



Downtown Development Authority
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MEMORANDUM

To: DDA Board of Directors
From: Jean Derenzy, CEO
Date: May 16, 2023
Re: 2023/2024 Budget

The proposed 2023/2024 budget is attached and a description is presented below. As well as a presentation will be made on the recommended budget.

Public hearing has been published for Friday, May 19, 2023 at 9:00am

The budget presented 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.

Overview of Budgets

For both the Old Town and the '97 Financing Plans (TIF), the primary focus for the coming year will be key public infrastructure projects, as well as a newly structured Service Agreement with the City, a full-time Community Policing Officer, stormwater management, the implementation of mobility initiatives and the purchase of equipment to begin establishing an in-house maintenance program (as identified within the Service Agreement). The in-house maintenance program will likely be contracted in 2023/2024.

In addition, for studies and plans that the DDA financially participates in, I am recommending that we set aside dollars for implementation (if the study is approved). This approach requires that the study, as well as its implementation, remains a focus and not just a study that sits on a shelf.

Old Town Financing Plan

The Old Town District continues to see steady growth and private investment. The captured taxable value is projected to be \$33,011,175, bringing in \$841,481 of projected revenue to the district.

As we discussed through the Moving Downtown Forward Plan, a service agreement with the city will clarify roles and responsibilities regarding services for the district and

articulate the funding needed for such services. Therefore, a new line item will be included into the Old Town financing plan (and '97 financing plan) called "service agreement/city". For Old Town, the service agreement would be \$50,000/year with a 2% increase per year.

Professional Services

A. TraverseConnect \$5,000

I am recommending that we continue our partnership with TraverseConnect through a service agreement for business retention and attraction. As we continue to come out of the pandemic, the need for business attraction and retention remains critical.

B. Maintenance and Operation \$50,000

This line item remains important as we continue to focus on maintaining public infrastructure investments. This line item will be used for side-walk cleaning, summer assistance through our YouthCore partnership and the purchase of needed tools (e.g., purchase of a sidewalk cleaner). I am also looking at purchasing a truck that has already been identified by the city as "surplus". This truck would be the first piece of large equipment (along with a sidewalk cleaner) that would be purchased by the DDA and is needed to properly maintain and clean our downtown public infrastructure.

C. Marketing and Communication \$10,000

This is a new line item within this budget, as we coordinate marketing and communication efforts with the DTCA. The focus for these efforts will be on the residents of the city as well as the region.

Public Infrastructure Projects

A. Midtown Riverwalk Upgrade/Replacement \$300,000

The Midtown Riverwalk, which was put in over 20 years ago, is due for replacement. Replacement of the Midtown Riverwalk will take two years. Our design and aesthetic (e.g., materials) template will be consistent with the themes outlined in the Lower Boardman Unified Plan and the Conceptual Plan for the 100/200 Block Riverwalk as well as the design of the Boardman Lake Loop.

B. Hannah Park Improvement \$70,000

This project is related to the current reconstruction of the Union Street Bridge, including additional infrastructure (at the street level) to maintain and enhance the pedestrian overlook of the river (and Hannah Park) as well as improvements to the staircase leading from the overlook to the riverbank.

C. Eighth Street Intersection Improvements at Cass and Union \$300,000

The intersections of Eighth Street, at Cass and Union, are in poor condition. The DDA will be working with the city's streets and engineering departments to replace both intersections. The new intersections will utilize a design similar to the intersection of Union and State, which has proven to hold up better over time.

D. Mobility Implementation \$25,000

The DDA financed half of the Mobility Action Plan, which is currently working its ways through the planning process. For this upcoming budget year, I am recommending we set aside dollars to implement the anticipated recommendations of the Plan.

E. Streetscapes/Snowmelt \$100,000

Property owners have asked for a partnership with the DDA to implement a snowmelt system within Old Town. Snowmelt helps to provide for a safe and connected network of sidewalks throughout downtown. As we look at how to better connect the two districts, improvements to pedestrian infrastructure will be key.

'97 Financing Plan

There has been steady growth within this district, highlighted by significant public infrastructure projects. The captured taxable value within the '97 District is projected to be \$162,805,778, bringing in \$4,355,361 of revenue.

As a reminder, '97 advanced \$5,555,900 to the city for the purchase of several properties along State Street for the future West End Parking Structure. The '97 Fund will be repaid \$4,947,900 by June 30th (this current fiscal year), leaving a balance due of \$608,000. The City, through the auto-parking fund, will be repaying the '97 Fund over the course of the next three years. \$40,000 will be repaid for the upcoming fiscal year.

The focus for this District over the next year will be to advance the two transformational infrastructure projects the Board has identified in the Moving Downtown Forward Plan: Lower Boardman/Ottaway Downtown Riverwalk and the West End Parking Structure. The DDA will continue to work with private developers to improve and install new sidewalk and streetscape infrastructure, including snowmelt systems.

In addition, the previously mentioned service agreement with the city will clarify roles and responsibilities regarding services for the district and articulate the funding needed for such services. A new line item will be included into the '97 financing plan called "service agreement/city". For '97, the service agreement would be \$677,743 with a 2% increase per year.

Professional Services

A. Traverse Connect \$35,000

I am recommending that we continue our partnership with Traverse Connect, through a service agreement for business retention and attraction.

B. Community Police Officer \$120,000

Continuing with our community police officer is critical for Downtown. This year, I am recommending to increase our contribution to pay for a full-time (previously,

we paid for a part-time officer) officer. The full-time officer has been approved by Chief O'Brien, who supports the Community Police Officer (CPO) position in downtown. We will also be working to re-purpose 200 square-feet of the former restaurant space adjacent to the DDA office for the Community Police Officer.

C. WiFi \$65,000

This is our last year of payment to Traverse City Light and Power for WiFi.

D. 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 side-walk cleaning, summer assistance through our YouthCore partnership and the purchase of needed tools (e.g., purchase of a sidewalk cleaner). I am also looking at purchasing a truck that has already been identified by the city as "surplus". This truck would be the first piece of large equipment (along with a sidewalk cleaner) that would be purchased by the DDA and is needed to properly maintain and clean our downtown public infrastructure.

E. Marketing and Communication \$60,000

This is a new line item within this budget, as we coordinate marketing and communication efforts with the DTCA. The focus for these efforts will be on the residents of the city as well as the region.

Public Infrastructure

A. Design and Engineering Services \$1,000,000

As we have discussed at our previous study session, we plan to move forward with final design and engineering services for the for the Lower Boardman/Ottaway Downtown Riverwalk and the West End Parking Structure.

B. Two-Way Pilot Project (State Street) \$200,000

The two-way pilot project, including State Street, Boardman Avenue and Pine Street will remain a line-item in the budget for the duration of the pilot project. Funding will be utilized for data gathering (and analysis) costs and other change elements that will be required as the pilot moves into the first full-year.

C. Streetscapes/Snowmelt \$325,000

Streetscapes will remain important as new development continues throughout the district, leading to a connected network of sidewalks (which is paramount for walkability) throughout the district and beyond.

D. Mobility Implementation \$50,000

As identified in the Old Town budget, the DDA financed half of the Mobility Action Plan, which is currently working its ways through the planning process. For this upcoming budget year, I am recommending we set aside dollars to implement the anticipated recommendations of the Plan.

E. TART Trail Extension \$200,000

The TART Trail Extension project is currently underway, with the DDA paying for a third of this study. I am recommending to put dollars aside for possible implementation, or minimally a cost-share for grants (e.g., match)

F. Composting \$100,000

Cities around the country are implementing downtown composting programs to help divert organic waste from landfills. This movement was noted during the Moving Downtown Forward planning process and then included as a potential DDA service to address climate action and resilience in the final Moving Downtown Forward Plan.

Sustainability and Climate Resilience

The DDA will be making every effort to incorporate sustainability principles and climate resilience practices into future infrastructure projects as well as programmatic and maintenance initiatives and practices. This effort will address, among other things, best practices related to energy consumption, stormwater management, waste management, building practices (and materials) and landscape management. As part of this effort, the DDA should be prepared to demonstrate and measure the savings and benefits associated with the sustainability principles and climate resilient practices incorporated into future project and initiatives.

Housing

Creating additional housing (especially affordable housing) has been discussed by the DDA for quite some time, as well as the City Commission. In fact, efforts to “champion the development of attainable and workforce housing” is one of the Guiding Principles listed in the Moving Downtown Forward Plan. As part of the guiding principle staff will be working with the Board on various opportunities through partnerships as discussed at our study session on May 5.

DDA General Fund

The DDA General Fund is where all staffing costs are included, from administrative staff to parking staff. Contracts with the City for Parking as well as the DTCA for marketing and communication continues through the general fund budget.

Traverse City Parking Services

The Parking System has always taken a conservative approach to budgeting. This is reflected in the past budget cycles. We do not move forward with planned projects unless we have the right resources and information to do so, and we do as much as we can in-house before contracting out work. Over the past three budgets, the use of surplus funds was included in the budget in order to complete projects and navigate system-wide usage changes caused by the pandemic. This is the first budget cycle where we have reduced expenses in order to eliminate the use of surplus funds. Additionally, this budget is reflective of the new use patterns that have been consistent throughout the pandemic, and will likely continue as office environments have shifted to hybrid options.

There are four revenue sources for the enterprise fund: 1) parking permit revenue, 2) hourly meter revenue, 3) hourly parking structure revenue, and 4) parking citations. Pre-pandemic parking revenues were near \$3.5 M. The past three budget cycles revenues have been near \$2.5 M, and the projection for the coming 2023-24 budget is estimated to remain the same as 1) surface permit sales will be reduced due to the sale of 145 W Front and 103 Pine, 2) reduced metered spaces in Lots J south of the Boardman River and Lot K north of the Boardman River for FishPass construction, 3) consistent seasonal transient use.

Parking Capital Improvements

Hardy Parking Deck

1. Pedestrian stair tower window maintenance, paint handrails and repair walls

Old Town Parking Structure

1. Pedestrian stair tower window maintenance, paint handrails and repair walls

General Parking Fund

1. Lot C Resurfacing (surface lot near Traverse Connect) – carried over from 2020-2021 budget
2. Cut and patch work in parking lot T (corner of Union and Grandview Parkway)
3. Curb cut in-fill for parking lot G (next to Mode's)

Professional and Contractual and Information Technology

The city added an Information Technology line item. The purpose of this item is to separate contractual expenses from recurring software and technology expenses. The decrease from Professional and Contractual is reflected in Information Technology along with additional expenses for recent software agreements.

City Fee

The City Fee was changed near 2010 to 10% of all enterprise revenues from Parking General, Hardy and Old Town funds. This year, the City Fee will be reduced from a 10% administrative fee to align with the 5% fee applied to all other enterprise funds.

Arts Commission

The Arts Commission budget for the coming year will focus on a handful of art installations along the TART Trail and Boardman Loop Trail, a mural festival (planned for 2024), a mini-grant program, a collaboration with Parks and Recreation to bring art into city parks and 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.

Recommended Motion

No Motion is needed. Final budget will be presented to the DDA at your June 16th meeting.