MEMORANDUM

DOWNTOWN
IMPROVEMENT
DISTRICT

DID

Agenda Item #6
April 24, 2019
DID Meeting

DATE: April 22, 2019

TO: Downtown Improvement District

FROM: Tim Kelly, AICP
President & CEO

SUBJECT: FY20 DID Budget

Overview

In October 2015, the Downtown Improvement District (DID) Board and Grand Rapids City Commission approved a five-year authorization for operations of the DID. That authorization established the DID boundary, the formula for assessing properties, a description of proposed services and a multi-year budget establishing the area wide and sub area assessments for FY2016 – FY2020 (attached). FY2020 will be the fifth and final year of the current authorization.

Revenues

For FY20, the total areawide assessments amount to $1,093,956 with an additional $235,679 to be assessed for the operation of the Monroe Center, Louis Campau and Monument Park snowmelt systems. There is also $25,468 anticipated to be received via interest on investments.

In addition to the revenue from assessments, the budget also reflects transfers from the Districtwide fund balance. To offset uncollectable assessments for the snowmelt operation and maintenance at Monument Park, a transfer in the amount of $25,000 is proposed. Further, to cover costs of previously authorized capital and operating improvement projects that may be billed after July 1, as well as to complete any new priority projects that might emerge throughout the year, a $160,000 transfer is also shown. Any new projects would need to be authorized by the DID prior to implementation. As of March 31, 2019, the Areawide fund balance is $755,840, so there is sufficient capacity to support the transfer.

While the overall assessment is modestly increasing from prior years as approved in the re-authorization, based on prior years collections of Class 2 (private, not-for-profit) and Class 3 (government) assessments, staff is forecasting $150,000 in uncollected assessments, bringing total expected assessment revenue to $1,179,635. Though many non-profits and government agencies do participate voluntarily, their assessments are not lienable, so the City Assessor has no ability to mandate payment. Combined with the fund balance transfer and earnings on investment, **total resources available for FY20 are expected to be $1,371,249**.

Expenditures

As evidenced in the budget, the DID will continue with its current priorities to provide maintenance and beautification services, invest in marketing and communications efforts, operate snow melt systems, and participate in funding of the Downtown Ambassador and Clean Team programs. As discussed during the approval of the contract in FY19, it is recommended the Board also approve an additional $.50/hour increase for FY20. The wage increase is expected to aid with reducing annual turnover and will bring wages into alignment with similar jobs in Kent County, and would be memorialized in the new contract to be approved by the DID and DGRI Board of Advisors and executed with Block by Block prior to July 1, 2019.

In addition to the current priorities, funding is also proposed for Downtown business support, as well as for consultant services to assist in the reauthorization process. This funding could be used for data collection, research and updates to the assessment benefit study that was completed in January 2001.

Next Steps

Following a recommendation from the DID Board, DGRI staff will present the recommended budget to the City Commission on May 14, 2019, requesting bottom-line appropriation. Following approval by City Commission, the DID Board would be asked to adopt the budget at their June 17, 2019 meeting.

Recommendation: Approve the FY20 Downtown Improvement District Budget and recommend it to the Grand Rapids City Commission.