City of Asheville Staff Report

City Council Meeting Date: October 13, 2026

Staff Resources: Ben Woody, Assistant City Manager

Action Requested: Approval of a budget amendment totaling **$265,000** in available Downtown Municipal Service District (MSD) sales tax revenue: **$175,000** for business support during upcoming downtown construction construction projects and **$90,000** for the purchase and installation of new seasonal décor.

Background:

- The Asheville Downtown Municipal Service District (MSD) was established in 2024. The City began receiving MSD-generated sales tax revenue in August 2025, following the district's inclusion in Buncombe County's sales tax distribution formula.
- The City received $487,932 prior to July 1, 2026, and estimates approximately **$400,000 in FY27 revenue**.
- As part of the FY27 budget, Council approved the use of $400,000 for expenses within the district (Event Support Grant Program - $76,014, Holiday Event Support - $97,986, APD - $226,000)
- Previously collected sales tax funds can be used for additional downtown projects or programs through associated budget amendments.
- The proposed budget amendments would allocate available sales tax funds to two special projects managed by the ADID.
- The initiatives, as carried out by ADID, support the MDS's established purpose of improving downtown's public health, safety, welfare, convenience, and economic well-being through enhanced services, and fall within ADID's existing scope and objectives.
- The Asheville Downtown Improvement District (ADID) would manage both initiatives as the operator of the Downtown MSD in alignment with their contracted objectives.
- **Business support during downtown construction - $175,000**
    - Funds to support a construction impact mitigation program for North Lexington Avenue ($30,000), Coxe Avenue ($100,000) and Eagle and Market Street Enhancements ($45,000)
    - The program of work for each project would include: business continuity & stakeholder coordination; construction-phase placemaking, access & wayfinding; and neighborhood marketing, corridor activation & media.
    - Corridor-specific scopes and implementation to be coordinated with City staff and district stakeholders, informed by the final construction schedule, staging plan, anticipated impacts, and stakeholder input.
    - Investments would be structured to provide a corridor-wide and public benefits in alignment with the MSD's established purpose and ADID's contracted scope.

    - ADID will report on activities and expenditures through its contracting requirements with the City.
    - The City will retain responsibility for construction management, including site safety, logistics, project coordination, and general public information.

- **New seasonal decor - $90,000**
    - Replace Downtown's more than 40-year-old wreaths with approximately 100 reusable, solar-lit wreaths along its primary commercial corridors.
    - The wreaths would complement ADID's existing commitment to providing holiday lighting in Pack Square Park, Pritchard Park and Triangle Park, creating a more cohesive seasonal experience that supports Downtown businesses and creates a welcoming experience for all.

Vendor Outreach: ADID is uniquely positioned to deliver these services as the established MSD service provider with the City of Asheville. Both initiatives are in alignment with the Downtown MSD's ordinance-established purpose of advancing Downtown's public health, safety, welfare, convenience, and economic well-being and enhancing safety, hospitality, and cleaning services above and beyond what the city provides; and with its contracted objectives to create a downtown environment that's inclusive to all, improve the downtown experience and quality of life, serve as a nimble mechanism for championing and sustaining downtown improvement efforts, and increasing business activity and investments with the intention to support small independent businesses.

Council Vision 2036 Focus Area(s):

- Thriving Local Economy

Council Priority Recovery Area(s):

- Economic Recovery

Committee(s):

- N/A

Fiscal Impact:

- The budget amendment will appropriate BID fund balance from previously collected sales tax.

Suggested Motion:

- Motion to adopt a budget amendment in the amount of $265,000 for business support during upcoming downtown construction projects and for the purchase and installation of new downtown seasonal décor.

Attachment(s):

- Budget Amendment
- New Seasonal Decor - *overall scope*
- Business Support During Downtown Construction - *overall scope*

City of Asheville Budget Amendment Ordinance Number ____

Be it Ordained by the City Council of the City of Asheville.

That Section 2 of the City of Asheville Annual Operating Budget Ordinance be amended to provide an appropriation of $265,000 to the BID Fund, to be utilized for downtown services as follows:

BID Fund

Revenues:

Transfer from BID Fund Balance - $265,000

Expenditures:

Business support during downtown construction - $175,000
Holiday decorations - $90,000

Total Expenditures - $265,000

That this ordinance shall be in full force and effect upon the date of final passage.

Read, approved and adopted this 13th day of October, 2026.

_____
Esther E. Manheimer, Mayor

_____
Brad Branham, City Attorney

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Magdalen Burleson, City Clerk