



DDA ACTION SUMMARY SHEET

MEETING DATE: April 15, 2025

TOPIC Budget – 2025-2026

BACKGROUND BRIEF:

The Board approved and adopted a budget process policy that follows the statutory recommendation of legal counsel. This requires that the Board review and adopt a recommended budget for the upcoming fiscal year based on a proposed budget from the Executive Director. Upon approval of a recommended budget for the upcoming fiscal year, the Executive Director shall then refer the recommendation to the Village Manager for presentation to the Village Council.

The Village Council, in consideration of the recommended budget, may do one of three options; (1) approve the budget as submitted, (2) reject the budget and return it to the Board for reconsideration, (3) adopt the budget as presented but adding a reasonable administrative fee for delivery of services in administering the TIF.

The Executive Director is proposing the attached Budget Recommendation for fiscal year 2025-2026.

FINANCIAL IMPACT:

AREAS OF NOTE IN THE PROPOSED BUDGET RECOMMENDATION:

1. At its March 2025 Meeting, the Board adopted a “contract” approach to all service and administrative fees and appropriations involving and between the DDA and the Village.
2. The budget is presented as a working draft for comparison against a running revenue and expenditure report to reflect the recommended changes to GL line references/titles. The new language and amounts will more accurately track the budget to the new and permanent approach creating clarity in cost and requisition.

GENERAL REVENUE NOTES:

3. Tax Capture. The capture amount is estimated from County equalization reports. It is important to note that the Michigan recession is causing a draw down of actual capture as taxes are unpaid. This will eventually “catch up” but is a noted trend.
4. County Grant. We are noting the actual total grant as revenue with an offsetting expenditure. This was improperly placed in the budget following the County’s recommendation, but can be

accounted for in this fashion until we correct how this is shown. After budget adoption, we will change this to an inter-fund transfer process, moving the revenue funds into a capital account for the grant purposes.

5. Transfer from Fund Balance. We are estimating the need to transfer \$171,128 from fund balance to balance the budget. This is due to several factors, including the continuing carry of debt service on the bonds. It is important to note that we are tracking far less expenses in marketing and promotion to intentionally lower appropriations until the lumber yard can be moved to revenue generation and the Mocerri project rolls onto the assessing schedule.
6. Sponsor Revenue. The DDA current has zero dedicated sponsor revenue. **This must change**, but a much smaller target for revenue in this area has been estimated.

GENERAL NOTES ON VILLAGE FEES

Following a meeting with the Village Manager and Department Heads, the following was determined:

7. Public Works. The Village prefers that the DPW keeps separate the traditional work it would perform regardless of the DDA's existence, and all other needs would be by paid requisition. Therefore, the recommendation seeks to re-title the DPW admin line to reflect Contracted Services Downtown. A reasonable amount of \$20,000 has been placed for those services that may be needed to maintain the DDA authorized improvements downtown, and approximately \$50,000 has been spread over other maintenance lines within the budget. This does not mean that all appropriated sums would be spent through the DPW, each item would be assessed for service by the most effective source.
8. Public Safety. This area is re-titled from the traditional pass through approach of the Village, which has called it a Police Admin fee. The Chief recognizes that the DDA cannot reimburse the police for captured millage revenue as a pass through. He has proposed that the DDA support public safety by appropriating the cost of an additional officer to provide an evening and weekend presence in the district. Additionally, there would be a mutual approach to code enforcement and other public safety concepts included in a final contract, if the budget is adopted. To accommodate the cost of public safety, and assist in event safety, two GL lines will reflect a total cost of approximately \$113,864.
9. PA 57 Admin Fee. As recommended by legal counsel, the DDA should expect to compensate the Village for the cost of administering the TIF. The Village Manager has indicated that the clerk/treasurer expends four (4) hours of time per week, staff wide, and he expends two (2) bours of time per week in administering our TIF. This would represent 10% of the clerks total budget, and 5% of the managers compensation package. Calculating that fee from the current budget(s) results in an appropriation of \$74,384. This will increase when the village adopts a final budget for the next fiscal year. NOTE, any increase will correspondingly increase our use of fund balance in the revenue line.
10. Capital Improvement. This item has been decided and is estimated at \$99,301.

Presently, if this recommendation is approved, it will mean \$320,057 is appropriated as direct expense into the Village budget. This represents 31% of the entire DDA Capture. That means there

is absolutely no room to move this any higher, the recommendation is at the maximum the DDA can appropriate to the Village.

GENERAL NOTES ON GENERAL BUDGET EXPENSES

11. Compensation. The Director and Assistant Director appropriation includes an anticipated three percent (3%) compensation increase. This is aligned with the anticipated increase to employees village wide, and reflective of industry standards.
12. Street Lights. The DDA will continue to absorb more than \$15,000 in electric expense for the municipal street lighting.
13. Facade Program. This is enhanced slightly to focus on diversifying investment through the new two tiered approach.
14. Marketing. The lack of substantial spending in marketing in the present fiscal year is good in that it has built additional fund balance which is needed right now. It is bad in the sense we have not maximized our power in bringing traffic and sustainability to the district. The budget recommendation reflects a balance of that issue throughout several line items.

RECOMMENDED MOTION

FOLLOWING DISCUSSION

To approve the recommended budget for fiscal year 2025-2026, subject to the negotiation and execution of all necessary contractual agreements between the DDA and the Village, referring the recommendation to the Village Manager for presentment to Village Council for their consideration in accord with statutory policy.