

MEETING OF THE DOWNTOWN IMPROVEMENT DISTRICT

Thursday, June 11th, 2015

2:00PM Meeting

29 Pearl St. NW; Downtown Grand Rapids Inc.

AGENDA

1. Call to order
2. Approval of meeting minutes of April 21st, 2015 (2:02).....Motion Herr
(enclosure)
3. Overview of Interim FY16 DID Budget (2:06).....Info Item Wallace
(enclosure)
4. Approve and Recommend Amended FY16-FY20 DID Authorization (2:16).....Motion Larson
(enclosure)
5. DGRI Website Preview (2:36).....Info Item Larson
6. DGRI President & CEO Report (2:51).....Info Item Larson
7. Public Comment (2:56)
8. Board Member Discussion (2:59)
9. Adjournment

Downtown Grand Rapids

Prosperous ❖ Livable ❖ Walkable ❖ Inclusive ❖ Green ❖ Connected ❖ Distinctive

**Meeting Minutes of the
Downtown Improvement District Board
Tuesday, April 21, 2015
Downtown Grand Rapids Inc.
29 Pearl St. NW**

Attendance: Michael Bishop, Eric DeLong, Mike Ellis, Bob Herr, Darren McKnight, Carlos Sanchez, Denny Sturtevant, Mary Swanson, Pat Waring

Others Present: Kris Larson, Mary Sierawski, Eric Pratt, Andy Guy, Bill Kirk, Jana Wallace

Absent: Kurt Hassberger, Michael Lindley, Tom Rothwell, Scott Wierda

Call to Order

The meeting was called to order at 3:08 p.m. by Chair Bob Herr. Mr. Herr said that agenda item 5 will come before agenda item 4.

Approve meeting minutes from November 20, 2014

Motion: Carlos Sanchez, supported by Michael Bishop, moved to approve the November 20, 2014 DID meeting minutes as submitted. Motion carried unanimously.

Acceptance of March 31, 2015 Financials

Ms. Wallace presented the DID financial statements for FY15 as of March 31, 2015. Ms. Wallace said the District received small amounts of special assessments revenue in January and March. Ms. Wallace said any unpaid special assessments will ultimately be paid by the property owner when the City settles with Kent County in early June 2015. Ms. Wallace said that journal entries have been made to account for the DID's allocation in regards to labor. Ms. Waring asked if it is a percentage that is calculated. Mr. Larson said no, DGRI staff tracks their hours weekly and that is how the allocation is calculated. Mr. Herr said it seems as though we are short in the area wide assessment line item and asked if that will be caught up by the end of the year. Ms. Wallace said the entire budget is three years old at this point. Mr. Larson asked for Ms. Wallace to follow-up with the Board on that item for clarity. Mr. Sturtevant said we need to follow-up on this voluntary assessment because these businesses are benefiting from the services. Mr. Bishop asked if the Board can see the financials presented in comparison to a year ago. Ms. Wallace said perhaps next year because we'll have more accurate data to compare. Mr. Sturtevant asked the financials to be presented in a year-to-date system. Ms. Wallace said that is not how the City of Grand Rapids operates when presenting financials to the fiduciaries. Mr. Sturtevant said it would be nice to have that information because this body needs to make recommendations for assessments. Mr. Larson said having real time information is critical and we are working on improving those systems. Mr. DeLong said the City of Grand Rapids is in the process of implementing a new financial system. Ms. Wallace said training for the new financial system is currently in process.

Motion: Eric DeLong, supported by Darren McKnight, moved to approve Statement C: Schedule of Expenditures: January 1 – March 31, 2015 as recommended. Motion carried unanimously.

DID Continuation Steering Committee Progress

Mr. Larson gave the Board an update about the DID Steering Committee progress. Mr. Larson shared the results of the DID survey and proposed boundary changes. Mr. Sturtevant asked to what extent the increased expense gets offset by real payers and would the current assessment subsidize the cost of boundary expansion. Mr. Larson said public property that was included is owned by the DDA and that other properties included in the expansion are supportive of the DID, including The Rapid. Mr. Sturtevant asked about the statute and history of exemptions, including if nonprofits of exempt. Mr. Pratt said nonprofits receive a 40% discount. Mr. Pratt said the district won't be expanding in to the Monroe North TIF district because there are not enough assessable properties, but the MNTIFA will contract for services. Ms. Waring asked how the expansion impacts the Westside BID and asked if it would overlap. Mr. Larson said no, the districts wouldn't overlap. Mr. Bishop asked about the contract services line item. Mr. Larson said the biggest change for the DID will be the DID providing public safety improvements, including contributing to the Downtown Ambassador program, special police deployment, storefront activation program, and the Heartside restroom attendant. Mr. Sturtevant asked if we're going to get to the crux of the problem by providing these services and that providing a Heartside restroom may not help. Mr. Larson said if these programs aren't effective, we can always try new approaches if these programs aren't a good fit. Mr. Larson pointed out a reduction in the Administration line item and said that efficiencies have been gained. Mr. Sturtevant asked if there is support in other cities to change assessment laws. Mr. Pratt said owner occupied residential is an issue for all Downtowns and this is something that will be included in advocacy efforts. Mr. Larson said he has given briefings on the DID to the City Commission and they are aware of the DID Steering Committee Progress. Mr. DeLong said Mr. Larson and Mr. Pratt did a good job of briefing the Commissioners and they seemed supportive of the renewal. Mr. Larson said the boundary expansions and services were well received by stakeholders as well. Ms. Waring asked if we are approving this plan today. Mr. Larson said yes. Mr. Sturtevant asked what exactly the Board is being asked to approve today. Mr. Larson said the recommendation would go to City Commission and then a public hearing would be set. Mr. DeLong clarified that we are talking about endorsing this draft to the Commission. Mr. Bishop asked if the formulas have changed. Mr. Herr said no, the only thing changing is to do with residential parcels, with the removal of ten which was a correction made per the City of Grand Rapids. Mr. DeLong said there are a few days of opportunity to make changes between the Commission dates. Mr. Larson said the Commission approves a bottom line budget and the Board can modify. Ms. Waring asked for clarification of the Westside boundary, specifically in regards to Grand Valley State University. Mr. Pratt clarified the boundaries. Ms. Wallace said even though it's a five year budget, it is appropriated one year at a time, and that the assessment time frame will be raised from three years to five years. Ms. Swanson asked when the entities are notified if they are included in the expansion and who is going to tell them. Mr. Larson said it is a process, but that staff will be communicating with the stakeholders regarding DID expansion and extension. Ms. Waring said she was unaware of the

inclusion of GVSU. Mr. Sturtevant raised concerns over the communication of the DID boundary expansion.

2015 DID Stakeholder Survey Results

Mr. Larson presented the DID Stakeholder survey results as part of agenda item #4.

Approve and Recommend FY16-FY20 DID Authorization

Discussion was had as part of agenda item #4.

Motion: Carlos Sanchez, supported by Michael Bishop, moved to approve and recommend the FY16-FY20 DID Authorization. Motion passed 8-1, Pat Waring opposed.

GR Forward Update

Due to time constraints, the GR Forward update was postponed until the next DID Board Meeting.

Public Comment

None.

Board Member Discussion

Mr. Herr asked about the web design process. Mr. Larson said we are just weeks away from launching and that at the next DID Board meeting there will be a presentation and walk through of the web site.

Adjournment

The meeting adjourned at 4:34 p.m.

Minutes taken by:
Mary Sierawski
Human Resources & Office Manager
Downtown Grand Rapids Inc.
(616) 719-4610



CITY OF GRAND RAPIDS AGENDA ACTION REQUEST

DATE: June 3, 2015

TO: Gregory A. Sundstrom, City Manager

COMMITTEE: Committee of the Whole
LIAISON: Gregory Sundstrom, City Manager

FROM: Jana Wallace, Downtown Improvement District Treasurer *gmw*

SUBJECT: **DOWNTOWN IMPROVEMENT DISTRICT
INTERIM FY2016 APPROPRIATION REQUEST**

The City's Downtown Improvement District ("DID") currently has three special assessment districts which are in the third year of their three year authorization period.

A Steering Committee comprised of seven downtown property owners is leading the special assessment re-authorization effort to ensure that downtown Grand Rapids will continue to benefit from the marketing, event programming, cleaning, and beautification services supported by DID special assessment revenues. The re-authorization process, including City Commission approval of the DID's comprehensive FY2016 budget request, is expected to be completed by August 31, 2015.

In order to provide continuing appropriation authority until the comprehensive FY2016 DID budget request is submitted to City Commission, on behalf of the DID I am requesting interim FY2016 appropriation authority in the amount of \$200,000 to be funded by the DID's fund balance.

Please contact me at 616-456-4514 or jwallace@grcity.us if you have any questions.

Attachment

cc: Scott Buhrer, Chief Financial Officer
Kristopher Larson, President & CEO, Downtown Grand Rapids Inc.

YOUR COMMITTEE OF THE WHOLE recommends adoption of the following resolution authorizing the FY2016 appropriation of \$200,000 from Downtown Improvement District Fund fund balance on behalf of the City of Grand Rapids Downtown Improvement District prior to the proposed re-authorization of the Downtown Special Assessment Districts.

CORRECT IN FORM

DEPARTMENT OF LAW

COMMITTEE OF THE WHOLE

Com. _____, supported by Com. _____,
moved adoption of the following resolution:

RESOLVED:

That \$200,000 from the Downtown Improvement District Fund (SRDID247) fund balance be appropriated for FY2016 expenditures expected to be incurred after June 30, 2015 and prior to the proposed re-authorization of the Downtown Improvement District special assessment districts and the concurrent approval of the Downtown Improvement District comprehensive budget for the period beginning July 1, 2015 and ending June 30, 2016.

Yeas

Nays

_____	Bliss	_____
_____	Gutowski	_____
_____	Kelly	_____
_____	Lenear	_____
_____	Lumpkins	_____
_____	Shaffer	_____
_____	Mayor Heartwell	_____

Yeas: _____

Nays: _____

Adopted: _____

Failed: _____

**REPORT OF THE
DOWNTOWN IMPROVEMENT DISTRICT BOARD**

SPECIAL ASSESSMENT Roll No. 8710

Downtown Area Service Enhancements

June 9, 2015

Contents

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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.

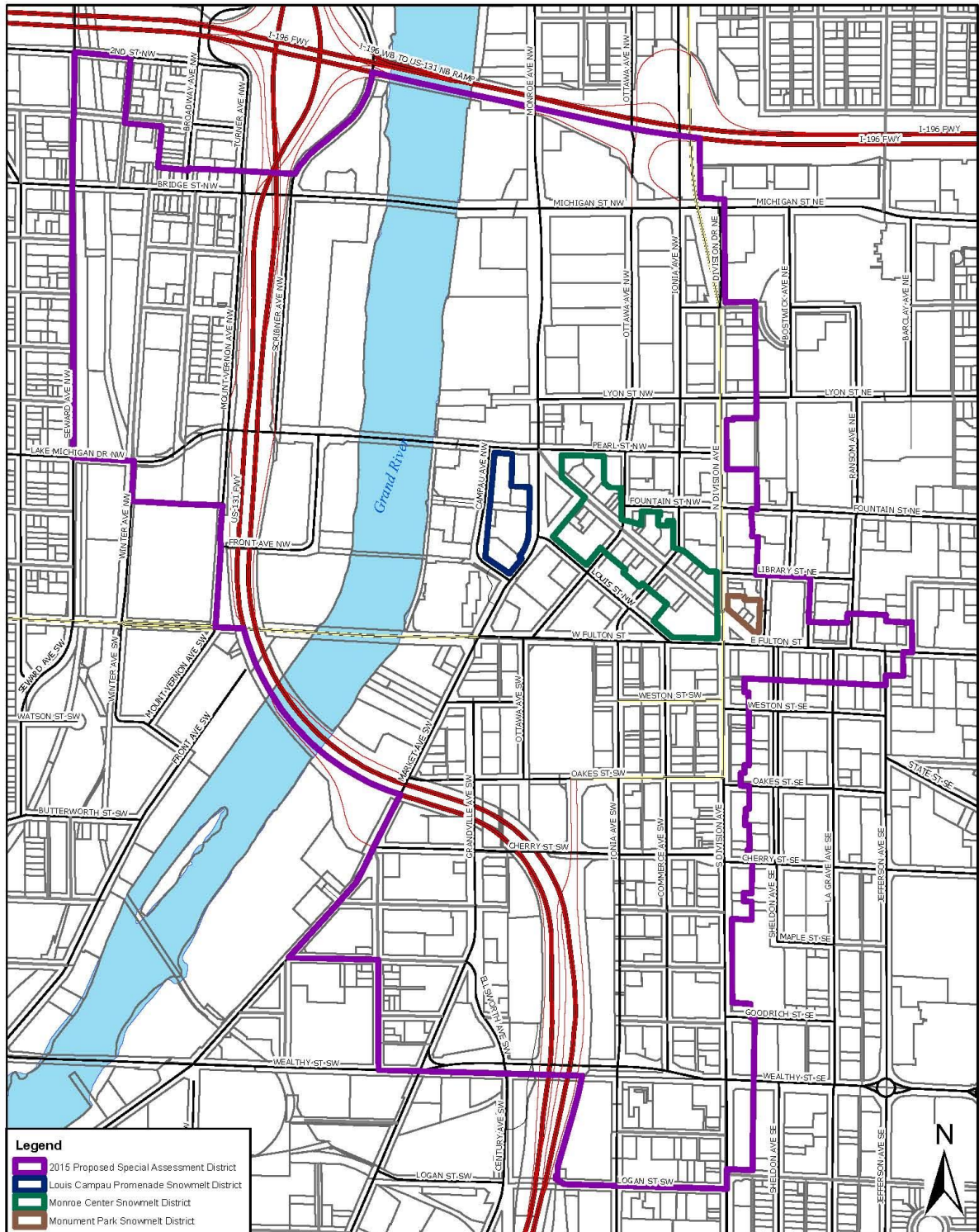
On June 11, 2015, the DID Board approved a motion recommending that the City Commission declare necessity for Special Assessment for the deliverance of enhanced services, beginning July 1, 2015 and ending June 30, 2020. A map showing properties benefiting from these enhanced services, a description of 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.

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 years will be due and payable on September 3, 2015. The second, third, fourth, and fifth payments would be due and payable on July 1 of each of the following years beginning 2016 and concluding in 2019 following the annual determination of assessment/charges

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.

B. Map of District

B. Map of 2015 Proposed Special Assessment District



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

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:

$(\text{Budget} \times 30\%) / (\text{Total Property Area in the District}) =$	assmt rate 1
$(\text{Budget} \times 30\%) / (\text{Total Property Street Frontage in the District}) =$	assmt rate 2
$(\text{Budget} \times 30\% / (\text{Total Building Area in the District}) =$	assmt rate 3
$(\text{Budget} \times 10\% / (\text{Total Parking Area in the District}) =$	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:

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

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 assessment districts is as follows: :

Number of Properties by Class:

Class 1 – 440	Class 2 – 69
Class 3 – 93	Class 4 – 30

Percentage of Assessment Payers by Class:

Class 1 – 69%	Class 2 – 11%
Class 3 – 15%	Class 4 – 5%

Assessment Amount by Class in FY 2015:

Class 1 – \$527,400	Class 2 – \$57,400
Class 3 – \$250,100	Class 4 – \$65,100

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. PROPOSED SPECIAL ASSESSMENT SCHEDULE 2015 – ROLL #8710

MILESTONES - SPECIAL ASSESSMENT ROLL #8710	
Date	Milestone
April 21	DID Board considers recommendation of new 5-year necessity and FY16 Budget to City Commission.
May 12	City Commission considers adoption of resolution setting date, time, and place for public hearing of necessity for special assessment.
May 15 – May 29	DID Board report available for public inspection.
June 9	City Commission conducts Public Hearing concerning necessity of special assessment.
June 16	City Commission considers adoption of resolution establishing necessity for services or project to be financed by special assessment.
June 22– July 10	Special assessment roll open for public inspection in City Assessor's Office.
Aug 11	Board of Review hearing (City Commission sitting as Bd of Review)
Aug 18	City Commission considers adoption of resolution confirming special assessment roll.
Aug 31	Billing of special assessment roll.

F. Multi-Year Budget – Downtown Improvement District #8710
Special Assessment for FY 2016 - 2020

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
AREA WIDE SERVICES					
Net Assessment	\$900,000	\$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	\$1,105,000	\$1,157,250	\$1,212,023	\$1,269,441	\$1,329,635