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June 11, 2003

Dear Mayor Foy,

Thank you for inviting members of the Downtown Commission's board of directors to the May 23rd meeting of your Downtown Task Force. You have consistently advocated for a healthy, vital downtown business district, and we applaud your efforts to explore all the ways in which to achieve that goal. It is gratifying that the Downtown Commission and members of your Downtown Task Force agree that we both want to do what is best for Chapel Hill's downtown. We both appear to agree, also, that there is a need for an economic development initiative that will focus on the town center area. The purpose of this letter is to share with you our view regarding the best organizational structure for pursuing an economic development initiative.

When we met with your Downtown Task Force, we proposed keeping the Downtown Commission as the single organization that would develop and encourage the revitalization and growth of the downtown business district as an economic, cultural, recreational, entertainment, and historic center. We confirmed that the Commission would continue working with the Town of Chapel Hill, property owners, business owners, the University, the Chamber of Commerce, the Visitors' Bureau and the larger community to ensure the economic vitality of Downtown. We would also continue our plan to hire an Economic Development Director as our Executive Director.

You asked for a comparison of two organizational options for the revitalization of Downtown. One would retain the present Downtown Commission, but re-structure its board and bring on new staff with skills in the economic development area; the other would bypass the present Commission and create a new economic development entity.

We think there are compelling reasons for a single organizational structure to carry out downtown revitalization. The National Trust Main Street Program lists four determinants for success in creating and maintaining a vital downtown. They are:

- A) Organization, creating cohesive partnerships from diverse groups and individuals.
- B) Design, enhancing the visual quality.
- C) Promotion, making downtown visible to the public.
- D) Economic Restructuring, diversifying the downtown economy.

The existing Downtown Commission has already achieved notable successes in A), B) and C). We have recognized the changing needs of the downtown by raising money to hire Urban Retail Group(URG) to kick off a new emphasis on economic development and, with your support, will hire an economic director and achieve and add D) to our record of success.

We think there are significant, specific, reasons why an economic development program should be developed and carried out under the scope of work that the Downtown Commission does. In fact, when we began to consider all the reasons why it makes sense to retain a single organization in this

situation there were so many that we would like to enumerate them in “bullet” form. These reasons include:

- The Downtown Commission was incorporated in 1989 to carry out both functions. When the Downtown Commission started, more than 12 years ago, it had annual support from the Town (in addition to the revenues from the tax district), from the University, the hospital, private citizens and foundations.
- It is a non-profit corporation designed to develop and encourage the revitalization and growth of the downtown business district of Chapel Hill as an economic, cultural, recreational, entertainment, and historic center.
- One organization is fiscally prudent.
- The Downtown Commission is already incorporated as a 501(c) (6) non-profit corporation.
- It has a separate 501 (c) (3) arm that allows it to collect donations.
- It has demonstrated its ability to raise funds from the Town, the University, the Chamber of Commerce, and Downtown merchants and property owners to support economic development.
- It has rallied the property owners and has their confidence.
- It communicates with merchants and has their support.
- The present board of directors is willing to work with you or a task force to change the organization to make it more effective.
- The present board of directors has the following strengths on its board: Town government, marketing, commercial real estate, developer, property owners, and business owners. In addition it has ex-officio members from the University, the Chamber of Commerce and The Visitors Bureau. It has representatives from East Franklin, West Franklin and Rosemary Street as well as outside the tax district. It has contracted with an attorney to help revise its by-laws.
- Keeping the economic side and the events side under one group keeps the goals the same.
- The Downtown Commission has strong alliances with the Chamber of Commerce, the Chapel Hill/Orange County Visitor’s Bureau, the University and the Chapel Hill Historical Society
- The board of directors has adopted Ken Kauffman’s recommendations to hire an economic director as Executive Director as well as continue program and events management.

There are some who believe that a second organization needs to be created to address the economic development issues in the downtown. Some of the reasons for this, that we have heard, include:

- Lack of confidence in the Commission Board’s ability to hire an Economic Development Director.
- Concern that the present board does not have the right mix of expertise.
- Concern that the present board does not have enough “high powered” members to get the job done.

We believe that these reasons are not compelling enough to warrant the cost, the time wasted in organization and mobilization, and the energy spent in earning the trust and confidence of the major downtown interest groups. In fact, the Downtown Commission has taken real and substantive steps in addressing some of these concerns and intends to continue to do so. Starting last year we have begun the task of reformulating our board of directors. Our objective is to make our board more diverse with an intentional mix of public sector/private sector; building owners/building tenants; real estate and development interests/merchants. As board members cycle off, we would be pleased to accept

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recommendations from your Downtown Task Force for new board members who can bring strength to the board. Our present board is committed to hiring an economic development director.

If we receive the town's financial commitment and approval and the support of your Task Force, we know we can hire an excellent economic development director. And, that director will step into a job with the full range of support that only a grass roots, carefully nurtured and mature organization can give. We are confident that by combining an experienced economic development director within an organization with a real track record, the results will surely put Chapel Hill on the map as the best University town in the country.

Mayor Foy, your Downtown Task Force and the Downtown Commission board of directors have agreed that we want a vital, economically sound, attractive, downtown where the people of our town can gather, shop, dine and enjoy themselves. We believe that the Downtown Commission has the right structure to accomplish this. We believe that by working with us, together, we can make it the organization that can get the job done.

Sincerely,

Charles House
Chairman
Downtown Commission Board of Directors

