

SOUTHPARK MUNICIPAL SERVICE DISTRICT

Finding of Need Report



CHARLOTTE.

SouthPark Community Partners

January 28, 2022

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1. Introduction and Purpose

This report evaluates the need for additional services to be provided for a defined Municipal Service District (MSD) in the SouthPark neighborhood of Charlotte. As defined by the State of North Carolina General Statutes (N.C.G.S. Ch. 160A, Article 23), a municipal service district is a defined area within a city in which the City Council can authorize a special property tax, in addition to the property taxes levied throughout the city, to fund extra services or projects that exclusively benefit the properties in the district. The City of Charlotte currently has five established MSD's: three in Uptown, one in South End, and one in University City.

SouthPark Overview

In 1970, a large shopping mall opened at the edge of the City, beginning the transition of the SouthPark neighborhood over the next 40+ years into a major activity center for the City of Charlotte. Infrastructure investments and private development in the area have historically responded to more suburban preferences: single-use sites, low-profile buildings, few street connections, and a limited number of parks, greenways, or public space at the neighborhood's core. Today, SouthPark has evolved into a mixed-use activity center in Charlotte, supporting a significant concentration of jobs and contributing to the overall economic vibrancy of the city. Building heights and development intensity have increased, parking is more commonly accommodated in structures, and planning has highlighted the importance of balancing mobility options for vehicles, transit, bicycles, and people. To maintain its competitiveness in the future, SouthPark will need focused investment.

Since 2000, there have been several studies completed to address the future of SouthPark. Previous planning initiatives for the SouthPark area each recommend the establishment of a dedicated funding stream to implement critical recommendations. Establishing a municipal service district in SouthPark would be an effective and appropriate tool to support a successful vision for the area. The following planning studies have been completed for the SouthPark community:

- Charlotte City Council's SouthPark Small Area Plan (2000)
- City of Charlotte's Centers, Corridors, and Wedges Growth Framework (2010)
- Urban Land Institute's (ULI) SouthPark: Envisioning a More Walkable, Multimodal, Future for SouthPark (2016)
- City of Charlotte's Community Neighborhood Improvement Plan (CNIP) (2018)
- The Loop Framework Plan (2019)

"SouthPark will continue to be a premier mixed-use activity center in Charlotte because of investments to create a more connected and vibrant public realm. Great streets, more parks and plazas, improved greenspace, and safer intersections will be the foundation for continued investment in the activity center - whether by public or private interests - that promotes continued economic vibrancy and a distinct identity and reputation for SouthPark and its surrounding neighborhoods."

-SouthPark CNIP's Vision Statement

In March 2021, SouthPark Community Partners began a four-week process to gauge the local appetite to establish an MSD in SouthPark. SouthPark Community Partners is a non-profit organization that includes area leaders, business and development interests, and residents. A Request for Council Action was presented to City Council on December 13th, 2021 which authorized the City Manager to direct staff to prepare reports documenting district boundaries, tax rate and revenue, and plan for providing services. This Finding of Need report is part of the steps required to establish a new MSD.

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Criteria for Creating a Municipal Service District

North Carolina allows for the creation of municipal service districts for a variety of functions, including:

- Beach erosion control and flood and hurricane protection works
- Downtown revitalization projects
- Urban revitalization projects
- Transit-oriented development projects
- Drainage projects
- Sewage collection and disposal systems
- Off-street parking facilities or watershed improvement, drainage, and water resources development projects

Urban area revitalization projects are one of the municipal services for which a district may be formed. In 1999, the Municipal Service District Act was expanded at the request of the City to include the provision to form an MSD for "urban area" revitalization projects. This provision was introduced to complement the original intent of the legislation of supporting downtown revitalization projects and sought to address the needs of urban cities that have business centers outside of the central business district. The City's South End MSD, created in 2000, was the first urban area revitalization project to qualify under this provision. The University City MSD was also created under this function.

N.C.G.S § 160A-536. Purposes for which districts may be established.

(a) Purposes. - The city council of any city may define any number of service districts in order to finance, provide, or maintain for the districts one or more of the following services, facilities, or functions in addition to or to a greater extent than those financed, provided or maintained for the entire city:

(c) Urban Area Revitalization Defined. - As used in this section, the term "urban area revitalization projects" includes the provision within an urban area of any service or facility that may be provided in a downtown area as a downtown revitalization project under subdivision (a)(2) and subsection (b) of this section. As used in this section, the term "urban area" means an area that (i) is located within a city and (ii) meets one or more of the following conditions:

- (1) It is the central business district of the city.
- (2) It consists primarily of existing or redeveloping concentrations of industrial, retail, wholesale, office, or significant employment-generating uses, or any combination of these uses.
- (3) It is located in or along a major transportation corridor and does not include any residential parcels that are not, at their closest point, within 150 feet of the major transportation corridor right-of-way or any non-residentially zoned parcels that are not, at their closest point, within 1,500 feet of the major transportation corridor right-of-way.
- (4) It has as its center and focus a major concentration of public or institutional uses, such as airports, seaports, colleges or universities, hospitals and health care facilities, or governmental facilities.

The SouthPark area meets the required statutory criteria for forming a Municipal Service District as the area can be considered as an urban area revitalization project that consists primarily of existing or redeveloping concentrations of industrial, retail, wholesale, office, or significant employment-generating uses, or any combination of these uses.

Organization of this Report

N.C.G.S. 160A-537, excerpted below, sets forth the standards that must be met and the contents of the report required to consider the establishment of a municipal services district (MSD):

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§ 160A-537. Definition of service districts.

(a) Standards. - The city council of any city may by ordinance define a service district upon finding that a proposed district is in need of one or more of the services, facilities, or functions listed in G.S. 160A-536 to a demonstrably greater extent than the remainder of the city.

(b) Report. - Before the public hearing required by subsection (c), the city council shall cause to be prepared a report containing:

- (1) A map of the proposed district, showing its proposed boundaries;
- (2) A statement showing that the proposed district meets the standards set out in subsection (a); and
- (3) A plan for providing in the district one or more of the services listed in G.S. 160A-536.

The report shall be available for public inspection in the office of the city clerk for at least four weeks before the date of the public hearing.

Following this introductory section, and in keeping with the requirements of G.S. 160A-537 noted above, this report consists of three primary components:



1. MAP OF PROPOSED DISTRICT

A map has been prepared showing the area in which additional services would be provided, and for which additional tax levy would apply to pay for the proposed services.



2. STATEMENT SHOWING THAT THE AREA IS IN NEED OF ADDITIONAL SERVICES

Information by service category, that one or more of the services, facilities or functions listed in G. S. 160A-536 are needed to a "demonstrably greater extent" than the remainder of the City of Charlotte.



3. PLAN FOR PROVIDING SERVICES

A plan for providing, within the district, certain additional eligible services as listed in G.S. 160A-536.

Approval Schedule

N.C.G.S. 160A-537 establish the legal steps required to establish a new municipal service district. The following process chart highlights the major steps to establish a new service district.

§ 160A-537. Definition of service districts.

(c) Hearing and Notice. - The city council shall hold a public hearing before adopting any ordinance defining a new service district under this section. Notice of the hearing shall state the date, hour, and place of the hearing and its subject, and shall include a map of the proposed district and a statement that the report required by subsection (b) is available for public inspection in the office of the city clerk. The notice shall be published at least once not less than one week before the date of the hearing. In addition, it shall be mailed at least four weeks before the date of the hearing by any class of U.S. mail which is fully prepaid to the owners as shown by the county tax records as of the preceding January 1 (and at the address shown thereon) of all property located within the proposed district. The person designated by the council to mail the notice shall certify to the council that the mailing has been completed and his certificate is conclusive in the absence of fraud.

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(d) Effective Date. - Except as otherwise provided in this subsection, the ordinance defining a service district shall take effect at the beginning of a fiscal year commencing after its passage, as determined by the city council. If the governing body in the ordinance states that general obligation bonds or special obligation bonds are anticipated to be authorized for the project, it may make the ordinance effective immediately upon its adoption or as otherwise provided in the ordinance. However, no ad valorem tax may be levied for a partial fiscal year.

(f) Passage of Ordinance. - No ordinance defining a service district as provided for in this section shall be finally adopted until it has been passed at two meetings of the city council by majority vote of the voting members present, and no service district shall be defined except by ordinance. (1973, c. 655, s. 1; 1981, c. 53, s. 1; c. 733, s. 1; 2006-162, s. 25; 2012-156, s. 4; 2016-8, s. 2.)



December 13, 2021:

Council authorizes City Manager to direct staff to create supporting documentation for creation of a municipal service district in SouthPark.



January 2022:

Staff prepares a report documenting the map of the proposed district, statement that the area needs additional services, and a plan for providing those services.



January 28, 2022:

SouthPark Finding of Need Report is published for public review. The report was made available at the office of the City Clerk.



January 28, 2022:

Notices mailed to all property owners within the proposed district with proposed boundary map.



February 8, 2022 & February 15, 2022:

Public hearing advertised in local media outlets.



February 28, 2022:

City Council holds a public hearing.



March 28, 2022 & April 11, 2022:

City Council reviews MSD ordinance to establish the SouthPark MSD at two separate meetings following public hearing.

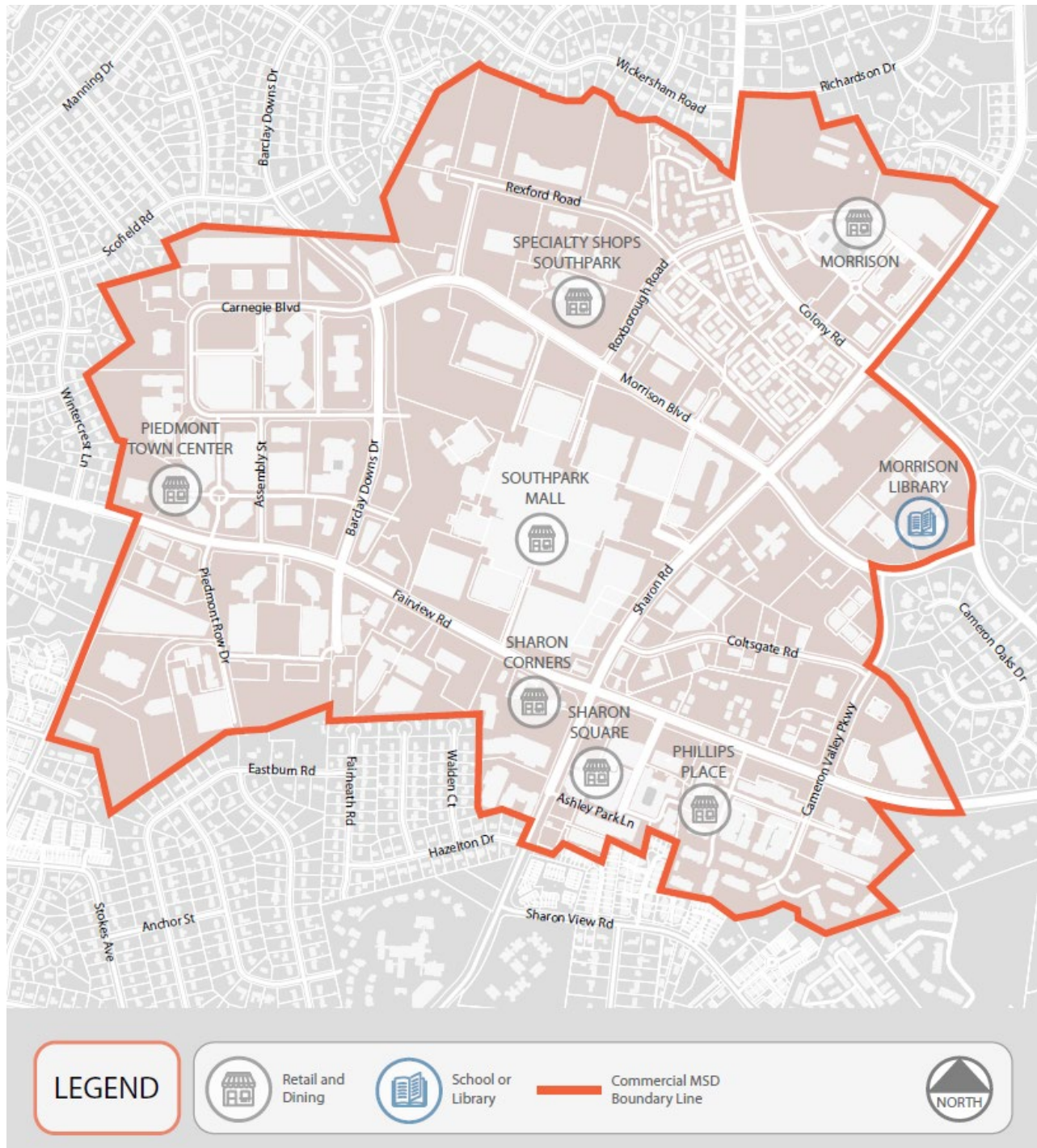


July 1, 2022:

SouthPark MSD tax levy effective July 1 following establishment of district.

2. Map of Proposed District

The exact boundaries of the proposed SouthPark MSD were recommended by the SouthPark Community Partners organization. SouthPark Community Partners based this recommendation on the service needs of the area and identifying properties that would benefit the most from being in an MSD. SouthPark Community Partners presented these boundaries, as displayed in **Map 1**, to property owners in the proposed district. They have since received letters of support for the creation of the MSD from both large and small property owners.



Map 1: Proposed SouthPark MSD Boundary, 2022

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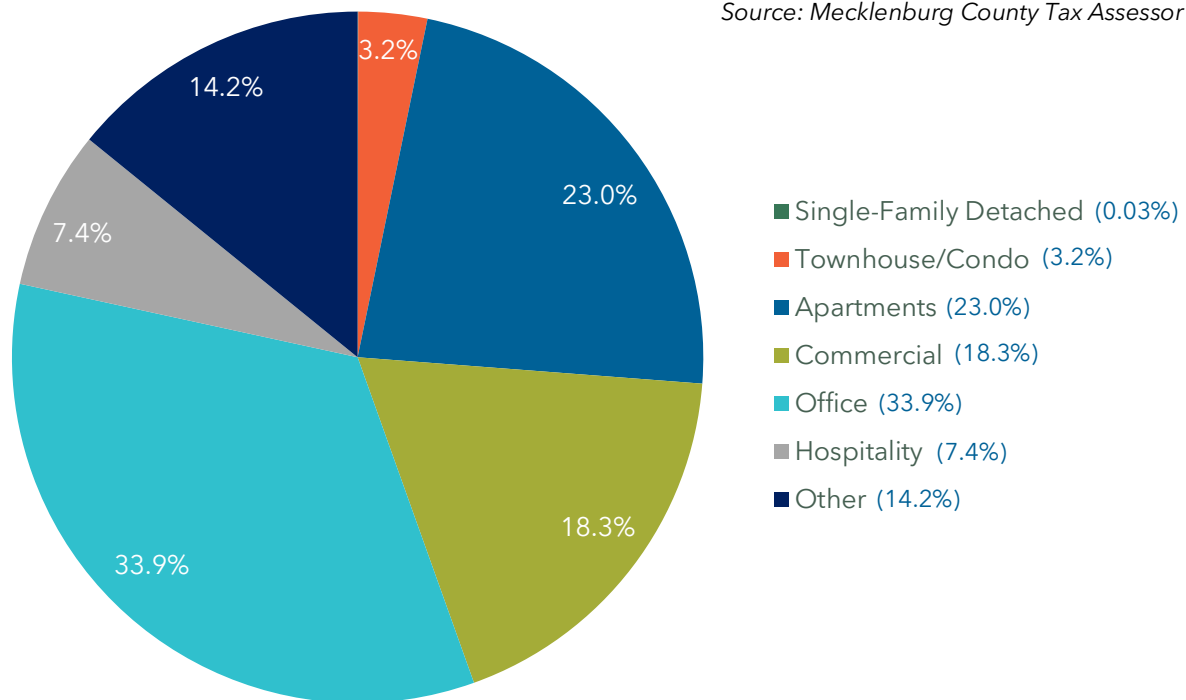
Initial boundary options considered for the SouthPark MSD leveraged a consistent planning area geography defined as part of previous visioning efforts, particularly the SouthPark ULI TAP report, the SouthPark CNIP, and The Loop Framework Plan. During the four-week strategic planning process hosted by SouthPark Community Partners in March 2021, the boundary was refined and refocused more specifically on the commercial core of the neighborhood. The proposed SouthPark MSD boundary is heavily influenced by the distribution of land uses. Rather than following major transportation corridors, the defining edge follows parcel lines that separate commercial uses from the surrounding residential neighborhoods.

SouthPark MSD by Building Square Footage

As proposed, the SouthPark MSD contains approximately 0.97 square miles with a diverse mix of land uses. Hosting more than 25,000 total jobs, the area is a major employment activity node for the City of Charlotte. The proposed MSD area has more than 15.1 million square feet of residential, commercial, and office space. Office space comprises 33.9% of the total building inventory in the proposed MSD, followed by rental apartments, and retail/commercial space, which is anchored by the SouthPark Mall (**Graph 1**). The "Other" category, which comprises 14.2% of the total inventory, includes government-owned buildings like the SouthPark Regional Library (formerly Morrison Regional), as well as several parking decks and properties that were not categorized by Mecklenburg County's tax parcel data. It should be noted that single-family detached building square footage represents only 0.03% of the total, an amount so small that it does not show up on the graph below.

Graph 1: Distribution of Building Square Footages by Land Use, Proposed SouthPark MSD, 2022

Source: Mecklenburg County Tax Assessor



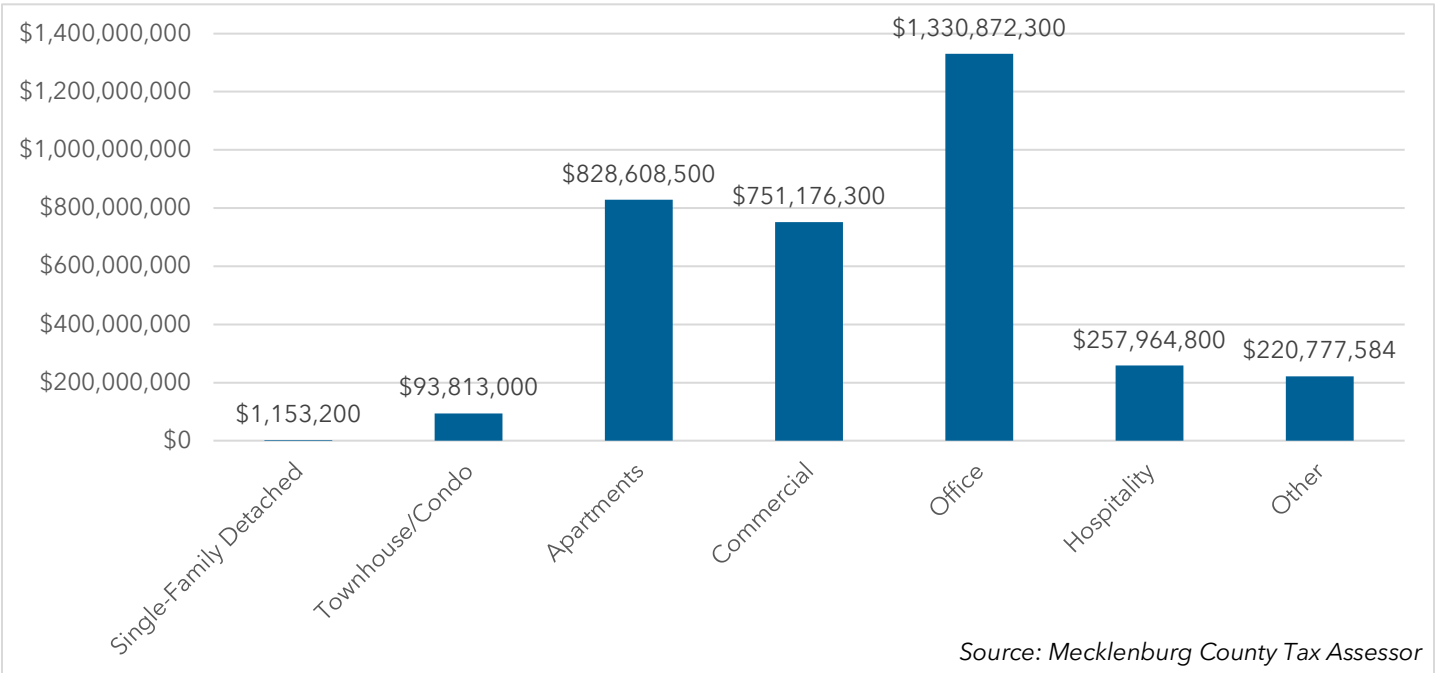
SouthPark MSD by Property Valuation

Excluding a small number of tax-exempt properties, the properties in the proposed SouthPark MSD have a combined total valuation of nearly \$3.5 billion. The area's 5.1 million square feet of office space has the highest property valuation at more than \$1.3 billion (**Graph 2**). Rental apartment communities have the second highest aggregate valuation at more than \$828 million, followed by commercial buildings at \$751 million.

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Graph 2: Total Property Value by Land Use, Proposed SouthPark MSD, 2022



Based on the totals above, single-family detached and townhouse/condominium units that receive individual property tax bills only comprise 2.7% of the total valuation for the proposed SouthPark MSD. The remaining 97.3% of the proposed district's property valuation is represented by commercial properties, including rental apartments, retail and office space, hotels, and other non-residential land uses in the "Other" category.

3. Statement of Need for Additional Services

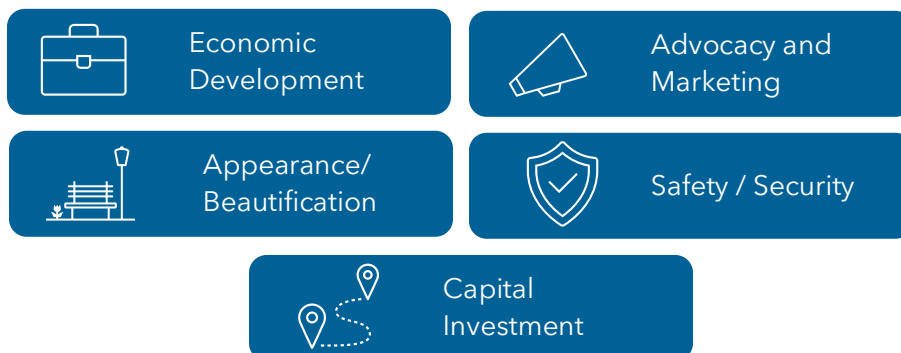
As part of the process to establish a new municipal service district, City Council selects services to provide within a district to a greater extent than services provided citywide. This section provides examples of common services provided with municipal service districts, referencing the five districts that are already operating in the City.

§ 160A-536. Purposes for which districts may be established.

- (b) Examples of . . . 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.

The City of Charlotte provides all areas of the City with a basic level of services. These services include public safety, transportation and land-use planning, regulation review and development coordination, and public capital improvements such as water, sewer, and transportation infrastructure. Many of these city services have been important to the long-term development of SouthPark. However, as the area continues to transition from a suburban shopping center to a premier urban mixed-use activity node, more services are needed in addition to and to a greater extent than provided elsewhere in the City. To support the pace and intensity of the development of SouthPark and allow it to maintain its economic competitiveness, the following services are required:

1. Promotion, planning, advocacy, and funding of capital investment to enhance the economic vitality of SouthPark, including street lighting, street and sidewalk connections, and pedestrian and multi-modal paths.
2. Management of contracts to provide enhanced service needs for SouthPark, including improvements in safety and security and beautification.
3. Branding, promotion, and marketing of SouthPark to increase tax base and maintain a unique identity for the area.
4. Creation of an advocacy group to represent area interests and coordinate with government and private agencies, business owners, and residents.



These developmental services can be provided in several ways, including establishing an MSD to coordinate public and private sector decisions. The purpose of an MSD is to provide revenue for a program of action to continue and further stimulate development for an urban area revitalization project as qualified under G.S. 160A-535 et. seq. of the State of North Carolina.



ECONOMIC DEVELOPMENT

Level of City-Wide Service

Economic development services are provided by the City's Economic Development Department, including business recruiting and retention, existing business support, workforce and talent development, and grant assistance.

Options for Additional Service in SouthPark MSD

- Business recruitment and retention efforts for SouthPark's target industries
- Staff support to facilitate conversations with existing and future businesses
- Staff support to facilitate conversations with local agencies like CDOT, NCDOT, utility agencies, etc.
- Invest and manage research and data specific to SouthPark's economic vitality, including demographics, target industry attraction, business diversity, and available building space
- Release and manage planning contracts that focus on creating, updating, or refining the future vision for SouthPark



ADVOCACY AND MARKETING

Level of City-Wide Service

Options for Additional Service in SouthPark MSD

Advocacy and marketing-related services are collectively provided by several City departments, including Charlotte Communication and Marketing, Economic Development, and Charlotte Planning, Design, and Development. The Communication and Marketing department focuses on branding and messaging for the entire City across a variety of communication channels.

- Create and maintain marketing materials promoting SouthPark as a premier mixed-use activity node in Charlotte
- Staff support to facilitate conversations with private developers
- Maintain a SouthPark Community website promoting shopping, dining, and entertainment options
- Host and promote festivals and events in SouthPark that attract visitors to the area
- Identify sponsorship opportunities to support new festivals and events



APPEARANCE / BEAUTIFICATION

Level of City-Wide Service

Options for Additional Service in SouthPark MSD

Charlotte Department of Transportation and General Services Department maintains street right of ways, including mowing/landscaping, repairs, and maintenance. Additionally, current street or sidewalk cleaning occur on an as needed basis or are complaint driven. The City's Solid Waste Services completes a weekly collection route and bulky waste removal.

- Contract to install and maintain landscaping across the district, including weed removal
- Install and maintain holiday decorations consistent with district branding efforts
- Install and maintain bike racks and crosswalks with branding consistent with the district
- Contract to remove graffiti, as needed
- Create and implement a wayfinding system in SouthPark, consistent with area branding



SAFETY AND SECURITY

Level of City-Wide Service

Options for Additional Service in SouthPark MSD

General police and fire coverage of the entire City of Charlotte 365 days, 24/7. Specialized services may be provided on an as needed basis for discrete periods of time for special events.

- Establish an ambassador program to patrol MSD area and provide hospitality assistance, including
 - Monitor and report illegal activity to authorities
 - Identify conditions that are unsafe and could impact public safety
 - Provide directions, information, assistance to visitors, workers, and residents
- Conduct public relations checks with existing businesses and residents
- Review the need for and install additional safety lighting



CAPITAL INVESTMENT

Level of City-Wide Service

Options for Additional Service in SouthPark MSD

Projects are programmed through the City's Capital Investment Plan (CIP). The CIP is a multi-year plan that identifies priority investments across the City to support growth, community vitality, and quality of life. The CIP plans for long-term infrastructure investments for roads, sidewalks, building and building maintenance, real estate, equipment, etc.

- Implement identified projects through public engagement efforts or local planning documents
- Advocate for capital investment funding for the SouthPark area to achieve stated goals
- Coordinate and communicate on behalf of SouthPark with public and private agencies

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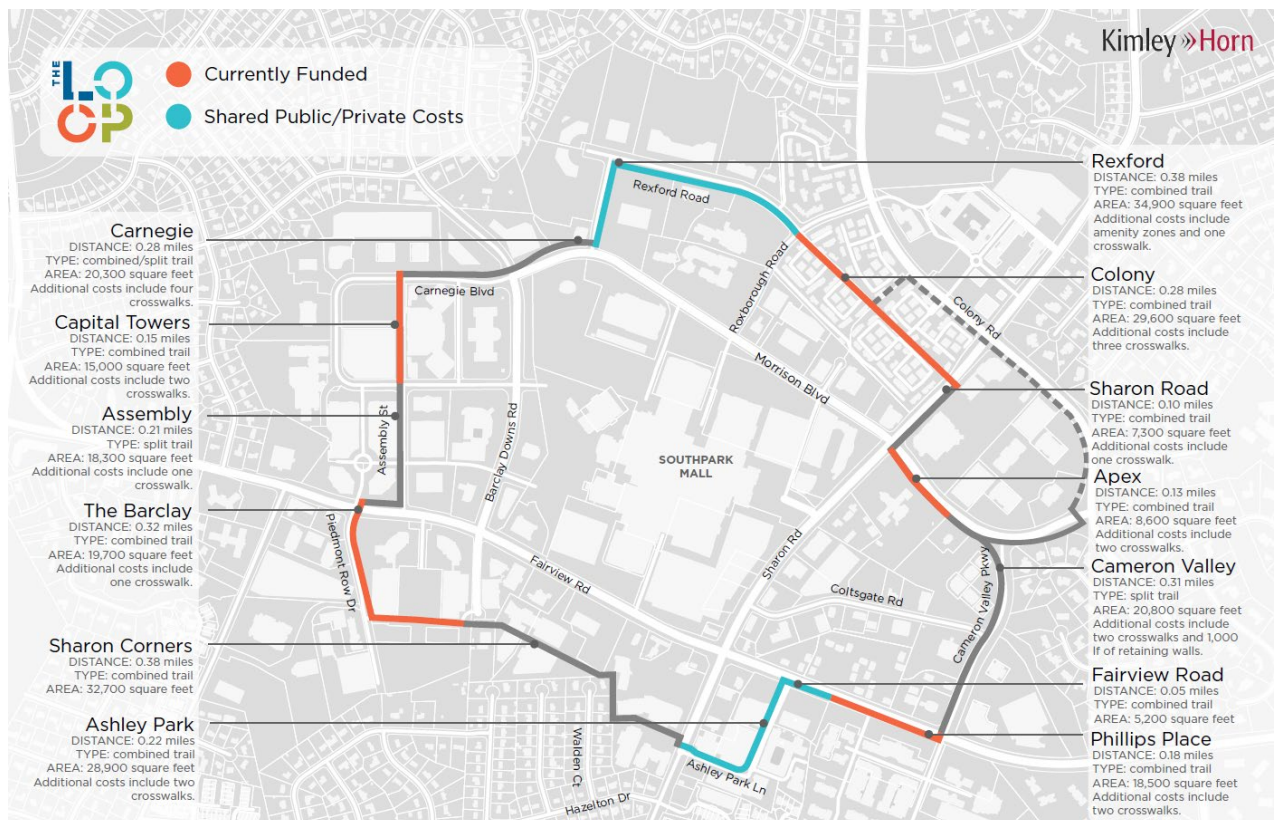
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Implementing The Loop Framework Plan

As defined in The Loop Framework Plan, The Loop is a planned 3-mile bicycle and pedestrian path that connects shops, restaurants, hotels, and parks in the SouthPark activity center. It offers a healthy and convenient way to explore the area and magnifies the impacts of private investments in or near the public realm by connecting destinations and public spaces together. This will create a larger attraction and greater experience for residents, employees, and visitors. The Loop will incorporate custom signage, lighting, furnishings, public art, and landscaping to create a dynamic, high-quality experience, a consistent brand, and a unique sense of place for the area. Like other planning documents for the SouthPark neighborhood, implementation strategies for The Loop identified the establishment of a special taxing district to create a continuous revenue stream for the construction, operation, programming, and maintenance of this important asset.

As currently planned, the route utilizes existing and proposed streets to connect a system of destinations users can walk and bike to within the SouthPark activity center. Small pockets of land adjacent to the route—in the public right-of-way and on unused portions of private property—provide the opportunity to create public plazas and seating areas that turn the system of streets into linear parks.

One of the most important elements of The Loop Framework Plan is the brand. The identified brand focused on the three key ingredients as identified by the community: Fun and Modern, Active, and Casual. With modern, simple shapes and bright colors, the logo represents the type of vibrancy and playfulness the brand should inspire and represents the input gathered from the community. Breaking from its formal past, the logo represents a more playful and active future for SouthPark. The brand provides a new identity for the SouthPark community that can reach the broader Charlotte audience and those who visit.



Map 2: The Loop Funded and Dedicated Segments, 2022

Costs

To ensure the Loop lives up to its promise and secures the long term vitality of SouthPark we need partners to help augment the investments the City and key developers have already made.

TOTAL ANTICIPATED COST

\$25.7M

ANNUAL OPERATING COST

\$1.0M

Includes staff responsible for programming, day to day operations, routine maintenance and landscaping, and lighting costs.

FUNDING GAP

\$19.2M

EQUALS

COST PER MILE

\$7.34M

COST OF SIMILAR FACILITIES

INDIANAPOLIS CULTURAL TRAIL

\$7.8M/MILE

MONON TRAIL

\$5.7M/MILE

KATY TRAIL

\$6.1M/MILE

COMPARED TO

I-77 TOLL LANES

\$647M

I-85 WIDENING

\$262M

TYPICAL LIGHT RAIL COSTS

\$100M/MILE

A single source of suitable funding to implement The Loop is unlikely. The key to its funding will be identifying multiple funding sources and matching them to elements of the project—from benches to signature projects. The sources of funds may be federal, state, local, public, or private. Taxes levied through an MSD in SouthPark can be one part of a solution to help implement The Loop, a signature community asset. Early implementation efforts have focused on leveraging opportunities with the private sector to implement signature projects outlined in the Framework Plan. The goal is that key signature projects will be a catalyst for future investment and will create immediate energy centered around The Loop.

4. Plan for Providing Services

Under the MSD statutes, the City Council, upon determining that an area warrants a services district, may tax the property within the district at a rate determined to generate enough revenue to support the additional services provided by the district. The creation of a service district and special tax can only take place after notification of the affected property owners and conducting a public hearing.

In considering the additional services needed for SouthPark, a tax rate of four (.04) cents per \$100 of assessed valuation for property within the proposed district boundaries has been proposed. As shown in **Table 1**, The proposed four-cent rate for SouthPark is comparable to the South End MSD, with a current rate of \$0.0390/\$100 valuation. It is lower than the Uptown 2 and Uptown 3 districts, as these properties are also assessed the \$0.0136 rate for Uptown 1.

Table 1: Comparison of MSD Tax Rates, 2022

City of Charlotte Existing MSD	FY 2021-2022 Tax Rate
Uptown 1	\$0.0136/\$100
Uptown 2	\$0.0363/\$100
Uptown 3	\$0.0474/\$100
South End	\$0.0390/\$100
University City	\$0.0279/\$100
Proposed SouthPark	\$0.0400/\$100

Note: Properties in Uptown 2 and Uptown 3 MSD areas also pay the rate for Uptown 1.
Source: City of Charlotte

A four-cent rate would have a total potential revenue of \$1.39 million in the first year. Based on an assumed collection rate of 99%, this could equate to \$1.38 in taxes collected (**Table 2**). As the tax base grows through new development, additional revenue will be available for enhanced services in the district. MSD statutes also require that all money generated from the service district tax must be spent exclusively on services within the district.

Table 2: Expected SouthPark MSD Revenue in Year 1, 2022

Year 1 Following SouthPark MSD Adoption	Estimated Revenue
Total Property Valuation (<i>less exempt properties</i>)	\$3.48 Billion
Proposed Tax Rate	\$0.0400/\$100
Total Potential Revenue	\$1.39 million
Expected Revenue with 99% Collection Rate	\$1.38 million

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The tax rate for the proposed SouthPark MSD would become effective at the beginning of the fiscal year after the district was created. Since the City operates on a July 1 - June 30 fiscal year, property owners included in the proposed SouthPark MSD will not be assessed the MSD tax until the annual City-County tax bill is distributed in fall 2022.

Budget for the Provision of Services

In the first year, the general goals for the proposed SouthPark Municipal Service District are to:

1. Provide advocacy for SouthPark and keep the community informed and involved in pertinent issues by leveraging the SouthPark Community Partners organization and hiring an executive director.
2. Establish a coordinated marketing and promotion effort for the SouthPark area to brand and identify the area.
3. Release and manage contracts that provide enhanced service needs, such as planning and design, safety and security, and beautification to maintain SouthPark's economic competitiveness.

Based on a tax rate of four cents per \$100 valuation of property, the SouthPark MSD is projected to generate revenues of approximately \$1.38 million during Fiscal Year 2022-2023 based on current property valuations and a 99% collection rate (**Table 3**). Expected program expenses are based on established budgets from the existing MSDs in Charlotte, as well as feedback on priorities based on planning sessions with SouthPark Community Partners. The revenue generated would be expended in FY2022 as follows:

Table 3: Expected SouthPark MSD Expenditures in Year 1, 2022

Program Expenses	Expected Budget	Percent of Budget
Operating Expenses	\$395,000	28.6%
Personnel	\$250,000	18.1%
Benefits, Travel and Training	\$110,000	8.0%
Office Space and Supplies	\$35,000	2.5%
Events, Planning, Economic Development, and Capital Projects	\$936,800	67.9%
Advertising / Marketing / Events	\$200,000	14.5%
Planning, Economic Development, Safety & Beautification	\$400,000	29.0%
Capital Projects	\$336,800	24.4%
Unbudgeted Revenue / Fund Balance	\$48,000	3.5%
Total Budget	\$1,379,800	100.0%

Operating expenses for the SouthPark MSD, including personnel, benefits, travel and training, and office space and supply are estimated at 28.6% of the total revenue. A service provider will be selected to implement an annual work plan, provide professional advice and recommendations, coordinate with government and private agencies, and be the daily point of contact for SouthPark MSD. Personnel for the service provider is assumed to be one full-time executive director and one full-time administrative staff. It should be noted that based on feedback from SouthPark Community Partners, office space is assumed to be donated for MSD administration in year one. The expected budget for events, planning, economic development, safety, and beautification would comprise more than two-thirds of the total at \$936,800 in year one. An additional \$48,000 in unbudgeted revenues will be deposited to the District's fund balance to contribute to a City Council-required fund balance reserve.

MSD Oversight

In contracting for services using tax dollars, the City enters into legal binding contracts with service providers that outline a defined scope of services and performance measurements. Funding for the existing MSD contracts is generally distributed on a quarterly basis and the contracting provider must provide the City with an annual, independent audit of its finances. In addition, the contracting providers must also submit an annual budget to be approved by City Council as part of the City's annual budget process. The proposed annual budget cannot exceed the projected revenues generated by the MSD. This process is in accordance with North Carolina state statutes outlining contracts for municipal service districts.

§ 160A-536. Purposes for which districts may be established.

(d) Contracts. - A city may provide services, facilities, functions, or promotional and developmental activities in a service district with its own forces, through a contract with another governmental agency, through a contract with a private agency, or by any combination thereof. Any contracts entered into pursuant to this subsection shall comply with all of the following criteria:

- 1) The contract shall specify the purposes for which city moneys are to be used for that service district.
- 2) The contract shall require an appropriate accounting for those moneys at the end of each fiscal year or other appropriate period. For contracts entered into on or after June 1, 2016, the appropriate accounting shall include the name, location, purpose, and amount paid to any person or persons with whom the private agency contracted to perform or complete any purpose for which the city moneys were used for that service district.

(d1) Additional Requirements for Certain Contracts. - In addition to the requirements of subsection (d) of this section, if the city enters into a contract with a private agency for a service district under subdivision (a)(1a), (2), or (2a) of this section, the city shall comply with all of the following:

- 1) The city shall solicit input from the residents and property owners as to the needs of the service district prior to entering into the contract.
- 2) Prior to entering into, or the renewal of, any contract under this section, the city shall use a bid process to determine which private agency is best suited to achieve the needs of the service district. The city shall determine criteria for selection of the private agency and shall select a private agency in accordance with those criteria. If the city determines that a multiyear contract with a private agency is in the best interest of the city and the service district, the city may enter into a multiyear contract not to exceed five years in length.
- 3) The city shall hold a public hearing prior to entering into the contract, which shall be noticed by publication in a newspaper of general circulation, for at least two successive weeks prior to the public hearing, in the service district.
- 4) The city shall require the private agency 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, the private agency shall seek input of the property owners and residents of the service district regarding needs for the upcoming year.
- 5) The contract shall specify the scope of services to be provided by the private agency. Any changes to the scope of services shall be approved by the city council.

The City's Budget and Evaluation Office monitors and evaluates MSD services and expenditures. The City Council may, at its discretion, create, extend, reduce, or eliminate a Municipal Service District and tax rate by resolution based upon performance and need. All City Council actions must be in accordance with state statutes requiring notification of property owners and holding a public hearing before changing an MSD.

Under the MSD statutes, the City may provide services in a service district with its own staff, through a contract with another governmental agency, through a contract with a private agency, or by any combination thereof. For the SouthPark MSD, the City intends to enter into a legal binding contract with a service provider through an RFP process. The full MSD procurement process typically takes between four months and six months. To provide short-term organizational support for the establishment of the SouthPark MSD, the City intends to partner with SouthPark Community Partners during the "pilot year" to provide the outlined services via a Procurement Waiver. This non-profit organization has demonstrated strong involvement and commitment to SouthPark. A formal RFP process to select a contract provider will be issued in a timely manner to be completed prior to the start of year two.

Questions

All questions about the adoption of the proposed SouthPark Municipal Service District should be directed to Christina Thigpen in the Charlotte Economic Development Office at 704-336-3857 or Christina.Thigpen@charlottenc.gov.