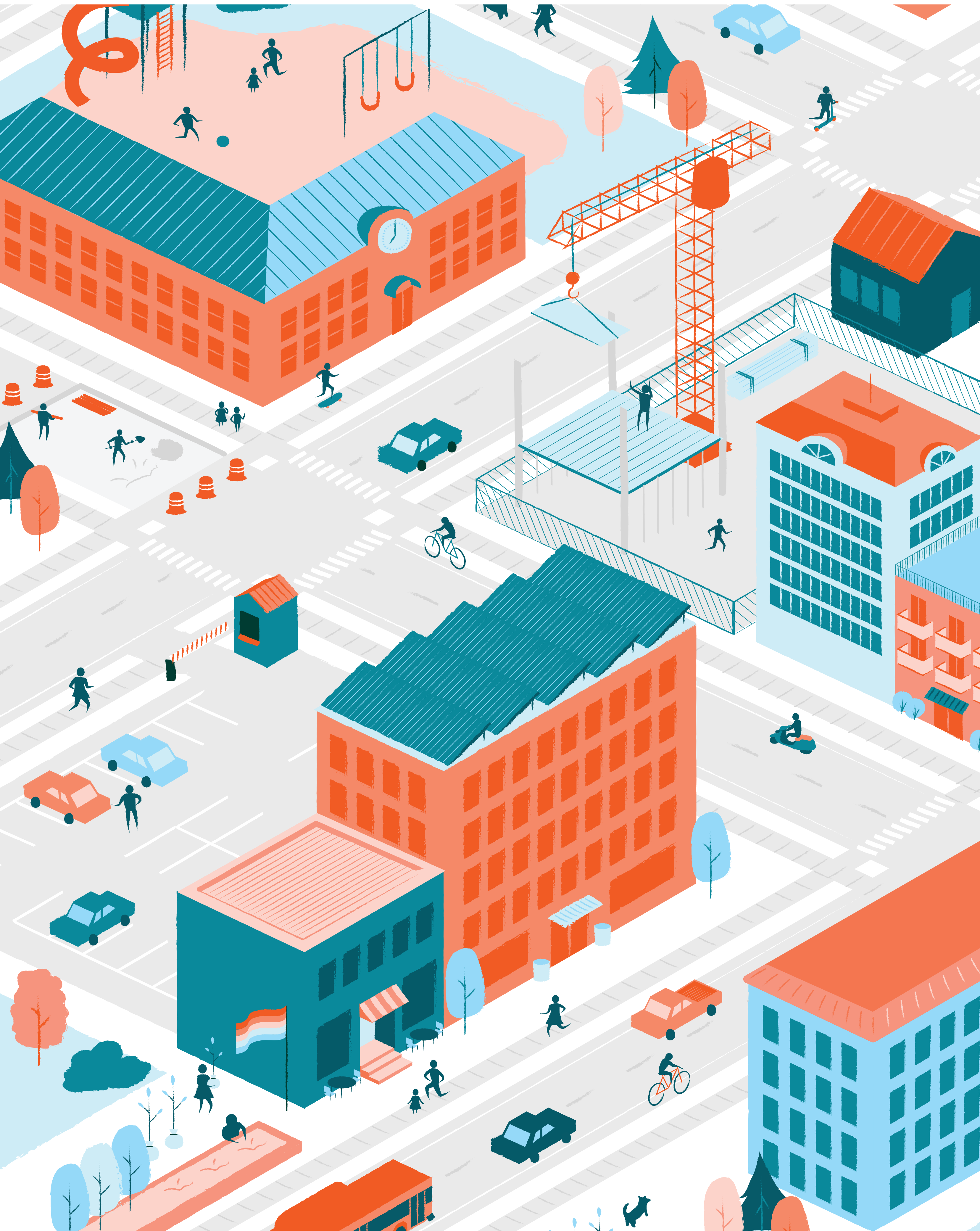


DOWNTOWN

GRAND RAPIDS INC.

2018 Annual Report



LETTER FROM THE PRESIDENT & CEO

One of the most intense growth periods in the history of Downtown Grand Rapids continued unabated in 2018. Cranes dot the skyline and transformational projects – such as the revitalization of the Grand River – are beginning to take shape. The flurry of activity is the result of more than 3/4 of a billion dollar in investment that, once complete, will deliver more than 900 new residents, 200,000 sq ft of office, 600 hotel rooms and 100,000 sq ft of commercial space.

To support all the development, new transportation capacity will help maintain and expand the freedom of movement for workers, residents and visitors in the Downtown neighborhood. This includes an improved DASH circulator and some 3,300 new automobile parking spaces recently completed or in the works.

As we embark on a new year, we anticipate sustained growth and momentum, with a deepening commitment to the belief that equity and inclusion – promoting opportunity for all people – is fundamental to building a healthy community. Further, with the ground breaking on several signature public spaces and recreational amenities, we will take another step closer to realizing the community's vision to move GR Forward, and grow a Downtown where all Grand Rapidians can thrive.



Tim Kelly, President & CEO

WHAT IS THIS ANNUAL REPORT

Downtown Grand Rapids Inc. (DGRI) works to continually elevate Downtown GR as the best-in-class heart of an American city. The organization is dedicated to:

- » *Achieving clear city building goals defined by the community.*
 - » *Defining and executing an annual Agenda for Action towards the community's objectives.*
 - » *Measuring organizational performance against clearly defined success factors.*
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DGRI also is committed to transparency and accountability. This report summarizes the results of our collective work in Fiscal Year 2018 from July 1, 2017 to June 30, 2018.

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CITY BUILDING GOALS



- » Reestablish the Grand River as the draw to the city & region.
- » Develop a true Downtown neighborhood home to a diverse population.
- » Implement a 21st century mobility strategy.
- » Establish an equity-driven growth model in Downtown Grand Rapids.
- » Reinvest in public space, culture & inclusive programming.
- » Retain & attract families, talent & job providers with high quality public schools.
- » Grow more & better jobs & ensure continued vitality of the local economy.

MEASURING DGRI'S PERFORMANCE



Downtown Grand Rapids Inc. is committed to measuring organizational performance against critical success factors, such as strategic and meaningful investment of public dollars, catalyzing private investment, growing a more welcoming Downtown, improving economic strength and enhancing quality of life in the urban core. This section presents a series of priority performance results we believe are key to evaluating the success of DGRI and, by extension, Downtown.

Diversity of DGRI Leadership Network

Number & Affordability of Households

Perception of Downtown as Welcoming & Inclusive

Active Social Media Presence

Sidewalk Cleanliness

Services Delivered to DID Rate Payers

Percentage of Tree Canopy

Development Investment Leveraged

Public Resources Leveraged

Tax Increment Value Creation

Speed of Project Implementation

DIVERSITY OF DGRI LEADERSHIP NETWORK



Why This Matters

DGRI is led by 3 City Commission-appointed Boards, 5 citizen Alliances and a Board of Advisors that, taken together, engage 100+ people who direct our city building mission and efforts. Ensuring these entities bring together a plurality of people from different walks of life is essential to effectively solve problems, identify and seize opportunities and support the day-to-day work of improving Downtown Grand Rapids.

Key Insight

The composition of DGRI's citizen Alliances – reorganized in 2017 around the GR Forward goals – now nearly reflect the racial diversity of the City of Grand Rapids, with **65%** White, **16%** Black, **10%** Hispanic or Latino, **5%** mixed race and **4%** Asian. The Alliances also are broadly representative of the community's rich diversity across professional expertise, geographic residence, sexual orientation and age – although engaging more young people in this volunteer work remains a talent attraction goal.

NUMBER & AFFORDABILITY OF HOUSEHOLDS



Why This Matters

Grand Rapids lags comparison and competitor cities in the number of people living Downtown and in the median incomes of Downtown residents. The density and diversity of people living Downtown is directly related to the neighborhood's ability to attract and support the mix of retail stores, restaurants and other services and amenities required to continue growing a strong urban core at the heart of the West Michigan region.

Key Insight

Developers added **298** units to Downtown in FY 2018. They also have **622** units in the development pipeline. This will bring the total number of Downtown households to **4,739**. The goal is to reach 10,000 households – maintaining 30% of total supply for lower-wage earners – and achieve a “critical mass” of residents by 2025.

PERCEPTION OF DOWNTOWN AS WELCOMING AND INCLUSIVE



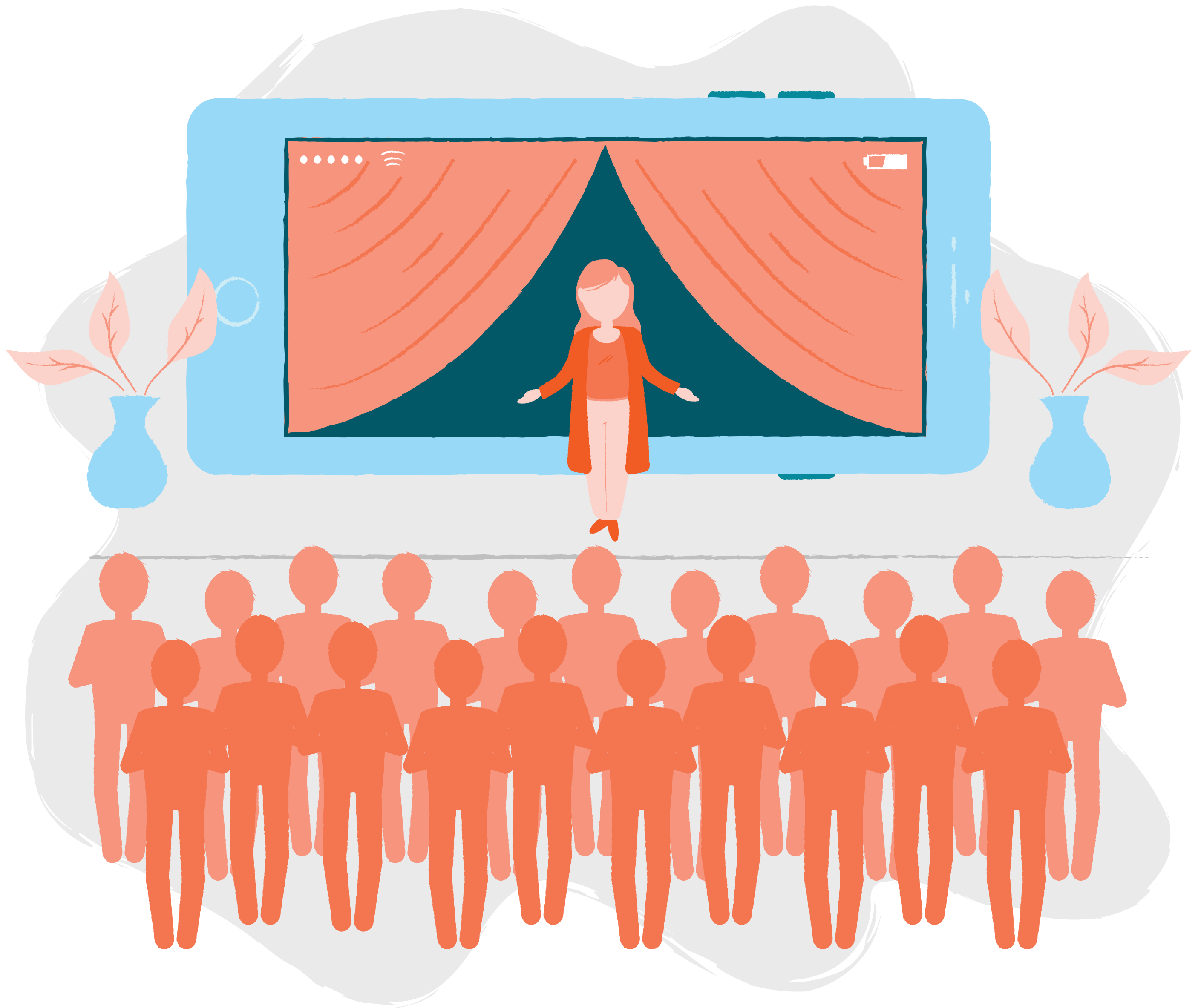
Why This Matters

The demography of Grand Rapids continues to grow more racially and ethnically diverse. As the community grows increasingly diverse, Downtown must evolve to appeal to and serve a variety of diverse interests to continue strengthening its economy and culture.

Key Insight

DGRI partners with the Johnson Center at GVSU to poll public opinion and measure community perception on this important metric. The survey in 2017 revealed that **65%** of local residents felt “very welcome” or “somewhat welcome” in Downtown Grand Rapids. This represents a decline of 6 percentage points in favorable responses when compared to the previous year’s data. This observed difference may be due to a change in sample population – the survey expanded from greater Grand Rapids to capture respondents across Kent County. However we also suspect the divisive state of affairs in American civic life also is an influencing factor.

ACTIVE SOCIAL MEDIA PRESENCE



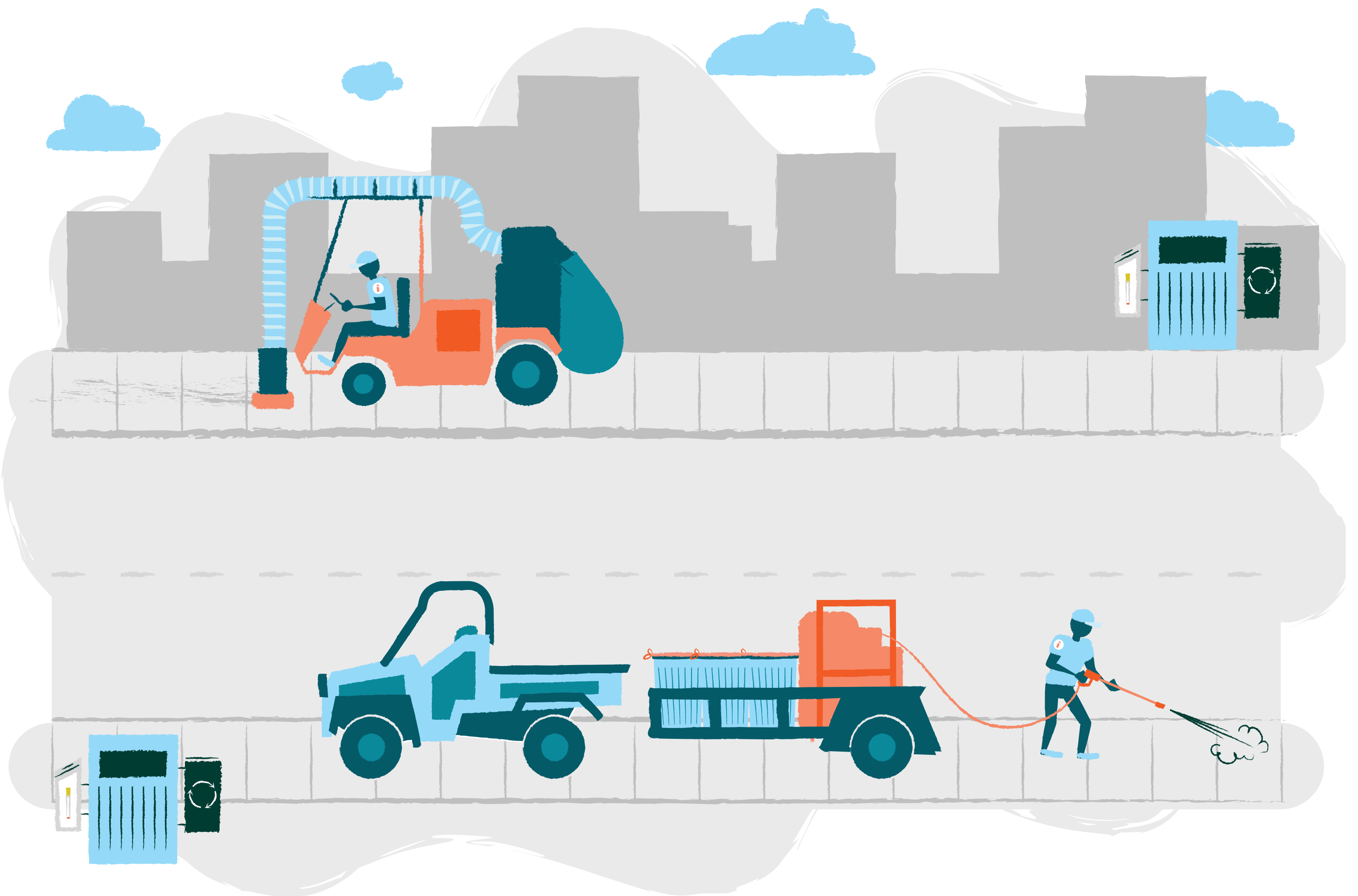
Why This Matters

A robust online communications platform enables DGRI to affordably reach a diverse audience with relevant information, continually enhance organizational transparency and maintain a high level of customer service and community engagement.

Key Insight

DGRI in FY 2018 grew its Twitter audience by **8%**, Facebook audience **12%** and Instagram audience by **36%**.

SIDEWALK CLEANLINESS



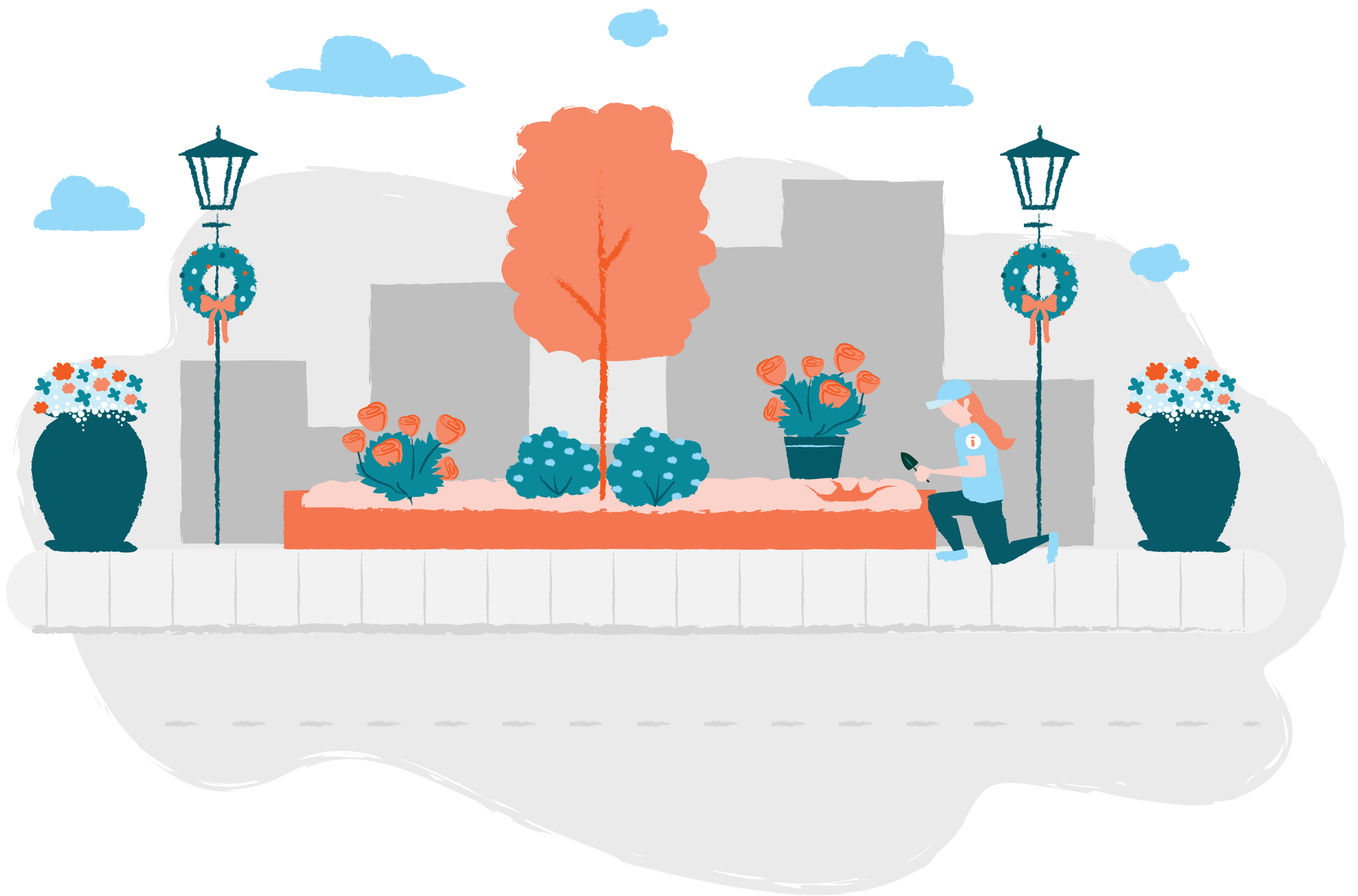
Why This Matters

A clean and beautiful Downtown not only makes a great impression, it also reinforces feelings of safety and vibrancy, enhances quality of life and strengthens civic identity. Maintaining an attractive Downtown requires a dedicated team of dynamic and responsive professionals. DGRI's specially-trained Ambassadors are on the job 7 days a week for an average of 16 1/2 hours per day.

Key Insight

Downtown Ambassadors in FY 2018 removed **390,400** pounds of trash, power washed **276** block faces and pulled more than **12,403** weeds. The Ambassadors also collected and recycled **523,078** cigarette butts – a **200%** increase over FY 2017 resulting from an expansion of the cigarette butt recycling program.

SERVICES DELIVERED TO DID RATE PAYERS



Why This Matters

The Downtown Improvement District is a tool DGRI administers to keep Downtown clean, attractive and eventful. The DID's sole revenue source is a voluntary special assessment on real property within the district. As the steward of the DID's financial resources, DGRI works to achieve efficient place management and maximize the value of the contribution property owners make to Downtown's success.

Key Insight

DGRI's administration of the DID in FY 2018 yielded an **89%** return of DID revenues into direct services and improvements benefitting Downtown. The remaining **11%** of the DID budget supported administration and overhead. This split is consistent with best practice in the national Downtown management

PERCENTAGE OF TREE CANOPY



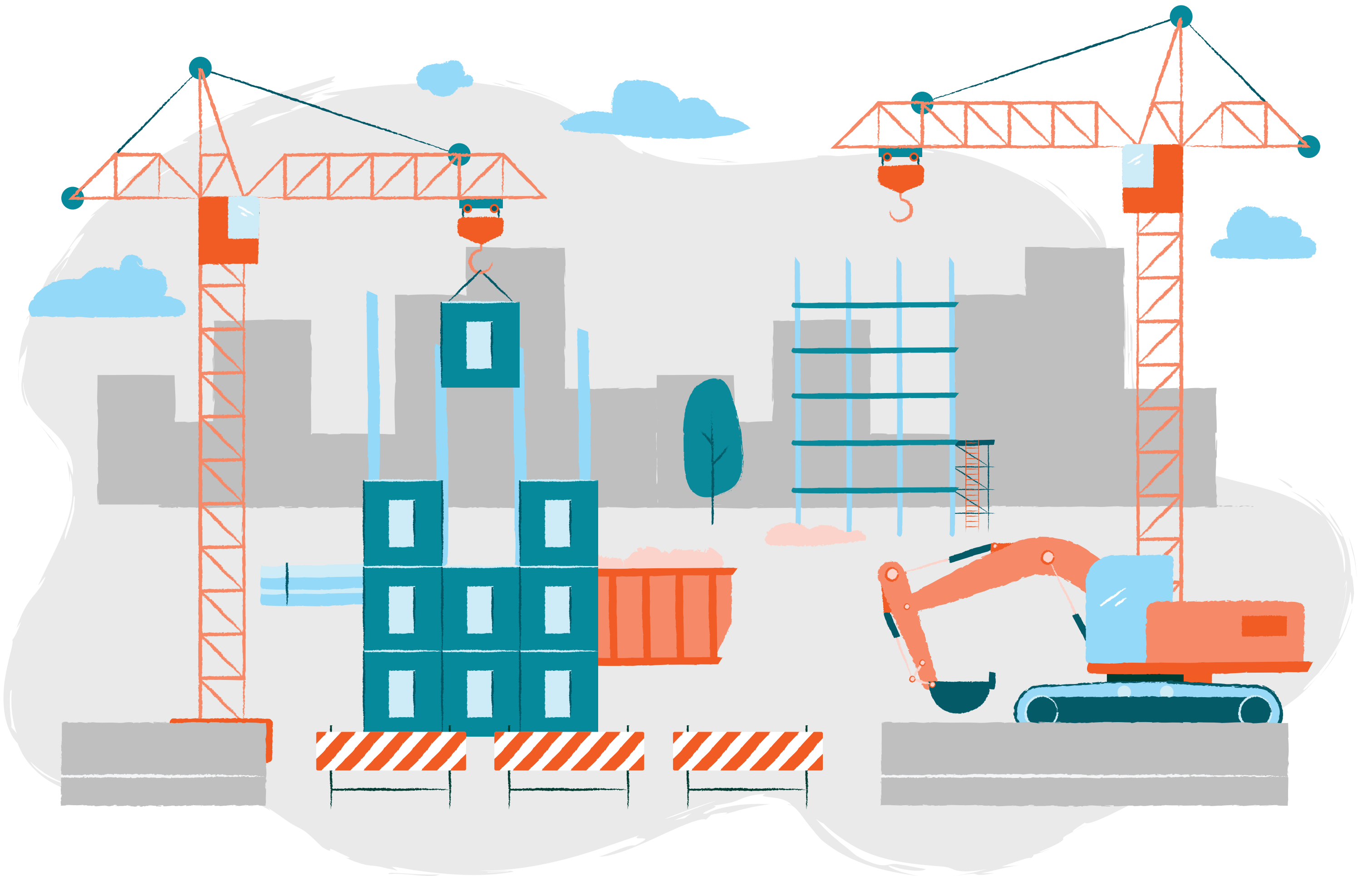
Why This Matters

Trees deliver tremendous bang for the buck. They produce oxygen, encourage walking, filter out air pollution, slow traffic, absorb rainwater and noise, improve property value and reduce people's stress levels. A healthy urban forest is a remarkably valuable asset for the city and the Downtown neighborhood.

Key Insight

Tree canopy is defined as the proportion of land area covered by trees as viewed with satellite imagery. DGRI and partners in FY 2018 planted **201** trees and moved the Downtown tree canopy from **5.6%** to **6.5%**. Maintaining existing trees and planting ~2,000 more is necessary to achieve the community goal of 10% tree canopy Downtown.

DEVELOPMENT INVESTMENT LEVERAGED



Why This Matters

Investment capital flows to places where risk is low and the potential for returns are favorable. DGRI works to position the Downtown Grand Rapids market in a way that attracts investment. This includes spearheading initiatives that ensure Downtown is clean, safe, beautiful, accessible, eventful and vibrant. It also includes gap finance tools to catalyze real property investments that otherwise would not happen. In other words, the amount of development investment leveraged is a leading indicator of DGRI's progress toward fulfilling its mission.

Key Insight

Every tax dollar DGRI invested in local development projects leveraged **\$26** in private investment. DGRI pledged **\$5.35** million in support for real estate projects that amount to a total investment of nearly **\$140 million**.

PUBLIC RESOURCES LEVERAGED



Why This Matters

DGRI aligns its investment in public infrastructure to advance implementation of the community-defined priorities presented in the GR Forward plan of action. Where other funding sources are available, DGRI works to pursue and leverage outside contributions to deliver the best project possible for the Downtown community and maximize the value of every DGRI-managed dollar invested.

Key Insight

DGRI in FY 2018 invested more than **\$1.33** million in public space design, beautification and other infrastructure projects. DGRI's investment leveraged more than **\$6.2** million of additional public funding to support these projects, achieving a return of **\$4.68** for every DGRI-managed dollar invested in public facilities.

TAX INCREMENT VALUE CREATION



Why This Matters

Tax increment is a market-driven financing mechanism used to clean up blighted property, support private investment and development, catalyze urban revitalization and elevate quality of life. Tax increment is the primary funding instrument of two tools managed by DGRI: the Downtown Development Authority and the Monroe North Tax Increment Finance Authority. Tax increment is produced when the tax value of properties within the DDA and MN TIFA districts increase through new investment and community improvement.

Key Insight

The taxable value of Downtown property is up **33%** since FY 2013 when the community established DGRI. For the DDA and MN TIFA combined, tax increment revenues were **1%** higher in FY 2019 (**\$6,612,145**) vs. FY 2018 (**\$6,543,477**).

SPEED OF PROJECT IMPLEMENTATION

Why This Matters

The GR Forward community plan of action clearly defines the priorities for the next generation of growth in Downtown. That means we're well positioned to act with speed to implement the community vision. What's more, organizations, partners and cities capable of quickly advancing good ideas are figuratively one step ahead of the competition. Accelerated project delivery, particularly on public works projects, is also a proven way to keep costs down and make responsible use of taxpayer dollars.

Key Insight

DGRI successfully completed, in close collaboration with a variety of partners, 12 of the organization's 17 key objectives for FY 2018, while 4 of these initiatives remain in progress. These projects include:

- ☒ Cut the ribbon on a renovated Veteran's Park.
- ☒ Complete the bike share business plan.
- ☒ Cut the ribbon on flood and public space improvements in Ah-Nab-Awen Park.
- ☒ Plant 200 trees. (378 planted!)
- ☒ Develop Grand River-front trail identity and design guidelines.
- ☒ Complete audit of Downtown's accessibility for people with different abilities.
- ☒ Expand winter recreational programming in Downtown parks. (Piloted pop-up recreational ice rink)

SPEED OF PROJECT IMPLEMENTATION

CONT.

- ☒ Continue turning up the volume on public art.
- ☒ Organize the Downtown Residents Network.
- ☒ Pilot protected bicycle lane.
- ☒ Support establishment of a fund for affordable housing. (In progress)
- ☒ Support the delivery of 350+ new housing units. (The market delivered 298, with 42% income restricted)
- ☐ Explore opportunities to beautify the public plaza at Van Andel Arena. (In progress)
- ☐ Evaluate economic impact of improving and expanding the Grand Riverfront trail. (Near completion)
- ☐ Design bike and pedestrian trail connecting Belknap Hill and Monroe North. (Shifted to 2019)
- ☐ Deploy bus shelters to provide a better experience for people who ride DASH. (In progress)
- ☐ Recruit car share service provider. (Learning from failure)

2019 AGENDA FOR ACTION

- ☐ Plant 200 trees.
- ☐ Break ground on Lyon Square renovation.
- ☐ Pilot Downtown Neighbor Network.
Complete design for Calder Plaza Phase 1 improvements.
- ☐ Improve safety at river trail crossings for people walking and bicycling.
- ☐ Deploy bus shelters to provide a better experience for people who ride transit.
- ☐ Develop strategy and assets to recruit businesses Downtown.
- ☐ Support additional Downtown retail investment and diversity through the Incubation Program.
- ☐ Complete improvements to pocket park adjacent to GRPS Museum School.
- ☐ Break ground on beautification of public plaza at Van Andel Arena.
- ☐ Redesign Ah-Nab-Awen Park with Native American community.

2019 AGENDA FOR ACTION

- ☐ Cut ribbon on Grandville Avenue gateway improvements.
- ☐ Add 30 new public art murals.
- ☐ Expand winter recreational programming in Downtown parks.
- ☐ Evaluate real estate options for a public dog park. Install outdoor exercise equipment in Monroe North.
- ☐ Complete Sheldon Avenue linear park Phase 1.
- ☐ Support the delivery of 2,400 parking spaces for employees, visitors and residents.
- ☐ Study potential of converting Ottawa and Ionia Avenues to two-way streets.
- ☐ Design bike and pedestrian trail connecting Belknap Hill and Monroe North.
- ☐ Support the delivery of ~600 new homes.

FY 19 REVENUES

Tax Increment

\$6,612,145

Special Assessment

\$1,234,473

Parking Revenues

\$277,672

Sponsorship, Interest, Misc.

\$406,149

Carry Forward

\$4,440,140

TOTAL

\$12,970,579

FY 19 PROJECTED EXPENDITURES

Debt Service on Prior Investments
\$454,134

Admin and Overhead
\$1,476,895

Clean, Beautiful and Welcoming
\$1,217,275

GR Forward Implementation Soft Costs
\$1,570,000

GR Forward Implementation Hard Costs
\$8,252,275

TOTAL
\$12,970,579