

DOWNTOWN IMPROVEMENT DISTRICT (DID)
FY2022 AUTHORIZATION PLAN
MARCH 22, 2021

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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
- Enhanced Operational Response to COVID Pandemic Including:
 - Large Scale High Touch Point Disinfection
 - Deployment of New Sanitization Infrastructure

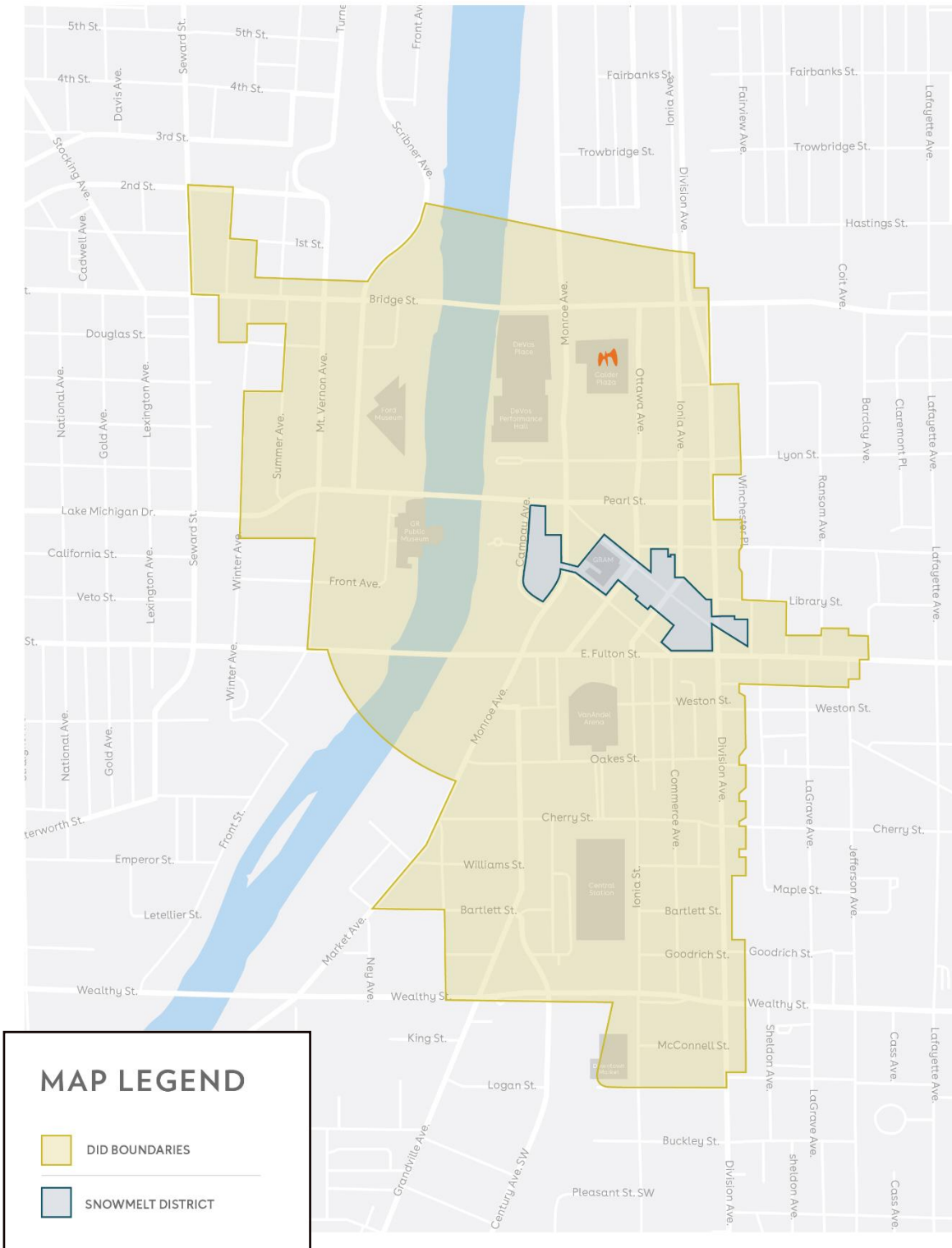
- Coordinating Logistics for Deployment of Tables, chairs and Umbrellas to support Social Zone Activation

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. Due to the uncertainty that arose with the onset of the COVID-19 virus this plan was extended with no changes for FY 2021 set to end on June 30, 2021. Due to the continued uncertainty as we transition out of the global pandemic the following DID Authorization Plan recommends no change to the current DID assessment and a one-year continuation of existing DID operations for FY2022 beginning July 1, 2021 and ending June 30, 2022.

The following plan establishes the DID boundary, the formula for assessing properties, a description of proposed services, and a single year budget establishing the area-wide and sub-area assessments for FY2022. The Plan recommends a continuation of existing DID services, maintaining a clean, beautiful, and vibrant downtown while also combining the boundaries and assessments for the three snowmelt districts to enhance operational efficiency.

B. MAP OF THE DISTRICT



There is one proposed change to the DID service boundaries: to merge the three existing snowmelt districts (Campau, Monroe Center and Monument Park) into a singular snowmelt district (Center City Snowmelt District).

C. ASSESSMENT BUDGET

The following table illustrates DID special assessment for the FY2022 authorization period.

Specific Area Wide 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 2022
District Wide Assessed	\$1,093,956
Estimated Investment Earnings	\$13,026
Fund Balance Transfer	\$163,060
Snow Melt Assessments	\$180,000
Anticipated Uncollected Assessment	-\$213,710
TOTAL DID REVENUE	\$1,236,332

AREA-WIDE SERVICES	FY 2022
Maintenance & Beautification	\$622,877
Marketing & Communications	\$97,539
Administration	\$140,186
City A-87 Costs	\$40,730
Ambassador Services	\$155,000
TOTAL AREA WIDE EXPENDITURES	\$1,056,332
SNOW MELT SPECIAL AREA ASSESSMENTS	
Center City Snowmelt	\$180,000
TOTAL SNOW MELT ASSESSMENT	\$180,000
TOTAL DID EXPENDITURES	\$1,236,332

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 \$213,000 annually in voluntary contributions. 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 not. The result is that the DID's functional budget is reduced by approximately \$213,000 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: 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

Center City Snowmelt District

Snowmelt operations and maintenance for Campau Promenade, Monroe Center and Monument Park

E. DESCRIPTION OF PROPOSED CHANGES TO SERVICE AREA

The FY2022 plan only includes one change to the DID service area: to merge the three existing snowmelt districts (Campau, Monroe Center and Monument Park) into a singular snowmelt district (Center City Snowmelt District), which will enhance operational efficiency.

F. 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.

G. ASSESSMENT PARAMETERS & ASSUMPTIONS

1. Assessment assumptions and parameters are consistent with those used during the FY2015-2021 authorization period and are based upon assessment benefit studies conducted on January 23, 2001 prepared by S.B. Friedman & Co. and January 25, 2019 prepared by Progressive Urban Management

Associates. Copies of the original reports 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 FY2022 is based upon data provided by the City Assessor for properties as they existed on December 31, 2020.
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, Center City 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 and Lyon Square. The following are not treated as rights-of-way: alleys and river-edge walkways.

Additionally, for the Center City Snowmelt District property frontage is defined in one of three ways:

1. **Monroe Center:** 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.
 2. **Louis Campau Promenade:** property street frontage is the length of each side of the property that fronts upon a public right-of-way benefiting from snowmelt services
 3. **Monument Park:** 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. Note: for snowmelt assessment only the ground floor parking square footage will be used in the calculation.
 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 excludes from the definition of “assessable property” certain residential properties and government properties. Properties on the PILOT rolls, and residentially classified properties are currently exempt 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:

$(\text{Budget} \times 30\%) / (\text{Total Property Area in the District}) =$	Assessment rate 1
$(\text{Budget} \times 30\%) / (\text{Total Property Street Frontage in the District}) =$	Assessment rate 2
$(\text{Budget} \times 30\%) / (\text{Total Building Area in the District}) =$	Assessment rate 3
$(\text{Budget} \times 10\%) / (\text{Total Parking Area in the District}) =$	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 Center City Snowmelt operations and maintenance are spread to properties with frontage on Campau Promenade, Monroe Center and Monument Park.
- 16. The annual snowmelt assessment/charge rate will be used to calculate a property’s final amount to be assessed and/or charged:

$$\begin{array}{r}
 \text{Property Area} \times \text{Assessment rate 1} \\
 + \text{Property Snowmelt Frontage} \times \text{Assessment rate 2} \\
 + \text{Property Building Area} \times \text{Assessment rate 3} \\
 + \text{Property Ground Floor Parking Area} \times \text{Assessment rate 4} \\
 \hline
 = \text{Initial assessment by property} \\
 \times \text{Benefit factor} \\
 \hline
 = \text{Final assessment by property}
 \end{array}$$

- 17. The characteristics of the properties within the area-wide services assessment district are projected as follows:

Projected Number of Properties by Class in FY2022:*

- Class 1 – 401
- Class 2 – 86
- Class 3 – 81
- Class 4 – 27

Projected Percentage of Assessment Payers by Class in FY2022:*

- Class 1 – 67%
- Class 2 – 14%
- Class 3 – 14%
- Class 4 – 5%

Projected Assessment Amount by Class in FY2022:*

- Class 1 – \$606,841.41
- Class 2 – \$83,220.21
- Class 3 – \$332,600.93
- Class 4 – \$71,293.45

** There projections are from the FY2022 working database and are subject to change.*

H. SPECIAL ASSESSMENT SCHEDULE

MILESTONES – SPECIAL ASSESSMENT ROLL	
Date	Milestone
March 2021	DID Board to consider recommendation of new one year necessity and FY2022 plan to City Commission
April 2021	City Commission considers adoption of resolution setting date, time, and place for public hearing of necessity for special assessment. Publication and mailing of notices to go out ahead of public hearing.
May 2021	City Commission conducts Public Hearing concerning necessity of special assessment.
June 2021	City Commission considers adoption of resolution establishing necessity for enhanced services to be financed by special assessment.
July 2021	Special assessment Roll open for public inspection in City Assessor’s Office.
July 2021	Board of Review hearing (City Commission sitting as Board of Review)
August 2021	City Commission considers adoption of resolution confirming Special Assessment Roll.
October 2021	Billing of Special Assessment Roll.

EXHIBIT 1: BASE LEVEL OF SERVICE AGREEMENT

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