



## Legislation Details (With Text)

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**File created:** 3/31/2017    **In control:** City Council  
**On agenda:** 4/18/2017    **Final action:** 4/18/2017  
**Title:** Resolution Authorizing Amendments to Contract # 2016-10447 for Downtown Business Improvement District (BID) Services

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. 17-0240 DGI - Downtown BID Resolution - dpeditis.pdf

Date	Ver.	Action By	Action	Result
4/18/2017	1	City Council	adopt	Pass

Resolution Authorizing Amendments to Contract # 2016-10447 for Downtown Business Improvement District (BID) Services

Department: Executive

Council Districts: 3, 2, 1

Public Hearing: n/a

Advertising Date/By: n/a

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**PURPOSE:**

The City of Greensboro has received a request to amend the Downtown BID contract from Downtown Greensboro, Inc. City Council approval is required to execute the municipal service district tax funded contracts.

**BACKGROUND:**

Original North Carolina State legislation under NCGS 160A-536(d) allows the provision of funds levied and collected by the City from ad valorem property taxes in the Downtown BID to be spent on contracted services to perform, promote and develop services, facilities, functions and promotional and developmental activities in a municipal service district.

DGI is requesting consideration of additional funds to support their downtown revitalization efforts that include: improvements, services, functions, promotions, and developmental activities intended to further the public health, safety, welfare, convenience, and economic well-being of the downtown area. City Council approval is required to execute the municipal service district tax funded contracts.

In June 2016, Downtown Greensboro, Inc. (DGI) was awarded a three-year contract with two potential one-

year renewal options for Downtown Business Improvement District Services, providing approximately \$600,000/year collected from the BID tax funds. Under the updated legislation, future contract addendums or amendments will also require City Council authorization. The legislation requires DGI to report annually to the City by presentation in a City Council meeting and in written report regarding the needs of the service district, completed projects and pending projects. Prior to the annual report, DGI shall seek the input of the property owners and residents of the service district needs for the upcoming year.

As described below, DGI is requesting that the city amend the contract to provide the full amount of property tax generated and not limit it to the cap of \$600,000, allocation of sales tax within the BID, release of the DGI restricted fund balance and the City portion of the BID Reserve. Additionally, the property and sales tax would be paid to DGI within 30 days of receipt from Guilford County and the State of NC, versus a quarterly basis. DGI will manage and utilize the BID tax funds and sales tax funds with continued transparency and the current required reporting. The funds will be used to increase current programming as well as expand the organization's reach throughout the downtown area as the tax base increases. This will include additions in Economic Development, Planning & Development, Marketing and Communication, Public Space Management and Event Management services.

**1) Reallocation of Restricted BID Funds**

DGI is requesting reallocation of previously restricted BID funds that are held by DGI. Below is a breakdown of the restricted fund balance, what has been committed for FY16/17, and recommended allocations for the remaining funds. Two new items proposed to be included in the scope of work for Economic Development are items for a Catalyst Grant and Façade Grant.

**Committed for FY15/16 but paid after 6/30/16**

<b>Total Restricted Balance</b>	<b>306,158.33</b>
Downtown in December-Holiday Decorations	(10,000.00)
LeBauer Park-Cinema under the Stars	(10,000.00)
Catalyst Grants	(50,000.00)
Facade Grants	<u>(30,000.00)</u>
<b>TOTAL Committed but not paid</b>	<b><u>(100,000.00)</u></b>
<b>Remaining Restricted Fund Balance</b>	<b>206,158.33</b>

**FY16/17 Recommended Allocation of Restricted Funds**

Provide mgmt. services and support for First Fridays and Fun Fourth	(55,000.00)
DGI Reserve for Cash Flow	(100,000.00)

Catalyst Grants	(50,000.00)
Creating beautification areas at existing and new planting areas	(1,158.33)
<b>TOTAL Recommended Allocations</b>	<b>(206,158.33)</b>

FY16/17 Restricted Funds Balance	<b>0</b>
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## **2) Allocation of BID Sales Tax**

In collaboration with the City of Greensboro, DGI will continue maintaining a welcoming downtown. The City of Greensboro Finance Director has estimated BID sales tax of \$129,000. DGI proposes utilizing sales tax revenue for:

Marketing & Communications	\$18,500
Public Space Management	\$50,000
Events Management	\$43,500
Administrative Costs	<u>\$17,000</u>
<b>Total Estimated Sales Tax</b>	<b>\$129,000</b>

Marketing & Communications -DGI will use these funds to help market downtown with targeted marketing approaches. Additionally, DGI will continue with strategic marketing initiatives already in place.

Public Space Management - DGI will allocate funds to assist in downtown public space management. Funds will be used for beautification, strategic enhancements, and special projects.

Events Management - DGI will utilize funds to produce and/or sponsor events that will engage a variety of stakeholders and activate downtown.

Administrative Costs - DGI will allocate less than 20% of the sales tax proceeds towards administrative costs, as prescribed in the original contract.

## **3) BID Reserve Funds**

DGI is requesting to receive and manage the BID reserve funds currently managed by the City of Greensboro, to be transferred to DGI in FY 17/18. As a 501(c)6 organization, Downtown Greensboro, Inc. has received a clean audit from both the City of Greensboro and an independent firm for 20 years. This record of financial stability demonstrates the ability of DGI to govern BID reserve funds, as well as report accurately and clearly to the city each year on the reserve funds management.

Upon receipt of the BID reserve funds, DGI plans to partner with local Downtown financial institutions to manage the assets appropriately. DGI will maintain a reasonable level of reserves consistent with the City of Greensboro minimum and will report this quarterly to the City, providing financial management transparency.

**The City of Greensboro anticipates the BID Reserve Fund to be approximately \$259,000.00**

**BUDGET IMPACT:**

Funds for this contract in the amount of approximately \$610,000 (subject to BID property tax receipts) will be available in fiscal year 2016-2017. Payments will not exceed what is actually collected as payments are funded from collected funds, not projected funds. Funding for subsequent years is subject to future City Council appropriations.

Funds for this contract in the amount of approximately \$129,000 (subject to BID sales tax receipts) will be available in fiscal year 2016-17. Payments will not exceed what is actually collected as payments are funded from collected funds, not projected funds.

Funds for this contract in the amount of \$206,158.33 (from DGI BID Reserve Funds) will be available in fiscal year 2016-17.

Funds for this contract in the amount of approximately \$259,000 (from City of Greensboro BID Reserve Funds) will be available in fiscal year 2017-18.

**RECOMMENDATION / ACTION REQUESTED:**

Council approval of a resolution authorizing Downtown Greensboro, Inc. requests to support reallocation of previously restricted BID funds that are held by DGI, and the request to receive and manage the BID reserve funds currently managed by the City of Greensboro, to appropriate sales tax associated with the BID, and provide the full receipt of BID funds as according to actual receipts. Authorizing contract amendments for FY16/17 and approving amended scope of services.