



Date: June 2, 2015

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Kevin Dick, Director - Office of Economic and Workforce Development
Subject: City Council Work Session Agenda June 4, 2015 - Item 37
FY2016 Contract for City Services and Programs for the Downtown
Durham Municipal Service District with Downtown Durham, Inc. (DDI)

Executive Summary

This item provides an answer to a question from Durham City Councilmember Diane Catotti related to the aforementioned Work Session Agenda item. The question related to the discrepancy between \$693,294.00 in anticipated funding for Municipal Service District or Business Improvement District (BID) related services and the \$653,503.00 amount that has been proposed for the FY16 DDI BID Contract.

Q: The contract with DDI is for \$653,503.00, but the total appropriations in the fund are \$693,294.00. Why is there a discrepancy?

A: The discrepancy is based upon the fact that there are many costs that the City incurs related to the BID that are outside the scope of the DDI BID Contract.

	<u>Proposed FY2015-2016</u>
<u>Revenues</u>	
General Property Taxes	\$443,294
Transfers from Other Funds	\$250,000
Total Revenues	<u>\$693,294</u>
Tax Collection Fee	(\$5,098)
Transfer to Other Funds	(\$15,000)
Funds Held in Appropriations	(\$19,693)
Operating Budget for DDI	<u>\$653,503</u>
Total Appropriations	\$693,294

Transfers from Other Funds – A transfer is made from the General Fund to cover a portion of the contractual services.

Appropriation from Fund Balance – Any costs not covered by revenue sources must be covered by fund balance.

Expenditure Descriptions

Operating Budget - The enhanced services provided to the Downtown Business Improvement District.

Tax Collection Fee – This includes the collection fee (1.15%) that Durham County charges the City for collecting property taxes.

Transfer to Other Funds – This is a payment to the Solid Waste Fund for enhanced collection services.

Funds held in Appropriations – Amount held in reserve in case the full estimated tax revenue is not collected.

Transfer to Fund Balance – Any surplus in the fund is returned to fund balance.

The BID contract will be accounted for in a separate special revenue fund.