Downtown Development Authority
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MEMORANDUM

To: DDA Board of Directors

From: Harry Burkholder, Interim CEO

Date: April 15, 2024

Re: 2024 - 2025 Proposed Budget

The proposed 2024/2025 budget is attached and a description is presented below. Over the last month, I worked with the City Treasury Department to update the FYE 2024 taxable values, millage rates and tax revenue as well as the city millage rate for FYE 2025.

The proposed budget includes projects and initiatives that advance the capital improvement and programmatic priorities listed in the Moving Downtown Forward Plan and align with the *Guiding Principles* of the Moving Downtown Forward Plan, as well as the *Goals and Objectives* of the City Commission. The proposed budget also reflects continued work on several projects including Rotary Square, the Lower Boardman/Ottaway Riverwalk and the Two-Way Pilot Project. In addition, the proposed budget includes promotional efforts to minimize the impacts of the reconstruction of Grandview Parkway.

Here is timeline for the budget approval process. As a reminder, the City Commission formally approves the DDA Budget, prior to formal adoption by the DDA.

Budget Process & Timeline

April 19th	DDA Board reviews budget & schedules public hearing for May 17th
May 17th	DDA holds public hearing on budget
May 6th	Initial budget provided to the City Commission
May 13th	Budget discussed at City Commission Study Session
May 20th	City Commission holds public hearing on budget
June 3rd	Approval of budget by City Commission
June 21st	Approval of budget by DDA Board

DDA General
This budget is built upon the recognition that employees now assigned to Parking will be transitioned to the City, therefore reducing both revenue and expenditure.

<u>DDA General Revenue</u>
Revenue includes several grants that have already been secured, including a $1 million MEDC grant for the Lower Boardman/Ottaway Riverwalk (i.e., the 100/200 block), a $900,000 EGLE grant for environmental remediation and $1 million from Rotary Charities for Rotary Square. Recognizing that the RFP for the conceptual design for Rotary Square has already been issued, we anticipate that a portion of the $1-million from Rotary Charities will be utilized. In addition, TIF funds will be utilized for additional engineering and design work along the Lower Boardman/Ottaway Riverwalk so that we are able to utilize the MEDC grant for implementation.

The remaining revenue comes from administrative fees from both TIF accounts and the contract with DTCA.

<u>DDA General Expenditures</u>
This budget is built with the potential of five employees. The role of communication/social media will remain contracted until a permanent CEO has been selected and staffing levels/task are examined.

Professional Services will encompass the contract for financial services (Rehman), the website (One-Up-Web), legal services (Scott Howard), and all employee training/coaching. Employee training/coaching started in 2024 for all employees to assist in the cultivation and betterment of office communication, mindfulness and culture. This training has proven to be very beneficial for all employees and will be extremely helpful in the transition of leadership. A contract with SEEDS to administer the Farmer’s Market also is part of this line item.

Funding for Travel and Conferences is included for staff attending conferences/training to support their areas of focus inside the DDA.

TIF 97
The captured taxable value within the TIF-97 District is projected to be $158,601,804 which will bring in an estimated $4,170,320 in revenue.

The focus for this District over the next year will be to advance the Lower Boardman/Ottawa Downtown Riverwalk and Rotary Square. The DDA will also continue to work with private developers to improve and install new sidewalk and streetscape infrastructure, including snowmelt systems.

In addition, a renewed service agreement with the City is recommended to remain. This expense is based on previous discussions with City staff regarding roles, responsibilities and capacity of the City.

A new line item for consideration this year is working with the City Engineering Department to have a staff engineer dedicated to the DDA. This concept is similar to our dedicated downtown police officer. Some of this dedicated support would focus on Rotary Square, the Lower Boardman/Ottaway Riverwalk and helping to determine the lifespan/replacement schedule and best practices for the reconstruction of crosswalks, sidewalks and other infrastructure within the DDA District. This may be funded 70% by TIF funds while the remaining funding would come from the city. Having a dedicated and consistent individual that reports back to the City Engineer assists in continuity on the many public infrastructure projects that are identified within the district. A dedicated engineer could also be secured through a hired contractor as well.

Professional Services

A. Community Police Officer $120,420
   We are planning to continue with our community police for year-round services.

B. Maintenance and Operation $250,000
   Continuing with this line item remains important as we focus on maintaining public infrastructure investments. This line item will be used for sidewalk cleaning, summer assistance through our YouthCore partnership and the purchase of needed tools. Last year the DDA purchased a truck through the city which will assist in more year-round maintenance/operations.

C. Marketing and Communication $80,000
   This was a new line-item last year, and we plan to continue marketing and communication efforts for downtown and with the DTCA.

D. Composting $25,000
   This program that is just getting off the ground, with the goal to expand and encourage the use of this new program throughout the district.

E. Retail Incubator $50,000
   Continuing on the successful pop-ups that has occurred in December and February, we would continue to work with Nick Beadleston on implementing a year-round incubator space. This project would also utilize the USDA grant that was secured as well as MEDC grant that was secured by 20-Fathoms ($127,000).

F. Traverse Connect $ --
   In a previous iteration of the proposed 2024/2025 budget, no dollars were listed under professional services for Traverse Connect. As a reminder, we previously had a contract with Traverse Connect for the planning and implementation of economic development strategies outlined in the Traverse Connect Strategic Plan. The total compensation for this partnership was $40,000 – of which, $35,000 was funded by TIF-97. Funding could be added to the budget upon the request and determination of the Board.

Public Infrastructure

A. Schematic Design Engineering Services $1,000,000
The approach for determining if we have an “in-house” engineer through City Engineering Department or a hired contractor is important as we move into the design and engineering portion of the Lower Boardman/Ottaway Downtown Riverwalk. Completing schematic/engineering for the 100/200 block will then move into implementation and utilization of the $1million MEDC as well as philanthropic fund raising.

B. Two-Way Pilot Project (State Street) $400,000
The fate of the two-way pilot project will be discussed next November, as the pilot-project expires. At that time, the two-way pilot project could be moved into permanent status or continue as a pilot for an additional year. Funding for this project could be utilized to improve the pedestrian experience with crosswalks, and traffic calming measures. In addition, stormwater improvements would be recommended to be implemented.

C. Streetscapes/Snowmelt $400,000
Streetscapes will remain important as new development continues throughout the district. Two developments, the Hannah Lay Building and State Street building would be partnering for snowmelt systems. There are additional opportunities for partnerships leading to a connected network of sidewalks (which is paramount for walkability) throughout the district.

D. 309 West Front Street Staircase $100,000
The design for the Staircase has been completed, with RFP is being completed through City Engineering and implementation occurring in the Spring of 2025.

E. Rotary Square $100,000
This item includes costs for visioning and possible costs outside of the Rotary Grant. This item could also include costs for preparing for the Farmer’s Market location at Rotary Square.

F. TART Trail Extension $200,000
This item includes the second phase of the TART Extension project, which includes new trail infrastructure from roughly the Senior Center to Division Street, a major portion of which traverses through the TIF District.

G. Downtown Cameras $112,480
This project remains in the TIF-97 Budget, based on recommendations and costs from the Police Chief Richmond in October.

H. Infrastructure Repair $100,000
This item was discussed by the Finance Committee and is intended to provide flexibility and immediate attention to infrastructure needs throughout the district.

Old Town Financing Plan
The Old Town District continues to see steady growth and private investment. The captured taxable value is projected to be $34,463,479 bringing in an estimated $823,527 of projected revenue to the district.

Similar to the TIF-97 budget, the service agreement with the City will remain. In addition, a new line item for consideration with the Board is working with the City Engineering Department to have a staff engineer dedicated to the DDA. Having a dedicated and consistent individual that reports back to the City Engineer assists in continuity on the many public infrastructure projects that are identified within the district. A dedicated engineer could also be secured through a hired contractor as well.

In addition, a renewed service agreement with the City is recommended to remain. This expense is based on previous discussions with City staff regarding roles, responsibilities and capacity of the City.

Professional Services

A. Maintenance and Operation $60,000
Continuing with this line item remains important as we focus on maintaining public infrastructure investments. This line item will be used for sidewalk cleaning, summer assistance through our YouthCore partnership and the purchase of needed tools. Last year the DDA purchased a truck through the city which will assist in more year-round maintenance/operations.

B. Marketing and Communication $30,000
This was a new line-item last year and we would like to continue to coordinate marketing and communication efforts for downtown and with the DTCA.

C. Composting $10,000
This program is just getting off the ground, with the goal to expand and encourage the use of this new program throughout the district.

D. Traverse Connect $ --
In a previous review of the proposed 2024/2025 budget with the Finance Committee, no dollars were allocated for working with Traverse Connect. As a reminder, we previously had a contract with Traverse Connect for the planning and implementation of economic development strategies outlined in the Traverse Connect Strategic Plan. The total compensation for this partnership was $40,000 – of which, $5,000 was funded by Old Town TIF. Funding could be added to the budget upon the request and determination of the Board.

Public Infrastructure Projects

A. River's Edge Decking $130,000
   Replacement/upgrading of the River's Edge Decking is identified within the budget with the understanding that the FishPass project will be underway and we may be able to coordinate this element of the overall project. However, work may be moved to 2025/2026 dependent on the progress and timing of the FishPass project.

B. Hannah Park Improvement $80,000
   This project is being bid through City Engineering and may bid at the same time as the 309 West Front Street (stairs) project. Therefore, the cost may be moved from 2023/2024 budget to 2024/2025 budget.

C. Streetscapes/Snowmelt $100,000
   This line-item remains in the budget to encourage property owners to partner to implement a snowmelt system within Old Town. This line-item has been successful in the TIF 97 Plan, and we anticipate partnerships to grow as connection between the two districts are strengthened.

D. Downtown Cameras $28,120
   This line item has been included in the DDA Budget for two years, based on recommendations and costs from the Police Chief Richmond in October.

E. Infrastructure Repair $30,000
   This item was discussed by the Finance Committee and is intended to provide flexibility and immediate attention to infrastructure needs throughout the district.

Arts Commission
The Arts Commission budget for the coming year will focus on a handful of art installations along 8th Street, a mural festival (planned for 2025), a mini-grant program, a collaboration with Parks and Recreation to bring art into city parks and a new painted bump-outs at Front and Pine/Boardman as part of the two-way pilot project. In addition, the Arts Commission will be working to complete a series of administrative activities outlined in the strategic plan work plan. $35,000 is allocated from the city's Public Arts Trust Fund for these projects.

Recommended Motion
That the DDA set a public hearing for the 2024/2025 DDA Budget for Friday, May 17, 2024 at 9:00am in the Governmental Center Commission Chambers.

City of Traverse City, Michigan
DDA Component Unit
DDA General Fund
For the Budget Year 2024-2025

	FY 22/23 Actual	FY 23/24 Budget	FY 23/24 Projected	FY 24/25 Requested
Revenue				
Taxes	$ 127,690	$ 130,000	$ 130,960	$ 130,000
Grants and Contributions	867,788	100,000	133,319	1,875,000
Reimbursements	1,309,329	1,585,359	1,535,359	743,728
Rental Income	10,499	115,000	51,000	51,000
Interest Income	2,211	1,000	3,314	2,000
Total Revenue	2,317,517	1,931,359	1,853,952	2,801,728
Expenditures				
Salaries and Wages	989,124	1,060,134	910,000	430,000
Fringe Benefits	325,249	390,382	290,000	111,113
Office Supplies and Utilities	73,657	63,000	61,982	85,000
Professional Services	1,076,732	265,000	431,929	341,000
Travel and Conferences	3,978	30,000	11,953	5,000
Repairs and Maintenance	-	-	234	-
Rentals	5,942	-		-
Capital Outlay	117,552	-		-
Grants	-	45,000		1,375,000
Rotary Square	-	50,000		450,000
Total Expenditures	2,592,234	1,903,516	1,706,098	2,797,113
Excess of Revenues Over/ (Under) Expenditures	(274,717)	27,843	147,854	4,615
Beginning Fund Balance	736,184	461,467	461,467	609,321
Ending Fund Balance	$ 461,467	$ 489,310	$ 609,321	$ 613,936

City of Traverse City, Michigan
DDA Component Unit
TIF-97 Financing Fund
For the Budget Year 2024-2025

	FY 22/23 Actual	FY 23/24 Budget	FY 23/24 Projected	FY 24/25 Requested
Revenue				
Property Taxes	$ 3,677,904	$ 4,180,861	$ 4,154,904	$ 4,165,820
Grants and Contributions	-	40,000		-
Reimbursements	196,607	130,000	100,800	-
Interest Income	4,260	4,500	54,541	4,500
Total Revenue	3,878,771	4,355,361	4,310,245	4,170,320
Expenditures				
Professional Services	860,923	1,494,820	977,639	1,557,215
Printing and Publishing	195,789	20,000	49,349	20,000
Repairs and Maintenance	-	250,000	220,000	250,000
Contribution to District Construction Project	1,117,777	2,125,000	1,017,759	2,834,367
Contribution to City - Debt Service	972,956	953,440	953,440	913,720
Total Expenditures	3,147,445	4,843,260	3,218,187	5,575,302
Excess of Revenues Over/ (Under) Expenditures	731,326	(487,899)	1,092,058	(1,404,982)
Beginning Fund Balance	4,812,421	5,543,747	5,543,747	6,635,805
Ending Fund Balance	$ 5,543,747	$ 5,055,848	$ 6,635,805	$ 5,230,823

City of Traverse City, Michigan
DDA Component Unit
Old Town TIF Financing Fund
For the Budget Year 2024-2025

	FY 22/23 Actual	FY 23/24 Budget	FY 23/24 Projected	FY 24/25 Requested
Revenue				
Property Taxes	$ 678,944	$ 841,481	$ 837,912	$ 823,427
Grants and Contributions	-	-		-
Reimbursements	-	-		-
Interest Income	288	100	257	100
Total Revenue	679,232	841,581	838,169	823,527
Expenditures				
Professional Services	148,482	231,039	170,000	393,383
Printing and Publishing	-	100	5,422	100
Repairs and Maintenance	-	-	7,324	-
Contribution to District Construction Project	117,599	805,000	863,000	378,120
Total Expenditures	266,081	1,036,139	1,045,746	771,603
Excess of Revenues Over/ (Under) Expenditures	413,151	(194,558)	(207,577)	51,924
Beginning Fund Balance	714,387	1,127,538	1,127,538	919,961
Ending Fund Balance	$ 1,127,538	$ 932,980	$ 919,961	$ 971,885