

DOWNTOWN IMPROVEMENT DISTRICT (DID)
FY2023 AUTHORIZATION PLAN
FEBRUARY 18, 2022

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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:

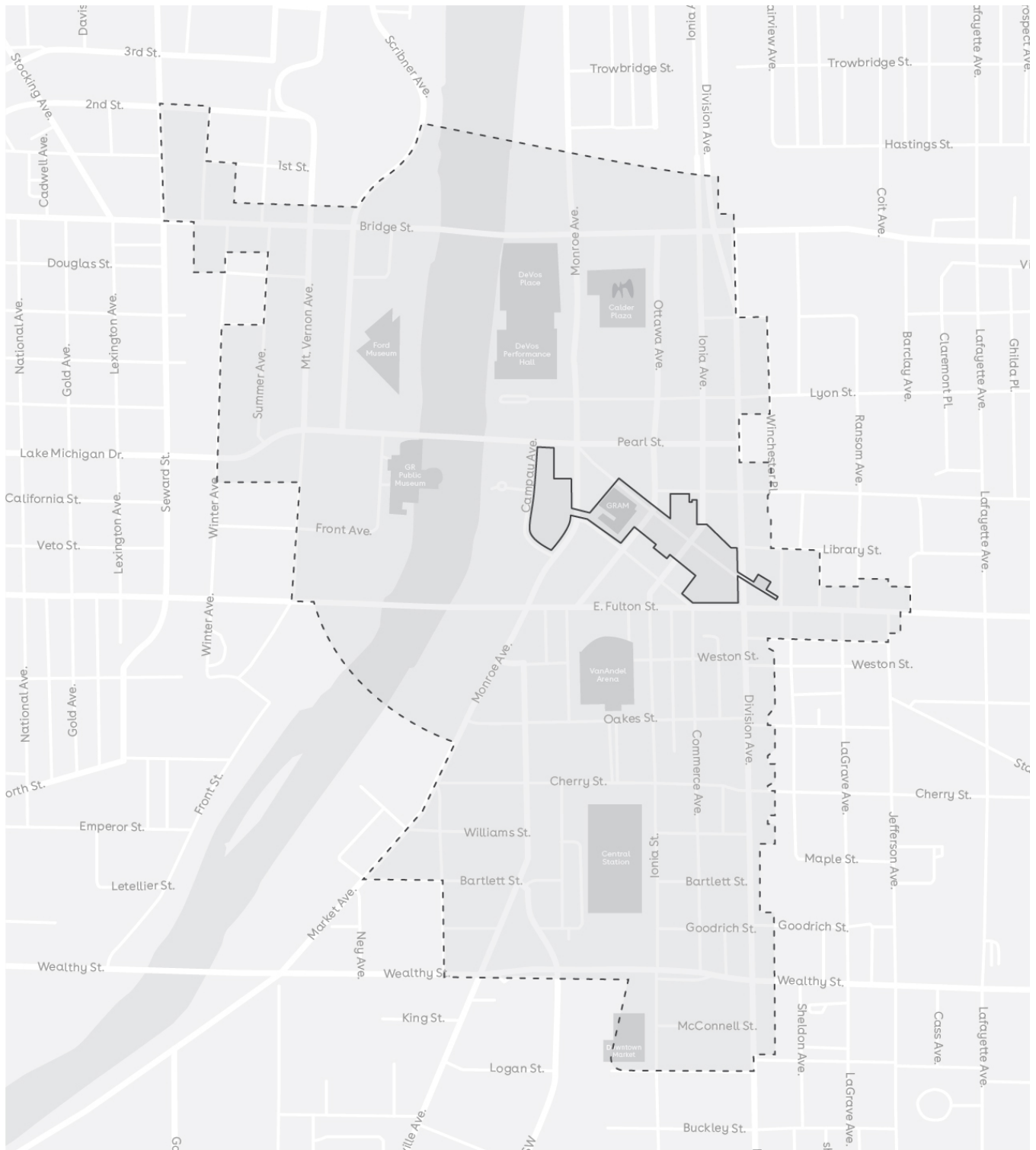
- Daily cleaning of sidewalks
- Flower planting and beautification
- Restaurant and retail-oriented marketing and promotions
- Snowmelt operations and maintenance
- Irrigation operations and maintenance
- Snow removal from intersections
- Advocacy efforts
- Special events
- The Downtown Ambassador Program
- Coordinating Logistics for Deployment of Tables, chairs, and Umbrellas to support Social Zone Activation

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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. Properties owned for commercial uses, owned by non-profit organizations, and by governmental units are assessed in proportion to their property characteristics which include land area, building area, street frontage, and parking area. Private residentially classified properties are assessed on a per parcel basis rather than by property characteristics, which portions out the benefit to all private residential property owners equally.

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 annually with no changes for the FY 2021 and 2022 plans which will end on June 30, 2022.

This authorization plan (The 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 FY2023. The Plan recommends a continuation of existing DID services, maintaining a clean, beautiful, and vibrant downtown. In addition, it also calls for expanding the DID assessment roll to include class 2 private tax-exempt properties once again, the addition of residentially classified properties to the assessment roll and a 5% increase in the assessment rates. These changes will account for increased costs related to raising Downtown Ambassador starting wages to \$15 per hour and rising costs associated with changes in inflation. Additionally, placing residentially owned property onto the assessment roll will create new revenue that will be used to address needs expressed by the Downtown residential population.



MAP KEY



DID BOUNDARIES



SNOWMELT DISTRICT

C. ASSESSMENT BUDGET

The following table illustrates DID special assessment for the FY2023 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 2023
District Wide Assessed	\$1,205,654
Estimated Investment Earnings	\$10,000
Maintenance Grant	\$100,000
Snow Melt Assessments	\$170,000
Anticipated Uncollected Assessment	-\$153,200
TOTAL DID REVENUE	\$1,332,454

AREA-WIDE SERVICES	FY 2023
Maintenance & Beautification	\$717,454
Marketing & Communications	\$20,750
Administration	\$119,500
City A-87 Costs	\$42,750
Public Safety	\$262,000
TOTAL AREA WIDE EXPENDITURES	\$1,162,454
SNOW MELT SPECIAL AREA ASSESSMENTS	
Center City Snowmelt	\$170,000
TOTAL SNOW MELT ASSESSMENT	\$170,000
TOTAL DID EXPENDITURES	\$1,332,454

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 \$280,000 in voluntary contributions. Because properties owned by governmental units (Class 3 properties) 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 proposed budget is reduced by \$153,200 to account for estimated uncollected billings for voluntary contributions.

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, crosswalk and parking meter snow removal and irrigation maintenance and upkeep.

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

Public Safety: Downtown Ambassador program and funding to address Downtown resident concerns about safety, security, and quality of life issues.

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 FY2023 plan recommends no changes to the DID service area.

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 FY2015-2022 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. Therefore, the special assessment for FY2023 is based upon data provided by the City Assessor for properties as they existed on December 31, 2021.
3. With the exception of residentially classified properties which shall be assessed based on a flat rate, the formula for assessments for all other categories shall be composed of the following property characteristics/factors:
 - 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 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. All properties within the district are assessed, even if they are ordinarily exempt from property taxes. Michigan law provides an exemption only for certain governmental properties. Governmental units owning downtown properties are exempt by law from assessments but will be asked to contribute their fair share to the DID, except parks, walkways and public rights-of-way.
 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 (non-profit, non-taxed, Pilot: non-profit or non-taxed)
 - Class 3 – Public Tax-exempt (government owned and public universities)

- Class 4 – Residentially Classified

10. The DID board have determined that certain private tax-exempt properties owned by non-profit organizations (class 2 properties) benefit to a lesser degree and therefore are assessed at a reduced amount. Residentially classified properties (class 4 properties) are assessed on a per parcel basis.

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 – Flat Rate determined annually by the DID board

11. The cost of providing enhanced services benefiting properties in the district, with the exception of residentially classified properties which shall be assessed a flat rate, 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, with the exception of residentially classified properties which shall be assessed a flat rate, the City Assessor will calculate an annual assessment rate or charge for each property characteristic as follows:

$$\begin{aligned} (\text{Budget} \times 30\%) / (\text{Total Property Area in the District}) & = \text{Assessment rate 1} \\ (\text{Budget} \times 30\%) / (\text{Total Property Street Frontage in the District}) & = \text{Assessment rate 2} \\ (\text{Budget} \times 30\%) / (\text{Total Building Area in the District}) & = \text{Assessment rate 3} \\ (\text{Budget} \times 10\%) / (\text{Total Parking Area in the District}) & = \text{Assessment rate 4} \end{aligned}$$

13. With the exception of residentially classified properties which shall be assessed a flat rate, 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:

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

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

Projected Number of Properties by Class in FY2023:*

- Class 1 – 431
- Class 2 – 85
- Class 3 – 81
- Class 4 – 475

Projected Percentage of Assessment Payers by Class in FY2023:*

- Class 1 – 40%
- Class 2 – 8%
- Class 3 – 8%
- Class 4 – 44%

Projected Assessment Amount by Class in FY2023:*

- Class 1 – \$712,043
- Class 2 – \$87,381
- Class 3 – \$349,230
- Class 4 – \$57,000

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

H. SPECIAL ASSESSMENT SCHEDULE

MILESTONES – SPECIAL ASSESSMENT ROLL	
Date	Milestone
February 2022	DID Board to consider recommendation of new one year necessity and FY2023 plan to City Commission.
March 2022	<p>City Commission considers adoption of resolution setting date, time, and place for public hearing of necessity for special assessment.</p> <p>Publication and mailing of notices to go out ahead of public hearing.</p> <p>City Commission conducts Public Hearing concerning necessity of special assessment.</p>
April 2022	City Commission considers adoption of resolution establishing necessity for enhanced services to be financed by special assessment.
May 2022	Special assessment Roll open for public inspection in City Assessor’s Office.
June 2022	Board of Review hearing (City Commission sitting as Board of Review).
July 2022	Confirmation of Roll.
August 2022	Billing of Special Assessment Roll.

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EXHIBIT 1: BASE LEVEL OF SERVICE AGREEMENT

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