

Memo

To: DDA Chairman Hildebrand
From: Sanya Vitale
cc: DDA Board Members
Date: 04/26/23
Re: DDA Budget

It is time to complete the DDA's Annual Budget.

1. The DDA should receive roughly \$13,764 in TIFA funds in FY 23/24
2. As part of my review of budgeting practices for the DDA, I reviewed the **TAX INCREMENT FINANCING ACT 57 of 2018** which states *The authority shall expend the tax increment revenues received for the development program only pursuant to the tax increment financing plan*
3. Section **125.4218 Ordinance approving or amending development plan or tax increment financing plan; public hearing; notice; record** that in order to successful amend the **Downtown Development Authority Development Plan** (like the DDA proposed to do in 2015), that the following would have to occur:

(1) The governing body, before adoption of an ordinance approving or amending a development plan or approving or amending a tax increment financing plan, shall hold a public hearing on the development plan. Notice of the time and place of the hearing shall be given by publication twice in a newspaper of general circulation designated by the municipality, the first of which shall be not less than 20 days before the date set for the hearing. Notice of the hearing shall be posted in at least 20 conspicuous and public places in the downtown district not less than 20 days before the hearing. Notice shall also be mailed to all property taxpayers of record in the downtown district not less than 20 days before the hearing. Beginning June 1, 2005, the notice of hearing within the time frame described in this subsection shall be mailed by certified mail to the governing body of each taxing jurisdiction levying taxes that would be subject to capture if the development plan or the tax increment financing plan is approved or amended.

- A. Unfortunately, upon review of the available City Council Minutes and related documents with the City Clerk, **this protocol did not occur**, therefore the proposed **2015 Downtown Development Authority Development Plan** was not properly enacted according to the law. Please note that I also checked the previous legislation, **DOWNTOWN DEVELOPMENT AUTHORITY Act 197 of 1975** which contained the same protocol language.
- B. That said, there appears to be nothing in the Act stating that the previously approved and enacted Plan from 2000 must be updated according to a set schedule- thus it appears that the Downtown Development Plan from 2000 remains valid.
- C. I would advise that the DDA contact the Michigan Municipal League or the MEDC for guidance in these matters and consider only budgeting for those events that are fundraising for DDA related improvements or otherwise directly improving the DDA, as well as maintenance and upkeep, upgrades to the downtown streetscape, upgrades or repairs to downtown buildings or parking areas, infrastructure or sidewalk improvements, façade improvements, new developments, etc.

- D. The DDA has donated to programs and projects like the Lion's Club Concerts in the Park, Club Hispanic Heritage Festival and Lion's Club Holiday Decorations at Ely Park and similar programs and projects.

This line item was \$3,104 in FY 21/22 and is budgeted for \$2,400 for this.

- E. The DDA has also budgeted for Administration Fees each year. These are fees paid to the City for administering the DDA program. These services include:
1. Fiscal Management, including audit and reports to the Treasury
 2. Commission Staff Support

The City proposes to charge the DDA \$200/month for these services.

- F. The DDA has also budgeted for Façade Improvements

This line item was approved at \$5,500 in FY 22/23, however no funds have been expended to date.

- G. Should the DDA want to move forward with updating the Downtown Development Plan in the meantime:
1. The DDA should review the criteria outlined in **TAX INCREMENT FINANCING ACT 57 of 2018** for amending the Downtown Development Authority Plan and consider updating the Plan according to the prescribed process outlined in Sections [125.4316](#), [125.4317](#) & [125.4318](#) of the Act
 2. Once the DDA has a draft amendment to the Downtown Development Authority Plan that it would like to recommend to the City Council for consideration of adoption, I will forward it to the City Clerk to begin the process of scheduling the Public Hearing and ensuring that the protocol required for adoption is adhered to by the City.