



It's All Right Here!

STATEMENT AND PLAN
FOR A DOWNTOWN
MUNICIPAL SERVICE DISTRICT

PREPARED FOR THE CITY OF DUNN BY ITS PLANNING DEPARTMENT AND
ADMINISTRATIVE STAFF PURSUANT TO THE REQUIREMENTS OF
THE NORTH CAROLINA MUNICIPAL SERVICE DISTRICT ACT OF 1973.

CITY OF DUNN MUNICIPAL SERVICE DISTRICT STATEMENT AND PLAN

I. INTRODUCTION

Article 23 of North Carolina General Statutes 160A sets forth requirements and conditions for the establishment of a Municipal Service District in a downtown area for purposes of downtown revitalization projects. Upon finding that an area of the downtown is in need of certain services and that the area meets the standards of G.S. 160A-537, the City Council by resolution may establish a district in the downtown area where property taxes may be levied in addition to those levied throughout the community in order to finance, provide or maintain for the district certain allowable services, facilities, or functions in addition to or to a greater extent than those provided within the entire City. The purpose of this Statement and Plan for a Municipal District is to comply with the statutory requirements so that the City Council, after holding a public hearing, may consider establishing a Municipal Service District in the downtown area of Dunn. For this consideration, this report includes the following required information:

- (a) Map of proposed district showing the proposed boundaries;
- (b) Statement showing that the proposed district is in need of one or more services, facilities, or functions permitted under the purposes of a Municipal Service District; and,
- (c) Plan providing for one or more of the services allowed under the purposes of a Municipal Service District.

II. DISTRICT BOUNDARIES

The proposed district boundaries encompass an area of twenty eight blocks within the Central Business District, as shown in attachment A.

III. NEED FOR SERVICES

A. CHANGE IN STATUS AND IMAGE

The Dunn downtown area encompasses the City's historic retail, office and residential development. Its unique early twentieth century architectural character attests to the historical importance and prosperity of the downtown area. However, it no longer remains the commercial center of Dunn. In the past, Dunn boasted of its industrial core but as growth pressures increased, industries found it increasingly difficult to operate in the dense downtown district. Eventually this resulted in the loss of Dunn's downtown industry (in particular, the cotton gin which was located on the railroad line that runs through the heart of the city). Subsequently, the reorganization of the

railroad traffic in Dunn decreased the need for the spurs and depot, resulting in now vacant or under-utilized land.

Over time, as Dunn's historic buildings have required costly repairs due to their increased age, the owners have chosen to demolish the buildings, which were literal cornerstones of downtown. Moreover, the relocation of important businesses and services out of the downtown area to the US 421 corridor has resulted in the loss of the downtown district's status as the business center of Dunn. The continued development of the US 421 corridor has created a new commercial center for Dunn. The investment in growth outside of the downtown area is a direct result of the automobile and the related conveniences. The commercial and business zones outside of the downtown area continue to thrive and prosper as the downtown area shrinks and disappears.

The process of change over time has taken its toll on Dunn's downtown area. The perception of the area as a competitive, prosperous center and city hub has changed. This has not gone unnoticed, as various individuals and groups have worked against the negative momentum. In 1985, Dunn's City Council approved a loan program and a Downtown Development Plan. Improvements were proposed to bolster the City's image, modify its appearance, and address both real and perceived problems. For many reasons, including lack of funds and cooperation, goals were not realized and the image and perception have remained relatively unchanged.

Recently there has been a resurgence of interest in downtowns across America. Dunn has benefited from this renewed interest and the core of the city has seen significant interest and reinvestment. It is this interest, coupled with dire infrastructure needs, which has raised the awareness of the situation in Dunn's downtown. If Dunn is to continue to prosper and grow, it must first start with the historical area that once was the thriving epicenter and still remains the "heart" of the City. It is time for Dunn to reinvest in its downtown area, preserving it for current and future residents. Otherwise, the uniqueness and charm of Dunn will be lost to strip malls and retail stores and the city will lose its identity.

B. CHANGE IN UTILIZATION AND LAND USE

The downtown area once offered an urban network which supported a variety of community-wide services and activities. Industry, financial institutions, city government, business and professional offices, education, retail and commercial activities and residences were but a few of the major land uses which comprised the downtown area and created an image of the downtown as the center of life for the city. The fundamental elements which contributed to this image are no longer as strong as they once were, and some have completely vanished.

Vacancies are another land use problem in the downtown area. The relative stability of a downtown is indicated by its vacancy patterns. The downtown area does not appear to be attracting and holding businesses and offices for a period of time that would continue to solidify the area, thus threatening its stability.

C. CHANGE IN RETAIL BASE

The downtown area is no longer perceived as a strong retail center. As long as business and office patrons continue to view suburban shopping centers, office parks, and nearby commercial locations as more desirable over downtown patronage, downtown retail sales will continue to decrease. The retail base of the downtown area represents a substantial prior commitment and monetary investment. When considering the retail base in addition to the other investments and uses of the downtown area, it is evident that a significant financial interest and commitment already exists in Dunn. Loss of this investment is of concern as the retail base continues to steadily decline. Steps need to be made to bolster the existing financial interest to ensure protection of the prior investment in the downtown area for current and future residents of Dunn.

D. PHYSICAL CHARACTER

The physical appearance of the downtown area has not remained competitive with other commercial areas throughout the community. Overall, the public perceives the quality of Dunn's downtown appearance to be fair. The area is in need of maintenance, repairs, improved signage, and special improvements, such as: façade renovation, sidewalk improvements and provision of amenities for shoppers. The desirability and attraction of the downtown area is linked with its physical attractiveness. In contrast with the newness and appealing quality of shopping centers elsewhere in the area, the downtown's physical quality presents an uncompetitive image for the downtown area as a whole. Continued deterioration of downtown structures, lack of convenient well maintained parking, Traffic congestion, increased vacancies and appearance of downtown Dunn all contribute to this uncompetitive image.

E. MARKETING AND PROMOTION

Proper marketing and promotion greatly enhance the competitiveness of any business activity. Inadequate or deficient promotional and marketing activities ensure that businesses will be less competitive than rivals who rely upon effective promotion and marketing approaches. In order to become and remain competitive, the downtown area must organize and promote itself with a consistent and unified marketing approach using techniques similar to shopping malls and large retailers. Examples include special events, sales, shows, displays, advertisement and modern marketing and merchandising strategies.

F. PUBLIC/PRIVATE SECTOR COOPERATION AND COORDINATION

A strong public/private partnership is essential for downtown revitalization. One sector cannot expect the other to carry the total work or funding load in any revitalization effort. Cost sharing between the local government and the downtown private sector may be the only alternative remaining, short of complete passiveness by the local government. However, the governmental uses continue to be a strong stabilizing force in the

downtown area. Therefore, the revitalization of the downtown area depends upon linking this strong interest with the weaker retail interests in a partnership effort. Continued independent revitalization efforts without a unified partnership will only serve to emphasize the previous trends. All participants and their revitalization activities must be unified and coordinated if downtown revitalization is to be a successful endeavor improving the whole of the downtown area.

G. CONSERVATION

The downtown of Dunn and the surrounding residential sections exemplify a superb historic quality, but urban decline often brings needless destruction or general neglect. Even the new development occurring in the downtown may be at the expense of its historic quality, as old Victorian and Bungalow homes give way to expanding businesses or unique facades are covered up with modern materials. Promoting the conservation ethic, so important for historic preservation, renovation, and adaptive reuse, is a key ingredient in downtown revitalization efforts. Recycling older buildings by finding reuse possibilities and adopting them along with the structures, appears to be a desirable strategy for economical downtown revitalization. New commercial development in the suburban environment does not require this type of effort. Ironically, the very characteristics of downtowns which contrast them with suburban areas, such as high density, compactness, existing developed areas, pedestrian orientation and a variety of architectural shapes, forms and textures, may be the qualities that insure their future revitalization, as energy, building, land and other resource and service costs begin to influence and perhaps slow urban growth at the fringes. These qualities should be balanced with the desire for new development in the downtown. Conservation should work hand in hand with redevelopment to insure that there is minimal loss of the historic qualities of the downtown which can significantly contribute to a successful revitalization.

IV. DOWNTOWN REVITALIZATION NEEDS AND STRATEGIES TO ADDRESS THEM

The downtown area is in need of special services and financial assistance as provided for in the Municipal Service District Act of 1973, because of the identifiable problems and characteristics which contrast it from other areas of the community. From the above section, this contrast should be readily apparent, and can be summarized as follows:

- A. The status and image of the downtown has changed, primarily for the worse, with an apparent loss of its competitive appeal.
- B. Land use and utilization of the downtown has changed with a resulting loss of the urban network concept and a recognizable loss of retail or commercial and office activities which identified the downtown as the hub of Dunn life.

- C. The retail base of the downtown has declined with a subsequent potential loss of the private investment and a significant reduction in the overall taxable valuation. At the same time additional funds are required for its upkeep and revitalization.
- D. The physical characteristics of the downtown area continue to deteriorate with its image suffering as result of its poor appearance.
- E. Parking problems, both real and perceived, continue to impact downtown area business.
- F. The marketing and promotional activities of the downtown area suffer in contrast to the more unified approaches of suburban shopping centers where modern merchandising strategies and coordinated activities strengthen the retail sales base.
- G. The public/private sector cooperation and coordination in the downtown remains unfulfilled with the overall stability and viability of the downtown area threatened as a result of tenuous partnership linkages between and within the two sectors.
- H. A new conservation ethic is required in the downtown revitalization effort in order to insure that the very qualities and uniqueness of the downtown which contrast it with its suburban counterparts are used as assets for revitalization efforts rather than detriments or liabilities to such efforts.

The proposed strategy to deal with the above needs in an overall revitalization effort is for the existing major interests in the downtown area, including the private sector (financial, office and commercial interests), to work in unison rather than separately to achieve downtown revitalization. To carry out this strategy a partnership is proposed through the establishment of a Downtown Development Coordinator, linking the various sectors in a unified and organized manner. This Coordinator will be the catalyst for downtown revitalization, unifying the two sectors and actively pursuing solutions to the above needs on a daily basis. The initial thrust of the Coordinator will be to sponsor promotional and developmental activities designed to improve the economic well-being of the downtown and address the above needs. The Downtown Development Coordinator, through funding from the Downtown Municipal Service District and the local City Government, is proposed to effectively address the promotional and developmental needs of downtown and to further the public health, safety, welfare and convenience of Dunn's citizens. By focusing the efforts of the public and private sectors, the Coordinator will help expedite the downtown development process. The Municipal Service District is being proposed as a mechanism to stimulate the private sector funding necessary for the implementation and accomplishment of the District's goals. The concept is to tax those persons and businesses that will benefit from the proposed activities. In addition, the City is being asked to proportionally contribute their financial support to the District. By using funds from the generation of taxes within the Municipal Service District, the City proposes to as necessary, either individually or by contract with the Downtown Development Corporation, to carry out the Municipal Service District purposes.

V. PLAN FOR PROVIDING SERVICES

Section 160 A – 536 of the General Statutes provided for the creation of a Municipal Service District to finance downtown revitalization projects. According to the Statutes, a downtown revitalization project may include promotional and developmental activities designed to improve the economic viability of the downtown and to further the public health, safety, welfare, and convenience.

In response to these recommendations, the City Council is proposing that a City staff person be designated as the downtown development coordinator until such a time it is deemed beneficial to create a state-chartered, nonprofit Downtown Development Corporation (DDC). Either entity will provide the prerequisite leadership for downtown development. The Corporation's initial budget would be approximately \$20,000. Funding for the Corporation is suggested to be proportionally shared by the City, and private sector with each providing approximately one-half of the Corporation's total operating budget. The private sector's share of the Corporation's funding will be generated by the special tax assessed against property owners in the Municipal Service District. As proposed, the Municipal Service District will encompass 28 blocks within the Central Business District (CBD). (See map of the Municipal Service District, attachment A). The current tax value of all eligible real property in the Municipal Service District is estimated to be approximately \$20,490,000. A Municipal Service District tax rate of fourteen (14) cent per \$100 of assessed value, will generate about \$28,600 annually, and should adequately provide the proposed private sector share allowing for fluctuation in the taxable property value in the future.

Once created, the Downtown Development Corporation will be governed by a Board of Directors, consisting of representatives appointed by the City and the private sector. The Corporation's staff, as envisioned, will include a full-time executive director and an administrative assistant. The Corporation will provide a wide range of promotional and developmental services within the Service District, including:

1. Liaison between CBD merchants and City Officials;
2. Liaison with City and other economic development professionals to help package SBA loans or other financial programs;
3. Liaison with lending institutions to initiate a revolving business rehabilitation loan fund;
4. Attraction of additional public and private investment into the downtown;
5. Communication with downtown businesses and residents and between downtown investors and the City;

6. Development of a comprehensive marketing program including coordinated advertising strategies;
7. Encouragement of mixed uses, diversification, and adaptive reuse;
8. Planning or organizing special events such as carnivals, concerts, or street fairs;
9. Initiating clean up projects;
10. Initiating key leadership activities in the implementation and coordination of specific downtown projects or revitalization efforts, including façade improvements; and
11. Assistance in the overall coordination, formulation and implementation of plans or other alternatives to address specific problems in the downtown.

By statutory authority, the City is responsible for insuring that the funds generated by the taxation within the Municipal Service District are used for purposes and services allowed by the Municipal Service District Act. The City may provide for these services or activities by its own forces, through contract with another public agency, or combination thereof. Using the Municipal Service District funds, The City proposes to act on its own or (when appropriate) contract with the Downtown Redevelopment Corporation to provide the activities and services allowable under the act.