



## AGENDA ITEM COVERSHEET

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**PREPARED BY:** Bruce Oakley, Town Manager

**DEPARTMENT:** Executive

**MEETING:** Town Council – 04/27/2021

**SUBJECT:** Municipal Service District

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### **BACKGROUND:**

During the annual Town Council budget retreat in February, interest in a Municipal Service District for the Boardwalk area was expressed by Town Council. Below is information regarding MSD's and a proposal with options for Carolina Beach.

**Purposes for District:** NCGS 160A-536 state they city council of any city may define any number of service districts in order to finance, provide, or maintain for the districts. The following are some approved purposes for MSDs that could apply in Carolina Beach:

- Beach erosion control and flood and hurricane protection works.
- Downtown revitalization projects.
  - Urban area revitalization projects.
- Drainage projects.
  - Sewage collection and disposal systems.
- Off-street parking facilities
- Watershed improvement projects

**Proposed Purpose for Carolina Beach:** A Downtown Revitalization Project the Boardwalk/CBD District

Downtown Revitalization Defined. - As used in this section "downtown revitalization projects" are improvements, services, functions, promotions, and developmental activities intended to further the public health, safety, welfare, convenience, and economic well-being of the central city or downtown area. Exercise of the authority granted by this Article to undertake downtown revitalization projects financed by a service district do not prejudice a city's authority to undertake urban renewal projects in the same area. Examples of downtown revitalization projects include by way of illustration but not limitation all of the following:

- (1) Improvements to water mains, sanitary sewer mains, storm sewer 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 to 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 on the downtown area.

**Tax Authorization for MSDs:** NCGS 160A-542 authorizes a city to levy additional property taxes with defined service districts in order to finance, provide, or maintain for the district services that are greater than provided for the entire city.

- Taxes cannot be levied above the limit established by G.S>. 160A-209 (d) which combined with property tax cannot exceed \$1.50 on the one hundred dollars appraised value of a property.
- The statutes state that in setting the tax rate, “the city council shall consider the needs, as well as the long-range plans and goals for the service district.” And, “shall be used only for meeting the needs of the service district, as those needs are determined by the city council.”

**Potential Use of MSD funds:** A tax rate for the Boardwalk/CBD District could potentially fund the following:

- Designated Police Officer
- Daily Maintenance/Cleaning personnel
- Lighting/Landscaping/Appearance materials and installation
- Pedestrian/Right of Way Improvements
- Capital Projects (new restrooms, performance stage, etc.)

**Establishment of MSD:** Town Council can define district by ordinance if it can establish the district is in need of one or more of the services, facilities or functions listed in NCGS 160A-536 to a greater extent than the remainder of the city.

A report with a map showing the district and its boundaries, a statement showing that the district meets the standards set out in the NCGS 160A-536 (a), and a plan for providing the district one or more of the services listed in NCGS 160A-536 must be presented to Town Council and be available for public inspection for at least four week before a required public hearing.

The proposed MSD district and the proposed tax rate for the district must be adopted and set prior to adoption of the new fiscal year budget.

**District Options:** Staff will propose four district boundary options for your review and will recommend a tax rate. Below are the options we are proposing with the amount of tax revenue each one will provide.

- Option 1 – Entire CBD zoning district which extends into west side of Lake Park Ave. The total property valuation of this district is \$154,842,400 and one cent of tax would generate \$15,484.24
- Option 2 – Encompasses only the historic boardwalk area and the two major hotel chains. The total property valuation of this district is \$70,777,790 and one cent of tax would generate \$7,077.79
- Option 3 – Includes most of the CBD district east of Lake Park Ave., including the Marina. The total property valuation of this district is \$136,275,600 and one cent of tax would generate \$13,627.56
- Option 4 – Includes a smaller version of the CBD district east of Lake Park Ave and excludes some properties that only have access to Lake Park Ave. The total property valuation of this district is \$126,198,000 and one cent of tax would generate \$12,619.80

**Proposed Schedule:**

- **April 27** – Discussion at Budget Workshop
- **May 11** – Present Report to Town Council and make available for public inspection
- **June 8** – Public Hearing
- **June 15** – Adoption of MSD and Budget

**ACTION REQUESTED:**

No Action at this time.