DDA GENERAL OPERATING

The Downtown Development Authority (DDA) Board of Directors will hold a public hearing on their 2020/2021 budget on Friday, May 15, 2020 at 8 a.m. The public hearing will be a virtual hearing, in accordance with ongoing social distancing policies. The Board is scheduled to approve the budget on June 19, 2020.

The DDA is an component unit of the City of Traverse City and responsible for maintaining the vitality of the Central Business District. The DDA accomplishes this by focusing on four core components:

- Public Improvements
- Events
- Marketing
- Business support

Part of the statutory guidelines of the DDA is "...***to correct and prevent deterioration in the Downtown Development District, to encourage historic preservation, to create and implement development plans, and to promote economic growth***". In order to achieve this, the DDA works closely with the Downtown Traverse City Association (DTCA), and the City of Traverse City.

Under its Operation Budget, the DDA has two contracts. The first contract is with the DTCA for marketing and events. The total contact amount for this support in 2020/2021 will be $71,000.

The second contract is with the City of Traverse City to manage the parking operations. All employees assigned to manage and facilitate parking are considered employees of the DDA. The total contact amount for this support in 2020/2021 will be $772,099. To be clear, this contract solely covers the cost of the employees assigned to parking. No management fee provided to the DDA. The number of employees assigned to parking include 10 full-time employees and 8 part-time employees. The number of employees assigned to the DDA include 5 full time employees. Together, the DDA has 15 full-time employees and 8 part-time.

The revenues from these contracts, as well as projected reimbursements from the Tax Increment Financing funds (TIF), are shown in the reimbursement revenue line items of the budget.

Under the General Fund, the major increase in 2020/2021 include two grants from the State of Michigan and Rotary Charities for the Civic Square in the combined amount of $3,000,000. The Civic Square has been a long-identified project in the TIF 97 Plan and can finally be achieved in the upcoming fiscal year through the generous support of Rotary Charities and the State of Michigan.

Other increases include a $400,000 grants from Michigan Department of Environment Great Lakes and Energy (EGLE) for clean-up work at 401 East Front Street and an anticipated $50,000 grant from USDA for the Downtown Tech Incubator.

These dollars are recognized in the revenue line item under "grants" and a new expenditure line item called Civic Square ($3,000,000) and capital outlay for the EGLE and USDA grant.

There is also a new line-item identified as "rent" within the General Fund for the Farmer's Market. Under this reclassification, all expenditures will be under one line-item instead of individual line items. Under this approach, we will begin to identify the specific costs for the Farmer's Market and assist in creating a strategic approach on funding a long-term sustainable model for the Market.

City of Traverse City, Michigan
DDA COMPONENT UNIT
DDA GENERAL FUND
For the Budget Year 2020-21

	FY 17/18 Actual	FY 18/19 Actual	FY 19/20 Budget	FY 19/20 Projected	FY 20/21 Requested
REVENUES					
Property Taxes	$ 192,798	$ 134,996	$ 137,500	$ 137,500	$ 133,000
Grants and contributions	10,000	117,200	-	-	3,450,000
Reimbursements	767,999	957,343	1,195,400	1,195,400	1,332,000
Rental Income	55,015	56,175	53,000	53,000	40,000
Interest Revenue	563	732	200	200	500
TOTAL REVENUES	1,026,375	1,266,446	1,386,100	1,386,100	4,955,500
EXPENDITURES					
Salaries and Wages	683,448	752,865	892,000	892,000	917,600
Fringe Benefits	115,630	184,670	269,000	269,000	308,900
Office/Operating Supplies	12,818	7,825	13,000	13,000	13,000
Professional Services	46,729	195,829	87,000	87,000	91,000
Communications	6,483	6,386	6,000	6,000	10,000
Transportation	2,453	479	4,000	4,000	5,000
Lodging/Meals	5,211	4,386	10,000	10,000	10,000
Training	1,718	1,772	10,000	10,000	10,000
Farmers Market	-	-	-	-	53,000
Community Promotion	14,930	21,887	20,000	20,000	20,000
Printing and Publishing	5,064	1,678	5,000	5,000	6,000
Insurance and Bonds	1,586	455	1,800	1,800	1,800
Utilities	4,816	8,135	9,000	9,000	9,000
Repairs and Maintenance	3,325	3,011	2,200	2,200	3,000
Rentals	8,083	8,626	9,000	9,000	9,000
Legal Services	-	4,500	5,000	5,000	5,000
Miscellaneous	195	39	2,000	2,000	2,000
Capital Outlay	8,061	4,534	9,000	9,000	438,000
Capital Outlay - Civic Square	-	-	-	-	3,000,000
TOTAL EXPENDITURES	920,550	1,207,077	1,354,000	1,354,000	4,912,300
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	105,825	59,369	32,100	32,100	43,200
Beginning Fund Balance	397,510	503,335	562,704	562,704	594,804
Ending Fund Balance	$ 503,335	$ 562,704	$ 594,804	$ 594,804	$ 638,004

DDA TAX INCREMENT FINANCING #97 FUND

The DDA Board of Directors will hold a public hearing on the Tax Increment Financing Fund #97 (TIF97) budget for fiscal year 2020-2021 on Friday, May 15, 20120. at 8 a.m., The public hearing will be a virtual hearing, in accordance with ongoing social distancing policies. The Board is scheduled to approve the budget on June 19, 2020.

The TIF 97 Fund accounts for the public infrastructure activities in the northern portion of Downtown. Over the next eight years, this fund will continue to make payments on the Hardy Parking Deck bonds. The budgeted amount for the bond payment for 2020/2021 is $893,586, as indicated within the "Contribution to City – Debt Service" line item.

An ongoing cost within the Professional Services line item is the Downtown WIFI project. TIF 97 will pay $65,000 in fiscal year 2020/2021 towards the WIFI project. Additional professional services cost accrued by the DDA include $51,000 to the City of Traverse City for a police sector/community police officer for the Downtown area. This amount would be approximately one-half the cost for a police officer. This is the second year of a five-year agreement with the City for the community police officer.

Capital Improvement Projects within the TIF 97 district include:

A. **Bridge Repairs for:**
    - West Front Street
    - South Cass
    - Park Street
B. **City Opera House Upgrades**: The City Opera House is in need of a new boiler and updated lighting. Both projects will be in accordance with goals established by the City's Green Team to ensure this public facility is upgraded according to green standards.
C. **Streetscapes:** The streetscapes are a partnership with private development for a snowmelt system at 309, 305 West Front Street, 160 E. State Street, and 109 E. Front Street.
D. **East Front Street:** This budget also includes funding for East Front Street (our entrance to downtown). This work will build upon initial design efforts started in 2017. Engineering costs for this project will be covered from a portion of the Hardy Parking Deck bond proceeds. Further coordination with property owners in this area will be needed, as well as coordination with MDOT on planned improvements to Grandview Parkway, and the City on water and sewer line improvements anticipated in 2022/2023.
E. **Maintenance Line Item:** A new line item was added for maintenance. This is a minimal cost of $15,000, but it starts to identify an ongoing need within the TIF budget for annual maintenance of infrastructure throughout downtown.
F. **Engineering Services:** Another new line item was also added for City Engineering services related to public infrastructure projects, which accounts for

10% of project costs. Engineering costs for the bridges are not separated out but area part of the budgeted line item for each bridge.

G. **Contract with Traverse Connect:** This is a new proposed contract with our community's Economic Development entity. During this unprecedented time, we need to collaborate to ensure that site visits are made to every business to identify needs, goals and barriers to both short-term and long-term economic recovery. We also want to ensure that can better connects and/or provide better technical services to existing businesses. This contract demonstrates a proactive approach to economic development. This approach ensures local businesses have access to professional resources that will help them retain their existing workforce, grow their business and prosper for years to come. Retention of businesses will be my primary focus moving forward, as well as working with current and potential developers that are considering Downtown for their investments. The cost for the contract with Traverse Connect from TIF 97 is $35,000.
H. **Tree Replacement:** Tree replacement includes the costs associated with replacing the trees that have either already been removed and/or need to be replaced. It is important to replace trees to ensure we have continued tree canopy coverage and an aesthetically pleasing downtown.

The revenue line item "Contribution from other Governmental Entity" includes a planned $130,000 reimbursement from the Grand Traverse County Brownfield Redevelopment Authority (BRA) for costs associated with the Hardy Parking Garage.

City of Traverse City, Michigan
DDA COMPONENT UNIT
TAX INCREMENT FINANCING 97 FUND
For the Budget Year 2020-21

	FY 17/18 Actual	FY 18/19 Actual	FY 19/20 Budget	FY 19/20 Projected	FY 20/21 Requested
REVENUES					
Property Taxes	$ 2,014,156	$ 2,224,531	$ 2,589,100	$ 2,589,100	$ 2,872,500
Grants and contributions	-	-	-	-	-
Reimbursements	130,000	182,877	130,000	130,000	130,000
Interest Revenue	5,436	7,832	4,500	4,500	4,500
TOTAL REVENUES	2,149,592	2,415,240	2,723,600	2,723,600	3,007,000
EXPENDITURES					
Printing and Publishing/office supplies	-	184	200	200	200
Professional Services	476,686	488,583	596,900	596,900	774,600
Repair and Maintenance	-	-	-	-	15,000
Contribution to District Construction Projects	-	541,427	805,800	805,800	1,053,500
Contribution to City - Debt service	807,599	828,719	859,500	859,500	893,500
TOTAL EXPENDITURES	1,284,285	1,858,913	2,262,400	2,262,400	2,736,800
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	865,307	556,327	461,200	461,200	270,200
OTHER FINANCING SOURCES (USES)					
Operating transfer	-	-	-	-	-
NET CHANGE IN FUND BALANCE	865,307	556,327	461,200	461,200	270,200
Beginning Fund Balance	317,651	1,182,958	1,739,285	1,739,285	2,200,485
Ending Fund Balance	$ 1,182,958	$ 1,739,285	$ 2,200,485	$ 2,200,485	$ 2,470,685

OLD TOWN TAX INCREMENT FINANCING FUND

The DDA Board of Directors will hold a public hearing on the Old Town Tax Increment Financing Fund budget for fiscal year 2020-21 on Friday, May 15, 202 at 8 a.m. The public hearing will be a virtual hearing, in accordance with ongoing social distancing policies. The Board is scheduled to approve the budget on June 19, 2020.

Capital Improvement Projects within the Old Town District include:

Bridge Repairs For:

- Eighth Street Bridge Project
- South Cass Street Bridge Project

River's Edge Riverwalk Deck Replacement: At this time, the River's Edge Riverwalk Deck may not be needed as this will be covered through the Fishpass project. However, this is considered a "place holder" should the costs not be covered through the Fishpass project for the decking replacement.
Engineering Services: A new line item was added which identifies the cost for City engineering services for public infrastructure projects, which is 10% of project costs. Engineering costs for the bridges are not separated out, but are part of the budgeted line item for each bridge.
Contract with Traverse Connect: This is a new proposed contract with our community's Economic Development entity. During this unprecedented time, we need to collaborate to ensure that site visits are made to every business to identify needs, goals and barriers to both short-term and long-term economic recovery. We also want to ensure that can better connects and/or provide better technical services to existing businesses. This contract demonstrates a proactive approach to economic development. This approach ensures local businesses have access to professional resources that will help them retain their existing workforce, grow their business and prosper for years to come. Retention of businesses will be my primary focus moving forward, as well as working with current and potential developers that are considering Downtown for their investments. This is a new proposed contract with our community's Economic Development. During this unprecedented time, ensuring that site visits to ALL businesses occur to identify the needs, goals and barriers faced by employers. Work with businesses on connecting services to the businesses, which would include technical assistance. This contract is being proactive in believing in the businesses District have a touch base, are connected with resources to retain, grow and prosper in our great Downtown. The more we focus on existing businesses the less impact we as a community will feel. Retention of businesses will be my primary focus and working with current and potential developments that are considering Downtown for their investments. The cost out of Old Town TIF is $15,000.

City of Traverse City, Michigan
DDA COMPONENT UNIT
TAX INCREMENT FINANCING OLD TOWN FUND
For the Budget Year 2020-21

	FY 17/18 Actual	FY 18/19 Actual	FY 19/20 Budget	FY 19/20 Projected	FY 20/21 Requested
REVENUES					
Property Taxes	$ 186,828	$ 260,732	$ 434,900	$ 434,900	$ 447,800
Reimbursements	-	-	-	-	-
Interest Revenue	54	186	100	100	100
TOTAL REVENUES	186,882	260,918	435,000	435,000	447,900
EXPENDITURES					
Professional Services	8,276	83,784	232,100	232,100	216,300
Printing and Publishing	-	-	-	-	100
Contribution To Other Governments	-	-	-	-	-
Contribution to District Construction Projects	675	356,065	405,500	-	330,500
TOTAL EXPENDITURES	8,951	439,849	637,600	232,100	546,900
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	177,931	(178,931)	(202,600)	202,900	(99,000)
OTHER FINANCING SOURCES (USES)					
Operating transfer/interfund loan	-	-	-	-	-
NET CHANGE IN FUND BALANCE	177,931	(178,931)	(202,600)	202,900	(99,000)
Beginning Fund Balance	1,000	178,931	-	-	202,900
Ending Fund Balance	$ 178,931	$ -	$ (202,600)	$ 202,900	$ 103,900