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DOWNTOWN
Chapel Hill

April 22, 2002

Town Council
Town of Chapel Hill
306 North Columbia Street
Chapel Hill, NC 27516

Dear Mayor Foy and Members of the Town Council

The Board of Directors of the Chapel Hill Downtown Commission do herewith petition the Town Council of Chapel Hill for the allocation of \$18,000 from the Downtown Service District Tax Fund Balance to be used for the purpose of securing the services of a professional retail consulting firm.

The Downtown Service District Tax was established on July 1, 1989 to enhance economic activity in the downtown area through promotional activities and supplemental services. The Mayor and the Town Council set the tax rate and allocate the funds each spring during the budget process. The current tax rate is 6.2 cents per \$100 of taxable value that generates approximately \$69,000.

As you know with part of that \$69,000, we initiated a Branding campaign 2 years ago that is intended to better position Downtown Chapel Hill in the regional marketplace. Part of that effort has been the recruitment of quality businesses that add to the overall retail mix of the district. To assist in that effort we hope to secure a professional firm that specializes in retail marketing in university communities. Our goal is to increase and insure downtown's commercial vitality.

At the suggestion of Nancy Sutenfield, UNC CH Vice Chancellor of Finance and Administration, we contacted Ken Kauffman and Kathy Sawin of University Retail Group. Vice Chancellor Sutenfield had worked with them on a similar project in her previous position at Case Western Reserve University and was impressed with their specialized experience and knowledge. We are currently in discussion with URG on a \$40,000 proposal that will provide the assistance, analysis, and marketing/management tools that can be used to further this goal.

Support for this project and members of the Committee include the Town, the University, property owners, and business owners. Currently we have funding commitments from the University (\$10,000), the Chamber (\$5,000), property and business owners (\$9,500). We have enjoyed and benefited from the involvement of the Town in this process and understand that in this tight budget year, the Town can offer no financial support from the budget itself.

The Service District Fund Balance is an accumulation of years of undistributed funds from this special downtown tax. We believe that this investment in the vitality of the tax base is the best possible use of these reserves and therefore petition the allocation of \$18,000 for this project. Thank you for your continued support of our organization and for your consideration of this request.

Sincerely

Margaret Skinner, Chair

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