

**Council Budget Questions and Requests for Information**  
**2019-20 Manager's Recommended Budget**  
**Question #25**

- QUESTION:**
- a) How much total revenue does the Town collect from the MSD property tax?
  - b) Are these revenues devoted exclusively to the Downtown or are they intermingled with other general fund revenues?
  - c) What is the specific allocation of these funds?
  - d) How much does the Town contribute to the Downtown Partnership? Are all of these funds provided from the Downtown MSD tax or are there other sources?
  - e) Have the boundaries of the MSD ever been adjusted? If so, what were they and what are they now?

**RESPONDENT:** Matt Brinkley, Budget Manager

**RESPONSE:**

- a) The total valuation of property in the Downtown Service District is \$531,470,000 for FY 2020. The 7 cent tax rate per \$100 in valuation yields \$372,000 in property tax revenue for the Downtown Service District Fund. For additional information, please refer to page 5 of the FY 2019-20 Manager's Recommended Budget for information related to tax rates and collections for all funds.
- b) Revenue generated by a Municipal Service District (MSD) tax must be spent in that district and these funds cannot be transferred into the general fund or used for other purposes. The Downtown Service District is a standalone fund, and therefore maintains its own fund balance. This ensures that all proceeds from this tax are expended for the authorized services or projects in the district. Please refer to pages 125-126 in the FY 2019-20 Manager's Recommended Budget as well as General Statutes G.S.160A-535-545 for additional information.
- c) The total budget for the Downtown Service District is \$446,500. The revenues for this fund are mainly comprised of the special district tax (\$372,000), but also include funding from Orange County for the "Launch" initiative (\$73,500), and Interest (\$1,000). There is a dedicated groundskeeper for the Downtown (\$59,107 salary & benefits), funding for the Downtown Partnership (\$120,000), 140 West expenses (\$105,000), public art maintenance (\$10,000), and the funding for "Launch" (\$142,000). The FY 2019-20 Manager's Recommended Budget was balanced with a contribution to reserve in the amount of \$10,393 to balance.
- d) The FY 2019-20 Manager's Recommended Budget includes a total of \$190,000 for the Downtown Partnership. \$120,000 of this contribution is funded through the Downtown Service District. The remaining \$70,000 is through a performance agreement, which comes from the General Fund. Please refer to page 133 in the FY 2019-20 Manager's Recommended Budget to see the listing of performance agreements. Specifically, this is budgeted in the Non-Departmental portion of the General Fund Budget, which is summarized on page 35.

e) The Downtown Service District was established in June 12, 1989. The boundaries were amended two times since then: once in 2003 and again in 2006. The attached map shows the service boundaries at the time the district was established in 1989 and after the most recent amendment in 2006.