

AGENDA

DOWNTOWN IMPROVEMENT DISTRICT



Board Members:

Michael Bishop • Eric DeLong • Mike Ellis • Jane Gietzen • Kurt Hassberger • Bob Herr • Emily Loeks • Josh Lunger • Andrew Martin • Jessica Slaydon • Carlos Sanchez • Denny Sturtevant • Gina Van Timmeren • Pat Waring • Scott Wierda • Daniel Williams

March 2, 2020

3:00 pm Meeting

29 Pearl Street, NW Suite #1

- | | | |
|--|-----------|--------------|
| 1. Call to order (3:00) | | |
| 2. Approve Meeting Minutes from January 28, 2020 (3:02)
(enclosure) | Motion | Herr |
| 3. DID Reauthorization Discussion (3:05)
(enclosure) | Info Item | Kelly / Herr |
| 4. DGRI President & CEO Report (4:00)
(enclosure) | Info Item | Kelly |
| 5. Public Comment (4:10) | | |
| 6. Board Member Discussion (4:15) | | |
| 7. Adjournment (4:20) | | |



MEETING OF THE DOWNTOWN IMPROVEMENT DISTRICT BOARD
January 28, 2020

Attendance: Denny Sturtevant, Emily Loeks, Jessica Slaydon, Andrew Martin, Scott Wierda, Gina Van Timmeren, Michael Bishop, Pat Waring, Kurt Hassberger, Josh Lunger and Bob Herr

Absent: Jane Gietzen, Daniel Williams, and Carlos Sanchez

Others Present: Tim Kelly, Jana Wallace, Jessica Wood, Melvin Eledge, Kim Van Driel, Marion Bonneaux, Amanda Sloan, Rick Winn, Brad Segal and Daniel Makela (PUMA), Matt Jemilo, Gordon Oosting (Mel Trotter), Christa Ferguson, Jeff Edwards and others.

Call to Order The meeting was called to order at 2:06 p.m. by Tim Kelly.

DID Authorization Presentation

Mr. Kelly stated a new DID (reauthorization) plan will be presented to the City Commission in April; members of Progressive Urban Management Associates (PUMA) consulting firm are in town this week for continued stakeholder engagement and feedback. Brad Segal and Daniel Makela from PUMA were introduced to present an update on this process. Mr. Segal stated PUMA has worked to form or renew more than 80 downtown improvement districts in the country. There are more than 1,000 improvement districts, many of which have been around a long time. Oftentimes they start to enhance or provide supplemental services in addition to what is provided by the city: security, cleaning, or occasionally marketing. He stated this improvement district was established in 2000, is reauthorized every 5 years, and is funded by special assessments of property (based on property area, frontage, building area, and parking). The assessment methodology is somewhat complex but fair and equitable and Mr. Segal suggests we continue using this methodology that arguably has served downtown well for the past 20 years. This also prevents distortion that occurs with making property assessment changes. He stated the DID is governed by a board consisting primarily of property owners and administered by DGRI. The services provided are fundamental and include daily sidewalk cleaning, flower plantings and beautification, snowmelt, marketing, and special events in various forms. Mr. Segal noted private tax-exempt property owners receive a discount and there are separate assessments for properties that include snow melt. He reviewed the process of this reauthorization which started in November with orientation site visits and then began looking at budgets (trends in

spending). DGRI staff is working with the City to develop a base level of service agreement to clarify standard services which are provided by the City. This week we are requesting property owners, businesses and employees participate in an online survey. So far, 49 respondents have graded the efforts of the DID at a B- (though at best improvement districts might receive a B+). Respondents claim the areas that have become worse over the last 5 years include homelessness, aggressive panhandling, and other disruptive behavior while all other characteristics of downtown including general appearance, overall health, cleanliness, visitor activity, and safety (perception and reality) have improved. Mr. Segal is hoping to get at least 100 respondents and asked board members to help push this survey to employee networks downtown. After compiling these results, a draft DID plan will be created (February/March) and presented to this board for recommendation to go to the City Commission.

Mr. Herr arrived at 2:23 pm.

Mr. Segal stated PUMA has been hired to provide an objective view of the DID, to determine if we are employing best practices, and to make recommendations that will improve performance while understanding budget and other limitations. Reauthorization considerations include increased investment in downtown (new demands for services), more residents/workers/visitors, and the perception of growing street populations. He stated additionally 3 things that will be included in this recommendation are the desire to bolster the Ambassador program (different from cleaning crews), flexibility in year-by-year budget, and the shrinking capacity of the DDA to fund services. He further stated Ambassadors are the front line with folks on the street and two dynamics that need strengthening are the number of ambassadors and their salary. Paying a reasonable wage will increase retention which is needed to develop relationships with individuals on the street, mental health providers, and law enforcement. He stated the bulk of the increase in rates will go to support these strongly recommended changes. Mr. Segal noted the 5-year budget plan that the DID currently utilizes and suggests finding a way to build in flexibility as equipment, staffing and maintenance needs vary year to year. He then stated GR is unique in that the Downtown Development Authority, which is funded through tax increment financing and income from assets, also pays for a good chunk of the services that the DID provides. The DID budget is roughly \$1 million per year and the DDA funds about \$600,000 of those same budget items. The midrange concern (not immediate) is that, as the DDA is successful, we are reducing the asset base which decreases revenue and furthermore decreases the ability to pay for these services. The proposed suggestion is to start phasing in more responsibility of the DID as the funding of the DDA is reduced.

Mr. Segal presented a 2021 Budget Plan which includes a 5% increase to Maintenance & Beautification and a fairly significant increase in funding of the Ambassador Program. A Special Projects line item takes the place of Capital and Operating improvements (which has been funded through reserves) and sits under Clean & Safe Activity to allow more flexibility of that spending. It is recommended that the Marketing and Communications budget would remain the same as that is a core function of the DDA. Administration is fixed percentage of the budget at 12.6%. There is also a fixed collection fee from the City which remains the same. This is a significant jump from 2020 to 2021 of 21% (16%

assessment increase after utilizing reserves). Mr. Segal provided examples of what the special project line item could be used for including: tree plantings, streetscape amenities, irrigation, expanded banner program, parklets, or social service pilot program. He then presented assessment rates comparing 2020 to estimated 2021 and noted an average increase of 5 – 10 cents per sq. ft. for building owners. Another discussion point for consideration is boundary expansion. Mr. Segal stated North Monroe area is most likely a candidate though stakeholders indicated mixed results on the last expansion. It may be in our best interest to wait a few more years though we will look at cost benefit to determine if the area can even afford services. Ms. Slaydon asked if the West Side was considered for expansion. Mr. Kelly stated GVSU was not interested in being included. Mr. Segal stated considerations moving forward include survey and stakeholder meeting results, expansion decision, updated property characteristics (which will impact 2021 rates) and snowmelt.

Mr. Sturtevant asked, as the property characteristics of a building change, does the assessment change. Mr. Kelly stated it can but doesn't always. Mr. Segal stated the budget increases every year even though the assessment calculation hasn't changed because we see an increase of additional square footage. Mr. Hassberger pointed out the survey indicated the need to address both homelessness and panhandling; consequently, came the recommendation to strengthen the ambassador program. He asked if it is perceived that the ambassadors will address these issues. Mr. Segal stated we are following best practices of other cities; we will not solve homelessness, but we are suggesting ways to better manage issues on the street. He stated having more eyes and ears on the street, more stability (retention) and numbers, creates an intelligence network as seen in other markets. Mr. Wierda questioned if the DID is the right bucket for this. Mr. Segal stated the DID is known as a clean district but also as a safe district. We will be quantifying police coverage in a base service agreement, but those services work better when you have ambassadors to connect the people in need to the services available. Mr. Wierda stated he wouldn't want the DID's role in beautification and events be diluted with safety services. Mr. Segal stated the goal would be not to duplicate programs but if we can do a better job containing some of the issues related to street population, we would be providing (and maintaining control over) a desired service to the community. Mr. Sturtevant shared that the FUSE program is now being established in GR. Funded by healthcare entities and multiple City departments (including the DDA), this collaborative effort is addressing some of these issues and Mr. Sturtevant is optimistic that we are making progress as a collective on this front.

Mr. Segal presented details on the suggested 2021-25 Budget which includes a 5% annual increase in Maintenance and Beautification, a \$75,000 per year line for special projects (utilizing DID surplus funds at a decreasing rate each year), and a ramp up of ambassador program funding to \$225,000 in 2021 and an additional \$25,000 each year to slowly relieve the burden from the DDA. Mr. Winn asked if this includes wage increases. Mr. Segal stated this does not factor in annual wage increases and agreed that should be a consideration as we expect to continue experiencing a shortage of service workers into the future.

Mr. Martin stated survey respondents indicated a desire for additional marketing and suggested utilizing this as a value proposition to increasing assessments. Mr. Winn suggested publishing how

much money the DDA is spending on marketing but stated we need to address the experience problem first. Ms. Loeks asked what activities are paid for out of the marketing budget. Mr. Kelly stated this varies year to year but encompasses all marketing activities for DGRD including video production, print pieces, and the website.

New Member Introduction

The Board welcomed Josh Lunger, Senior Director of Government Affairs for the Grand Rapids Chamber. Mr. Lunger stated he has had the privilege of working with many members already and is looking forward to more.

Approve Meeting Minutes from November 18, 2019

Motion: Emily Loeks, supported by Michael Bishop moved to approve the November 18, 2019 DID Board Meeting minutes as presented. Motion carried unanimously.

Accept December 31, 2019 Financial Statements

Ms. Wallace presented the DID's financial statements for the first 6 months of the fiscal year ending June 30, 2020 noting the City's voluntary contribution has not yet been reported on Statement B. Mr. Kelly stated the payroll allocation has not yet occurred for January. Mr. Sturtevant requested clarification on the (\$1,445,137) amount in reserves. Ms. Wallace stated the fund balance is the reserve balance as of June 30, 2019, plus year to date revenues, minus year to date expenditures. She noted this line will decrease each month as we approach June 30, 2020; we will not be receiving much more revenue but will have the bulk of our expenditures paid out during this time. Mr. Kelly stated \$427,000 is expected to be in reserves at fiscal year-end.

Motion: Mr. Hassberger, supported by Mr. Bishop, moved to approve Statement C: Schedule of Expenditures: October 1 through December 31, 2019 as recommended. Motion carried unanimously.

Public Inebriate Center Support

Annamarie Buller stated as we discuss homelessness and public inebriation, we are aware it affects not only the health and safety of our most vulnerable population but also social service providers, emergency rooms, and many local businesses in the urban community. We have received a proposal from Mel Trotter Ministries, in collaboration with the City, Fire and Police departments, to address "super users" (frequent visitors to local emergency rooms due to intoxication) and Goal 2 Alliance (which if focused on downtown quality of life) recommended that this program be supported. Gordon Oosting, VP of Finance for Mel Trotter, stated the Public Inebriate Center was formed in 2002 to provide temporary housing for the public inebriate population and divert these "super users" from inundating city emergency services. Mr. Oosting stated the estimated cost is \$2,000 per visit to the emergency room or \$1,000 per booking at the jail. Nurses staffed in this center keep this vulnerable population out of hospitals and jails and try to get them into detox programs. The cost is about \$500,000 per year to keep this program operational, not including overhead costs provided by Mel Trotter.

Mr. Herr asked if there is a challenge in getting an ambulance to deliver these folks to Mel Trotter. Mr. Sturtevant stated there is, and this is a perverse medical regulation that needs to be addressed. Mr. Oosting agreed and stated they are working with the State to allow ambulances to deliver directly to Mel Trotter though currently many are admitted to the hospital and discharged directly to the center. Ms. Loeks stated there is clearly a value proposition for hospitals and asked how much they are contributing. Mr. Oosting stated the amounts fluctuate but each year hospitals have contributed around \$200,000. Mr. Sturtevant stated there is not necessarily a cost savings to hospitals but there is an efficiency issue that hospitals would like to address and there are conversations at state level to change Medicare privacy laws. Mr. Oosting stated there will be an ongoing need and we will continue to make requests to hospitals and others for additional and future funding, but today's request is for a one-time \$50,000 contribution. Mr. Herr recalls funding \$35,000 a year for several years in the beginning of this program. Mr. Kelly stated the DID has available funds in our capital and operating improvements budget and will still have over \$100,000 remaining.

Mr. Herr stated this is a great program. Ms. Loeks asked how this aligns with the DID. Mr. Kelly stated this does align with safety and the perception of safety in the district. Mr. Sturtevant stated there is clearly a benefit to not having drunk folks laying in storefront doorways. There are bigger systemic issues that need to be addressed but there is some momentum in collaborating with partners and we certainly don't want the program to close. Mr. Hassberger agreed stating we would be addressing the concerns expressed by survey respondents. Mr. Ellis stated he is in support of this and requested reporting. Ms. Buller stated demographic data on persons served and other statistics as well as a narrative highlighting the operation successes and challenges will be provided.

Motion: Mr. Hassberger, supported by Mr. Sturtevant, moved to approve the request for funding the Public Inebriate Center at Mel Trotter in the amount not to exceed \$50,000 as recommended by the Goal 2 Alliance. Motion carried unanimously.

Public Comment

None.

Board Member Discussion

None.

Next Board Meeting- March 23, 2020 (2 – 3:30pm)

Mr. Kelly stated we will want to schedule a February meeting to review the DID reauthorization plan (reviewing stakeholder engagement and survey results) prior to presenting to the City Commission. Please participate in the doodle poll to confirm availability.

Adjournment

The meeting adjourned at 3:52 p.m.

Downtown Improvement District
Reauthorization Projections 2021 - 2025

	6/30/2018 Actual	6/30/2019 Actual	6/30/2020 Budget	FY 2021 Proposed	FY2022 Proposed	FY2023 Proposed	FY2024 Proposed	FY2025 Proposed	
Revenue									
Assessments									
District-Wide	\$ 1,003,204	\$ 1,041,863	\$ 1,093,956	\$ 1,242,008	\$ 1,344,390	\$ 1,448,446	\$ 1,555,166	\$ 1,664,518	
% Change		3.9%	5.0%	13.5%	8.2%	7.7%	7.4%	7.0%	
Snowmelt	\$ 206,229	\$ 227,578	\$ 235,679	\$ 249,799	\$ 234,547	\$ 256,744	\$ 269,010	\$ 288,880	
Collected									
District-Wide	\$ 892,654	\$ 873,299	\$ 954,956	\$ 1,086,757	\$ 1,176,341	\$ 1,267,390	\$ 1,360,771	\$ 1,456,453	
Snowmelt	195,533	216,347	224,679	224,819	211,092	231,069	242,109	259,992	
Earnings on Investments	23,103	44,564	25,468	25,000	25,000	25,000	25,000	25,000	
Grants & Other	1,000	232							
Fund Balance Transfer			166,146	75,000	60,000	45,000	30,000	15,000	1, 6
Total Revenue	1,112,290	1,134,442	1,371,249	1,411,575	1,472,433	1,568,459	1,657,879	1,756,445	
% Change		2.0%	20.9%	2.9%	4.3%	11.1%	12.6%	12.0%	
Expenditures									
Maintenance and Beautification									
Block by Block Clean Team	539,482	540,693	540,000	575,877	604,671	634,904	666,650	699,982	2, 5, 7
Other (Utilities, Supplies, etc)	10,000	10,000	10,000	10,000	10,500	11,025	11,576	12,155	7
Irrigation - Repairs and Water	8,106	10,993	6,000	7,000	7,500	7,500	8,000	8,500	
Special Projects		30,713	100,000	75,000	75,000	75,000	75,000	75,000	1, 5
Personnel - Wages & Benefits	20,556	27,925	30,000	32,000	33,600	35,280	37,044	38,896	7
	578,144	620,324	686,000	699,877	731,271	763,709	798,270	834,533	
Marketing and Communications									
Advertising and Promotions			50,000	60,000	70,000	80,000	90,000	100,000	7
Personnel - Wages & Benefits	61,504	54,157	40,000	40,000	40,000	40,000	40,000	40,000	
Supplies, Printing, Postage, Etc.	1,388	3,540	6,500	4,000	4,200	4,410	4,631	4,862	7
Website Servicoes	8,283		3,500	3,675	3,859	4,052	4,052	4,254	7
	71,175	57,697	100,000	107,675	118,059	128,462	138,682	149,116	
Administration									
Professional Serv - Legal, HR, Tech, etc	15,581	27,286	79,000	30,750	32,288	33,902	35,597	37,377	7
DGRI Overhead (rent, insur., phone, etc)	32,607	24,190	20,000	20,600	21,630	22,712	23,847	25,039	7
Personnel - Wages & Benefits	46,862	85,571	70,467	73,990	77,690	81,574	85,653	89,936	7
Insurance		7,000	7,000	7,500	7,850	8,250	8,675	9,100	
Supplies, Offie Equipment, etc.	4,923	5,305	8,500	8,755	9,193	9,652	10,135	10,642	7
	99,973	142,352	184,967	141,595	148,650	156,090	163,907	172,094	
Public Safety - Ambassador Program	100,000	100,000	100,000	200,000	225,000	250,000	275,000	300,000	2, 3, 7
City A-87 Charges	40,522	35,423	35,149	37,609	38,362	39,129	39,911	40,710	
Subtotal Expenditures - District-Wide Services	889,814	955,796	1,106,116	1,186,757	1,261,341	1,337,390	1,415,771	1,496,453	
% Change		7.4%	15.7%	7.3%	6.3%	6.0%	5.9%	5.7%	
Snowmelt Operations									
Campau Promidade	62,108	62,853	70,000	57,199	54,809	57,549	60,427	63,448	
Monroe Center	68,879	89,417	176,900	141,263	139,359	154,799	166,215	180,305	
Monument Park	8,944	9,808	18,233	26,357	16,924	18,721	15,467	16,239	
Subtotal Expenditures - Snowmelt Operations	139,931	162,078	265,133	224,819	211,092	231,069	242,109	259,992	
%Change		15.8%	63.6%	-15.2%	-6.1%	9.5%	4.8%	7.4%	
Total Expenditures	1,029,745	1,117,874	1,371,249	1,411,575	1,472,433	1,568,459	1,657,879	1,756,445	
Excess / (Deficit)	\$ 82,545	\$ 16,568	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Fund Balance		\$ 505,975	\$ 339,829	\$ 264,829	\$ 204,829	\$ 159,829	\$ 129,829	\$ 114,829	

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	99,973	142,352	184,967	141,595	148,650	156,090	163,907	172,094	
Public Safety - Ambassador Program									
	100,000	100,000	100,000	155,000	180,000	205,000	230,000	255,000	2, 3, 7
City A-87 Charges									
	40,522	35,423	35,149	37,609	38,362	39,129	39,911	40,710	
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Fund Balance									
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DID Budget Notes

1. Special Projects

- Overall, flexibility will be added to the DID operations by combining “Maintenance & Beautification” and the “Ambassador Program” into a new “Clean & Safe” activity center. This is the more standard best practice nationally and affords the ability to shift resources among these activities if needed year-to-year. “Special Projects” is the third line item in the “Clean & Safe” activity center. This is a replacement for the former “Capital & Operating Improvements” line item. “Special Projects” will be used annually to support either maintenance, beautification, or safety/Ambassador efforts.
- A budget of \$75,000/year but using DID surplus to phase-in annually. In FY2021, the full \$75,000 will be drawn from the DID surplus. This will then be phased into the assessment by \$15,000 each year, until the full \$75,000 is accounted for in the assessment (see following budget tables for additional detail). This allows for a more gradual change to individual property’s bills over the five-year period. Over the five years, a total of \$225,000 will be drawn from the surplus.
- How the Special Projects line item is spent can vary year-to-year to address maintenance, beautification, or safety-related goals. This provides the DID with year-to-year flexibility. Examples of potential Special Projects include:
 1. *Targeted installation of irrigation*
 2. *Enhanced streetscape amenities*
 3. *Recycling Pilot Program along Monroe Center*
 4. *Expanded banner program*
 5. *Outreach/social service Pilot Program*

2. Bolster the Ambassador Program

- Increase deployment – this will put Ambassadors on the street more frequently, to help serve the needs of Downtown’s growing foot traffic and the increased maintenance responsibilities in the Downtown. 1-2 new Ambassadors will be added to the team to help boost deployment.
- Increase compensation – Ambassador compensation is not up to 2020 standards. This has created a quality and retention challenge. Increased compensation will give the DID the ability to better retain Ambassadors. Wages should then increase accordingly over the five-year budget period, in order to not let the region’s job market, outpace Ambassador wages, which has happened in the past. Continuity is critical in this program – a familiar uniform is valuable, but a familiar face is most effective.
- Improve skillsets – the Ambassador role is a challenging one, requiring interaction with the whole range of people who use Downtown’s streets on a daily basis. Increased compensation will make this a more attractive job, allowing the DID to be more selective about Ambassador skillsets.
- Increased Maintenance Responsibilities – DGRI and the City continue to solidify their maintenance responsibilities gaps in service have been identified as a result there is a need for the DID to increase its role in right of way maintenance, especially regarding pedestrian

DID Budget Notes

infrastructure. Many of the fixtures are over 20 years old and have had little maintenance performed on them; ongoing inventorying and auditing efforts have revealed the need to paint, repair clean and provide on going routine maintenance to infrastructure such as benches, trash cans and cigarette urns to keep the infrastructure in workable condition.

- Increased Placemaking Needs – In addition to increased right of way maintenance needs DGRI, and by extension the ambassador team, has also increased its role in place activation throughout the district. This is most apparent in areas like the newly constructed dog park and the Calder Plaza activation. These sites require daily monitoring and maintenance to keep them looking clean and inviting for pedestrians to

3. DDA Fund Diversion

- Currently the DDA funds a significant portion of the Ambassador program through its non-tax fund. This fund is generated through parking revenues and the sale of land owned by the DDA; the source of this funding makes it unsustainable and as a result there is a need to reduce the DID's dependency on DDA funding. We are proposing in FY 22 to begin to reduce the DDA contribution increasing by \$25,000 per year (resulting in a \$100,000 reduction by the end of FY 25).

4. Increased Marketing

- Stakeholder feedback indicated a desire for increased marketing and communications. Increases roughly \$10,000 annually. Stakeholder feedback has shown that ratepayers are interested in seeing additional marketing efforts, primarily to support retail and restaurants in downtown. To supplement DID funds allocated here, the DDA provides \$400,000 annually for marketing and communications as well.

5. Social Service/Outreach

- There is a desire by stakeholders for the DID to play a more active role combating homelessness and working toward curbing these disruptive behaviors was expressed in stakeholder meetings, as well as evident in online survey results where a majority of respondents said these characteristics have become worse over the last five years. The DID's participation could be through targeted increase of the Ambassador program and/or through support of other projects through its special project fund.

6. DID Fund Balance Spend Down

- The DID has a fund balance of \$427,258 (end of FY 2019), looking to spend this balance down using the Special Projects fund¹

7. Other Budget Notes

- We are calculating 5% inflation on most items
- Decreasing Administration by \$50,000 (this was increased to hire a consulting firm)
- The difference between version 1 and 2 of the budgets is a \$45,000 decrease in the ambassador team line item. Reducing the line item by this amount will result in the difference of a \$13 or \$14 starting wage for the ambassadors/clean team members.