



Board of Aldermen Work Session

February 27, 2023

Agenda



1. Discussion of Municipal Service District (MSD)
 - a. MSD Advisory Board
 - b. Downtown Advisory Council
2. Discussion of Extraterritorial Jurisdiction (ETJ)
3. Planning Discussion
 - a. Goals & Objectives
 - b. Strategic Planning
 - c. Comprehensive Plans
 - d. City Ordinances
4. Financial Update
5. Discussion of Days Inn Property
6. Adjourn



1. Discussion of Municipal Service District (MSD)

a. MSD Advisory Board

State Statute

- Municipal Service Districts were created in 1973 under “The Municipal Service District Act of 1973” **§ 160A-535.**
- Purposes include **§ 160A-536 :**
 - Urban area revitalization projects.
 - Transit-oriented development projects.
 - Drainage projects.
 - Downtown revitalization projects.
 - Construction of pedestrian malls, bicycle paths, overhead pedestrian walkways, sidewalk canopies, and parking facilities both on-street and off-street.
 - Construction of public buildings, restrooms, docks, visitor centers, and tourism facilities.
 - Improvements to relieve traffic congestion in the central city and improve pedestrian and vehicular access to it.
 - Improvements to reduce the incidence of crime in the central city.

74 MSDs in North Carolina



NEW BERN

NORTH CAROLINA

Municipal Service District

Within the MSD Boundary

Number of Parcels: 243

7 - Church

158 - Commercial

32 - Government

46 - Residential

Area: 83.33 Acres

based on parcel size

Church: 4.45 Acres

Commercial: 50.18 Acres

Government: 20.49 Acres

Residential: 8.27 Acres

Addresses/Units: 446 Total

Church: 3 units

Commercial: 197 units

Government: 14 units

Residential: 232 units

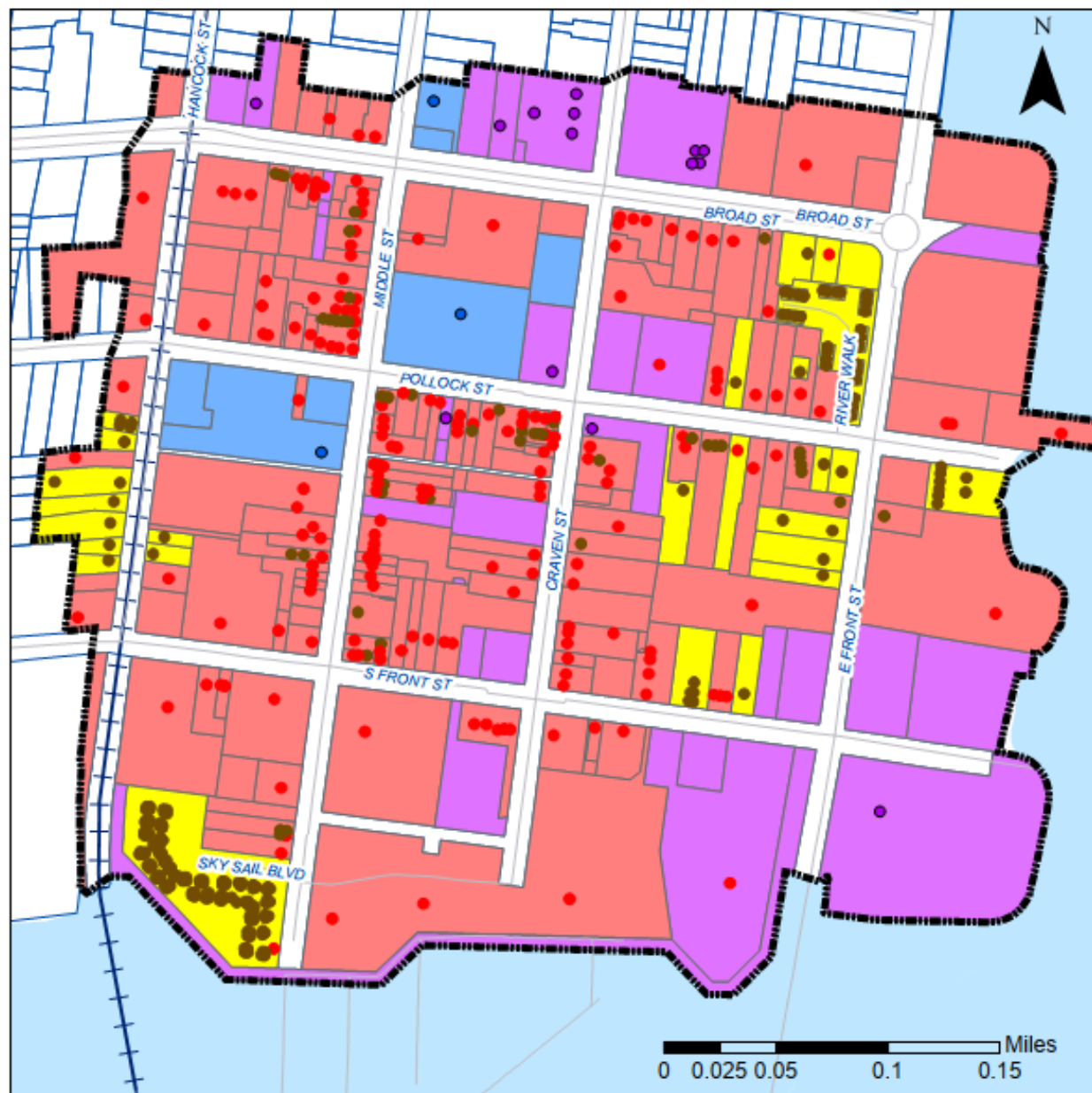
Legend

MSD Units

- Church
- Commercial
- Government
- Residential

MSD Parcels

- CHURCH
- COMM
- GOVT
- RES
- MSD Boundary



July 2014

- Concord (+.23)
Population 107,697
- Lenoir (+.20)
Population 18,193
- Wilmington (+.07)
Population 117,643
- Greensboro (+.09)
Population 298,263
- Morrisville (+.10)
Population 31,278
- Lexington (+.20)
Population 19,516
- Morganton (+.20)
Population 17,518
- Statesville (+.10)
Population 28,844
- Reidsville (+.25)
Population 14,524
- Sanford (+.11)
Population 30,678
- Dunn (+.12)
Population 8,434
- Goldsboro (+.235)
Population 32,749
- Kinston (+.10)
Population 19,546

- Charlotte (+.04)
Population 879,709
- Salisbury (+.176)
Population 32,930
- Fayetteville (+.10)
Population 208,778
- Raleigh (+.0786)
Population 469,124
- Lewisville (+.05)
Population 13,602
- Nashville (+.10)
Population 5,682
- Burlington (.17)
Population 58,818
- Gastonia (+.20)
Population 81,161
- Clinton (+.18)
Population 8,037
- Albemarle (+.10)
Population 16,628
- Mooresville (+.16)
Population 51,594
- Mount Airy (+.21)
Population 10,551
- Smithfield (+.19)
Population 11,630

- Kings Mountain (+.2367)
Population 11,409
- Shelby (+.7675)
Population 21,947
- Elizabeth City (+.85)
Population 18,703
- Roanoke Rapids (+.215)
Population 15,128
- Winston Salem (+.09)
Population 250,320
- Wilson (+.18)
Population 47,731
- Waynesville (+.19)
Population 10,178
- Wake Forest (+.14)
Population 49,657
- Rocky Mount (+.20)
Population 53,957
- Hendersonville (+.24) 2 MSDs
Population 15,099
- Nags Head 5 MSDs
Population 3,182
- Duck 2 MSDs
Population 758
- Southern Shores 2 MSDs
Population 3,175

How MSDs are Managed Statewide

A faint, light gray silhouette of a bear is visible in the background, facing right. It appears to be a stylized or watermarked image.

- Advisory Boards
- No Advisory Boards
- Contract out to Main Street programs or downtown development entities.

Wilmington MSD Advisory Board

- The Downtown Municipal Services District Advisory Board shall be made up of 14 members representing interests within the District as set forth herein below.
 - Three residents, all of whom shall own a dwelling within the service district, that dwelling being their primary place of residence.
 - Two large property owners, one of whom shall be a property owner or owner's representative (individual, company, or corporation) with a combined assessed property valuation within the MSD of over \$2 million.
 - A hospitality representative from a hotel or event facility (owner or owner's representative) owning property within the MSD. R3-2
 - A real estate developer (owner or owner's representative) whose property is located within the MSD.
 - A restaurant representative (owner or manager) from a restaurant located within the MSD.
 - A retail representative (owner or manager) from a retail establishment located within the MSD.
 - A Wilmington Downtown Incorporated Board Member who is also an owner (or owner's representative) of property located within the MSD.
 - A member of the Downtown Business Alliance (DBA) as appointed by the DBA governing body.
 - A professional service representative (owner or owner's representative) of an office business located within the MSD.
 - A night life representative (owner or owner's representative) of a bar, nightclub, or a beer/wine shop located within the MSD.
 - An at-large representative owning either real or personal property within the MSD.
 - The City Manager (or their designee) as an ex-officio, non-voting member.

Town of Morrisville

- No board
- Budget Office maintains taxes for future uses

Sanford (Downtown Sanford, Inc.)

- 13 Board members (looking to expand to 15 next year)
- 1 City and 1 County liaison (non-voting)
- Newly-formed Emeritus Group – for members that have come off the board to still be invited to meetings and stay current but are now non-voting.

Recommendation



- Establish an advisory committee
 - 30% residential property owners
 - 70% commercial property owners (retail, restaurant, lodging and entertainment)
 - Largest property owners
 - Ex-Officio members – City Manager , Finance Director, Swiss Bear Executive Director

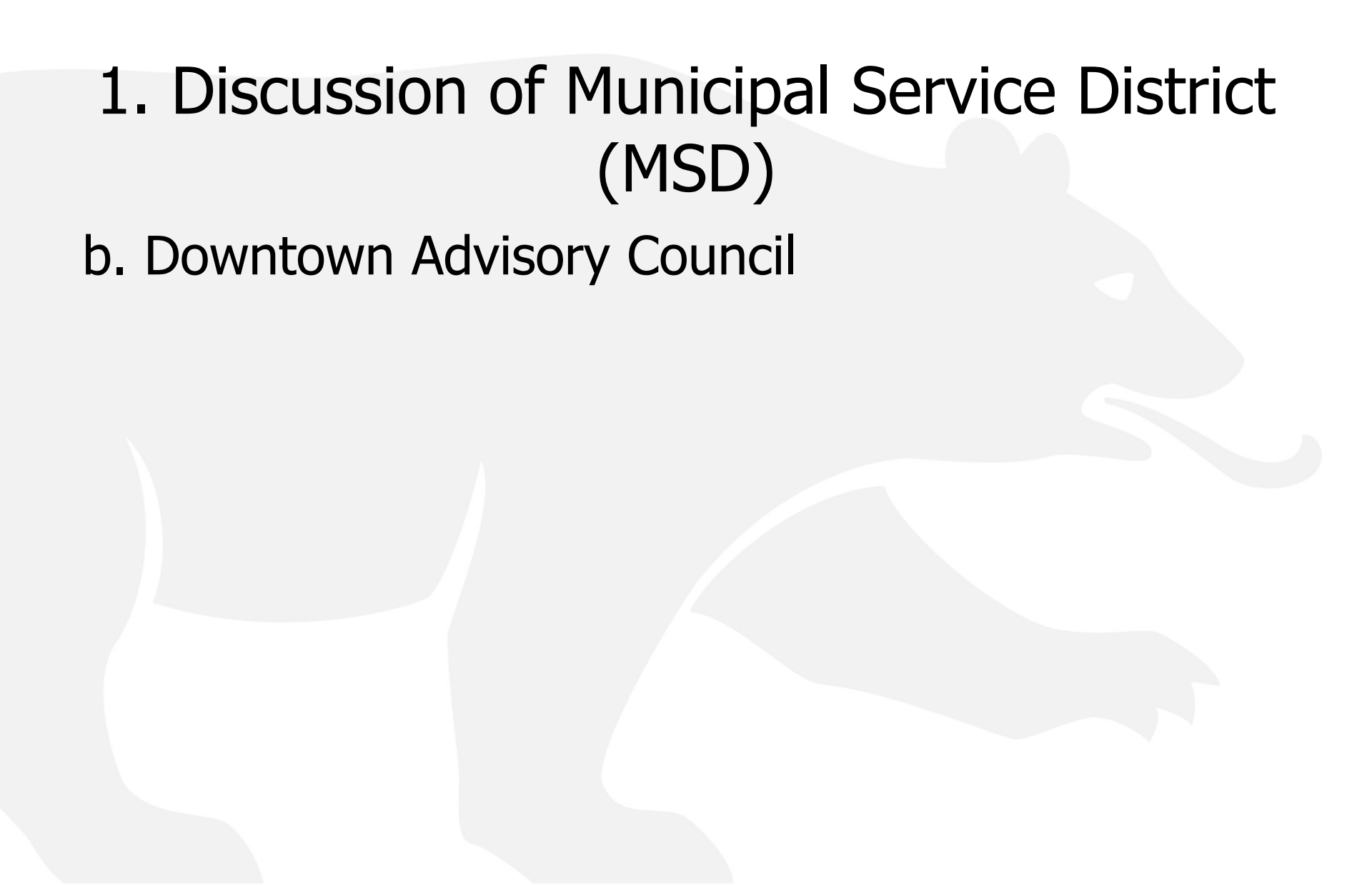


1. Discussion of Municipal Service District (MSD)

b. Downtown Advisory Council

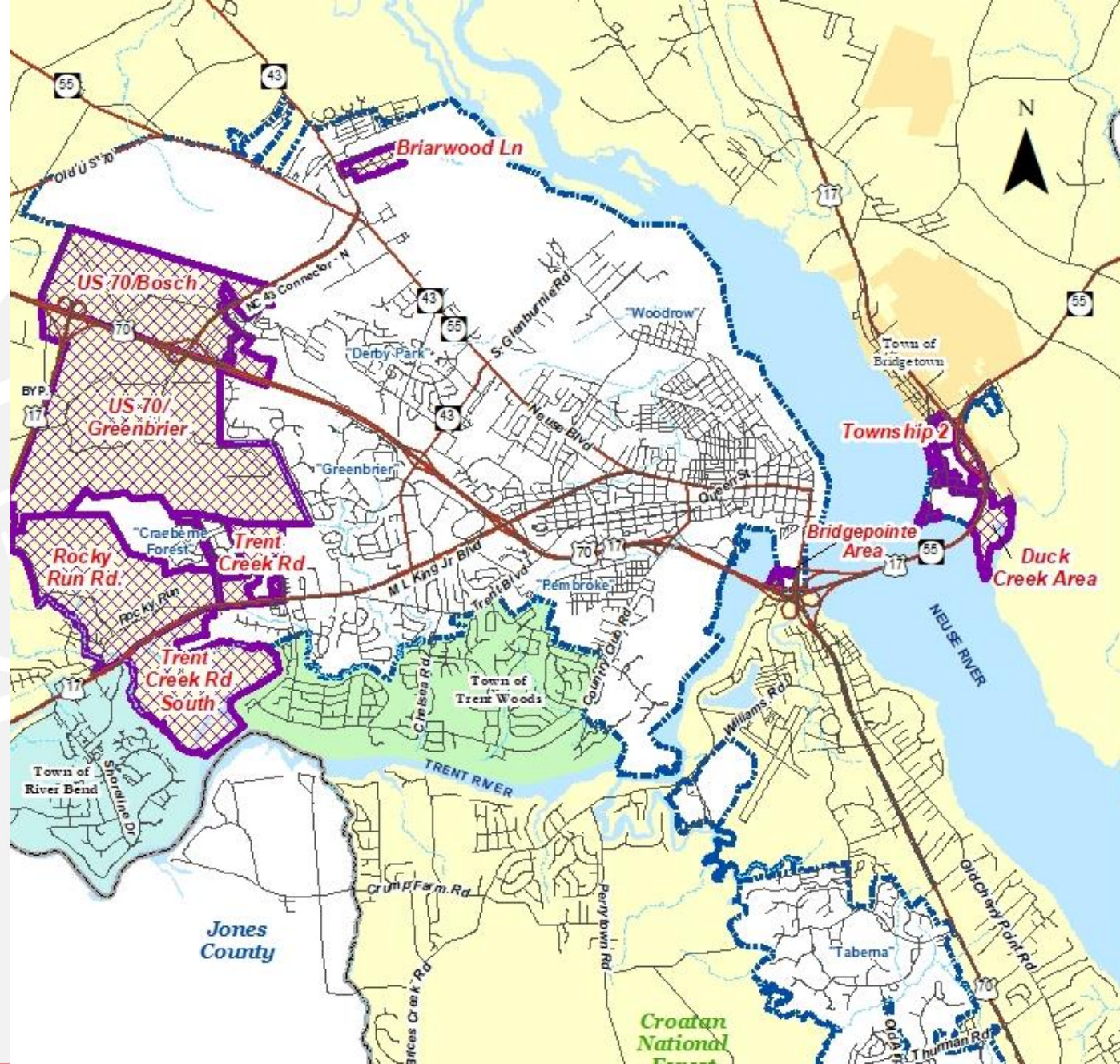
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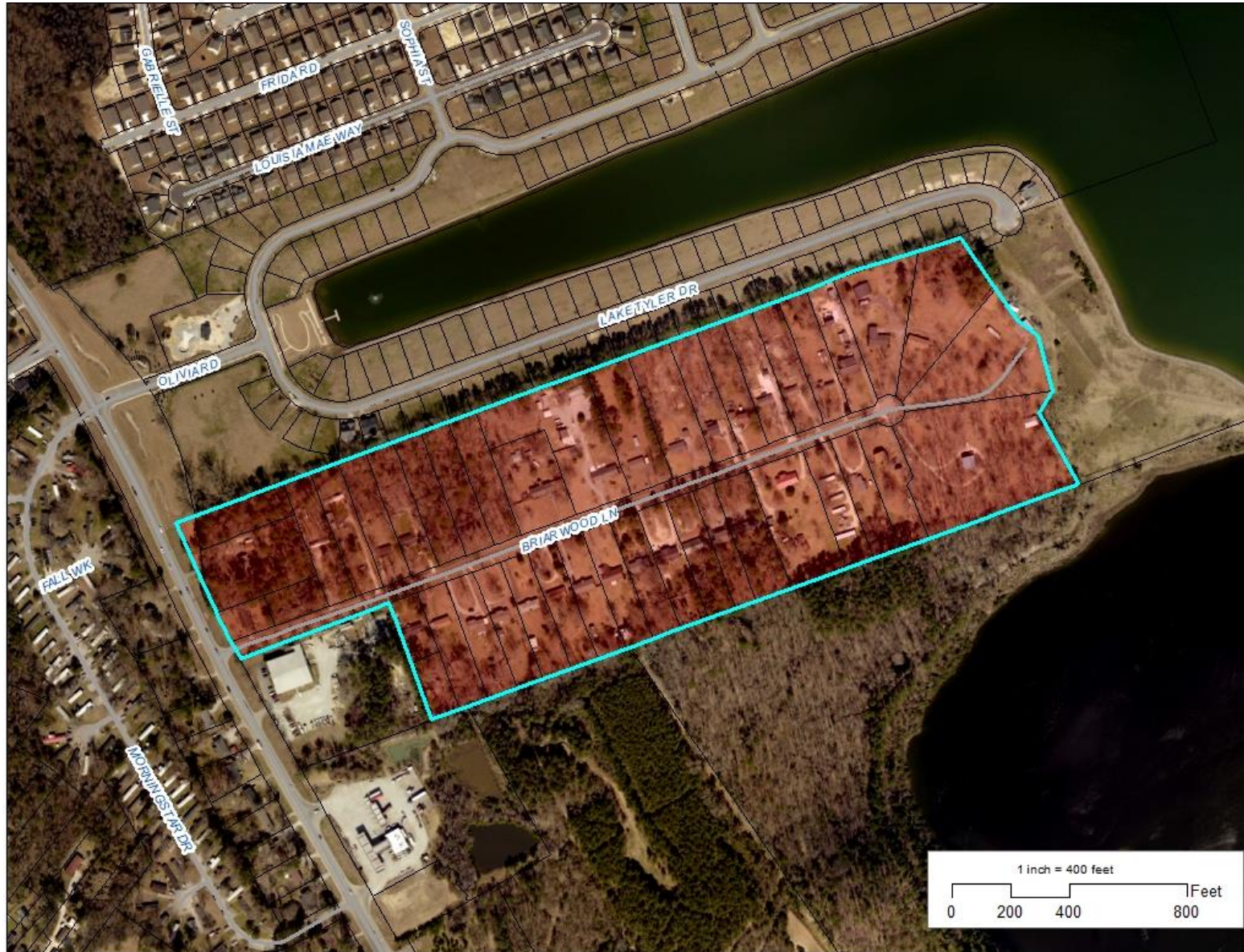




2. Discussion of Extraterritorial Jurisdiction (ETJ)



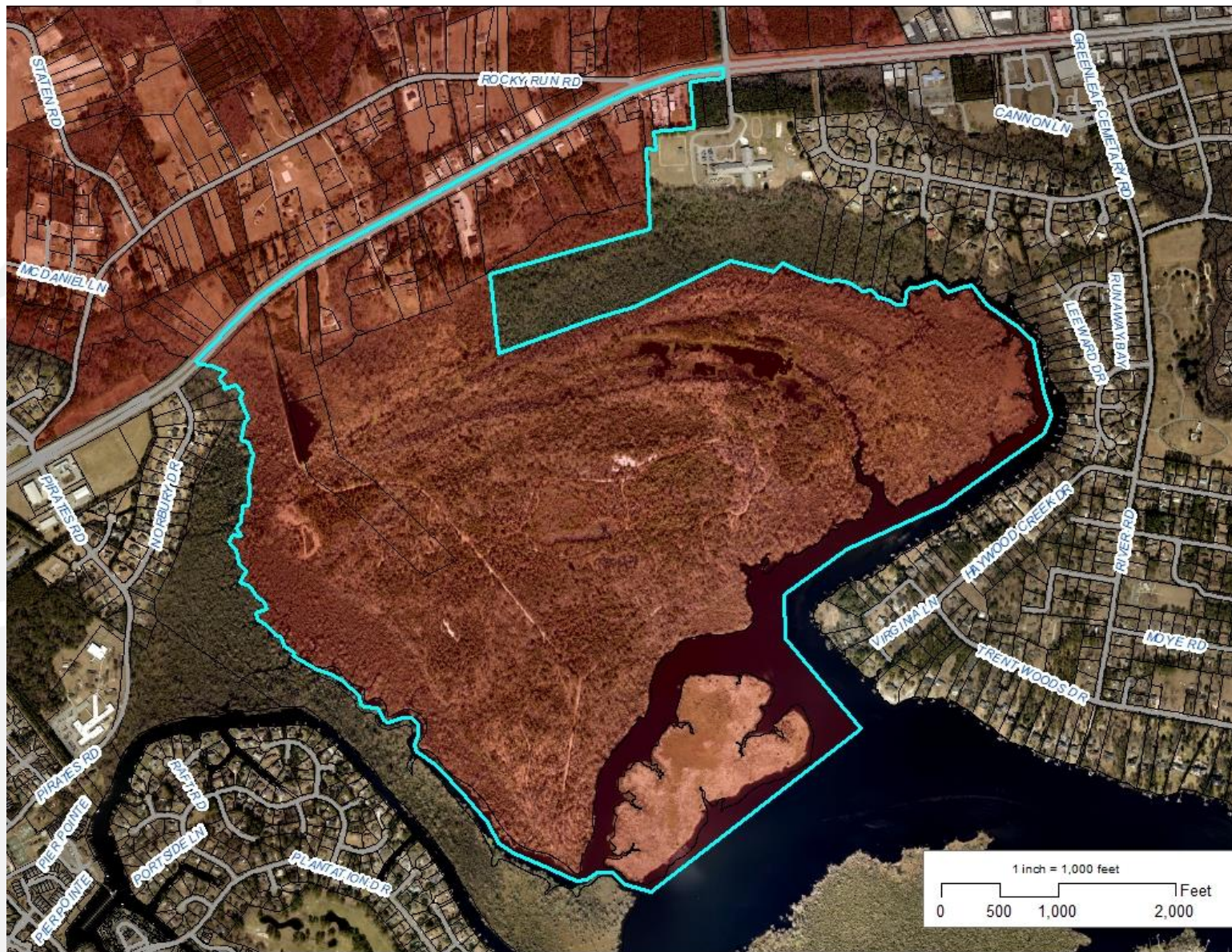
Briarwood Lane



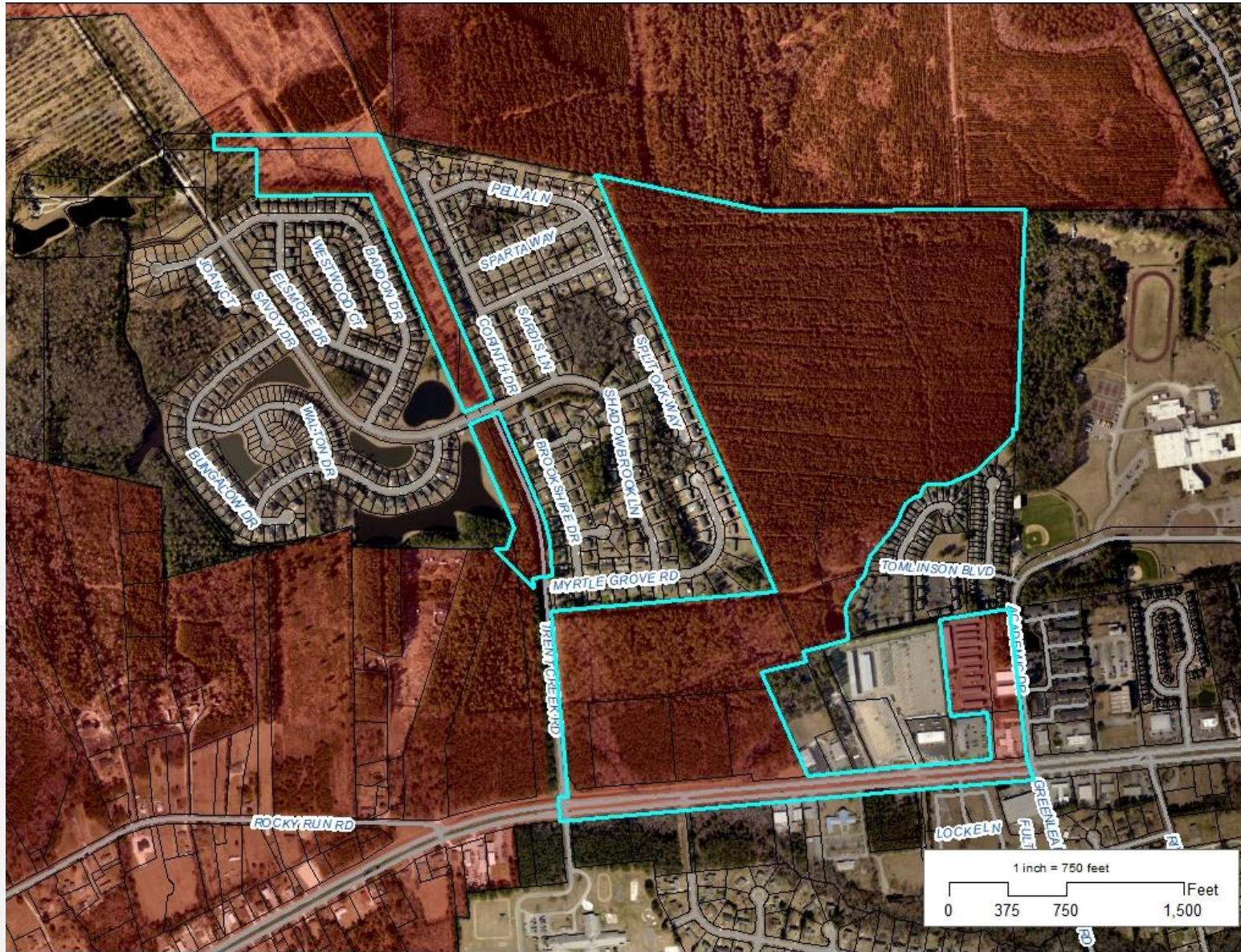
Bridgepointe



Trent Creek South



Trent Creek Road



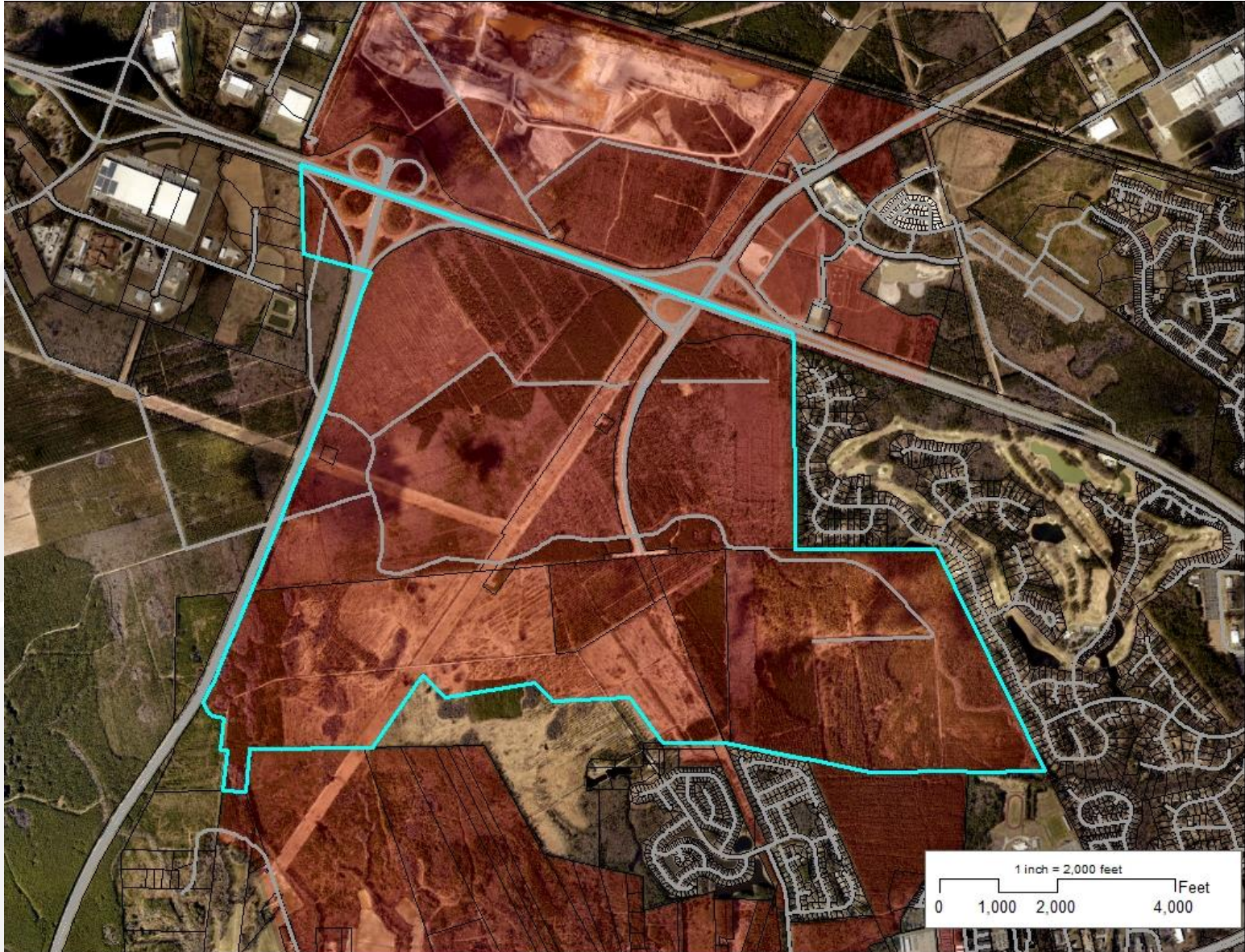
Township 2



US 70/Bosch



US 70/Greenbrier



Duck Creek





3. Planning Discussion

- a. Goals & Objectives
- b. Strategic Planning
- c. Comprehensive Plans
- d. City Ordinances

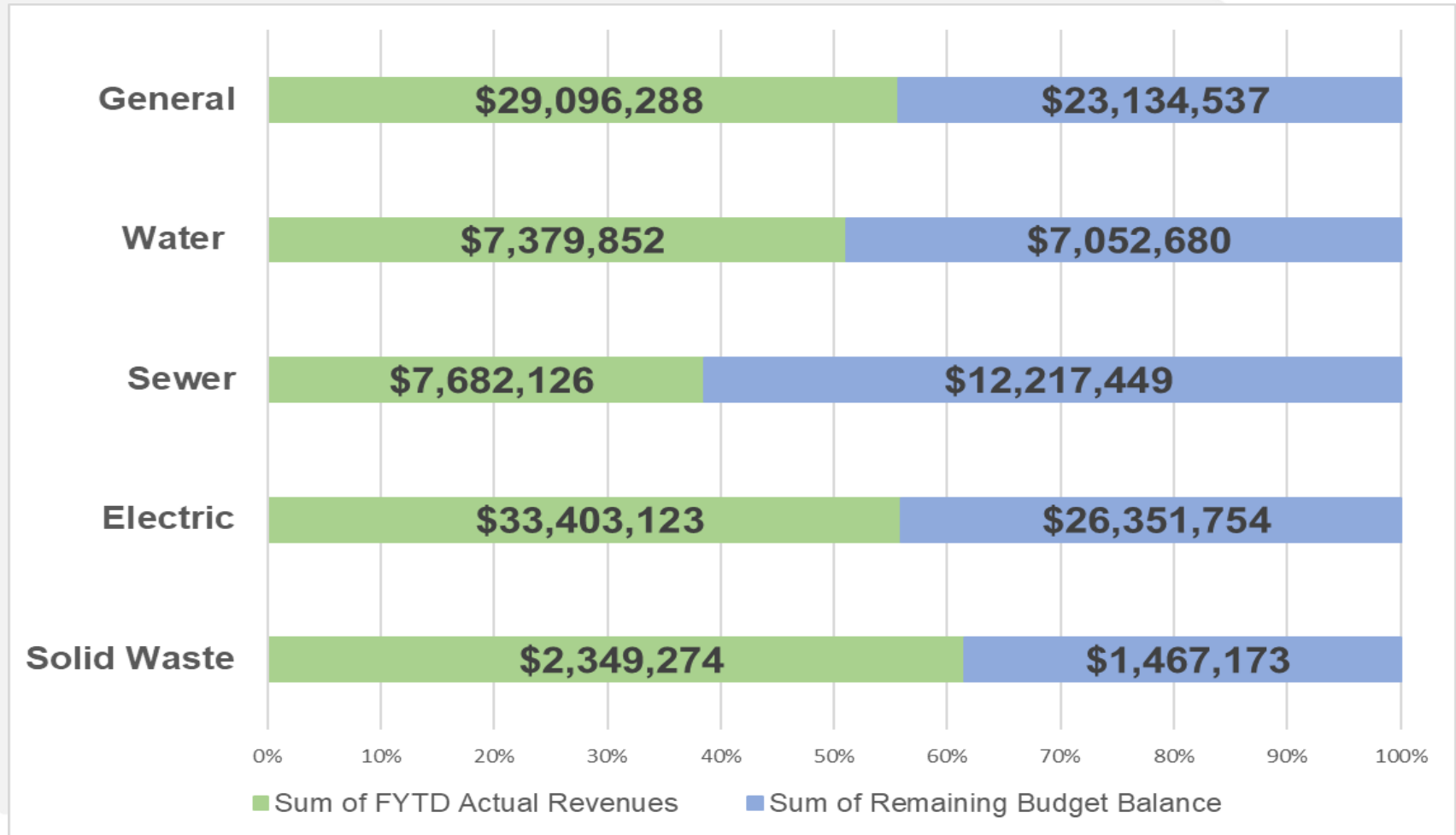
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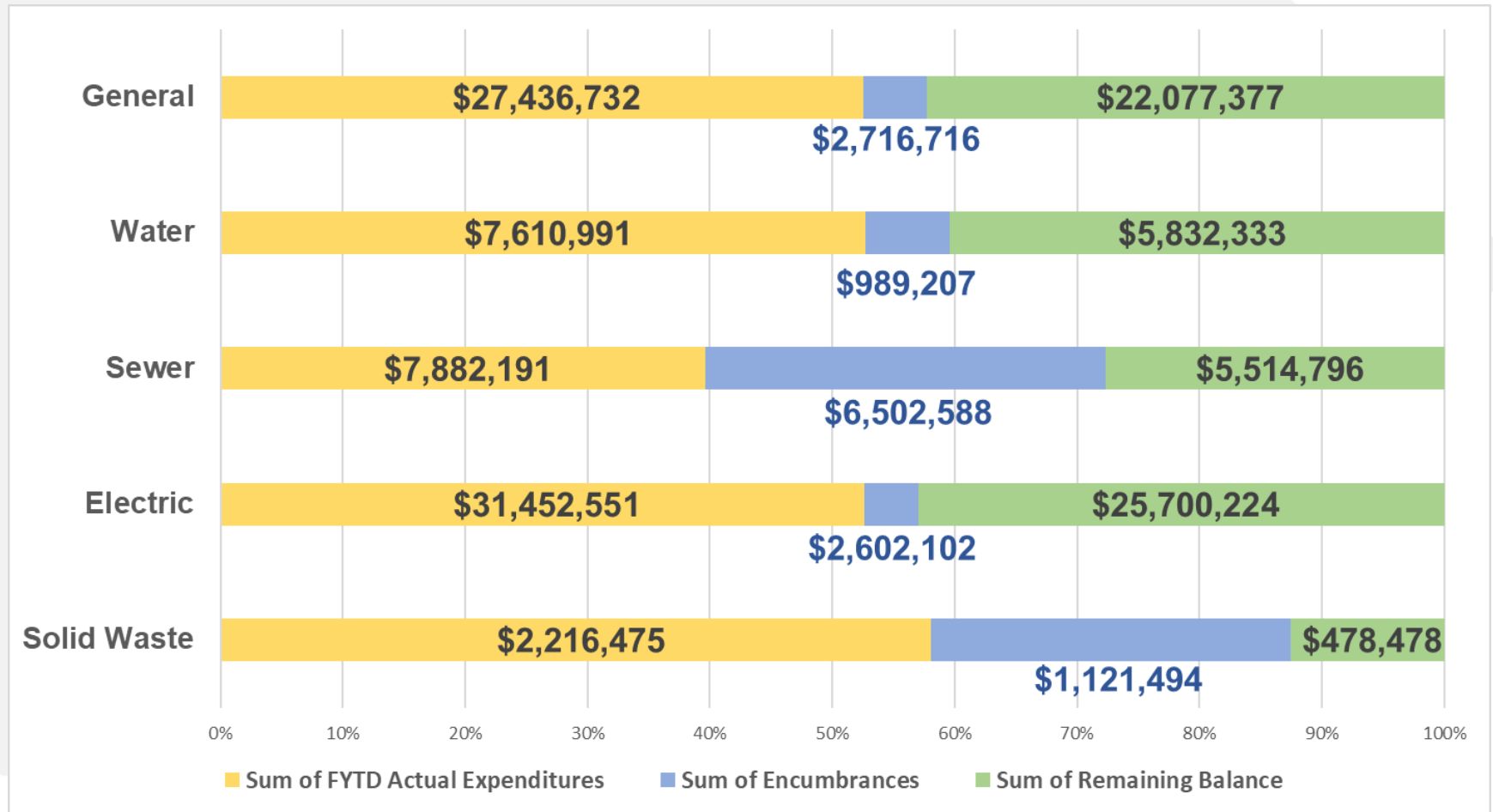


4. Financial Update

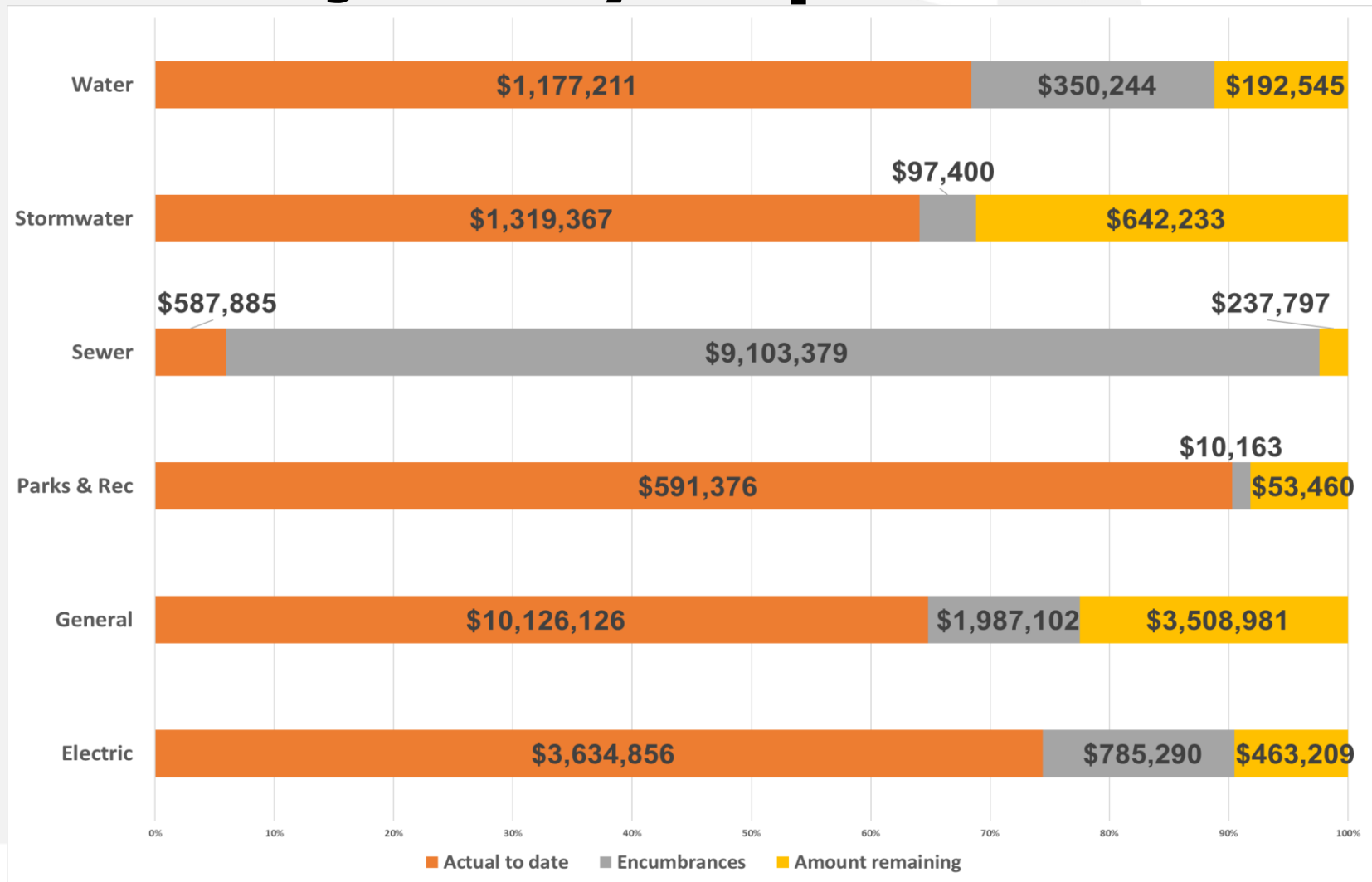
Budget to Actual Update - Revenues



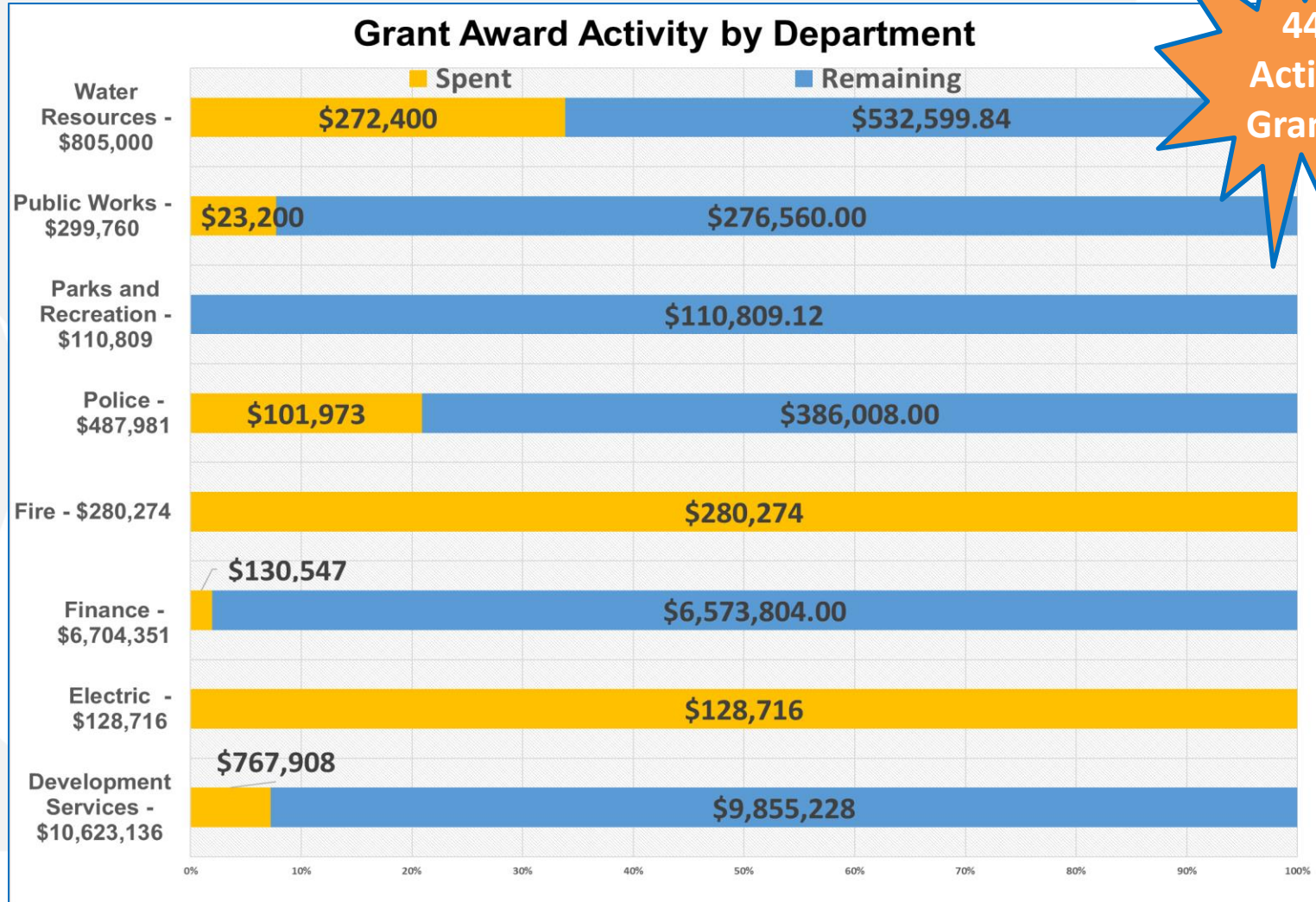
Budget to Actual Update - Expenses



Projects by Department

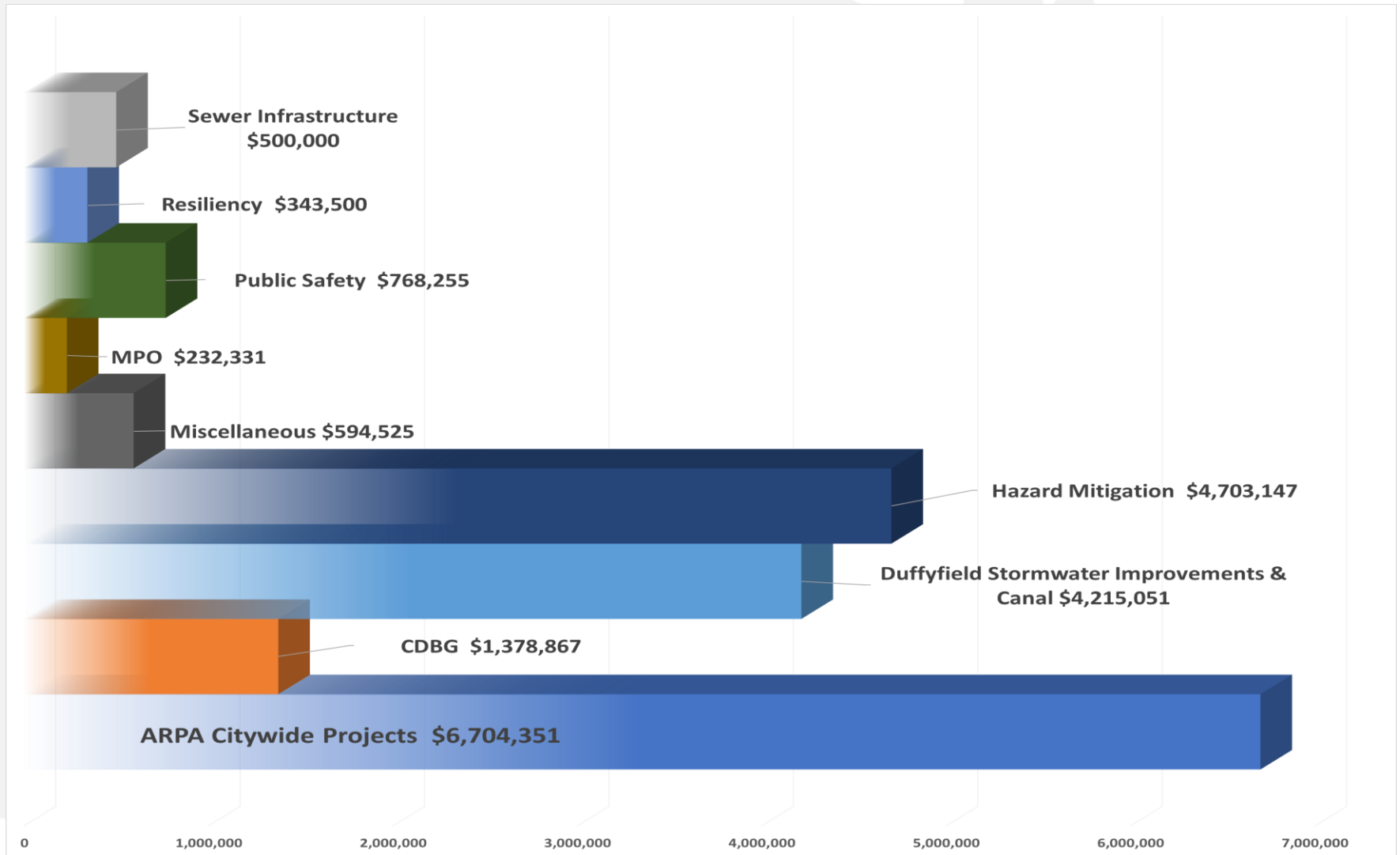


Grant Awards - Expenses to Date



**44
Active
Grants**

Grant Awards by Purpose



Debt Overview from Audited Financial Statements 06/30/2022

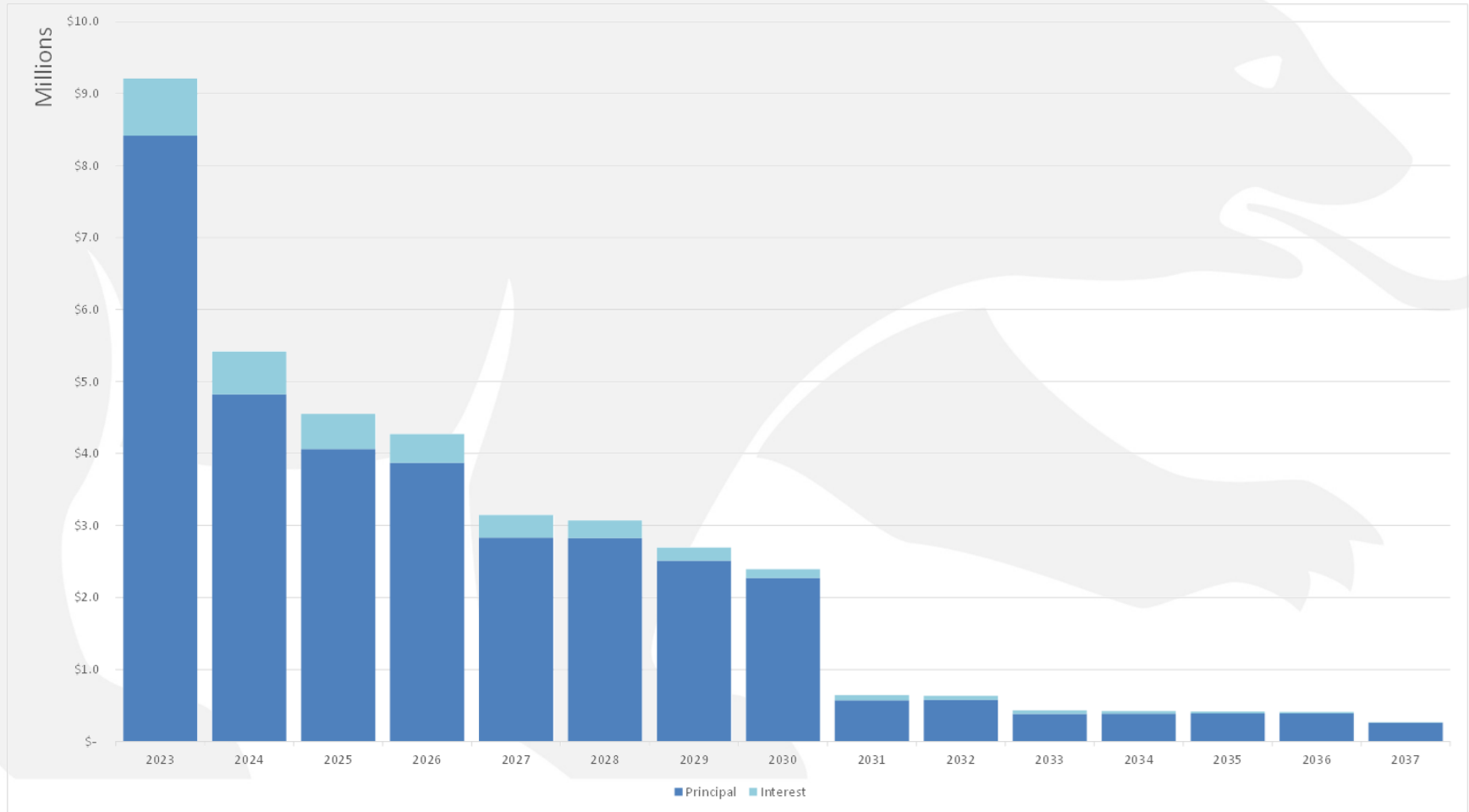
- Debt Coverage Ratio
 - Key financial indicator that measures the City's ability to pay its long-term debts
 - Current bond covenants require Debt Coverage Ratio of 120%
 - City meets requirement with a Debt Coverage Ratio of 165%

Debt Overview from Audited Financial Statements 06/30/2022 (cont.)

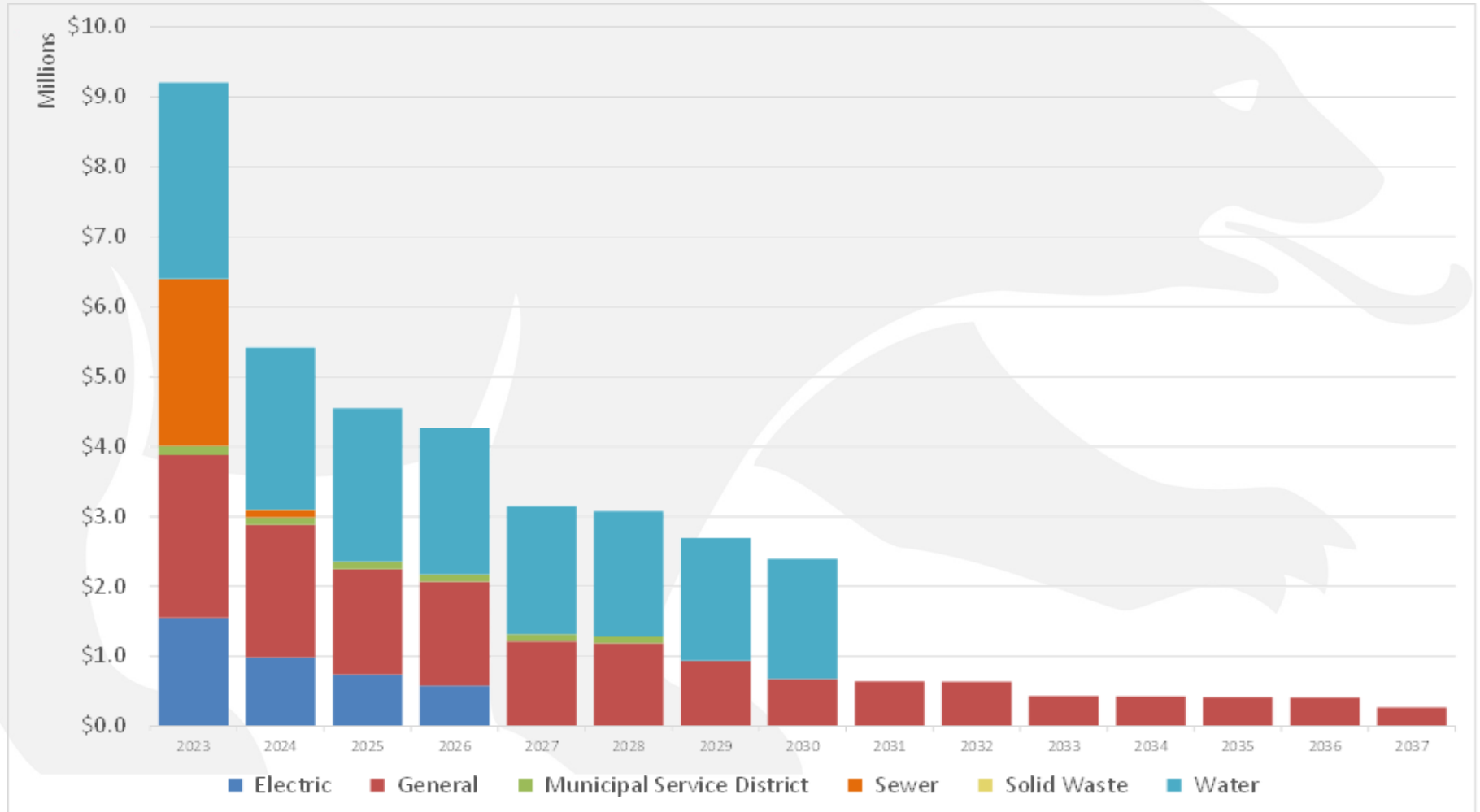
- Debt Margin
 - Per bond covenants – principal amount of installment debt cannot exceed 15% of net investment in capital assets
 - City met requirement with 5.62%
 - Legal Debt Margin 8% - \$240,149,303

Total Debt Service Over Time

All Funds As of 06/30/2022



Debt Service Over Time By Fund As of 06/30/2022



Debt Paid Off During FY2023

Between 06/30/2022 and 06/30/2023, three debt issues will mature

1. Wastewater Treatment Plant \$1,297,528
2. Aquatic Center, Swimming Pool, Downtown Streetscape Projects, Elizabeth Ave Fire Station, Downtown Utility \$ 432,125
3. AMI (Electric & Water), Sewer Improvements \$1,950,626

Upcoming Borrowing Needs

- Fiscal Year 2022-23
 - Vehicles & Equipment \$4.2M
- Fiscal Year 2023-24
 - Township 7 Sewer \$4.8M
 - Stanley White Recreation Center
 - Electric Substation
 - Vehicles & Equipment
- Other
 - Wastewater Treatment Plant \$25M-\$30M (FY28)

Budget Process

Completed by Departments in January/February

- ✓ Capital Improvement Project Requests
- ✓ Building Maintenance Requests
- ✓ Position Change/Modification Requests
- ✓ Fee Schedule Change Requests
- ✓ Budget Highlights
- ✓ Budgets Entered in Munis Software

Parks & Recreation

Budget Highlights

To achieve equitable access, our budget continues to focus on facility and park renovations, as well as new park and facility development. We have added new technology for efficiency on the go and to produce better marketing materials. The acquisition of new recreation equipment this year, provided a unique and exciting experience for New Bern residents and visitors. We continue to explore parks and recreation trends to bring the latest and greatest to our citizens.

Purpose and Mission

Our **MISSION** is to enhance the quality of life for all citizens through the development of sustainable facilities, parks, programs, and services that promote a lifestyle of cultural arts, physical activity and wellness for all.

Our **VISION** is to become an innovative and inclusive provider of recreation services that create community through people, parks, and programs.

Goals & Objectives

The overall goals of the department include:

- Focusing on the health and wellness of our citizens with an emphasis on conservation of our natural resources and providing equitable opportunities for all to participate.
- Providing quality special events and meaningful athletic and program opportunities.
- Provide unique, safe, and aesthetic parks and green spaces with up-to-date amenities.
- Provide excellent customer service and well-trained professional staff.
- To continue to develop strong partnerships within the community.

Key Operations & Functions

Parks & Recreation Administration provides direction, guidance, fiscal management, and oversight of all divisions within the department. Additional divisions include Facilities and Parks & Grounds. Administration also coordinates a variety of special events, as well as youth and adult athletics.

The Parks and Grounds Division maintains over 1,400 acres and provides clean, safe, and well-maintained parks, amenities, and green spaces for our citizens and guests. They are also responsible for facility and park construction, holiday displays, and event set up and take down.

The Facilities Division provides facility rentals, programs, and activities for all generations. In addition to regular programming, the division coordinates afterschool and summer camp programs. Facilities include the West New Bern Recreation Center, New Bern Aquatic Center, the Splash Pad, and the Omega Center.



Budget Process

Next Steps

March 20-24	Departments meet with Budget Committee
March 31	Budget Balanced
April 25	City Manager's Overview & Presentation of Budget
May 2 & 3	Board of Alderman Budget Workshops
May 9	Board of Alderman Meeting <ul style="list-style-type: none">▪ Call for Public Hearing▪ City Manager submits recommended Budget to Board▪ Discuss Lobbying Requests which are not considered contractual in nature
May 23	Conduct Public Hearing
June 13	Request Board to Adopt Budget & Fee Schedule

Revenue Neutral Property Tax Rate

What is Revenue Neutral Property Tax Rate?





- The revenue-neutral property tax rate (RNTR) is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year by the current tax rate if no reappraisal had occurred.
- The calculation also includes an average annual growth rate on the tax base since the last appraisal. (2016)

Revenue Neutral Property Tax Rate

- The rate is required to be calculated and published, but NOT required to be adopted.
- The revenue neutral calculation should only be done in the year of evaluation per G.S. 159-11(e).
- The RNTR refers to the aggregate tax burden for the City's entire jurisdiction, not for the individual taxpayer.

Revenue Neutral Property Tax Rate

New Bern Tax Rate History

- 2008  \$0.5050 from \$0.4700 (Board)
- 2011  \$0.4100 (Revaluation)
- 2017  \$0.4600 (Revaluation)
- 2019  \$0.4822 (Board)

Revenue Neutral Property Tax Rate

- County Projected Tax Base for City of New Bern
\$4,422,540,000 (estimate only)

Projected Property Tax Revenue at Current Rate

Projected Tax Base	\$	4,422,540,000
Current Tax Rate		0.4822%
		<hr/>
	\$	21,325,488

Revenue Neutral Property Tax Rate

Neutral Property Tax Increase (Decrease)

City of New Bern

Revaluations as of:

January 1, 2023 and 2016

Fiscal year	Assessed Valuation as of June 30	Total Adjusted for Annexation or Deannexation	Valuation Increase (Decrease)	Percentage change
2023-24	4,422,540,000	23-24 4,422,540,000 22-23 3,573,993,746		
2022-23	Revaluation 1/1/2023 3,573,993,746	22-23 3,573,993,746 21-22 3,120,739,021	453,254,725	14.52%
2021-22	3,120,739,021	21-22 3,120,739,021 20-21 3,016,195,048	104,543,973	3.47%
2020-21	3,016,195,048	20-21 3,016,195,048 19-20 2,934,241,459	81,953,589	2.79%
2019-20	2,934,241,459	19-20 2,934,241,459 18-19 2,895,026,457	39,215,002	1.35%
2018-19	2,895,026,457	18-19 2,895,026,457 17-18 2,847,142,818	47,883,639	1.68%
2017-18	2,847,142,818	17-18 2,847,142,818 16-17 3,004,360,060	(157,217,242)	-5.23%
2016-17	Revaluation 1/1/2016 3,004,360,060			
3.10% Average growth % Doesn't include revaluation increase (decrease)				
Last year prior to revaluation 2022-23	3,573,993,746		Tax rate 0.4822	Estimated tax levy 17,233,798
First year of revaluation 2023-24	4,422,540,000		Tax rate to produce equivalent levy 0.3897	17,233,798
Revenue neutral tax rate, to be included in budget ordinance, adjusted for growth 0.4018				
Increase (decrease) tax rate for average growth rate 2023-24	4,422,540,000		0.4018	17,767,657
Increase (Decrease) in Tax Levy				533,859



5. Discussion of Days Inn Property



6. Adjourn