

DOWNTOWN IMPROVEMENT DISTRICT (DID)
FY2021 AUTHORIZATION PLAN
MAY 19, 2020

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A. BACKGROUND

Established in 2000 pursuant to the provisions of the Principal Shopping Districts and Business Improvement Districts Act of Michigan (Act 120 of 1961), the Downtown Improvement District (DID) is an important tool supporting the ongoing revitalization of Downtown Grand Rapids. On August 22, 2000, the City Commission established the Downtown Improvement District Board, which was granted the responsibility and authority to recommend to the City Commission a list of enhanced services to be provided within the DID, and to recommend a budget for the provision of these services.

By state law, DID revenue is only used to enhance, not replace, the level of service that local government provides. Enhanced place-management services funded through the DID have included the following:

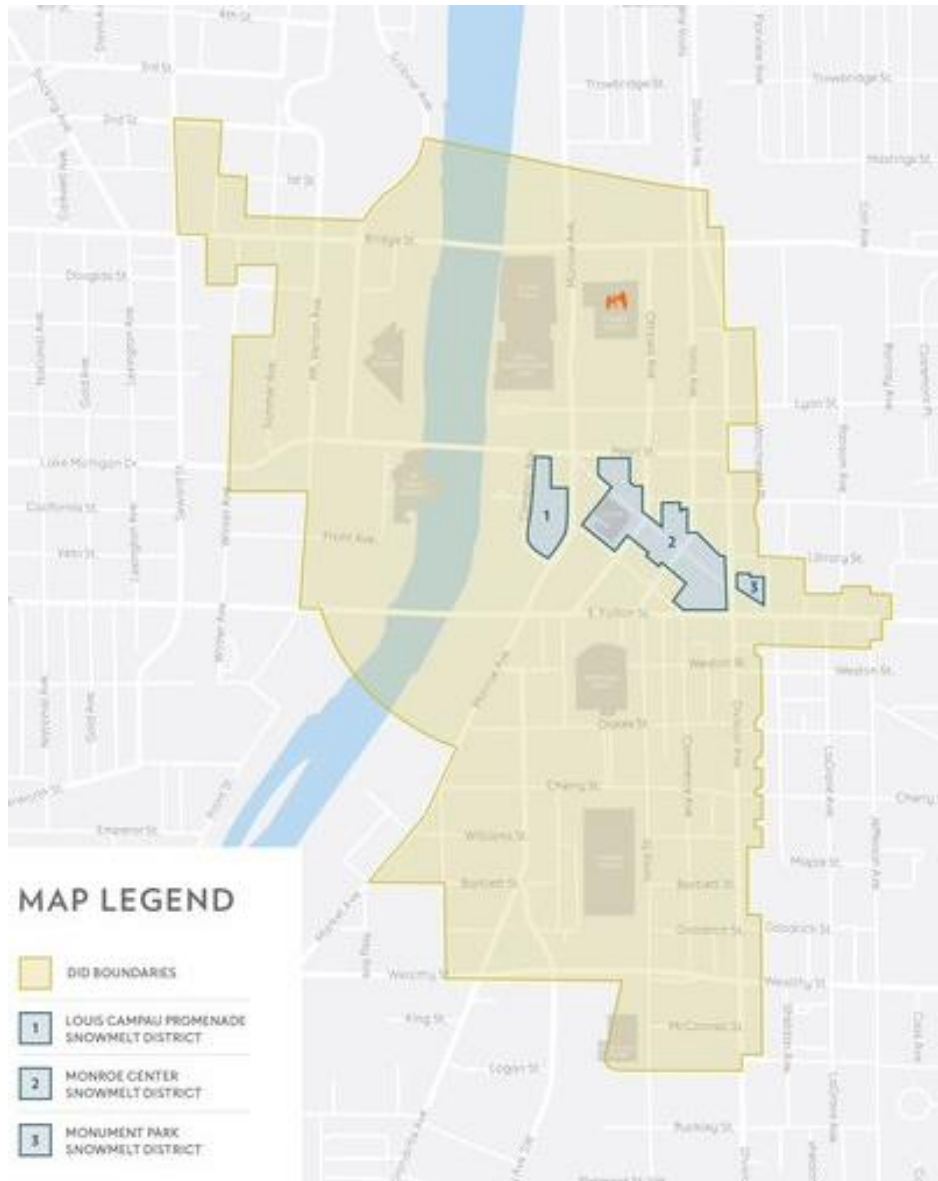
- Daily cleaning of sidewalks
- Flower planting and beautification
- Restaurant and retail-oriented marketing and promotions
- Snowmelt operations and maintenance
- Snow removal from intersections
- Advocacy efforts
- Special events
- The Downtown Ambassador Program

The DID is funded through special assessments on real property within the district, collected annually, and transformed into these enhanced services that are provided daily. The entire cost of providing enhanced services is spread amongst the various properties in the district, in proportion to the benefit to the properties within the district. Components used to measure the benefit to the properties include land area, building area, street frontage, and parking area.

In October 2015, the DID Board and Grand Rapids City Commission approved a five-year authorization for operations of the DID for FY2016 through FY2020. With this authorization set to expire on June 30, 2020, the following DID Authorization Plan recommends the continuation of DID operations for an addition one-year period, FY2021.

The following plan establishes the DID boundary, the formula for assessing properties, a description of proposed services, and a budget establishing the area-wide and sub-area assessments for FY2021. The Plan recommends a continuation of the existing DID services, while using some of the fund balance to strengthen the existing cleaning, maintenance and placemaking team.

B. MAP OF THE DISTRICT



There are no proposed changes to the boundaries for FY 2021.

C. ASSESSMENT BUDGET

The following table illustrates DID special assessment for the FY2021 authorization period.

Clean & Safe Services includes core DID area-wide services such as maintenance, beautification, and public safety, listed in more detail in Section D below.

AREA-WIDE SERVICES REVENUES	FY 2021
District Wide Assessed	\$1,093,956
Estimated Investment Earnings	\$25,000
Fund Balance Transfer	\$71,000
Snow Melt Assessments	\$224,819
Anticipated Uncollected Assessment	-\$136,745
TOTAL DID REVENUE	\$1,278,030

AREA-WIDE SERVICES	FY 2021
Maintenance & Beautification	\$622,877
Marketing & Communications	\$97,539
Administration	\$140,186
City A-87 Costs	\$37,609
Ambassador Services	\$155,000
TOTAL AREA WIDE EXPENDITURES	\$1,053,211
SNOW MELT SPECIAL AREA ASSESSMENTS	
Monroe Center Snowmelt	\$141,263
Louis Campau Promenade Snowmelt	\$57,199
Monument Park Snowmelt	\$26,357
TOTAL SNOW MELT ASSESSMENT	\$224,819
TOTAL DID EXPENDITURES	\$1,278,030

UNCOLLECTIBLE ASSESSMENTS

While the total DID assessments above will be used for setting the annual assessment rates, it is also important to note that there is approximately \$140,000 annually in uncollectible assessments. Because properties owned by government and tax-exempt not-for-profit organizations are not placed on the special assessment roll, these entities are instead asked for voluntary contributions. Historically, some have contributed while others have declined to. The result is that the DID's functional budget is reduced by approximately \$140,000 each year.

D. PROPOSED DID SERVICES

AREA-WIDE SERVICES

Clean & Safe Services

Maintenance: Clean Team program, litter pick-up, sidewalk sweeping and washing, graffiti removal, empty waste containers and crosswalk and parking meter snow removal.

Beautification: Seasonal flower planting and care, weed removal, seasonal decorations, banners.

Public Safety: Expanded Downtown Ambassador program

Marketing & Communications

Special events, specialized business outreach and referrals, retail- and restaurant-oriented support, advertising, marketing and promotions, communications, production of print materials, website management, video production.

Administration & City Costs

City administrative costs, advocate for quality services, staffing and overhead, office expenses, program evaluation.

SPECIAL SUB-AREA SERVICES

Monroe Center

Snowmelt operations and system maintenance

Louis Campau Promenade

Snowmelt operations and system maintenance

Monument Park

Snowmelt operations and system maintenance

E. CITY SERVICES

Properties within the DID receive special benefit from enhanced services because they receive services over and above those that are routinely provided by the City using general tax dollars. The DID does not replace any standard City services.

As part of this authorization, the City of Grand Rapids has documented a base level of service agreement (see Exhibit 1). This agreement provides details on regular services provided by the City within the DID and adds clarity for ratepayers on City services compared to DID services.

F. ASSESSMENT PARAMETERS & ASSUMPTIONS

1. Assessment assumptions and parameters are consistent with those used during the FY2015-2020 authorization period, and are based upon an assessment benefit study dated January 23, 2001 and prepared by S.B. Friedman & Co. Copies of the original report are available for viewing in the office of Downtown Grand Rapids, Inc., 29 Pearl St. NW, Suite 1.

2. Properties will be assessed as they exist on Tax Day of the year they are to be assessed (i.e., December 31 of the previous year). Therefore, the special assessment for FY2021 is based upon data provided by the City Assessor for properties as they existed on December 31, 2019.
3. Property features to be assessed include:
 - Property Area (Square Feet)
 - Property Street Frontage (Linear Feet)
 - Building Area (Gross Square Feet)
 - Parking Area (Square Feet)

4. For the Area-Wide, Monroe Center Snowmelt Assessment Districts, property street frontage is the length of one side of the property that fronts upon a public right-of-way where the property has its official address. The official address is the address as it exists in the records of the City Assessor. The following walkways and plazas are treated as street frontage: Monroe Center, Market Ave, Louis Campau Promenade, Lyon Square, and Ferry Street. The following are not treated as rights-of-way: alleys, river-edge walkways and the Midtown Arcade.

For the Louis Campau Promenade Snowmelt Assessment District, property street frontage is the length of each side of the property that fronts upon a public right-of-way benefiting from snowmelt services.

For the Monument Park Snowmelt Assessment District, property street frontage is the length of each side of the property that fronts upon a public right-of-way benefiting from snowmelt services.

5. Building Area in a basement is included only if finished for occupancy and "exposed". Basements are "exposed" if they are visible through walkout grading, exterior walls or interior atriums.
6. Parking area includes surface parking lots and parking area in a building. Parking in a building includes basement level parking in multi-use buildings and parking structures.
7. Buildings are assessed whether occupied or not. New buildings under construction will not be assessed until an occupancy permit is issued for any portion of the building, at which time the building will be assessed as if completed. Existing buildings undergoing renovation are assessed as completed buildings.
8. Most privately-owned properties within the district are assessed. Michigan law provides an exemption only for certain residential properties and government properties. Single-family, tax-exempt, properties on the PILOT rolls, multi-family residential properties with four or fewer units, and privately owned condominiums in multi-family structures are exempt by law from DID assessments. Governmental units owning downtown properties are exempt by law from placement on the special assessment roll, but will be asked to voluntarily contribute their fair share to the DID, except for parks, walkways and public rights-of-way. Similarly, certain tax-exempt properties are not placed on the special assessment roll as the result of a historical finding made by the City Commission that such properties did not benefit to the same extent as taxable properties.
9. Properties in the district are divided into four classes according to primary use and ownership status of the property:
 - Class 1 – Private Taxable Property
 - Class 2 – Private Tax-exempt
 - Class 3 – Public Tax-exempt
 - Class 4 – Multi-Family Residential

10. The City Commission made a finding that because certain properties are owned by tax-exempt not-for-profit organizations (Class 2 properties), they should not be placed on the special assessment roll. The DID Board’s policy is to discount the share of cost for all Class 2 properties to 60% and request voluntary payments for enhanced services. Therefore, properties within the district will be assessed and/or billed at the following rates:
- Class 1 – 1.0
 - Class 2 – 0.6
 - Class 3 – 1.0
 - Class 4 – 1.0

11. The cost of providing enhanced services benefiting properties in the district is spread to each property as follows:

$$\begin{aligned}
 & (\text{Budget} \times 30\% \times (\text{Property Area}/\text{Total Property Area in the District})) \\
 + & (\text{Budget} \times 30\% \times (\text{Property Street Frontage}/\text{Total Property Street Frontage in the District})) \\
 + & (\text{Budget} \times 30\% \times (\text{Building Area}/\text{Total Building Area in the District})) \\
 + & (\text{Budget} \times 10\% \times (\text{Parking Area}/\text{Total Parking Area in the District})) \\
 \hline
 = & \text{Assessment by property} \\
 \times & \text{Benefit factor} \\
 \hline
 = & \text{Initial assessment by property}
 \end{aligned}$$

12. After the cost of providing enhanced services is spread to each property within the district, the City Assessor will calculate an annual assessment rate or charge for each property characteristic as follows:

(Budget x 30%) / (Total Property Area in the District) =	Assessment rate 1
(Budget x 30%) / (Total Property Street Frontage in the District) =	Assessment rate 2
(Budget x 30%) / (Total Building Area in the District) =	Assessment rate 3
(Budget x 10%) / (Total Parking Area in the District) =	Assessment rate 4

13. The annual assessment/charge rate will be used to calculate a property’s final amount to be assessed and/or charged:

$$\begin{aligned}
 & \text{Property Area} \times \text{Assessment rate 1} \\
 + & \text{Property Street Frontage} \times \text{Assessment rate 2} \\
 + & \text{Property Building Area} \times \text{Assessment rate 3} \\
 + & \text{Property Parking Area} \times \text{Assessment rate 4} \\
 \hline
 = & \text{Initial assessment by property} \\
 \times & \text{Benefit factor} \\
 \hline
 = & \text{Final assessment by property}
 \end{aligned}$$

14. Those expenses related to enhanced services described as Area-Wide Services in Section D are spread to all eligible properties in the district as shown on the map in Section B.
15. Those expenses related to Monroe Center Snowmelt operations and maintenance are spread to properties with frontage on Monroe Center. The amount spread to property owners is reduced by a contribution from the City of Grand Rapids.
16. Those expenses related to Louis Campau Promenade Snowmelt operations & maintenance are spread to properties with frontage on Louis Campau Promenade.

- 17. Those expenses related to Monument Park Snowmelt operations & maintenance are spread to properties with frontage onto Monument Park.
- 18. The characteristics of the properties within the area-wide services assessment district are projected as follows:

Projected Number of Properties by Class in FY2021:*

- Class 1 – 404
- Class 2 – 87
- Class 3 – 82
- Class 4 – 21

Projected Percentage of Assessment Payers by Class in FY2021:*

- Class 1 – 68%
- Class 2 – 15%
- Class 3 – 14%
- Class 4 – 4%

Projected Assessment Amount by Class in FY2021:*

- Class 1 – \$679,600
- Class 2 – \$100,949
- Class 3 – \$388,529
- Class 4 – \$69,371

** FY2020 data is used for the above projections until the FY2021 database is available.*

G. SPECIAL ASSESSMENT SCHEDULE

MILESTONES – SPECIAL ASSESSMENT ROLL	
Date	Milestone
March 2020	DID Board considers recommendation of new five-year necessity and FY2021 to City Commission
April 2020	City Commission considers adoption of resolution setting date, time, and place for public hearing of necessity for special assessment.
May 2020	City Commission conducts Public Hearing concerning necessity of special assessment.
June 2020	City Commission considers adoption of resolution establishing necessity for enhanced services to be financed by special assessment.
July 2020	Special assessment Roll open for public inspection in City Assessor's Office.
July 2020	Board of Review hearing (City Commission sitting as Board of Review)
August 2020	City Commission considers adoption of resolution confirming Special Assessment Roll.
October 2020	Billing of Special Assessment Roll.

EXHIBIT 1: BASE LEVEL OF SERVICE AGREEMENT

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