



DDA ACTION SUMMARY SHEET

MEETING DATE: April 15, 2025

TOPIC Updated Budget Recommendation – Village Contracts

BACKGROUND BRIEF:

The Board approved and adopted a recommended budget at its Special Meeting of May 7, 2025. That budget included certain categories and proposed appropriations for those areas of services the DDA and the Village have sought to engage in through contract. The action being proposed tonight would be to incorporate the final negotiated adjustments to those budget lines, and a reassessed overall budgetary approach as a result.

PLEASE NOTE: It has been leaderships continuing recommendation to streamline and re-title GL lines to accurately reflect that any appropriation for the payment of services, including the PA57 administrative costs, would be by contract. Therefore, it is difficult to track year over year, but as this Board is well experienced, the basis is straight forward.

As to: GENERAL ADMIN: We are re-titling this “Contracted Services - PA57”. In the current year we remitted \$70,000 in quarterly distributions as a general sum for those services well performed by the Village. In this budget, the PA57 appropriation is \$62,643, to be paid in like fashion. This fee is supported by the detail of service allocation and percentage of staff and support costs presented by the Village Manager at the Ad Hoc Budget Committee on May 14, 2025. A copy is attached, as well as the communication adjusting the GL lines.

DPW SERVICES: We are Re-titling this “Contracted Services – DPW”. In the current year we remitted \$30,000 towards general services. In this budget, we are appropriating \$27,210 to contract for the scope of services chosen from the DPW Directors offered spread sheet. There are a number of “services” the DPW performs without any need for contract or consideration from the DPW. That list is attached. The contract that will be presented for approval upon return of the budget from Council will be adopted by resolution acknowledging and relying on the list

POLICE: We are re-titling this to “Contracted Services- Public Safety”. This traditional point of contention is being resolved into a base contract for two areas of collaborated services: (1) an additional officer to support the growing district, and (2) better trained and coordinated Ordinance Enforcement. The estimated cost of this new contract to the Police Chief ranges

from \$120,000-143,000. We have agreed to support public safety with a contracted contribution of \$103,000 to assist in in the total cost.

PUBLIC INFRASTRUCUTURE: It was offered to suspend this new annual set aside, but the Village has maintained its interest in prioritizing the general fund appropriation. Leadership had calculated the set aside at \$152,000 for this Budget. Re-calculation, with the assistance of the Village Manager, has resulted in that set aside being appropriated at \$112,.

There are other areas in our budget where we will be appropriating resources in support of the District that have a crossover effect of being Village related support. Examples include: the electric charges for street lighting; the cost of mulch and electrical supplies; equipment rentals; signage; insurance reimbursements and light pole and damage repairs. There are many more. All of those can be absorbed and properly administered through our office.

SUMMARY OF VILLAGE CONTRACT(S)

This is a total appropriation in favor and support of the Village in the amount of \$306,853. This represents 29% of our gross budget revenue, and a nearly 65% return of funding captured from village sources. As such, all expenses are absolutely tied to a contract and will not be paid to the Village without written agreement, and each agreement is for a single year, to be reassessed annually.

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 a transfer of \$171,128.00 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 GENERAL BUDGET EXPENSES

7. 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.
8. Street Lights. The DDA will continue to absorb more than \$17,000 in electric expense for the municipal street lighting.
9. Façade Program. This is enhanced slightly to focus on diversifying investment through the new two tiered approach.
10. 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 updated and recommended budget for fiscal year 2025-2026, subject to the 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 the DDA Budget Policy.