

## **RE-AUTHORIZATION/EXPANSION PLAN OF THE HILLSBOROUGH STREET MUNICIPAL SERVICE DISTRICT**

On July 1, 2009, the Raleigh City Council established the Hillsborough Street Municipal Service District until June 30, 2014, a five year period. The City then contracted with the Hillsborough Street Community Service Corporation (HSCSC) to manage the District. The Municipal Service District was re-authorized on July 1, 2014. North Carolina General Statutes, Article 23-Municipal Service Districts (Sections 160A-535-544), governs the formation and re-authorization of Municipal Service Districts. “ The city council of any city may define any number of service districts in order to finance, provide, or maintain for the districts one or more of the following services, facilities, or functions in addition to or to a greater extent than those financed, provided or maintained for the entire city “. The statute specifies that a district may be defined as a Downtown Revitalization Project, an Urban Area Revitalization Project or a Transit-Oriented Development Project. The initial Municipal Service District established in 2009 and re-authorized in 2014 is established as an Urban Area Revitalization Project.

The Statute defines an Urban Area as an area that “ (i) is located within a city and (ii) meets one or more of the following conditions:

- (1) It is the central business district of the city.
- (2) It consists primarily of existing or redeveloping concentrations of industrial, retail, wholesale, office, or significant employment-generating uses, or any combination of these uses.
- (3) It is located in or along a major transportation corridor and does not include any residential parcels that are not, at their closest point, within 150 feet of the major transportation corridor right-of-way or any non-residentially zoned parcels that are not, at their closest point, within 1,500 feet of the major transportation corridor right-of-way.
- (4) It has as its center and focus a major concentration of public or institutional uses, such as airports, seaports, colleges or universities, hospitals and health care facilities, or governmental facilities.”

Examples of projects that can be funded by a Municipal Service District include “by way of illustration but not limitation all of the following:

- (1) Improvements to water mains, sanitary sewer mains, storm water mains, electric power distribution lines, gas mains, street lighting, streets and sidewalks, including rights-of-way and easements.
- (2) Construction of pedestrian malls, bicycle paths, overhead pedestrian walkways, sidewalk canopies, and parking facilities both on-street and off-street.
- (3) Construction of public buildings, restrooms, docks, visitor centers, and tourism facilities.
- (4) Improvements to relieve traffic congestion in the central city and improve pedestrian and vehicular access to it.
- (5) Improvements to reduce the incidence of crime in the central city.
- (6) Providing city services or functions in addition to or a greater extent than those provided or maintained for the entire city.

- (7) Sponsoring festivals and markets in the downtown area, promoting business investment in the downtown area, helping to coordinate public and private actions in the downtown area, and developing and issuing publications in the downtown area.”

It should be noted that the reference to “ downtown area “ in the above permitted projects is inclusive of an Urban Area Revitalization Project, and is therefore permitted in said areas.

Cities typically establish Municipal Service Districts to offer services to an area to a greater extent than the city as a whole. Service Districts provide a stable revenue stream with which to provide services. Examples of services provided include advocacy, economic development assistance, project development, business retention and recruitment, administration, street and sidewalk cleaning, safety enhancement, landscaping provision and maintenance, marketing, promotions, festivals and special events, and the equipment and personnel to accomplish the above services. The Hillsborough Street Community Service Corporation has performed these services for the past five years and will continue to provide as proposed herein.

### **PROPOSED BOUNDARIES**

Boundaries of the Hillsborough Municipal Service District, as required by the Statute, are depicted on the map included in this report. Generally they include properties along Hillsborough Street from Meredith Collage on the west to Morgan Street on the east. The north and south boundaries vary considerably as depicted on the attached map. The HSCSC is proposing adding properties in the Oberlin area as shown on the map. The Oberlin Road addition is to strengthen the connection to Cameron Village area and the new residential development there.

It should be noted that the N.C. State University, Meredith College and St. Mary’s School campuses are not included in the proposed District because as State or private educational institutions, they do not pay property taxes, the basis for the District’s funding. However, N.C. State has, for the previous 5 years, made a \$100,000 annual contribution to the District’s budget. It is anticipated that this contribution will continue on an annual basis in the future.

### **PROPOSED ASSESSMENT AND FUNDING**

North Carolina General Statutes for a Municipal Service District provide that the City Council upon finding that an area meets the statutory requirements for a District, and that the property in said geographical area may be taxed at a rate in addition to those levied throughout the city. In 2009, the additional levy was established at ten cents (.10) per \$100 of assessed valuation for real and business personal property within the District. This 2014 re-authorization placed an additional 5 cents per \$100 of assessed value for fiscal years 2014/15 and 2015/16 for a total levy of 15 cents per \$100 of assessed value in those two fiscal years. Beginning in fiscal year 2016/17, the levy will increase to 18 cents per \$100 of assessed value, and will continue at this rate.

In addition to the revenue generated by additional areas and levy assessments, and from the N.C. State University donation, the HSCSC has requested \$131,000 annually from the City of Raleigh. The City has approved that request in the past. Since a municipality cannot obligate donated funds

beyond one fiscal year, it is anticipated that the HSCSC will continue to request these City allocations. The City staff, and subsequently the City Council, will have to approve these funds as part of its annual budget process. It is anticipated that donations to the Corporation will amount to a minimum of \$7,500 annually. Those dollars will be allocated for the following Services.

### **Street and Sidewalk Cleaning**

The HSCSC operates a Clean and Safe Program by sub-contracting for these services with the nationally recognized private firm Block by Block. By subcontracting this service the HSCSC avoids the liability and expense of personnel costs, equipment and uniform costs, and benefits. The personnel employed by Block by Block perform sidewalk cleaning on a daily basis throughout the district. Also, cleaning services are provided on Sunday's for several streets located north of Hillsborough Street, which is paid for by the affected property owners. The new areas added to the District will also receive similar cleaning services currently provided to the district. The HSCSC may conduct a Request for Proposals (RFP) for cleaning and security services in 2014-2015, or beyond. There are local companies which may be able to provide such services at a lower cost and higher efficiency. If a RFP is conducted the HSCSC staff and Board will conduct its search for services in accordance with best practices and State and Local legal requirements.

### **Security**

The sub-contract with Block by Block requires that they also provide security services in addition to normal Raleigh Police Department patrols. As outlined in this plan, the new revenues generated by adding areas and increasing levy rates may allow the HSCSC to employ an additional part-time staff as needed. Working with City, N.C. State and other partners, the HSCSC will coordinate and supervise security services in the district to maximize the impact of security personnel and equipment on the District. Over the 15 year term of the District, the Corporation will investigate the possibility of improving street and private lighting, installing and monitoring security cameras, assessing streetscape design and landscaping, adding additional emergency phones, and other additional security measures which may arise from time to time.

### **Beautification**

During the first 5 years of the District's existence the HSCSC has provided graffiti removal, banner installation, and infrastructure repair as part of its beautification efforts. It is anticipated that these services will continue for the re-authorized period. A new service may involve the installation of hanging flower baskets on street lights/utility poles, or flower pots at selected locations along Hillsborough Street. Factors to consider in undertaking this project would include maintenance of the flowers and appropriate sources of water, especially during the late spring and summer months. In addition, the HSCSC staff will work with individual property owners and businesses to determine the

appropriate location and type of flower installations. In addition, other landscaping/beautification improvements to the District may be identified and implemented.

## **Marketing**

The Hillsborough Street Community Service Corporation provides marketing services to the district property owners and businesses as well as the State and private educational institutions on an ongoing basis. Interaction with local and State media to coordinate and promote the area as a clean, safe, fun and business friendly place to live, shop, and visit are constantly and consistently marketed by HSCSC staff. Electronic and written communications with property owners, residents, businesses, visitors and State and private educational institutions are provided by HSCSC staff on an ongoing basis. Coordinating and publishing a calendar of events, managing and coordinating the production and distribution of business directories, brochures, maps, advertising, and other promotional materials are also part of the ongoing marketing efforts.

## **Economic and Business Development**

Hillsborough Street businesses must compete with other businesses and areas throughout the City of Raleigh. At times profit margins are extremely narrow. Owners of district properties must also compete for quality tenants that can afford rents sufficient to maintain or improve buildings. Economic and business development strategies are constantly employed by staff to capitalize on the strengths of the district and on evolving opportunities for business growth, expansion and recruitment. Investment opportunities must be identified and communicated to the development and real estate industry to insure the area remains economically viable and retains its value. Business retention, expansion, and recruitment are a service that is provided on a daily basis. Identifying new opportunities and projects to complement the existing businesses, State and private educational institutions is also a necessary activity. Working with the City of Raleigh's Economic Development and Planning Departments, the State Department of Commerce, the soon to be State-formed private Economic Development Corporation, the Raleigh Chamber of Commerce, the Downtown Raleigh Alliance, Shop Local Raleigh and other economic development partners will require a day to day working relationship with these organizations. In addition, maintaining a data base and inventory of all Hillsborough Street property, available space, market data and resident and customer profiles and making these data available on a regular basis will also be accomplished.

## **Tourism**

It is also a service of the District to promote tourism along Hillsborough Street. Working with and coordinating activities with the Chamber of Commerce, Visitors Bureau, N.C. State, Meredith College and St. Mary's school is a vital part of the activities of the HSCSC. Several lodging facilities are located in the district and coordinating tourism opportunities with and between these entities is also required. Coordination with the N.C Department of Commerce and their Visitors and tourism efforts

will take place as well. In all, promoting the Hillsborough Street district as a visitor destination for day time, night time and weekend activities to the local, State and National audiences will be accomplished.

### **Advocacy and Administration**

The Hillsborough Street District is comprised of many different stakeholders with a wide variety of interests. The HSCSC serves as a resource, forum, and vehicle to rally stakeholders around their collective interests and to keep them informed and engaged on issues affecting their economic interests. Working as an advocate for stakeholders interests before the City Council, Planning Commission, Board of Adjustment, and State of North Carolina Departments to promote Hillsborough Street, or to mitigate adverse impacts to properties on Hillsborough Street will be a function of staff activities, as required. Implementing public relations and communications efforts to keep stakeholders and the community at large informed about the opportunities and activities on Hillsborough Street is a large part of this effort. Organizing volunteer efforts, undertaking special planning projects, fostering partnerships with business organizations, and communicating with stakeholders are part of the advocacy role as well.

### **Special Events Programs and Services**

The HSCSC staff produce, support, market and coordinate a variety of special events during the year in an effort to attract repeat customers to Hillsborough Street. Those events include, but are not limited to, the following: Packapalooza (in association with N.C. State), N.C. State Homecoming Parade and

Music Fest, Krispy Kreme Challenge, City of Oaks Marathon, Ironman Raleigh, Rock and Roll Marathon, Jingle Bell Run, Live and Local Music Fest on Hillsborough Street, and the International Bluegrass Music Festival in Downtown Raleigh. These events currently occur during the year.

## **ATTACHMENTS**

### **Boundary Map**

