force will develop a business plan which will:

- Establish tentative boundaries for the MSD.
- Detail the improvements and services proposed for the MSD.
- Specify the rate of assessment needed to fund the enhancements.
- Establish an governance structure.

If property owners agree to the plan, Wilmington City Council will be asked to establish the MSD. Council action could take place by early summer of 2015.

# DOWNTOWN WILMINGTON FUTURE PRIORITIES SURVEY

A task force consisting of Downtown property owners, residents and business owners is currently exploring the possibility of establishing a special service district in Downtown Wilmington.

This group is gathering input from businesses, residents and property owners in the potential district to identify and prioritize possible extra services that would improve the area. Based on that input, the task force will prepare a business plan that can be presented to City Council if substantial support is found. The City Council must approve the creation of the special service district. To be most effective, any plan must be based upon the needs of area property and business owners. This survey aims to establish your priorities and your appetite to support MSD services. The following groups of extra services are undertaken by districts throughout the State of North Carolina and the nation.

Please rank from 1 to 9 the extra services that you think are most important for the continued improvement of Downtown, with 1 being the most important and 9 being the least important. Note that you can also take this survey online by visiting [www.wilmingtondowntown.com](http://www.wilmingtondowntown.com).

## \_\_\_ **Public Safety**

- Downtown "Ambassador" patrols
- New streetlights
- Bicycle patrols
- Garage/parking lot patrols

## \_\_\_ **Maintenance**

- Regular sweeping/washing of sidewalks
- Daily litter and trash pick-up
- Graffiti removal
- Streetlight outage reporting

## \_\_\_ **Marketing & Promotions**

- Collaborative advertising
- Maps & shopping directories
- Downtown gift card
- Sidewalk sales

## \_\_\_ **Economic Development**

- Business recruitment
- Development packaging
- Storefront/building renovation grants
- New construction & investment

## \_\_\_ **Special Events**

- Festivals
- Lunchtime concerts
- Friday night concert series

## \_\_\_ **District Identity**

- Ornamental street signs
- Decorative banners
- Wayfinding signs

## \_\_\_ **Street Beautification**

- Hanging flower baskets
- Street & sidewalk landscaping
- Benches/kiosks/trashcans, etc.

## \_\_\_ **Communications/Advocacy**

- Issue forums
- Newsletter
- Government policy monitoring

## \_\_\_ **Transportation**

- Golf cart service
- Bicycle rentals
- Valet service

Other: \_\_\_\_\_

Please check all that apply:

I own:

\_\_\_ Commercial property(ies)

\_\_\_ Commercial business(es)

\_\_\_ Residential property

\_\_\_ Other: \_\_\_\_\_

Name \_\_\_\_\_ Phone (\_\_\_\_\_) \_\_\_\_\_

Email \_\_\_\_\_

Please return survey to:

Administrator/Survey  
221 N. Front Street, #102  
Wilmington, NC 28402

or fax to  
910-343-6950

or scan & email to  
[office@wilmingtondowntown.com](mailto:office@wilmingtondowntown.com)

**PLEASE RETURN BY DECEMBER 5, 2014**

## WHAT IS A MUNICIPAL SERVICE DISTRICT?

A Municipal Service District, also called a special service district, would be a specifically defined section of the city that would be subject to a special property tax, revenues from which would fund extra services in the district not currently provided by the City of Wilmington or New Hanover County.

Similar to a Common Area Maintenance (CAM) charge often found in shopping centers, malls and office parks, an MSD can help a business district remain competitive in the regional marketplace. Services financed by an MSD are intended to enhance, not replace, existing City services.

The International Downtown Association indicates that there are more than 1,000 of these districts currently operating throughout the United States and Canada. MSDs come in all shapes and sizes, ranging from large downtowns to neighborhood business districts.

Similar to laws in more than 45 states, North Carolina's Municipal Service District enabling legislation ushered in a new generation of special service areas allowing a greater range of services and independence from government. Key provisions include:

- MSDs can finance a wide variety of extra services, including beautification, public safety, maintenance, planning, economic development, marketing and special events.
- MSDs provide for extra services only to the area affected.
- Extra services financed by an MSD are usually provided by a private sector organization, not government.
- MSDs are generally formed at the request of businesses and property owners within the affected area.
- Controls and safeguards can include a cap on rates or total assessments and a periodic review to ensure that MSD services are effective.

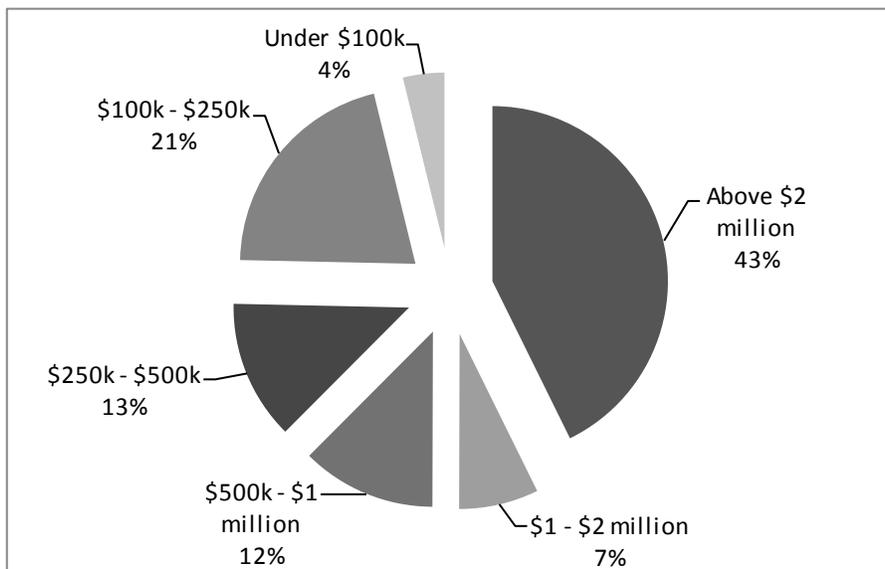
Fifty-six MSDs have already been established throughout North Carolina, including downtown business districts in Raleigh, Durham, Cary, Charlotte, Winston-Salem, Greensboro, Clinton, Fayetteville, New Bern, Smithfield and Goldsboro.

## WHAT ARE THE POTENTIAL DISTRICT BOUNDARIES?

State Law allows communities flexibility in setting the boundaries of a Municipal Service District. Whatever the geography, the district must provide services to all properties within the defined boundary. Some communities have created one large district, while others have opted to create multiple districts to address special service needs for different sub-areas. An MSD boundary could also follow one or more existing zoning districts. The Task Force will seek additional input about the boundaries as this project advances.

## WHERE WILL THE FUNDING COME FROM?

MSD SHARE BY PROPERTY VALUE\*



Downtown's larger property owners would pay most of the assessment. For instance, of the 1,137 privately-owned properties in the central business district, there are twenty properties with an assessed tax value of over \$2.1 million. Owners of these properties would pay about 42.2% of the total MSD assessment. Owners of the 50 Downtown properties with tax values under \$16,500 would pay about 1% of the total.

\*Based on New Hanover County Tax Assessments

### Members of Municipal Service District Task Force Steering Committee

**Clark Hipp**, Chair, Hipp Architecture, business & property co-owner, 228 N. Front and 221 N. Front

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

**Nancy Bullock**, Cotton Exchange, Chandler's Wharf, Front Street Centre, property & business owner

**Trip Coyne**, Williams Mullin Law Firm, Downtown property owner and resident.

**Brian Eckel**, Cape Fear Commercial Properties, developer of Princess and 3<sup>rd</sup> Street 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/property owner, 9 N. Front Street

**Cathey Luna**, Luna | Ad, property & business owner, 116 Princess Street

**Tom Morgan**, Downtown property owner and resident

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

**Colin Tarrant**, Smith Moore Leatherwood, tenant at Wells Fargo Building, 300 N. 3rd Street

#### Ex Officio

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

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

#### Staff

**Ed Wolverton**, Wilmington Downtown Inc., tenant at 221 N. Front Street. 763.7349

## HOW MUCH WOULD A BID ASSESSMENT COST ME?

Property Valuation (Real + Personal)	Annual Assessment Amount (For given rates per \$100 of Property Value)			
	6 cents per \$100	8 cents per \$100	10 cents per \$100	12 cents per \$100
\$ 1,000	\$ .60	\$ .80	\$ 1.00	\$ 1.20
10,000	6.00	8.00	10.00	12.00
75,000	45.00	60.00	75.00	90.00
250,000	150.00	200.00	250.00	300.00
1,000,000	600.00	800.00	1,000.00	1,200.00
<b>Total Projected MSD Revenue Generated</b>	\$240,001	\$320,002	\$400,002	\$480,003

(Based on 2013 Real Property Tax Value of \$400,002,300)

MSD TASK FORCE  
221 N. Front Street, Suite 102  
Wilmington, NC 28401

**YOUR INPUT IS NEEDED.**  
Please respond to the enclosed survey  
by December 5, 2014.