

**REPORT OF THE
DOWNTOWN IMPROVEMENT DISTRICT BOARD**

SPECIAL ASSESSMENT Roll No. 8710

Downtown Area Service Enhancements

June 11, 2015
Revised October 27, 2015

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A. Summary

On August 22, 2000, the City Commission established the Downtown Improvement District Board, created pursuant to P.A. 120 of 1961, as amended. The Board has been granted the responsibility and authority to recommend to the City Commission a list of enhanced services to be provided within the Downtown Improvement District (DID) district, and to recommend a budget for the provision of these services.

Beginning on April 1, 2001 a program of enhanced services, including maintenance, beautification, events, marketing, communications, snowmelt operations & neighborhood development was established and funded, in part, by a special assessment on properties benefiting from these enhanced services.

On May 12, 2009, the City Commission amended Chapter 23 of the City Code. The new provisions of Chapter 23 clarify the advisory role of the Downtown Improvement District Board, establish separate and distinct procedures for future special assessments for either public improvements or ongoing activities, and authorize the City Commission to declare the necessity for special assessment for a period of up to five years, as authorized by State law.

On June 11, 2015, the DID Board approved a motion recommending that the City Commission declare necessity for Special Assessment for the deliverance of enhanced services, beginning July 1, 2015 and ending June 30, 2020. A map showing properties benefiting from these enhanced services, a description of the proposed service enhancements and the proposed budget are included in this report. The types of benefits conferred in this most recent recommendation would include all of the previous services, plus enhancements to public safety and economic development.

On October 13, 2015, a public hearing on necessity was held before the Grand Rapids City Commission. This report was revised by the City Commission and the City Manager effective October 27, 2015, in response to concerns raised by property owners during the hearing. Revisions include reducing the number of properties in the west side expansion and reducing the total assessments and contributions from \$900,000 to \$879,000.

It is proposed that each property benefiting from enhanced services be assessed and/or charged annually in proportion to its benefit determined annually in each of five years. The payment for the first year will be billed on February 1, 2016. Billing dates for the second, third, fourth, and fifth payments will be determined on an annual basis.

Properties will enjoy special benefit from enhanced services because they will receive services over and above services routinely provided by the City using general tax dollars. Further, properties will be relieved of a burden of commonly expected maintenance services and will benefit from enhanced property value. It is proposed to spread the entire cost of providing enhanced services amongst the various properties in the district, in proportion to the intensity of development on the property. Components used to measure the intensity of development include: land area, building area, street frontage, and parking area, as described in Section 3 of this report.

C. Special Assessment Parameters & Assumptions

1. Assessment assumptions are based upon an assessment benefit study dated January 23, 2001 and prepared by S. B. Friedman & Co. of Chicago. Copies of this 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, Special Assessment Roll # 8710 is based upon data provided by the City Assessor for properties as they existed on December 31, 2014.

3. Property features to be assessed include:

• Property Area	Square Feet
• Property Street Frontage	Lineal 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 and certain tax-exempt properties are exempt by law from placement on the special assessment roll, but will be asked to contribute their fair share to the DID, except parks, walkways & public rights-of-way.
9. Properties in the district are divided into four classes according to primary use & 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 Assessor has determined that because certain properties are owned by tax-exempt not-for-profit organizations (Class 2 properties), they cannot 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**

*The benefit factor for Class 4 (Multi-Family residential) has changed from 0.6 to 1.0 in this report and plan.

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:

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

(Budget x 10% / (Total Parking Area in the District) = assmt rate 4

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

$$\begin{array}{l}
 \text{Property Area x assmt rate 1} \\
 + \text{Property Street Frontage x assmt rate 2} \\
 + \text{Property Building Area x assmt rate 3} \\
 + \text{Property Parking Area x assmt rate 4} \\
 = \text{initial assessment by property} \\
 \times \text{benefit factor} \\
 \hline
 = \text{final assessment by property}
 \end{array}$$

14. Those expenses related to enhanced services described below as Area-wide Expenses are spread to all of the eligible properties in the 2015 district as shown on page 3.

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 2015:

Class 1 – 431	Class 2 – 81
Class 3 – 88	Class 4 – 17

Projected Percentage of Assessment Payers by Class in 2015:

Class 1 – 70%	Class 2 – 13%
Class 3 – 14%	Class 4 – 3%

Projected Assessment Amount by Class in 2015:

Class 1 – \$492,667.56	Class 2 – \$64,322.93
Class 3 – \$285,947.19	Class 4 – \$36,062.32

D. Description of Proposed Service Enhancements – FY2016 to FY2020

AREAWIDE SERVICES

Maintenance & Beautification

Maintenance: Litter pick-up, sidewalk sweeping and washing, empty waste containers, street tree & grate maintenance, crosswalk snow removal.

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

Public Safety

Special uniformed police officer patrols, expanded Downtown Ambassador service delivery, vacant storefront activation and lighting.

Marketing, Communications, and Economic Development

Events, specialized business outreach and referrals, advertising, marketing & promotions, communications.

Administration

Policy Interests, City administrative costs, advocate for quality services, overhead, office expenses, program evaluation.

SPECIAL SUB-AREA SERVICES

Monroe Center

Snowmelt operations & system maintenance

Louis Campau Promenade

Snowmelt operations & system maintenance

Monument Park

Snowmelt operations & system maintenance

E. SPECIAL ASSESSMENT SCHEDULE – 2015 ROLL

MILESTONES – 2015 SPECIAL ASSESSMENT ROLL	
Date	Milestone
April 21, 2015	DID Board considers recommendation of new 5-year necessity and FY16 Budget to City Commission.
September 8, 2015	City Commission considers adoption of resolution setting date, time, and place for public hearing of necessity for special assessment.
October 13, 2015	City Commission conducts Public Hearing concerning necessity of special assessment.
October 27, 2015	City Commission considers adoption of resolution establishing necessity for enhanced services to be financed by special assessment.
November 30, 2015– December 11, 2015	Special assessment roll open for public inspection in City Assessor’s Office.
December 15, 2015	Board of Review hearing (City Commission sitting as Board of Review)
January 2016	City Commission considers adoption of resolution confirming special assessment roll.
February 1, 2016	Billing of special assessment roll.

**F. Multi-Year Budget – Downtown Improvement District
Special Assessment for FY 2016 - 2020**

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
AREA WIDE SERVICES					
Total Assessments and Contributions	\$879,000	\$945,000	\$992,250	\$1,041,863	\$1,093,956
SPECIAL SUB-AREA SERVICES					
<u>Monroe Center Snowmelt</u>	\$150,000	\$154,500	\$159,135	\$163,909	\$168,826
<u>Louis Campau Promenade Snowmelt</u>	\$40,000	\$42,000	\$44,100	\$46,305	\$48,620
<u>Monument Park Snowmelt</u>	\$15,000	\$15,750	\$16,538	\$17,364	\$18,233
Total DID Assessment	\$1,084,000	\$1,157,250	\$1,212,023	\$1,269,441	\$1,329,635