


# CITY COMMISSION POLICY

 <p>GRAND RAPIDS MICHIGAN</p>	<b>NUMBER:</b> 900-54	<b>HISTORY</b>
	<b>DATE:</b> August 28, 2012	<b>FILE #</b> <b>DATE</b>
	<b>FILE NUMBER:</b> 81735	
	<b>DEPARTMENT:</b> Economic Dev.	

**SUBJECT: BUSINESS IMPROVEMENT DISTRICTS & BOARDS**

**PURPOSE:** To define goals and requirements for the establishment of one or more Business Improvement Districts (collectively, “District”) and the designation of one or more Business Improvement District Boards (collectively, “Board”) within the City of Grand Rapids (“City”) in accordance with Act 120 of 1961, as amended, MCL 125.990 *et seq* (the “Act”).

## **POLICY:**

### **A. Background**

The Act specifically authorizes local units of government to: (1) establish, for the development or redevelopment of specified areas, a principal shopping district, one or more business improvement districts, or one or more business improvement zones; (2) create boards to provide for the oversight and operation of a principal shopping district, one or more business improvement districts, or one or more business improvement zones; and; (3) authorize the collection of revenue and the bonding of certain governmental units for the development or redevelopment of projects.

### **B. Goals**

The City’s goals in establishing a Board and designating an area as a District are to:

1. Correct and prevent deterioration and revitalize existing neighborhood commercial districts;
2. Improve and maintain retail and other commercial areas located within the District and encourage redevelopment and private investment in existing buildings and businesses;

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3. Promote and stimulate economic growth and encourage investment within the District;
4. Promote public infrastructure improvements within the District;
5. Encourage historic preservation;
6. Increase occupancy rates;
7. Increase the value of real property;
8. Increase economic vitality within the District by coordinated marketing and promotional activities;
9. Provide dedicated administrative support in the District to facilitate organizing activities;
10. Sustain District improvements; and
11. Implement the City's Master Plan, Area Specific Plans and the City's economic and community development strategies.

## **C. Procedure for the creation of a Business Improvement District**

Requests for the creation of a District shall be initiated by a neighborhood business association or formalized group of stakeholders (the "Applicant") as follows:

1. The Applicant shall submit a written petition, Marketing and Development plan ("M & D Plan") and financing plan ("Financing Plan") to the City's Economic Development Office.
  - (a) The petition shall include:
    - (1) The boundaries of the proposed District.
    - (2) The signatures of property owners of parcels representing not less than 30% of the assessable property within the proposed District. For purposes of this Policy "property owners" means owners of all assessable real property parcels and "assessable property" means real property in a District other than all of the following:
      - (a) Property classified as residential real property under section 34c of the General Property Tax Act, 1893 PA 206, as amended, MCL 211.34c.
      - (b) Property owned by the federal, a state, or a local unit of government where property is exempt from the collection of taxes under the General Property Tax Act, 1893 PA 206, as amended, MCL 211.1 to 211.157.
      - (c) One or more classes of property owners whose property meets all of the following conditions:
        - (i) Is exempt from the collection of taxes under the General Property Tax Act, 1893 PA 206, as amended, MCL 211.1 to 211.157, other than property identified in subparagraph (b).

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- (ii) As a class has been determined by the City Commission not to be benefitted by a project for which special assessments are to be levied.
  - (3) A parcel map listing by tax parcel identification number all parcels within the proposed District separately identifying any assessable property.
  - (4) Evidence of proactive neighborhood outreach and community involvement in the creation of the proposed District.
- (b) The M & D Plan shall minimally include:
- (1) A purpose section that identifies the need for increased commercial activity within the proposed District; explains the financial commitment of property owners to sustain a high-traffic commercial environment; identifies support for marketing and branding in the District in a manner to the benefit of all property owners; and explains an ongoing commitment to oversight, maintenance, marketing and administrative interests to ensure planned activities in the proposed District are sufficiently accomplished and desirable. Other indicators deemed relevant shall also be included.
  - (2) A services and projects section that shall list:
    - (a) Services proposed for the District to be financed with special assessment revenues in the District. Such services shall minimally include maintenance, marketing and related support, and administrative services.
    - (b) The scope, nature and duration of any District project or projects.
    - (c) If a special assessment is intended to be levied, a summary of the special assessment and corresponding assessment roll shall be provided that includes:
      - (i) a detailed parcel list of the properties in the District to be assessed and associated timing;
      - (ii) a list of services or projects in the District for which the special assessment will be levied; (iii) cost estimates associated with such services and/or projects; (iv) the method, formula and rationale for determining assessment per parcel; (v) special instructions for abnormal or exempt parcels; and (vi) an explanation of the benefits and need for the proposed special assessment. The prescribed benefits may be economic and/or social. There is a rebuttable presumption that the special assessment will benefit all property owners with parity and not advantage one single land holder or area of the District more than another.
  - (3) A list of initial Board members who have been contacted and are willing to serve or a draft agreement whereby the district is partnering with another board to serve as their District board.

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- (4) A marketing section explaining the proposed District's commitment to creating an active branding and marketing campaign for the benefit of its property owners.
    - (5) An administrative support section that provides for the retention of a dedicated administrative services provider (i.e. a District manager) by the Board on an annual basis to be supported financially by special assessment proceeds or other sustainable funding mechanism to ensure proper execution of the proposed M & D Plan, coordination of services, marketing assistance, administrative services and fiduciary support.
  - (c) The Financing Plan shall explain the financial capability to provide sustainable funding for a District. The Financing Plan shall include instructions for special assessment, in accordance with applicable Michigan statutes, and a proforma budget. The Financing Plan must demonstrate that the proceeds received from any special assessment in the District will be sufficient to finance all services and projects proposed for the District.
2. Submitted petitions, M & D Plans and Financing Plans shall be reviewed by the Economic Development Project Team to ensure compliance with the requirements of this Policy and the Act. Documents approved by the Economic Development Project Team will be submitted to the City Clerk's office for consideration by the City Commission.
3. After the documents are presented to the City Commission, it shall direct by resolution of a majority of the members to hold a public hearing concerning the proposed District.
  - (a) The City Clerk shall ensure notice of the time and place of the public hearing is published once in a newspaper of general circulation in the City not less than ten (10) days prior to the date of the hearing.
  - (b) A ten-day notice shall also be sent by first class mail to the property owner(s) of record within the proposed District, as maintained by the City Assessor's parcel records.
  - (c) Such notice shall state that the petition, M & D Plan and Financing Plan are on file with the City Clerk for public examination.
4. At the time and place specified in such notice, the City Commission shall hold the public hearing and hear any person to be affected by the establishment of the proposed District.
5. After the public hearing if the City Commission determines to approve the District and M & D Plan as proposed, it shall adopt a resolution that includes the following:
  - (a) The geographic boundaries of the District.

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- (b) The number of Board members (in accordance with the M & D Plan) including one member appointed by the Mayor with the concurrence of the City Commission. (If a class of property owners, as identified in the City Commission's resolution above, are projected to pay more than 50% of any special assessment to be levied in the District, a majority of the Board members must be nominees of such property owners.)
  - (c) If applicable, the different classes of property owners (commercial, residential, industrial, etc.) in the District.
  - (d) If applicable, the class of property owners in the District who are projected to pay more than 50% of any special assessment to be levied in the District. Additionally, the City Commission shall authorize the City Clerk to schedule an election by the property owners in the District to accept or reject the levying of any proposed special assessment and to appoint the initial members of the Board.
6. The City Clerk shall send property owners located in the approved District notice of the election and twice publish notice in a newspaper of general circulation in the City.
  7. At the option and under the direction of the City Clerk, the Applicant, the proposed Board members, and/or the property owners may assist the City Clerk in conducting the election to minimize expenses.
  8. All property owners located in the approved District as of the date of the submission of the petition, M & D Plan and Financing Plan to the City Commission shall be eligible to participate in the election.
  9. The election shall be conducted by mail under the direction of the City Clerk.
  10. Votes of the property owners shall be weighted in proportion to the amount of their proposed assessment as a percentage of the total assessment in the District (however, one property owner cannot have more than 25% of total votes).
  11. Approval is considered given when supported by greater than 50% of the property owners replying by written ballot as per the terms set forth in the election.
  12. Upon approval, the City Commission shall provide by resolution the manner of payment and collection for the special assessment installments and that the City shall have a lien on the property.

## **D. Budget, Reporting and Annual Special Assessment Review**

1. Once established, a Board shall possess all the powers specified the Act, subject to the limitations imposed by this Policy.

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2. The Board may adopt procedural bylaws for the conduct of its meetings.
3. The Board shall adopt an annual District budget by majority member approval to include all anticipated expenses and revenues. With the preparation of the Board's annual budget, the Board shall review the District's progress in achieving planned objectives, examine the projects and services undertaken in the current year and those projects and services planned for the next fiscal year, and provide a public report to the property owners in the District and a copy of the same to City Commission.
4. The Board shall annually review the pertinent maintenance and marketing plans, and associated administrative costs within the District and be authorized to make any modification in special assessment within the District to ensure sufficient financial resources are available to execute the annual plan.
  - (a) Subject to approval by the City Commission, the Board may set the formula of special assessment for parcels located in the District, for not less than one fiscal year (12-months), but not to exceed five years (60-months).
  - (b) Any increase in special assessment, including multi-year assessment, is subject to public notice within the District as set forth in City Code, Title I - Administration, Chapter 10 – Special Assessments, Section 1.428 – Preparation of Assessment Role and Section 1.429 – Hearing on Roll.

## **E. Fiduciary Services to the District**

1. As agent to the Board, the City of Grand Rapids will collect the special assessment on behalf of the District annually as established in City Code, Title I - Administration, Chapter 10 – Special Assessments, Section 1.437 – Notice of Assessment. At least annually, the Board shall petition the City of Grand Rapids for release of the funds collected and will not provide for any interest earnings if any in the disbursement. In accordance with the City Code, the City Commission shall sit as the Board of Review on any special assessment appeal.
2. A District shall operate by fiscal year concurrent the schedule of reporting adopted by the City of Grand Rapids: July 1st – June 30th.
3. The annual District budget shall include a payment to the City as reimbursement for municipal treasury services including the reimbursement for City expenses related to establishment of the District, administering the annual special assessment and a reserve for uncollectable assessments.
4. Third-party fiduciary support under supervision of the Board may include administrative services for the benefit of the District for deposit, accounting, and expenditures. Such fiduciary must be a recognized government entity, or a registered 501(c) (3) organization of the Internal Revenue Code in good standing with the City of Grand Rapids, the State of Michigan, and, the Internal Revenue Service.

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5. All financial transactions associated with special assessments and expenditures associated with the District shall be audited annually by a certified public accountant. The audit shall be completed within four months of the close of the fiscal year. Within 30 days after completion of the audit, the certified public accountant shall transmit a copy of the audit to the Board and make copies of the audit available to the property owners in the District and the public. The Board shall publish an annual activity and financial report. The report shall be available to the public and each year, every property owner in the District shall be notified by the Board of the availability of the annual activity and financial report.
6. The City shall not be responsible for any financial commitments made by any District or its corresponding Board.

## **F. Amendments to the M & D Plan**

1. In accordance with the Act, the Board may seek to amend the M & D Plan to add new maintenance, marketing and or improvement projects and administrative services, to extend the duration of the M & D Plan, or for other lawful purposes.
2. Any amendments to the M & D Plan shall be approved by the City Commission in accordance with the requirements of the Act.

## **G. Dissolution of the District**

Provided there are no outstanding debts or contractual obligations, as determined by the City Commission, a District that has completed the purpose for which it was organized may be dissolved by resolution of the City Commission. The property and assets of the District and its Board remaining after the satisfaction of the obligations of the District shall belong to the assessed properties and shall be refunded to the current property holder on record in accordance with the Act.

## **H. Administration of the Policy**

Administration and implementation of this Policy is the responsibility of the Economic Development Office.