Component Units

Component Unit Funds: Account for operations maintained and operated by related entities of the City created through the State Statute or City Charter. The City of Traverse City has 2 component units, Traverse City DDA and Traverse City Light & Power.

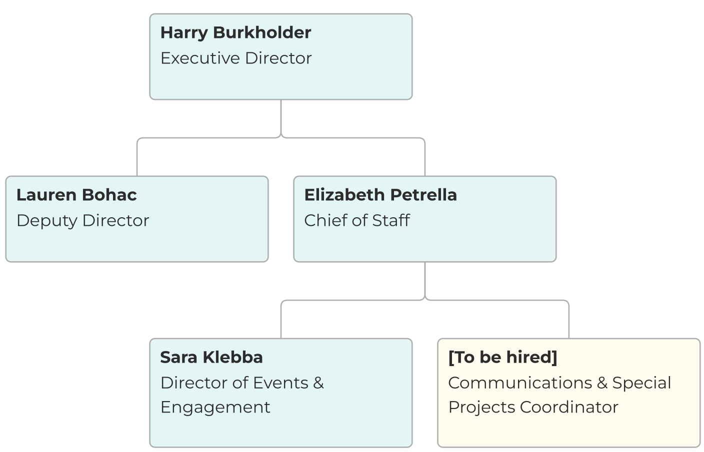
Downtown Development Authority

Established in 1978, the Traverse City Downtown Development Authority (DDA) is directed by a nine-member City-appointed board, which hires an Executive Director to lead its operations. The DDA is considered a *Component Unit* of the City of Traverse City and is responsible for creating, supporting and promoting critical public infrastructure and other services that enhance the downtown experience, promote business growth, serve as a catalyst for private investment and contribute to the year-round vitality and unique sense-of-place of Downtown Traverse City.

DDA Mission: To promote economic growth and provide a world-class downtown that is active, thriving and inclusive. In collaboration with all stakeholders, the DDA creates and implements development plans, encourages historic preservation, corrects and prevents deterioration in the downtown district, and makes sound investments in sustainable infrastructure and civic amenities. Serving as the caretakers of Downtown Traverse City, the DDA works with businesses, property owners, and residents to maintain a vibrant city center that is economically healthy.

The DDA facilitates its work in partnership and collaboration with the City. Projects may be led and funded entirely by the DDA, or the City and the DDA may share the cost of collaborative projects.

DDA Organization Chart



Overview

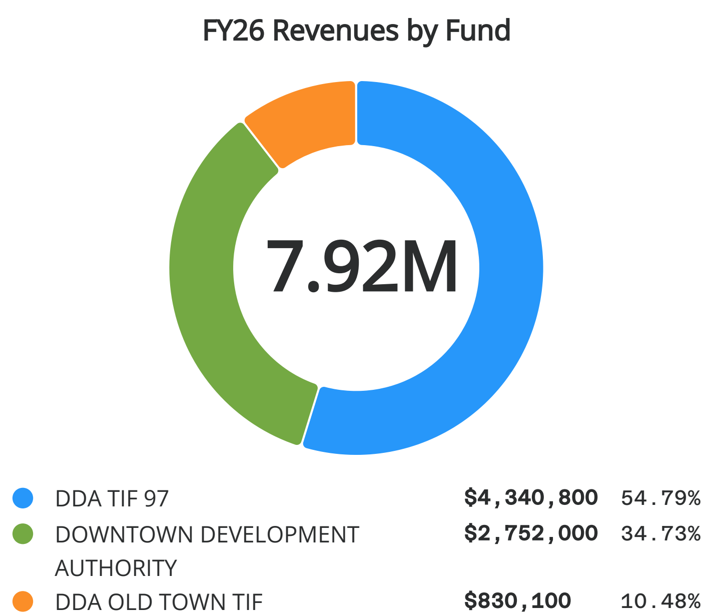
The DDA utilizes the current plans, ongoing initiatives and overarching strategies adopted by the DDA, City and other community entities to develop the framework for its budget, including but not limited to the Capital Improvement Plan, the City's ongoing Strategic Action Plan, the Lower Boardman Unified Plan, the Moving Downtown Forward Plan and priorities/recommendations of the DDA Board.

The Guiding Principles of the DDA's Moving Downtown Forward Plan illustrate the mission and values of the DDA and serve as the basis for its projects and services.

Moving Downtown Forward Guiding Principles

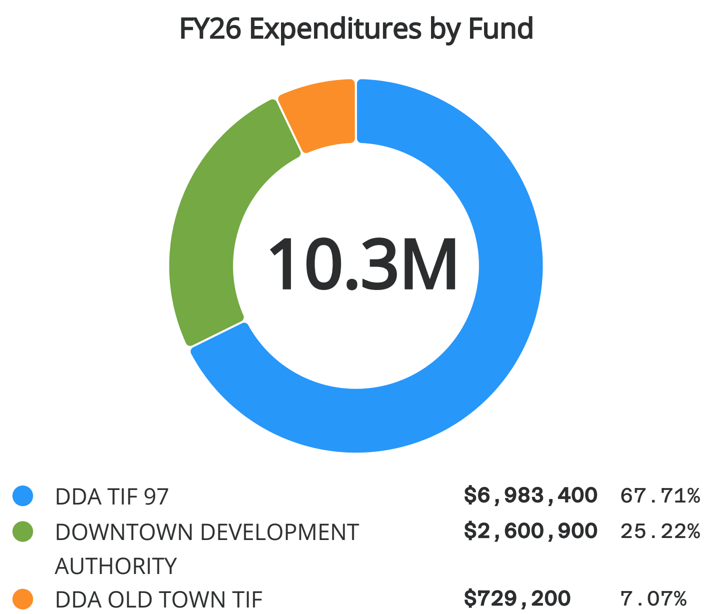
1. Design a great place for all ages and for future generations
2. Protect and preserve small local independent businesses
3. Support job growth and varied career opportunities
4. Champion the development of attainable and workforce housing
5. Advance climate action, sustainability, renewable energy, energy efficiency and resiliency

The DDA has three unique but complementary funds that comprise its total budget: the General Fund, the TIF-97 Fund, and the Old Town TIF Fund.



Revenues by Fund

Category	2023/2024 Actual	2024/2025 Amended	2024/2025 Projected	2025/2026 Budgeted	2024/2025 Amended vs. FY 2025/2026 Budgeted (% Change)
DOWNTOWN DEVELOPMENT AUTHORITY	$1,803,617	$2,801,728	$1,283,600	$2,752,000	-1.77%
DDA OLD TOWN TIF	$790,274	-	$910,600	$830,100	-
DDA TIF 97	$3,979,794	$4,170,320	$4,017,900	$4,340,800	4.09%
Total Revenues	**$6,573,685**	**$6,972,048**	**$6,212,100**	**$7,922,900**	**13.64%**



Expenditures by Fund

Category	2023/2024 Actual	2024/2025 Amended	2024/2025 Projected	2025/2026 Budgeted	2024/2025 Amended vs. FY 2025/2026 Budgeted (% Change)
DOWNTOWN DEVELOPMENT AUTHORITY	$1,878,619.34	$2,907,113.00	$1,069,300.00	$2,600,900.00	-10.53%
DDA OLD TOWN TIF	$1,118,257.00	$1,154,533.00	$558,600.00	$729,200.00	-36.84%
DDA TIF 97	$3,142,642.00	$4,803,540.00	$2,771,100.00	$6,983,400.00	45.38%
Total Expenditures	**$6,139,518.34**	**$8,865,186.00**	**$4,399,000.00**	**$10,313,500.00**	**16.34%**

DDA Administration Fund (248)

The DDA General Fund is used to pay for the day-to-day operations of the DDA, including employee salaries, office supplies and utilities, professional services and professional development. Revenue sources for the DDA General Fund include a 2-mill levy on property within the Downtown District, administrative fees from the TIF-97 and Old Town TIF funds, booth rental fees from the Farmers Market, a contract with the Downtown Traverse City Association (DTCA), and grants for specific DDA projects and initiatives.

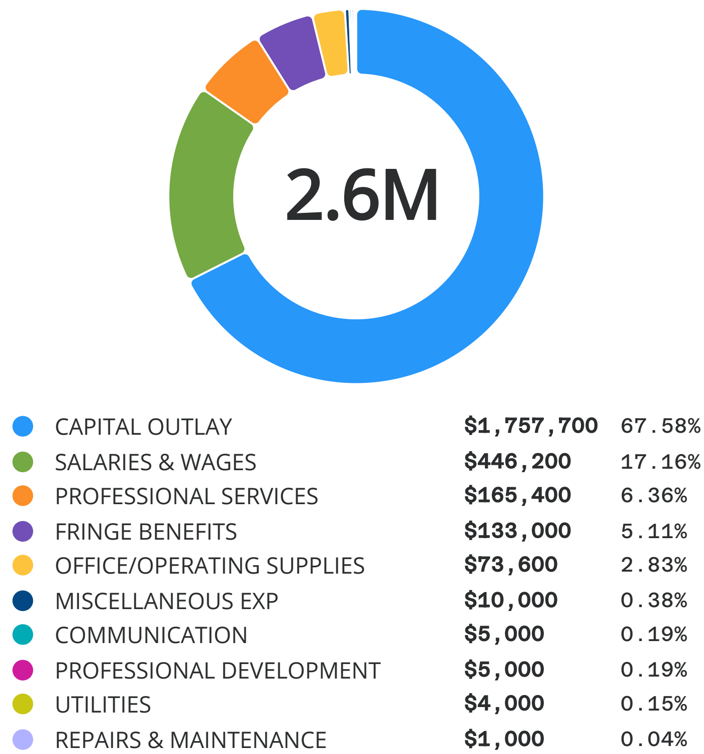
Expenditures Summary

Significant changes include a reduction in Professional and Contractual Services, and an increase in Capital Outlay.

The Capital Outlay expenditure category is supported by grants for three infrastructure projects:

- $500,000 from Rotary Charities for the development of Rotary Square
- $657,750 from the National Oceanic & Atmospheric Administration as a sub-recipient of a grant awarded to the Grand Traverse Band of Ottawa and Chippewa Indians for coastal habitat restoration
- $600,000 from the Michigan Department of Environment, Great Lakes, and Energy (EGLE) for the environmental clean-up and development of deteriorated West End sites

FY26 Expenditures by Expense Type Summary



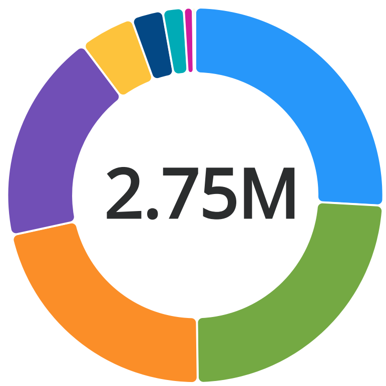
Expenditures by Expense Type Summary

Category	2023/2024 Actual	2024/2025 Amended	2024/2025 Projected	2025/2026 Budgeted	2024/2025 Amended vs. FY 2025/2026 Budgeted (% Change)
SALARIES & WAGES	$938,446	$430,000	$446,400	$446,200	3.77%
FRINGE BENEFITS	$327,813	$111,113	$134,200	$133,000	19.70%
OFFICE/OPERATING SUPPLIES	$20,125	-	$10,700	$73,600	-
PROFESSIONAL SERVICES	$562,104	$476,000	$412,300	$165,400	-65.25%
PROFESSIONAL DEVELOPMENT	$14,451	$5,000	$3,600	$5,000	0.00%
COMMUNICATION	-	-	$2,000	$5,000	-
CONTRACTUAL SERVICES	-	$50,000	$49,200	-	-100.00%
PRINTING & PUBLISHING	-	-	$1,100	-	-
UTILITIES	$15,000	$10,000	$3,400	$4,000	-60.00%
REPAIRS & MAINTENANCE	$680	-	$1,000	$1,000	-
MISCELLANEOUS EXP	-	-	$5,400	$10,000	-
CAPITAL OUTLAY	-	$1,825,000	-	$1,757,700	-3.69%
Total Expenditures	**$1,878,619**	**$2,907,113**	**$1,069,300**	**$2,600,900**	**-10.53%**

Revenues Summary

There are no significant changes to revenue. Revenues in the Business Licenses & Permits and Rent & Royalties categories are from fees and booth rentals for the Sara Hardy Farmers Market.

FY26 Revenues by Revenue Source



TRANSFER IN OTHER FUNDS	**$712,500**	25.89%
FEDERAL GRANTS	**$657,700**	23.90%
STATE GRANT	**$600,000**	21.80%
GRANTS FROM LOCAL SOURCES	**$500,000**	18.17%
REAL ESTATE/PERSONAL PROPERTY TAX	**$130,000**	4.72%
CONTRIBUTIONS-PUBLIC SOURCES	**$75,000**	2.73%
RENT & ROYALTIES	**$50,000**	1.82%
BUSINESS LICENSES & PERMITS	**$21,500**	0.78%
INTEREST REVENUE	**$5,300**	0.19%

Revenues by Revenue Source

Category	2023/2024 Actual	2024/2025 Amended	2024/2025 Projected	2025/2026 Budgeted	2024/2025 Amended vs. 2025/2026 Budgeted (% Change)
REAL ESTATE/PERSONAL PROPERTY TAX	$131,422	$130,000	$125,900	$130,000	0.00%
BUSINESS LICENSES & PERMITS	-	-	$21,500	$21,500	-
FEDERAL GRANTS	-	$175,000	-	$657,700	275.83%
STATE GRANT	-	$1,200,000	$12,400	$600,000	-50.00%
GRANTS FROM LOCAL SOURCES	-	$500,000	$145,000	$500,000	0.00%
INTEREST REVENUE	$4,882	$2,000	$5,600	$5,300	165.00%
RENT & ROYALTIES	-	$51,000	$48,200	$50,000	-1.96%
CONTRIBUTIONS-PUBLIC SOURCES	-	-	-	$75,000	-
TRANSFER IN OTHER FUNDS	$1,667,313	$743,728	$925,000	$712,500	-4.20%
Total Revenues	**$1,803,617**	**$2,801,728**	**$1,283,600**	**$2,752,000**	**-1.77%**

DDA Old Town TIF Fund (252)

The Old Town TIF Fund was established through the Old Town Tax Increment Financing (TIF) plan adopted by the DDA and City in 2016 (originally called TIF-2, which was adopted in 1985 and expired in 2015). It is funded through the harnessed appreciation of tax revenue within the Old Town TIF District. The City of Traverse City contributes 53-cents on the dollar of the revenue collected in the Old Town TIF, with the remaining 47-cents contributed by the following regional taxing authorities: Grand Traverse County Commission on Aging; Grand Traverse County Veterans Affairs; Grand Traverse County Road Commission; Northwestern Michigan College; Bay Area Transportation Authority; Grand Traverse County Conservation District; Grand Traverse County Animal Control; the Recreation Authority; and Grand Traverse County, as well the DDA's levied millage.

Expenditure Summary

There are no significant changes to Expenditures. The Capital Outlay expenditure category is comprised of all items under "Building and Maintaining Downtown (A) Essential Public Infrastructure" and "Transforming Downtown (A) Transformative Public Infrastructure". All items under "Building and Maintaining Downtown (B) Essential Public Services" and "Transforming Downtown (B) Transformative Public Services" are within the Professional Services expenditure category.

Funds under (A) Essential Public Infrastructure may be used for projects developed by the DDA or as a contribution to projects led by the City. A new line for City Infrastructure Contribution was created specifically to support City projects.

Under (B) Transformative Public Servicesnew line for Non-Motorized Investments was created to support projects or programs led by the DDA or the City that encourage and prioritize non-motorized transportation downtown, including the DDA's Destination Downtown partnership with BATA.

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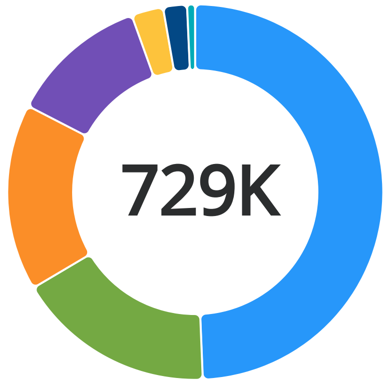
Old Town TIF	
Taxable Value	$33,556,796
Estimated Revenue	$829,992
Est. Fund Balance of Previous Fiscal Year	$878,401
Running Downtown	**$272,210**
DDA Administration	$117,449
Service Agreement with City	$124,761
Legal Services	$10,000
Miscellaneous & Utilities	$20,000
Building and Maintaining Downtown	
(A) Essential Public Infrastructure	**$90,000**
Streetscaping/Snowmelt	$50,000
Stormwater Infrastructure	$10,000
General infrastructure Repair	$10,000
City Infrastructure Contribution	$20,000
(B) Essential Public Services	**$62,000**
*Community Police Officer ($3,000)**	
*Trash Removal ($20,000)**	
Wayfinding Signage	$3,000
Clean and Green Team	$15,000
*Landscaping***	$3,000
City Truck Rental	$1,000
Holiday Lights	$30,000
Miscellaneous	$10,000
Transforming Downtown	
(A) Transformative Public Infrastructure	**$270,000**
Rivers Edge Riverwalk	$250,000
Riverwalk Signage	$20,000
(B) Transformative Public Services	**$10,000**
Composting Program	$5,000
*Non-Motorized Investments****	$5,000
Activating Downtown & Growing Business	**$25,000**
Communication, Promotion & Events	$20,000
Traverse Connect	$5,000
Total Expenses	**$729,210**
Estimated Remaining Fund Balance	**$979,183**
* Trash Removal & Police Officer included In The Service Agreement Total	
** Planters and maintenance of Rotary Square and other downtown areas	
*** Includes BATA's Destination Downtown Program	

FY26 Expenditures by Expense Type Summary



CAPITAL OUTLAY	$360,000	49.37%
TRANSFER OUT CITY FEE	$124,800	17.11%
TRANSFER OUT	$117,400	16.10%
PROFESSIONAL SERVICES	$87,000	11.93%
COMMUNITY PROMOTION	$20,000	2.74%
MISCELLANEOUS EXP	$15,000	2.06%
UTILITIES	$5,000	0.69%

Expenditures by Expense Type Summary

Category	2023/2024 Actual	2024/2025 Amended	2024/2025 Projected	2025/2026 Budgeted	2024/2025 Amended vs. FY 2025/2026 Budgeted (% Change)
OFFICE/OPERATING SUPPLIES	-	$100	$300	-	-100.00%
PROFESSIONAL SERVICES	$267,432	$25,000	$158,400	$87,000	248.00%
COMMUNITY PROMOTION	-	-	-	$20,000	-
UTILITIES	-	$5,000	$2,000	$5,000	0.00%
REPAIRS & MAINTENANCE	-	-	$1,400	-	-
MISCELLANEOUS EXP	-	$5,000	-	$15,000	200.00%
TRANSFER OUT CITY FEE	-	$82,339	-	$124,800	51.57%
CAPITAL OUTLAY	$850,825	$923,394	$282,900	$360,000	-61.01%
TRANSFER OUT	-	$113,700	$113,600	$117,400	3.25%
Total Expenditures	**$1,118,257**	**$1,154,533**	**$558,600**	**$729,200**	**-36.84%**

Revenue Summary

There are no significant changes to revenue. Revenue is from the tax capture in the Old Town TIF district.

Revenues by Revenue Source

Category	2023/2024 Actual	2024/2025 Amended	2024/2025 Projected	2025/2026 Budgeted	2024/2025 Amended vs. FY 2025/2026 Budgeted (% Change)
REAL ESTATE/PERSONAL PROPERTY TAX	$789,984	-	$910,000	$830,000	-
INTEREST REVENUE	$290	-	$600	$100	-
Total Revenues	**$790,274**	**-**	**$910,600**	**$830,100**	**-**

DDA TIF 97 Fund (253)

The TIF-97 Fund was established through the Tax Increment Financing (TIF) plan adopted by the DDA and City in 1997. TIF-97 is funded through the harnessed appreciation of tax revenue within the designated TIF-97 District. The City of Traverse City contributes 53-cents on the dollar of the revenue collected in TIF-97, with the remaining 47-cents contributed by the following regional taxing authorities: Grand Traverse County Commission on Aging; Grand Traverse County Veterans Affairs; Grand Traverse County Road Commission; Northwestern Michigan College; Bay Area Transportation Authority; Grand Traverse County Conservation District; Grand Traverse County Animal Control; the Recreation Authority; and Grand Traverse County, as well the DDA's levied millage.

Expenditure Summary

There is a significant increase to Capital Outlay expenditures, which can be attributed to the major projects planned within "Transforming Downtown (A) Transformative Public Infrastructure," including a mid-block crosswalk on State Street, schematic design/engineering of the Lower Boardman/Ottaway Riverwalk's first phase, and the long-planned Farmer's Market Pavilion, which would enhance the City's upcoming reconstruction of Lot B.

The Capital Outlay expenditure category is comprised of all items under "Building and Maintaining Downtown (A) Essential Public Infrastructure" and "Transforming Downtown (A) Transformative Public Infrastructure." All items under "Building and Maintaining Downtown (B) Essential Public Services" and "Transforming Downtown (B) Transformative Public Services" are within the Professional Services expenditure category.

Funds under (A) Essential Public Infrastructure may be used for projects developed by the DDA or as a contribution to projects led by the City. A new line for City Infrastructure Contribution was created specifically to support City projects.

Under (B) Transformative Public Services, a new line for Non-Motorized Investments was created to support projects or programs led by the DDA or the City that encourage and prioritize non-motorized transportation downtown, including the DDA's Destination Downtown partnership with BATA. The DDA is actively working with its property management partner to find the retail incubator space's next tenant, which would eliminate this line item.

TIF-97

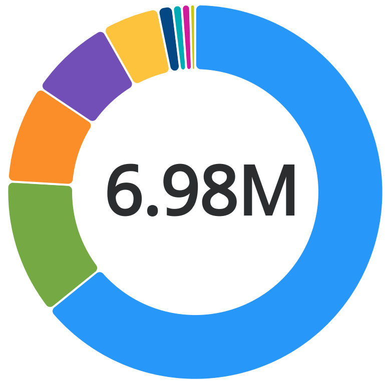
Taxable Value	**$170,026,825**
Estimated Revenue	**$4,336,329**
Est. Fund Balance of Previous Fiscal Year	**$6,599,401**
Running Downtown	**$1,209,783**
DDA Administration	$595,094
Service Agreement with City	$514,689
Legal Services	$20,000
Miscellaneous & Utilities	$80,000
Building and Maintaining Downtown (A) Essential Public Infrastructure	**$1,504,459**
Hardy Parking Deck Payment	$874,459
Streetscaping/Snowmelt	$120,000
Stormwater Infrastructure (Lot B)	$110,000
N. Union Street Bridge Repair	$150,000
N. Union Deck/Stair Replacement	$80,000
General infrastructure Repair	$65,000
City Infrastructure Contribution	$80,000
Miscellaneous	$25,000
(B) Essential Public Services	**$284,200**
*Community Police Officer ($120,431)**	
*Trash Removal ($60,078)**	
Farmers Market	$38,000
Public Restroom Program	$6,000
Wayfinding Signage	$15,000
Clean and Green Team	$65,000
*Landscaping***	$10,000
City Truck Rental	$5,200
Holiday Lights	$120,000
Miscellaneous	$25,000
Transforming Downtown (A) Transformative Public Infrastructure	**$3,810,000**
Rotary Square	$150,000
Farmers Market Pavillion	$2,800,000
Boardman/Ottaway Riverwalk	$400,000
Two-Way Pilot	$80,000
Mid-Block Crosswalks	$300,000
West End Demolition	$80,000
(B) Transformative Public Services	**$75,000**
Composting Program	$10,000
Retail Incubator	$50,000
*Non-Motorized Investments****	$15,000
Activating Downtown & Growing Business	**$100,000**
Communication, Promotion & Events	$90,000
Traverse Connect	$10,000
Total Expenses	**$6,983,442**
Estimated Remaining Fund Balance	**$3,952,288**

* Trash Removal & Police Officer included In The Service Agreement Total

** Planters and maintenance of Rotary Square and other downtown areas

*** Includes BATA's Destination Downtown Program

FY26 Expenditures by Type Summary

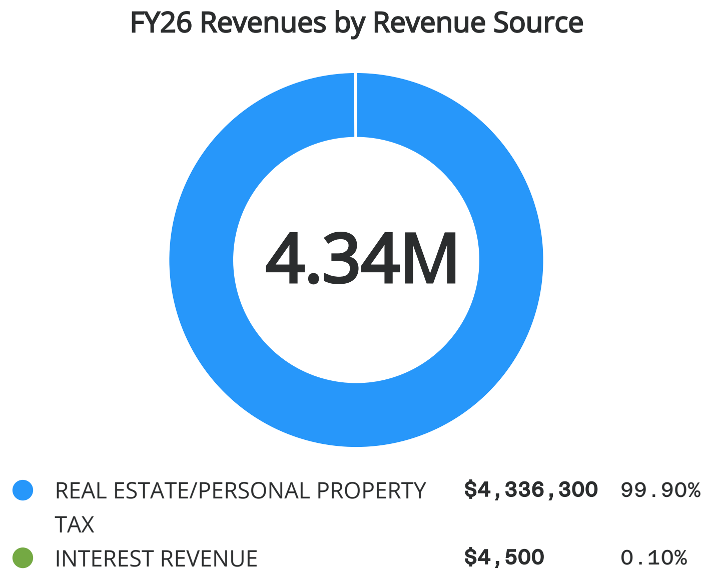


CAPITAL OUTLAY	**$4,481,000**	64.17%
PRINCIPAL	**$820,000**	11.74%
TRANSFER OUT	**$595,100**	8.52%
TRANSFER OUT CITY FEE	**$514,700**	7.37%
PROFESSIONAL SERVICES	**$348,100**	4.98%
CONTRACTUAL SERVICES	**$90,000**	1.29%
INTEREST EXPENSE & FEES	**$54,500**	0.78%
MISCELLANEOUS EXP	**$50,000**	0.72%
UTILITIES	**$30,000**	0.43%

Expenditures by Type Summary

Category	2023/2024 Actual	2024/2025 Amended	2024/2025 Projected	2025/2026 Budgeted	2024/2025 Amended vs. FY 2025/2026 Budgeted (% Change)
OFFICE/OPERATING SUPPLIES	-	$5,000	$700	-	-100.00%
PROFESSIONAL SERVICES	$1,318,785	$670,026	$374,400	$348,100	-48.05%
CONTRACTUAL SERVICES	-	-	-	$90,000	-
PRINTING & PUBLISHING	-	$20,000	$1,500	-	-100.00%
UTILITIES	-	-	$3,400	$30,000	-
MISCELLANEOUS EXP	-	-	$46,000	$50,000	-
TRANSFER OUT CITY FEE	-	$514,689	$514,700	$514,700	0.00%
CAPITAL OUTLAY	$830,746	$2,125,000	$361,600	$4,481,000	110.87%
PRINCIPAL	$840,000	$840,000	$840,000	$820,000	-2.38%
INTEREST EXPENSE & FEES	$153,111	$73,719	$73,700	$54,500	-26.07%
TRANSFER OUT	-	$555,106	$555,100	$595,100	7.20%
Total Expenditures	**$3,142,642**	**$4,803,540**	**$2,771,100**	**$6,983,400**	**45.38%**

Revenues Summary



Revenues by Revenue Source

Category	2023/2024 Actual	2023/2024 Amended	2024/2025 Projected	2025/2026 Budgeted	2024/2025 Amended vs. 2025/2026 Budgeted (% Change)
REAL ESTATE/PERSONAL PROPERTY TAX	$3,832,136	-	$4,016,500	$4,336,300	4.09%
INTEREST REVENUE	$54,755	-	$1,400	$4,500	0.00%
RENT & ROYALTIES	$700	-	-	-	-
REIMBURSEMENTS	$92,203	-	-	-	-
Total Revenues	**$3,979,794**	**-**	**$4,017,900**	**$4,340,800**	**4.09%**