

Date: May 7, 2018

To: Thomas J. Bonfield, City Manager

Through: Keith Chadwell, Deputy City Manager

From: Andre Pettigrew, Director, Office of Economic and Workforce Development

Subject: Fiscal Year 2018-2019 Amendment to Contract for City Services and Programs for the Downtown Durham Municipal Service District between the City of Durham and Downtown Durham, Inc.

Executive Summary

This item recommends the approval of a contract amendment between the City of Durham and Downtown Durham, Inc., for services and programs for The Downtown Durham Municipal Service District for Fiscal Year 2018-2019.

Recommendation

The Office of Economic and Workforce Development (OEWD) recommends that the City Council authorize the City Manager to execute a contract amendment with Downtown Durham, Inc. (DDI) to provide services within the Downtown Durham Municipal Service District in an amount not to exceed \$854,647 for 2018-2019 subject to City Council budget authorization.

Background

A Municipal Services District (MSD) is a defined geographic area where property owners pay an additional tax in order to fund a variety of services that enhance, but do not replace, existing municipal services within the district boundaries. An MSD is commonly referred to as a Business Improvement District or "BID". The implementation of the BID within Downtown Durham began on July 1, 2012.

Since the BID was implemented, BID services have been provided by the BID operator, DDI. DDI provides selected cleaning and safety related BID services through a contract with a third party company (the Budd Group). The scope of BID services provided includes:

- Cleaning and Safety Related Services
- Economic Development
- Marketing and Communications
- Special Events Administration

The need for specialized services and programs continues to expand within the BID, driven by a marked increase in pedestrian intensity and activity due to successful economic development efforts. A variety of public and private amenities benefit from the specialized services and programs within the BID, including but not limited to, the Durham Performing Arts Center (DPAC), the Carolina Theater, the Durham Bulls Athletic Park, CCB Plaza, the Downtown Durham Marriott and Convention Center, West Village, American Tobacco Campus, Brightleaf Square, 21c Museum Hotel, The Durham Hotel, Golden Belt, Durham Central Park and the numerous businesses and restaurants located throughout the BID.

The BID receives increased street-level, appearance-related services, such as frequent sidewalk cleaning and pressure-washing; street-level hospitality services to direct people to key downtown sites and services while acting as safety eyes-and-ears; increased direct marketing and promotion of downtown attractions; concentrated special event services; and concentrated economic development programs that build upon the momentum of existing development and leads to job creation, tax base growth and more downtown activity.

Issues and Analysis

The BID provides Downtown businesses and area merchants with resources to increase awareness, targeted marketing campaigns, and enhanced public improvement projects in partnership with the City of Durham. Responding to information received from downtown property and businesses owners, and researching best practices from other cities, DDI continues to implement specific recommendations and refine enhanced service delivery for the Business Improvement District. The OEWD agrees that enhanced service delivery within the Business Improvement District is a good use of allocated tax revenues.

July 1, 2018 begins the third year of a five year contract executed in 2016. The contract term shall not exceed (5) years in length beginning on July 1, 2016 and ending June 30, 2021. Performance under the contract during the third and subsequent years of the term is contingent upon appropriation of funds by the City Council and provides for a cancellation payment to be made to the contractor if such appropriations are not made.

Proposed City payments to DDI for each category of BID services are identified in the Proposed BID Services Budget for 2018-2019:

FISCAL YEAR 2018-2019 PROPOSED BID SERVICES BUDGET

GENERAL PROGRAM DESCRIPTION	BUDGET FY2019
Cleaning and Safety Services	\$573,250
Economic Development, Marketing and Communications	\$188,330
Special Events	\$46,500
Administration	\$46,567
TOTAL BUDGET**	\$854,647
** Subtotal of BID Services subcategories and Total Budget is subject to adjustment based upon the approved BID tax rate established by the Durham City Council and actual revenue receipts from the BID tax.	

The proposed BID services budget includes an increase of \$51,250 to the Cleaning and Safety Services category. This increase is proposed to provide an increase in the hourly wages paid to Downtown Ambassadors employed by DDI through its contract with the Budd Group. This proposed increase is consistent with City of Durham policy regarding livable wage standards. A partial increase was provided in Fiscal Year 2017-2018 as part of a coordinated plan to phase in livable wage alignment over two fiscal years. The 2018-2019 increase would bring wages paid to Downtown Ambassadors into alignment with current City policy.

DDI must submit a detailed quarterly report of program activities and accomplishments associated with the expenditure of City Funds to OEWD.

Alternatives

The City Council could decide not to authorize execution of this contract amendment with DDI. Should City Council not authorize a contract amendment with DDI the City would be responsible for identifying other means of providing enhanced services within the BID, or it must cease levying a special BID tax against property owners within district.

Financial Impact

The proposed value of the contract amendment with DDI for 2018-2019 is \$854,647.

FISCAL YEAR 2018-2019 PROPOSED CITY APPROPRIATIONS AND SOURCES

<u>Appropriations</u>	
Operating Contract with DDI	\$854,647
Tax Collection Fee Paid to Durham County	\$8,916
Solid Waste Transfer	\$82,422
Solid Waste Compactors - 3	\$0
Appropriations Not Authorized	\$80,079
Total Appropriations	\$1,026,064
<u>Funding Sources</u>	
General Fund Revenue	\$250,000
BID Property Tax Revenue	\$776,064
Total Funding Sources	\$1,026,064

Total BID appropriations of \$1,026,064 include additional costs incurred related to BID administration and implementation which are outside the scope of the DDI BID services contract.

UBE Summary

This is a contract amendment and was not reviewed by the Department of Equal Opportunity/Equity Assurance for compliance with the Ordinance to Promote Equal Opportunities in City Contracting.

Attachments

- Fiscal Year 2018-2019 Amendment To Contract for City Services And Programs For The Downtown Durham Municipal Service District
- Exhibit A – Fiscal Year 2018-2019 Scope of BID Services
- Exhibit B – Fiscal Year 2018-2019 BID Services Budget
- Exhibit C – Map of the Downtown Business Improvement District