

2011-12 OPERATING BUDGET DOWNTOWN DEVELOPMENT AUTHORITY

The DDA Board of Directors will hold a public hearing on the budget Friday, May 20, 2011 at 8 a.m., Commission Chambers, Second Floor, Governmental Center. The Board is scheduled to approve the budget on June 17, 2011.

The Downtown Development Authority (DDA) is an arm of the City of Traverse responsible for maintaining the vitality of the Central Business District. Working with private developers, land owners and governmental agencies, and armed with public funds to assist in re-development efforts, the DDA is continuing to keep downtown's vibrant environment. The DDA also directly operates the Sara Hardy Downtown Farmer's Market. Through a contract with the City of Traverse City, the DDA manages the Auto Parking System (APS). The DDA has a management agreement with the Downtown Traverse City Association (DTCA) the marketing, communication and events arm of downtown. The revenues from these contracts, as well as projected re-imbursments from the Tax Increment Financing District funds, are shown in the Administrative Services Income line items of the budget. That amount is lower to reflect the conclusion of the Community Development Contract with the City of Traverse City.

To meet the obligations of the management agreements remaining, the DDA will have seven full time employees, and seven part time employees. The Farmers Market Manager position has been moved to a management contract with SEEDS, reflected in the Professional/Contractual line item. The DDA Board has also approved a not-to-exceed amount of \$10,000 to maintain the flowers in the summer and that is covered under Payroll Expenses.

The DDA has added \$10,000 to the Community Promotion line item of the general budget in anticipation of a request for support from the DTCA for Community events. While no proposal has been made at this time, we are budgeting for some sort of participation in the event the Board of Directors chooses to provide help.

By sharing our staff members, office space, equipment and other overhead over the various functions of the APS, DTCA, and the TIF projects, we are able to keep costs to a minimum. Furthermore, as in the past (Opera House, State Theatre) we will always be open to partnerships to increase our efficiency and support community efforts. All staff will continue to be cross-trained and flexible, dedicating their time on an as-needed basis to the various projects created by the administrative contracts. With the need to inspire developers; oversee, fund and manage public improvement projects; manage the City's Parking System, the DTCA, and the DDA office.....this operation is extremely efficient.

Downtown Development Authority 2011-2012 Budgeted Revenues and Expenditures

	Actual	Budget	Projected	Proposed
	FY 09 - 10	FY 10 - 11	FY 10 - 11	FY 11- 12
<u>REVENUE</u>				
Real Estate Taxes	58,673	53,500	53,500	53,500
Personal Property Taxes	6,771	11,500	11,500	11,400
Interest and Dividends	1,439	1,500	500	500
Miscellaneous	30	0	0	0
Rents and Royalties	43,070	36,000	43,000	43,000
Administrative Services	440,354	499,000	510,000	473,000
TOTAL REVENUE	\$550,337	\$601,500	\$618,500	\$581,400
<u>EXPENSES</u>				
Payroll Expense	468,381	474,800	480,000	502,000
Hospitalization	37,009	34,400	37,300	40,000
Worker's Compensation	2,133	3,000	3,000	3,100
Office Supplies	5,331	12,000	5,800	6,000
Operation Supplies	1,024	500	500	550
Professional/Contractual	5,839	40,000	30,000	20,000
Communications	5,687	6,100	3,700	4,200
Transportation	329	2,100	2,000	2,100
Lodging/Meals	3,386	5,200	5,200	5,200
Training	580	1,500	2,000	2,200
Community Promotion	2,520	2,500	2,500	12,500
Printing/Publishing	6,745	4,000	6,700	7,000
Insurance & Bonds	1,599	1,800	1,800	2,000
Utilities	6,576	6,300	6,600	6,600
Repairs & Maintenance	2,025	2,500	2,500	2,500
Rentals	6,591	6,700	6,700	6,700
Legal Expense	702	500	1,600	1,600
Miscellaneous	65	500	500	500
Equipment	4,287	4,000	4,000	5,000
TOTAL EXPENSE	\$560,809	\$608,400	\$602,400	\$629,750
NET INCOME/(LOSS)	(\$10,472)	(\$6,900)	\$16,100	(\$48,350)
Beginning Retained Earnings	\$294,750	\$284,278	\$284,278	\$300,378
Ending Retained Earnings	\$284,278	\$277,378	\$300,378	\$252,028

2011-12 BUDGET
DDA TAX INCREMENT FINANCING FUND #2

The DDA Board of Directors will hold a public hearing on the Tax Increment Financing Fund #2 budget for 2011-12 on Friday, May 20, 2011 at 8 a.m., Commission Chambers, Second Floor, Governmental Center. The Board is scheduled to approve the budget on June 17, 2011.

Tax Increment Financing Fund #2 accounts for the public activities in the area of Old Town, including River's Edge and the Midtown project. Over the remaining life of the fund, it will make payments on the Old Town Parking Deck bonds. The budgeted amount for 2011-12 is \$1,293,800 shown as a Transfer Out to Debt Service Fund. Other expenses are to compensate the City of Traverse City for engineering and other costs and the DDA for administrative and operational costs. As in the past year, the City of Traverse City compensation will be based on .1% of the taxable value in the district, estimated to be \$32,000. While legal costs are still invoiced to the DDA, the City does not invoice for audit and insurance costs as in the past. Included in the Capital Improvement Plan is an expenditure of \$81,000 for streetscapes anticipated on Cass and/or Lake Streets, and \$20,750 as an annual payment for WIFI.

The third re-payment from the Grand Traverse County Brownfield Redevelopment Authority for infrastructure previously paid by the TIF 2 fund is expected in the coming year in the amount of \$351,000.

DDA Tax Increment Financing Fund 2
2011-12 Budgeted Revenues and Expenditures

	Actual FY 09 - 10	Budget FY 10 - 11	Projected FY 10 - 11	Recommend FY 11 - 12
REVENUE				
Real Estate Taxes	616,939	612,150	612,150	664,000
Personal Property Taxes	92,858	93,450	95,150	96,200
Interest	21,789	13,000	6,500	5,000
Contribution from other government	322,000	333,000	345,000	351,000
TOTAL REVENUE	<u>\$1,053,586</u>	<u>\$1,051,600</u>	<u>\$1,058,800</u>	<u>\$1,116,200</u>
EXPENSES				
Adm/Eng Services	66,635	85,000	75,000	81,000
Capital Outlay	109,297	162,000	66,000	101,750
Professional/Contractual	31,238	50,000	32,000	35,000
Printing/Publishing	99	500	500	500
Insurance	1,336	0	0	0
Legal	2,862	5,000	0	5,000
TOTAL EXPENSE	<u>\$211,467</u>	<u>\$302,500</u>	<u>\$173,500</u>	<u>\$223,250</u>
Transfer Out to Debt Service Fund	940,938	1,205,706	1,205,706	1,293,800
EXCESS <LOSS>	(\$98,819)	(\$456,606)	(\$320,406)	(\$400,850)
Beginning Fund Balance	2,249,413	2,150,594	2,150,594	1,830,188
Ending Fund Balance	2,150,594	1,693,988	1,830,188	1,429,338

2011-12 BUDGET DDA TAX INCREMENT FINANCING 97 FUND

The DDA Board of Directors will hold a public hearing on the Tax Increment Financing Fund #97 budget for 2011-12 on Friday, May 20, 2011 at 8 a.m., Commission Chambers, Second Floor, Governmental Center. The Board is scheduled to approve the budget on June 17, 2011.

Tax Increment Financing 97 Fund accounts for the public activities in the northern part of downtown. Over the next 16 years this fund will continue to make payments on the Hardy Parking Deck bonds. The budgeted amount for 2011-12 is \$675,045 shown as a Transfer Out to Debt Service Fund. Other expenses are to compensate the City of Traverse City for engineering and other work and the DDA for administrative and operational costs. As in the past year, the City of Traverse City compensation will be based on .1% of the taxable value in the district, estimated to be \$84,332. While legal costs are still invoiced to the DDA, the City does not invoice for audit and insurance costs as in the past.

The largest expenditures are in capital outlay. While the Capital Improvement Plan (CIP) details \$1,671,900 in expenditures, only \$1,371,900 is budgeted due to the limitations of the fund, and a realization that it is most unlikely the entire Garland Street Streetscapes project will be completed in the coming year. The DDA Board of Directors went through a prioritization process with the Warehouse District, Bayfront and West Front as the top priorities. They also recognized that many of the projects are tied directly with the private sector, and those are notated in the descriptions below:

BAYFRONT IMPLEMENTATION (\$225,400) This is the second of a two year commitment to match the Department of Natural Resources grant for implementation of the first Bayfront project, the Clinch Park Restroom/Changing facilities, Bayfront access, and children's natural playground. At this time it is unclear whether the full \$450,800 will be split evenly between this and next fiscal year, but that is how it is shown in the plan.

GARLAND STREET RECONSTRUCTION (\$300,000) *Hotel Indigo and adjacent properties.* While the CIP envisions the total cost to be \$600,000, the budget includes \$300,000 because we do not expect to complete the entire project within the upcoming year. Redevelopment of the properties to the east of the Hotel and tunnel is hoped for before streetscapes is completed.

GARLAND STREET TUNNEL (\$555,000) *Hotel Indigo and adjacent properties.* This includes one half of the projected \$1 million plus \$55,000 for a sewer upgrade in Grandview Parkway. Again, this development will be tied to the construction of the hotel and will be limited by the approved developers' agreements already in place. What part of the full \$1 million is spent in which year is shown as 50/50 at this time.

PUBLIC RESTROOMS (\$250,000) The Public Restroom Committee is pursuing a public/private partnership for restrooms downtown rather than a free standing facility. Current opportunities are being pursued and may come to fruition in the coming year.

WIFI (\$41,500) – This project, if pursued with Traverse City Light & Power, will require a commitment over ten years.

RIVERWEST PARKING – This development if pursued by the DDA Board and City Commission will require bonding for the construction of a parking deck at Pine and Front Streets.

Such bonding will rely on the new investment from the *Riverwest Development* and other revenue in the TIF 97 fund at the time it is put forward. At that time, the City will need to determine the viability of the funding in relationship to other projects listed. Likewise the DDA has listed improvements to the public parks and Boardman River around *Real Estate One* on East Front Street in FY 2012-13, and if that private project proceeds earlier, the determination of funding those projects will be based on the tax base generated by the development and the status of the TIF fund at the time.

The revenue line item “Contribution for Other Governmental Entity” includes a planned \$149,000 reimbursement from the Grand Traverse County Brownfield Redevelopment Authority (BRA) for costs associated with the Hardy Parking Deck. The \$45,000 revenue from grants is expected from the Coastal Management Program to reimburse the DDA for costs associated with engineering the Tunnel.

DDA Tax Increment Financing Fund 97
 2010-2011 Budgeted Revenues and Expenditures
 DRAFT

	Actual FY 09 - 10	Budget FY 10 - 11	Projected FY 10 - 11	Proposed FY 11 - 12
<u>REVENUE</u>				
Grants	0	0	0	45,000
Real Estate Taxes	995,757	1,040,600	1,040,600	1,234,800
Personal Property Taxes	111,192	114,900	114,900	117,800
Interest and Dividends	13,619	14,000	6,400	5,000
Contribution from other gov.	145,245	153,300	145,000	149,000
TOTAL REVENUE	1,265,813	1,322,800	1,306,900	1,551,600
<u>EXPENSES</u>				
Capital Outlay	359,434	1,600,000	768,494	1,371,900
Professional Services	294,009	140,000	280,900	150,000
Insurance	2,069	0	0	0
Printing, Publishing, Misc.	120	2,280	1,000	1,000
TOTAL EXPENSES	655,632	1,742,280	1,050,394	1,522,900
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES	610,181	-419,480	256,506	28,700
 Transfer Out to Debt Service Fund	 652,198	 651,750	 651,250	 675,045
 EXCESS <LOSS>	 -42,017	 -1,071,230	 -394,744	 -646,345
 Beginning Fund Balance	 1,201,821	 1,159,804	 1,159,804	 765,060
 Ending Fund Balance	 1,159,804	 88,574	 765,060	 118,715

TRAVERSE CITY DDA
SIX YEAR CAPITAL IMPROVEMENT PLAN
Budget Year 2011-2012 by Fund

DRAFT

TAX INCREMENT FINANCING FUND

Priority	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Funding	Non-City	Project
Category	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	Sum	Funds	Cost
Cass & Lake: Streetscape Improvements		\$0	\$81,000	\$0	\$0	\$0	\$0	\$81,000	\$81,000	\$162,000
WIFI	6	\$0	\$20,750	\$20,750	\$20,750	\$20,750	\$0	\$42,500	\$42,500	\$85,000
Eighth Street Bridge Repair	Given	\$0	\$0	\$150,000	\$0	\$0	\$0	\$150,000	\$150,000	\$300,000
South Cass Street Bridge Repair (+TIF97)	Given	\$0	\$0	\$0	\$66,000	\$0	\$0	\$66,000	\$66,000	\$132,000
South Union Street Bridge Repair (+TIF97)	Given	\$0	\$0	\$0	\$102,500	\$0	\$0	\$102,500	\$102,500	\$205,000
Total TIF 2		\$0	\$101,750	\$170,750	\$20,750	\$20,750	\$0	\$607,000	\$607,000	\$1,954,500
TIF 97										
Garland Street Reconstruction/Streetscapes	1	\$0	\$600,000	\$0	\$0	\$0	\$0	\$600,000	\$600,000	\$1,200,000
Garland Street Tunnel	1	\$500,000	\$555,000	\$0	\$0	\$0	\$0	\$1,055,000	\$1,055,000	\$2,110,000
Pine Street Pedestrian Way	1	\$0	\$0	\$1,360,000	\$0	\$0	\$0	\$1,360,000	\$1,360,000	\$2,720,000
Church Park Rehab Phase 1	2	\$225,400	\$225,400	\$0	\$0	\$0	\$0	\$450,800	\$450,800	\$901,600
200 Block Alley/Bayfront	2	\$0	\$0	\$336,600	\$0	\$0	\$0	\$336,600	\$336,600	\$673,200
West Front Street Redevelopment	3	\$0	Bonded	Bonded	Bonded	Bonded	Bonded	\$0	\$0	\$0
Public Restrooms	4	\$0	\$250,000	\$0	\$0	\$0	\$0	\$250,000	\$250,000	\$500,000
East Front Street, 300 Block West Block Crosswalk	5	\$0	\$0	\$0	\$55,000	\$0	\$0	\$55,000	\$55,000	\$110,000
East Front Street, 400 Block South - Alley Repair	5	\$21,750	\$0	\$0	\$0	\$0	\$0	\$21,750	\$21,750	\$43,500
WIFI	6	\$0	\$41,500	\$41,500	\$41,500	\$41,500	\$0	\$165,500	\$165,500	\$331,000
Lower Boardman River Enhancements	7	\$0	\$0	\$0	\$0	\$700,000	\$0	\$700,000	\$700,000	\$1,400,000
Triangle Park	8	\$0	\$0	\$110,000	\$0	\$0	\$0	\$110,000	\$110,000	\$220,000
Wellington Plaza	8	\$0	\$0	\$175,000	\$0	\$0	\$0	\$175,000	\$175,000	\$350,000
Farmers Market	9	\$0	\$0	\$0	\$0	\$1,000,000	\$0	\$1,000,000	\$1,000,000	\$2,000,000
North Union Street Bridge Repair	Given	\$0	\$0	\$0	\$0	\$0	\$212,000	\$212,000	\$424,000	\$848,000
Park Street Bridge Repair	Given	\$0	\$0	\$0	\$0	\$0	\$150,000	\$150,000	\$300,000	\$600,000
South Cass Street Bridge Repair (+TIF2)	Given	\$0	\$0	\$0	\$0	\$66,000	\$0	\$66,000	\$66,000	\$132,000
South Union Street Bridge Repair (+TIF2)	Given	\$0	\$0	\$0	\$0	\$102,500	\$0	\$102,500	\$102,500	\$205,000
West Front Street Bridge Replacement	Given	\$0	\$0	\$220,000	\$0	\$0	\$0	\$220,000	\$220,000	\$440,000
Total TIF 97 CIP		\$747,150	\$1,671,900	\$2,243,100	\$246,500	\$1,107,500	\$844,000	\$253,500	\$7,113,650	\$3,875,100
TOTAL TAX INCREMENT FINANCING FUND CIP		\$747,150	\$1,773,650	\$2,413,850	\$267,250	\$1,194,250	\$1,071,000	\$253,500	\$7,720,650	\$5,829,600

AUTO PARKING SYSTEM FUND

Priority	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Funding	Non-City	Project
Category	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	Sum	Funds	Cost
APS CIP Projects										
Warehouse District Parking Enhancement	1	\$0	\$0	\$70,000	\$0	\$0	\$0	\$70,000	\$70,000	\$140,000
Lot D Reconstruction	7	\$0	\$0	\$143,750	\$0	\$0	\$0	\$143,750	\$143,750	\$287,500
Lot B Rehab	9	\$0	\$0	\$0	\$92,000	\$0	\$0	\$92,000	\$92,000	\$184,000
Lots W and N Restructuring	Given	\$0	\$0	\$58,500	\$0	\$0	\$0	\$58,500	\$58,500	\$117,000
Parking Meter Conversion Equipment	Given	\$0	\$0	\$30,000	\$0	\$0	\$0	\$30,000	\$30,000	\$60,000
Parking Lot Sign Replacement	Given	\$30,000	\$30,000	\$0	\$0	\$0	\$0	\$60,000	\$60,000	\$120,000
Hardy Deck ramp and caulking repair	\$0	\$0	\$90,000	\$0	\$0	\$0	\$0	\$90,000	\$90,000	\$180,000
Hardy Deck, LED light replacement	Given	\$0	\$100,000	\$0	\$0	\$0	\$0	\$100,000	\$100,000	\$200,000
Auto Parking System Total		\$30,000	\$220,000	\$302,250	\$288,000	\$92,000	\$1,298,000	\$253,500	\$644,250	\$1,288,250
TOTAL TIF and APS		\$777,150	\$2,095,400	\$2,886,850	\$288,000	\$1,373,000	\$1,298,000	\$253,500	\$8,971,900	\$7,784,100

The TIF 97 Plan also allows:

- Civic Square
- Convention Center Parking Deck
- Bayfront Plan Improvements within TIF 97 District
- Park Improvements
- Hamah Park Pedestrian Bridge
- 100 East State Parking Structure
- Boardman Street Pedestrian Bridge
- Boardman River Riverwalk and Mooring
- Street, Alley and Sidewalk Improvements