

# Traverse City Downtown Development Authority Finance Committee

Thursday, January 4, 2024

**8:30 AM**

2nd Floor Training Room, Governmental Center  
400 Boardman Avenue  
Traverse City, Michigan 49684



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If you are planning to attend and you have a disability requiring any special assistance at the meeting and/or if you have any concerns, please immediately notify the ADA Coordinator.

The City of Traverse City and Downtown Development Authority are committed to a dialog that is constructive, respectful and civil. We ask that all individuals interacting verbally or in writing with board members honor these values.

Downtown Development Authority:  
c/o Jean Derenzy, CEO  
(231) 922-2050  
Web: [www.downtowntc.com](http://www.downtowntc.com)  
303 East State Street, Suite C  
Traverse City, MI 49684

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**Welcome to the Traverse City Downtown Development Authority  
Finance Committee meeting!**

**Agenda**

	Page
<b>1. CALL TO ORDER</b>	
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<b>2. ROLL CALL</b>	
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<b>3. CONSENT CALENDAR</b>	
<i>The purpose of the consent calendar is to expedite business by grouping non-controversial items together to be dealt with by one DDA Board motion without discussion. Any member of the DDA Board, staff or the public may ask that any item on the consent calendar be removed therefrom and placed elsewhere on the agenda for individual consideration by the DDA Board; and such requests will be automatically respected. If an item is not removed from the consent calendar, the action noted in parentheses on the agenda is approved by a single DDA Board action adopting the consent calendar.</i>	
A. Consideration of approving the minutes of the October 27, 2023 Finance Committee meeting (approval recommended)	5 - 6
<a href="#">DDA Finance Committee - 27 Oct 2023 - Draft Minutes - PDF</a>	
<hr/>	
<b>4. OLD BUSINESS</b>	
A. Downtown Trolley Discussion	7 - 8
<a href="#">Downtown Trolley Follow-up - Memo</a>	
<hr/>	
<b>5. CEO REPORT</b>	
A. 2023 DDA Audit Overview	9 - 44
<a href="#">Audit Memo</a>	
<a href="#">TCDDA Governance Letter 2023</a>	
<a href="#">TCDDA Audit 2023</a>	
B. 2023 State Reports	45 - 50
<a href="#">Treasury Reports - Memo</a>	
<a href="#">TIF 97 Annual Report Final - PDF</a>	
<a href="#">Old Town Annual Report Final - PDF</a>	
C. Audit of DTCA 2023 Financials	51
<a href="#">Audit of DTCA Finances - Memo</a>	

- D. Parking Structure Maintenance Costs and Operational Revenue Projections 53 - 114

[Parking Structure Maintenance and Operational Revenue Projections - Memo](#)

[Current Parking Rates - PDF](#)

[Auto Parking Fund Fiscal 2017-2024 - PDF](#)

[2023-1055 Traverse City Larry C Hardy PS Evaluation Report Final - PDF](#)

[2023-1055 Traverse City Old Town PS Evaluation Report Final - PDF](#)

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**6. PUBLIC COMMENT**

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**7. ADJOURNMENT**





**Minutes**  
**Traverse City Downtown Development Authority**  
**Finance Committee**  
8:30am  
October 27, 2023

Jeff Joubran called meeting to order at 8:32 am

Present: Jeff Joubran, Pam Marsh, Ed Slosky

Election of Vice-Chair: Moved by Slosky seconded by Joubran that Pam Marsh be elected Vice-Chair. Approved unanimously.

**Opening Public Comment:** None

**Meeting Schedule:** Meetings to occur 4<sup>th</sup> Tuesday at 8:30: With Meetings occurring in January, February, April, June and August.

**DDA Finance Committee Roles and Responsibilities:** Review and information only.

New Business:

**Consideration of Brownfield Interlocal Agreement – Uptown:** Scott Howard, DDA Attorney, provided overview of memorandum contained in packet.

The following addressed the Board  
Jean Derenzy, DDA CEO  
Ed Slosky  
Pam Marsh  
Jeff Joubran

Derenzy and Howard provided history and overview of brownfield project and the public riverwalk. Motion was made that the DDA Board pay \$321,887 from TIF 97 for eligible public infrastructure activities to the Brownfield Redevelopment Authority for the Uptown Brownfield Project and enter into interlocal agreement with the Brownfield Redevelopment Authority for years 2028 and 2029. **Approved unanimously.**

**Consideration from Mobility and Parking Committee:** Consideration for Finance to consider purchasing two trolley vehicles for \$380,000 that would be part of the BATA fleet for the Bayline route. Further, that wraps be purchased for two buses to promote the Bayline route.

The following addressed the Board  
Jean Derenzy, DDA CEO  
Nicole VanNess, Mobility & Transportation Director  
Pam Marsh  
Ed Slosky  
Jeff Joubran

Committee was interested in leasing versus purchasing and what the cost would be to lease. Derenzy was unsure of a leasing option but will investigate. Committee recommended that request be moved forward at a cost of \$380,000 or a leasing option being preferred.

Long-term Proposal for a downtown circulator will be brought back to Finance when costs are identified.

**Moving Downtown Forward Memorandum** Overview of

**Public Comment:** None.

**Meeting adjourned at 10:00am**

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Jeff Joubran, Chair

DRAFT



Downtown Development Authority  
303 E. State Street  
Traverse City, MI 49684  
231-922-2050

## MEMORANDUM

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To: Finance Committee  
From: Jean Derenzy, DDA CEO  
Date: December 28, 2023  
Re: Update on Costs – Trolleys

At our October 17<sup>th</sup> meeting members requested staff investigate option of leasing two trolley's versus purchasing, and if no lease option was available, to move purchasing forward to the full Board. The purchase price for two trolley's was a cost of \$380,000 with wraps being \$5,000.

Lease options were investigated through BATA, and no options were available from any vendors. Further, BATA identified that the costs were not fully priced (considering that the costs met their facility standards and MDOT standards). A new cost for hybrid vehicles which meets our standards was provided at \$258,977.50/vehicle; or a cost of \$517,954 for two trolley vehicles. With the increased cost over \$100,000, I could not move forward without coming back to the Finance for further discussion.

As a reminder from last month, the Mobility and Parking Advisory Board recommended the trolleys to help with access downtown during Grandview Parkway project for both employees and customers. Secondly, to investigate a circulator program in the DDA District in 2024/25; with my recommendation that this circulator program would be put on hold until a full cost for a study was identified.

The DDA has invested in communication and marketing during the Grandview Parkway Project to help with messaging that Downtown is open; taglines are being created with Greenlight now. During 2024, the DDA will be working on experiences that when you get here the memories last. The dollars for the trolleys would be better spent on identifying the better experience when you get downtown. Use the dollars for the marketing and communications to work for the DDA; as well as work with BATA on marketing/communicating the existing and free Bayline, like the wraps discussed last month Utilizing what has been put in place is, in my opinion, a much better return on investment.

**Recommendation:**

My recommendation is to not approve the purchase of trolley's to be added to BATA fleet. This recommendation is made due to:

- 1) DDA has invested \$95,000 in communication and marketing for Downtown with heavy emphasis on communication and marketing for the Grandview Parkway construction project.
- 2) The cost of the Trolley of \$517,954 is a cost that is a one-time cost but one that is focused on an 8-month problem of Grandview parkway construction. Although the trolley's would be utilized after the construction, staff has not uncovered a true value of having a trolley type bus encourages ridership.

Relating to the bus wraps, my recommendation would be to approve the purchase of wraps for the existing Bayline buses for a cost not to exceed \$8,000. This is made as this is part of our current marketing/communication effort during the construction process now (as noted above). Cost would be split between TIF 97 and Old Town TIF.



Downtown Development Authority  
303 E. State Street  
Traverse City, MI 49684  
jean@downtowntc.com  
231-922-2050

## Memorandum

To: Finance Committee  
From: Jean Derenzy, DDA CEO  
Date: December 28, 2023  
Subject: 2023 Audit

The audit for fiscal year ending 06/30/23 is attached for review. As a component unit of the City of Traverse City, the DDA has our financial auditing completed yearly through the City's auditor, this year being Vredevelde Haefner LLC.

The City's financial compliance officer, Brian Postma can provide details of the audit to the full Board at your January meeting. For this year's audit:

- The Auditor's issued an unqualified (i.e., "clean") opinion on the financial statements.
- The Authority's total net position increased by \$784,371, with recognition of long-established public infrastructure projects that have been identified (lower boardman/Ottaway and west end parking structure)

Relating to TIF budgets:

- Property taxes increased by approximately \$607,000
- Operating grants increased by approximately \$360,000 due in large part to new MEDC grants for upgrading downtown infrastructure.
- Capital grants decreased by \$1,690,000 mostly due to the recognition of the grant for the purchase of the Civic Square property being recorded in 2022.
- Total expenses increased by \$999,000 due in most part to additional contributions to City construction projects.

**RECOMMENDATION:** Audit to be presented to DDA Board for approval.





## Vredevelde Haefner LLC

CPAs and Consultants  
10302 20<sup>th</sup> Avenue  
Grand Rapids, MI 49534  
Fax (616) 828-0307

Douglas J. Vredevelde, CPA  
(616) 446-7474  
Peter S. Haefner, CPA  
(616) 460-9388

December 20, 2023

To the Board of Directors  
City of Traverse City Downtown Development Authority  
Traverse City, Michigan

We have audited the financial statements of the governmental activities and each major fund of the City of Traverse City Downtown Development Authority (the DDA) for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 8, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the DDA are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the committed tax increment is based on various construction projects within the district. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures the required correction by management that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 20, 2023.

*Specializing in services to governmental and nonprofit entities*

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We noted the following item:

The bank reconciliation includes several old uncleared checks dating back to 2013. We recommend management investigate these uncleared items and determine whether they are properly accounted for. Outstanding checks should be remitted to the State in accordance the state escheat laws.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI), as itemized in the table of contents, that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the DDA Board of Directors and the City Commission of the City of Traverse City and management of the DDA and the City of Traverse City and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Ordevald Haefner LLC*





CITY OF TRAVERSE CITY  
DOWNTOWN DEVELOPMENT AUTHORITY  
(A Component Unit of the City of Traverse City)

Annual Audited Financial Statements  
For the Year Ended June 30, 2023

Prepared by City Treasurer's Office  
Vredeveld Haefner LLC - Auditors

**CITY OF TRAVERSE CITY  
DOWNTOWN DEVELOPMENT AUTHORITY  
(A Component Unit of the  
City of Traverse City, Michigan)**

**TABLE OF CONTENTS**

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	<u>PAGE</u>
<b>Independent Auditors' Report</b>	1-2
<b>Management's Discussion and Analysis</b>	3-7
<b>Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements	
Balance Sheet – Governmental Funds	10
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds To Net Position of Governmental Activities on the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	13
Notes to Financial Statements	14-20
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual	
General Fund	21
Special Revenue Fund - TIF 97	22
Special Revenue Fund – Old Town TIF	23
Notes to Required Supplementary Information	24
<b>Internal Control and Compliance</b>	
Independent Auditor's Report on internal control over financial reporting, and other matters based on an audit of financial statements and on compliance performed in accordance with Government Auditing Standards	25-26



## Vredevelde Haefner LLC

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(616) 446-7474  
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### INDEPENDENT AUDITORS' REPORT

December 20, 2023

Members of the Board  
City of Traverse City Downtown Development Authority  
Traverse City, Michigan

#### Report on the Financial Statements

##### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Traverse City Downtown Development Authority (the Authority), a Component Unit of the City of Traverse City, Michigan, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

##### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

##### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 and the budgetary comparison information on pages 21 through 24 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Wredewold Haefner LLC*

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

## Management's Discussion and Analysis

As management of the *Downtown Development Authority* (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2023.

### Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$9,136,638 (*net position*).
- The Authority's total net position increased by \$784,371.
- As of the close of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$7,132,752 an increase of \$869,760 in comparison with the prior year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

### Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Authority's assets and liabilities with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The Authority's governmental activity is economic development. The Authority has no business-type activities.

The government-wide financial statements include only the Authority itself. The Authority has no legally separate component units for which the Authority is financially accountable.

The government-wide financial statements can be found on pages 7-8 of this report.

### Fund Financial Statements

A *fund* is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority only has governmental funds. The Authority does not maintain enterprise or fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Authority maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for all three funds; the General Fund, TIF 97 and Old Town TIF Special Revenue Funds, each of which are considered to be major funds. The governmental funds financial statements can be found on pages 9-12 of this report.

#### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-19 of this report.

#### **Other Information**

The Authority adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison schedules have been provided as required supplementary information to demonstrate compliance with those budgets.

#### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$9,136,638 at the close of the most recent fiscal year.

**Downtown Development Authority's Net Postion**

	<u>June 30</u>	
	<u>2023</u>	<u>2022</u>
<b>Governmental Activities</b>		
Current assets	\$ 8,126,461	\$ 7,598,340
Non Current assets	<u>1,997,110</u>	<u>1,879,558</u>
<b>Total Assets</b>	<u>10,123,571</u>	<u>9,477,898</u>
Long-term liabilities	41,856	35,521
Other liabilities	<u>945,077</u>	<u>1,090,110</u>
<b>Total Liabilities</b>	<u>986,933</u>	<u>1,125,631</u>
<b>Net Position</b>		
Net investment in capital	1,997,110	1,879,558
Restricted	6,685,312	5,772,046
Unrestricted	<u>454,216</u>	<u>700,663</u>
	<u>\$ 9,136,638</u>	<u>\$ 8,352,267</u>

The Authority’s net position reflects its restricted net position for future expenditures within the guidelines of the tax increment finance district plans and unrestricted net position, which may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Authority is able to report positive balances in both categories of net position.

The Authority’s net position increased by \$784,371 key highlights are as follows:

- The increase in net position for 2023 compared to an increase of \$2,560,433 in 2022. Property taxes increased by approximately \$607,000 due in large part to a significant increase in the captured value of the TIF 97 plan and 2023 being the sixth year of capture for the Old Town TIF plan. Operating grants increased by approximately \$360,000 due in large part to new MEDC grants for upgrading downtown infrastructure. Capital grants decreased by \$1,690,000 mostly due to the recognition of the grant for the purchase of the Civic Square property being recorded in 2022. Total expenses increased by approximately \$999,000, due in most part to additional contributions to City construction projects by the TIF funds, and professional services related to MEDC grants.



**Downtown Development Authority's Changes in Net Position**

	<b>June 30</b>	
	<b>2023</b>	<b>2022</b>
<b>Governmental Activities</b>		
<b>Program revenues</b>		
Charges for services	\$ 978,783	\$ 1,022,136
Operating grants	732,710	367,754
Capital grants	135,079	1,827,115
<b>General revenues</b>		
Property taxes	4,484,538	3,877,952
Unrestricted investment earnings	2,211	915
<b>Total Revenue</b>	<b>6,333,321</b>	<b>7,095,872</b>
<b>Expenses</b>		
Economic development	5,548,950	4,535,439
Change in net position	784,371	2,560,433
Net position beginning of year	8,352,267	5,791,834
<b>Net position end of year</b>	<b>\$ 9,136,638</b>	<b>\$ 8,352,267</b>

**Financial Analysis of the Government's Funds**

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Authority's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Authority's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$7,132,752, an increase of \$869,760 in comparison with the prior year. \$6,636,680 is restricted and available only for spending for the benefit of the applicable TIF district.

The General Fund is the chief operating fund of the Authority. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$461,467. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 17.8 percent of total General Fund expenditures. During the current fiscal year, the fund balance of the Authority's General Fund decreased by \$274,717 compared to an anticipated decrease of \$161,000.

The TIF 97 Special Revenue Fund had a fund balance of \$5,543,747, which increased \$731,326 although anticipated to decrease \$968,400. This difference was attributed to actual expenditures being under budget because of the timing of construction projects the district has committed funding to.

The Old Town TIF Special Revenue Fund has a fund balance of \$1,127,538, an increase of \$413,151 compared to a projected decrease of \$291,700. The timing of district funded construction projects was the key factor in the increased fund balance for the Old Town TIF Fund.

#### **Economic Factors and Next Year's Budgets**

The following factors were considered in preparing the Authority's budget for the 2023-24 fiscal year:

- Through a service agreement with the City of Traverse City for a total of \$630,000; being \$507,688 from TIF 97 and \$122,312 from Old Town. This service agreement will be negotiated yearly with the City Manager. This service agreement was part of the process from 22/23 budget year when entering into a contract with the City for private trash removal.
- State Street pilot project continued in the 23/24 budget as part of the pilot project approved by the City.
- Property purchase was secured for the West End Mixed-Use Development in TIF 97 with Engineer and design drawings contract approved with Fishbeck in the 23/24 budget year.
- Lower Boardman/Ottaway River conceptual design plan has been completed in the 100/200 blocks with engineering and design monies set aside for the upcoming fiscal year.
- The Old Town TIF captured taxes for the sixth year with the largest expenditures being for the Cass and Union intersection repurposing.
- The last payment of \$65,000 to the Downtown Wi-Fi project will be completed in 2024.

#### **Requests for Information**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Authority's Executive Director, 303 State Street, Traverse City, Michigan.

**FINANCIAL STATEMENTS**

**CITY OF TRAVERSE CITY  
DOWNTOWN DEVELOPMENT AUTHORITY  
(A Component Unit of the City of Traverse City, Michigan)**

**Statement of Net Position  
June 30, 2023**

	<b><u>Governmental Activities</u></b>
<b>Assets</b>	
Cash and cash equivalents	\$ 2,256,813
Due from other governments	279,143
Prepaid items	34,605
Due from primary government	5,555,900
Capital assets not being depreciated	<u>1,997,110</u>
<b>Total assets</b>	<u>10,123,571</u>
<b>Liabilities</b>	
Accounts payable	704,289
Accrued liabilities	62,051
Unearned Revenue	178,737
Accrued compensated absences Due within one year	<u>41,856</u>
<b>Total liabilities</b>	<u>986,933</u>
<b>Net position</b>	
Net investment in capital assets	1,997,110
Restricted for tax increment finance districts	6,685,312
Unrestricted (deficit)	<u>454,216</u>
<b>Total net position</b>	<u>\$ 9,136,638</u>

The accompanying notes are an integral part of these financial statements.



**CITY OF TRAVERSE CITY  
DOWNTOWN DEVELOPMENT AUTHORITY  
(A Component Unit of the City of Traverse City, Michigan)**

**Balance Sheet  
Governmental Funds  
June 30, 2023**

	<u>General Fund</u>	<u>TIF 97 Fund</u>	<u>Old Town TIF Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 663,213	\$ 343,231	\$ 1,250,369	\$ 2,256,813
Due from other governments	147,481	131,662	-	279,143
Due from other funds	5,214	321	-	5,535
Prepaid expenditures	-	34,605	-	34,605
Advance to Primary Government	-	5,555,900	-	5,555,900
<b>Total assets</b>	<u>\$ 815,908</u>	<u>\$ 6,065,719</u>	<u>\$ 1,250,369</u>	<u>\$ 8,131,996</u>
<b>Liabilities, deferred inflows, and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	113,653	468,840	121,796	\$ 704,289
Accrued liabilities	62,051	-	-	62,051
Unearned revenue	178,737	-	-	178,737
Due to other funds	-	4,500	1,035	5,535
<b>Total liabilities</b>	<u>354,441</u>	<u>473,340</u>	<u>122,831</u>	<u>950,612</u>
<b>Deferred inflows</b>				
Unavailable revenue	-	48,632	-	48,632
<b>Fund balances</b>				
Nonspendable - prepaid expenditures	-	34,605	-	34,605
Restricted - tax increment finance districts	-	5,509,142	1,127,538	6,636,680
Unassigned	461,467	-	-	461,467
<b>Total fund balances</b>	<u>461,467</u>	<u>5,543,747</u>	<u>1,127,538</u>	<u>7,132,752</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 815,908</u>	<u>\$ 6,065,719</u>	<u>\$ 1,250,369</u>	<u>\$ 8,131,996</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF TRAVERSE CITY  
DOWNTOWN DEVELOPMENT AUTHORITY  
(A Component Unit of the City of Traverse City, Michigan)**

**Reconciliation of Fund Balances on the Balance Sheet for Governmental  
Funds to Net Position of Governmental Activities on the  
Statement of Net Position  
June 30, 2023**

<b>Fund balances - total governmental funds</b>	\$ 7,132,752
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.	
Add: Capital Assets	1,997,110
Other noncurrent assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	
Add - unavailable revenue	48,632
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - accrued compensated absences	<u>(41,856)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 9,136,638</u></b>

The accompanying notes are an integral part of these financial statements.

**CITY OF TRAVERSE CITY  
DOWNTOWN DEVELOPMENT AUTHORITY  
(A Component Unit of the City of Traverse City, Michigan)**

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
For the Year Ended June 30, 2023**

	<u>General Fund</u>	<u>TIF 97 Fund</u>	<u>Old Town TIF Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Taxes	\$ 127,690	\$ 3,677,904	\$ 678,944	\$ 4,484,538
Grants and contributions	867,788	-	-	867,788
Reimbursements	1,309,329	196,607	-	1,505,936
Rental income	10,499	-	-	10,499
Interest income	2,211	4,260	288	6,759
<b>Total revenues</b>	<u>2,317,517</u>	<u>3,878,771</u>	<u>679,232</u>	<u>6,875,520</u>
<b>Expenditures</b>				
Economic development				
Salaries	989,124	-	-	989,124
Fringe benefits	325,249	-	-	325,249
Office supplies and utilities	73,657	195,789	-	269,446
Professional services	1,076,732	860,923	148,482	2,086,137
Travel and conferences	3,978	-	-	3,978
Rentals	5,942	-	-	5,942
Contributions to district construction projects	-	1,117,777	117,599	1,235,376
Contributions to other governments - debt service	-	972,956	-	972,956
Capital outlay	117,552	-	-	117,552
<b>Total expenditures</b>	<u>2,592,234</u>	<u>3,147,445</u>	<u>266,081</u>	<u>6,005,760</u>
Net change in fund balance	(274,717)	731,326	413,151	869,760
<b>Fund balance, beginning of year</b>	<u>736,184</u>	<u>4,812,421</u>	<u>714,387</u>	<u>6,262,992</u>
<b>Fund balance, end of year</b>	<u>\$ 461,467</u>	<u>\$ 5,543,747</u>	<u>\$ 1,127,538</u>	<u>\$ 7,132,752</u>

The accompanying notes are an integral part of these financial statements.



**CITY OF TRAVERSE CITY  
DOWNTOWN DEVELOPMENT AUTHORITY  
(A Component Unit of the City of Traverse City, Michigan)**

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 2023**

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<b>Net changes in fund balances - total governmental funds</b>	<b>\$ 869,760</b>
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Add: Capital Outlay	117,552
<p>Noncurrent assets recorded on the fund statements are not available to fund current year operations and are unavailable in the funds.</p>	
Deduct - payments received on long-term receivables due from other governments	(196,606)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.</p>	
Subtract increase in compensated absences	<u>(6,335)</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ 784,371</u></b>

The accompanying notes are an integral part of these financial statements.

**CITY OF TRAVERSE CITY  
DOWNTOWN DEVELOPMENT AUTHORITY  
(A Component Unit of the City of Traverse City, Michigan)**

**Notes to Financial Statements  
For the Year Ended June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** - The Downtown Development Authority (the "Authority"), a discrete component unit of the City of Traverse City (the "City"), was created in September 1978 by the City Commission pursuant to Act No. 197 of the Public Acts of 1975 of the State of Michigan. It operates through a Board of Trustees (the "Board") consisting of the Mayor of the City of Traverse City and eleven members approved by the City Commission. The purpose of the Authority is to correct and prevent deterioration of the Downtown Development District, encourage historic preservation, create and implement development plans, and promote economic growth.

The Authority is a component unit of the City because the City appoints the Authority's Board of Directors, it has the ability to significantly influence the Authority's operations and it is financially accountable for the Authority as defined under GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39 and No. 61. Accordingly, the Authority is presented as a discretely presented component unit in the City's financial statements.

**Government-wide and Fund Financial Statements** – The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Authority. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The Authority has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation** – The government-wide financial information is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the years for which they are levied.

**CITY OF TRAVERSE CITY  
DOWNTOWN DEVELOPMENT AUTHORITY  
(A Component Unit of the City of Traverse City, Michigan)**

**Notes to Financial Statements  
For the Year Ended June 30, 2023**

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Governmental fund financial information is reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and compensated absences expenditures are recorded only when payment is due. Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Authority reports the following major governmental funds:

The *General Fund* is the Authority's primary operating fund. It accounts for all financial resources of the Authority, except those required to be accounted for in another fund.

The *TIF 97 and Old Town TIF Special Revenue Funds* account for financial resources that are legally restricted for activities within specific districts of the Downtown Development Authority.

**Capital Assets** – The Authority has capitalized two parcels of land purchased by the Authority for which it holds legal ownership. Infrastructure assets (e.g., roads, bridges, curbs, sidewalks, storm sewers and similar items), along with water and wastewater subsystems, constructed by the Authority are not recorded as the Authority's capital assets, even though the Authority may be obligated to repay the debt issued to finance the related projects. Such capital assets become the property of the City when they are placed into service and, accordingly, are then reported as the City's capital assets.

**Deferred outflows/inflows of resources** – In addition to assets, the statement of net position and the governmental funds balance sheet, when applicable, will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position/fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the Authority does not report deferred outflows of resources.

In addition to liabilities, the statement of net position when applicable will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position/fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. Currently, the Authority reports deferred inflow of resources for unavailable revenue related to a long term

**CITY OF TRAVERSE CITY  
DOWNTOWN DEVELOPMENT AUTHORITY  
(A Component Unit of the City of Traverse City, Michigan)**

**Notes to Financial Statements  
For the Year Ended June 30, 2023**

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commitment from the Grand Traverse County Brownfield Authority.

**Accrued compensated absences** - Employees earn Paid Time Off, if Paid Time Off is not used before the anniversary date, a maximum of 40 hours are eligible for rollover into the next work year and accumulation in the PTO “bucket.” Unused PTO above 40 hours that remains on the anniversary date will be forfeited. The maximum payout upon separation will be 40 hours. The estimated amount due to employees as of June 30, 2023 is accrued in the government-wide financial statements.

**Fund Balance** – In the fund financial statements, governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of the resource by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the Authority’s highest level of decision making authority, the Authority’s Board of Directors. A formal resolution by the Authority’s Board of Directors is required to establish, modify or rescind a fund balance commitment. Assigned fund balance is reported for amounts intended for specific purposes expressed and assigned by the governing body. Unassigned fund balance is the residual classification for the General Fund.

**Net Position and Fund Balance Flow Assumptions** – Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position/fund balance and unrestricted – net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to use restricted resources first, then unrestricted resource as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**2. CASH AND CASH EQUIVALENTS**

Michigan Compiled Laws, Section 129.91 authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Authority is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers’ acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

**CITY OF TRAVERSE CITY  
DOWNTOWN DEVELOPMENT AUTHORITY  
(A Component Unit of the City of Traverse City, Michigan)**

**Notes to Financial Statements  
For the Year Ended June 30, 2023**

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The Authority's deposit and investment policy is in accordance with statutory authority.

The Authority's cash and cash equivalents are cash on hand and demand deposits with a bank. The Authority's cash and cash equivalents are comprised of bank deposits with a balance of \$2,256,813 at June 30, 2023.

**Custodial credit risk - deposits**

Custodial risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The State does not require and the Authority has not adopted a policy regarding custodial credit risk. The above deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared, or of deposits in transit) at \$2,420,294. The Federal Deposit Insurance Corporation insures \$250,000 and the remainder of \$2,170,294 is uninsured and not collateralized.

**3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable are related to vendors and construction projects and includes \$501,509 due to the City of Traverse City related to contributions the DDA has committed for TIF eligible construction projects. Accrued liabilities in the governmental activities consist of accrued payroll liabilities.

**4. RECEIVABLES / UNAVAILABLE REVENUE**

The General Fund reports \$68,000 of receivables from the City of Traverse City related to the auto parking system's administration agreement. Governmental funds reported unavailable revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. This unavailable revenue consists of taxes that will be captured in the future by the Brownfield tax districts to reimburse for costs incurred in this and past fiscal years for economic development. At the end of the current fiscal year, the various components of unavailable revenue amounted to \$48,632.

**5. CAPITAL ASSETS**

Capital assets consist of land purchased and improved for the City Civic Square.

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not depreciated:				
Land	\$ 1,879,558	\$ 117,552	-	\$ 1,997,110

**CITY OF TRAVERSE CITY  
DOWNTOWN DEVELOPMENT AUTHORITY  
(A Component Unit of the City of Traverse City, Michigan)**

**Notes to Financial Statements  
For the Year Ended June 30, 2023**

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**6. ACCRUED COMPENSATED ABSENCES**

Changes in accrued compensated absences consist of the following:

	<u>Balance</u> <u>07/01/22</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/23</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Accrued compensated absences	\$35,521	\$ 39,749	\$ 33,414	\$41,856	\$ -

Compensated absences are liquidated by the General Fund.

**7. COMMITMENTS**

The 2017 City of Traverse City Downtown Development Tax Exempt Refunding Bonds are reported on the City of Traverse City financial statements. The Authority has pledged tax increment revenues for the payment of these bonds. The City has pledged its limited tax full faith and credit for the payment of the principal and interest on the bonds. The following are the obligations, including interest, expected to be paid from the collection of tax increment revenues in the Tax Increment Financing and Development Plan No. 97.

<u>Fiscal Year</u> <u>End</u>	<u>Amount</u>
2024	\$ 953,440
2025	913,720
2026	874,459
2027	825,656
2028	782,541
	<u>\$ 4,349,816</u>

The Authority has committed to assist the City with various infrastructure related projects within their boundaries including bridge repairs, street upgrades and streetscape improvements. The estimated Authority commitment for projects that have started is \$1,231,522 at June 30, 2023. The Authority will pay these commitments using district eligible TIF captured funds.

**CITY OF TRAVERSE CITY  
DOWNTOWN DEVELOPMENT AUTHORITY  
(A Component Unit of the City of Traverse City, Michigan)**

**Notes to Financial Statements  
For the Year Ended June 30, 2023**

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**8. PROPERTY TAXES**

The Authority's property taxes are levied each July 1 on the taxable valuation of applicable property located in the Districts of the Authority as of the preceding December 31, the lien date. Property taxes are payable without penalty and interest through July 31 and unpaid taxes become delinquent if not paid by March 1 of the succeeding year. Assessed values as established annually by the City, and subject to acceptance by the County, are equalized by the State at an estimated 50 percent of the assessed value. The taxable value for real and personal property for the Authority for the 2022 levy was \$251,652,342. The Authority's general operating tax rate for fiscal year 2021-22 was 1.5927 mills.

Property tax revenue for the TIF's, which are included in the Downtown Development Authority, is derived pursuant to the tax increment financing development plans. The Old Town TIF tax increment financing development plan captured its first taxes during the fiscal year end June 30, 2018. Real and personal property taxes are levied and attach as an enforceable lien on properties located within the boundaries of the tax increment financing districts. The City bills and collects the taxes on behalf of the Authority. Delinquent taxes on ad valorem real property at March 1 are purchased and collected by Grand Traverse County. Collection of delinquent personal property tax remains the responsibility of the City of Traverse City. Property tax revenue is recognized when levied in the government-wide financial statements and in the fund financial statements to the extent that it results in current receivables.

Except for property taxes captured from local schools that exceed contractual obligations, the Authority is entitled to all taxes levied on property within the tax increment financing authority districts to the extent that the current taxable value exceeds the base year taxable value. The base year of initial properties was 1997 for TIF 97 (\$32,860,088). The base year on other properties is determined by the date of entry into the district. The fiscal year 2022-23 captured taxable values for TIF 97 was \$177,743,061. The base year of initial properties was 2017 for Old Town TIF (\$45,424,382). The base year on other properties is determined by the date of entry into the district. The fiscal year 2022-23 captured taxable values for Old Town TIF was \$72,310,639.

**9. ADMINISTRATIVE SERVICES REVENUE**

The Authority entered into a contract with the Downtown Traverse City Association (a non-for-profit organization). The Authority provides office space and administrative services to the association for an annual fee of \$75,000.

The Authority entered into a contract on June 19, 2003 with the City of Traverse City in which the Authority will operate and manage the Traverse City Parking Services for an annual fee. The fiscal year end June 30, 2023 fee of \$816,000 was billed monthly at \$68,000.

**CITY OF TRAVERSE CITY  
DOWNTOWN DEVELOPMENT AUTHORITY  
(A Component Unit of the City of Traverse City, Michigan)**

**Notes to Financial Statements  
For the Year Ended June 30, 2023**

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The Authority's General Fund is reimbursed an administrative fee for indirect cost from the TIF 97 and Old Town TIF Funds as approved in the budget. The revenue recorded in the General Fund and expenditures in the TIF Fund are eliminated in the government wide financial statements. Income from the administrative fee for the year ended June 30, 2023 was \$345,593.

**10. RISK OF LOSS**

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is covered for these risks via the Michigan Municipal Liability and Property Pool, Michigan Municipal Workers Compensation Insurance Fund and commercial health insurance. There has been no significant reduction in insurance coverage from the prior year and settlements have not exceeded insurance coverage for the past three fiscal years.

**11. DEFERRED COMPENSATION PLAN**

The Authority sponsors the Traverse City Downtown Development Authority Deferred Compensation Plan created in accordance with the Internal Revenue Code Section 457. The administrator of the plan is ICMA Retirement Corporation. The plan is available to all employees. The employer contributes 4% to the plan and will match employee contributions up to an additional 6%. Plan provision and contribution requirements can only be amended by a resolution from the Board of Directors. In fiscal year 2023 the Authority contributed \$75,556 and the employees contributed \$64,814 to this plan.



**REQUIRED SUPPLEMENTARY  
INFORMATION**

**CITY OF TRAVERSE CITY  
DOWNTOWN DEVELOPMENT AUTHORITY  
(A Component Unit of the City of Traverse City, Michigan)**

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual  
General Fund  
For the Year Ended June 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 129,000	\$ 129,000	\$ 127,690	\$ (1,310)
Grants and contributions	1,200,000	2,210,000	867,788	(1,342,212)
Reimbursements	1,236,600	1,236,600	1,309,329	72,729
Rental income	90,000	90,000	10,499	(79,501)
Interest income	600	600	2,211	1,611
<b>Total revenues</b>	<u>2,656,200</u>	<u>3,666,200</u>	<u>2,317,517</u>	<u>(1,348,683)</u>
<b>Expenditures</b>				
Economic development				
Salaries	955,400	955,400	989,124	(33,724)
Fringe benefits	320,000	320,000	325,249	(5,249)
Office supplies and utilities	45,800	45,800	73,657	(27,857)
Professional services	1,255,000	2,265,000	1,076,732	1,188,268
Travel and conferences	25,000	25,000	3,978	21,022
Rentals	96,000	96,000	5,942	90,058
Capital outlay	120,000	120,000	117,552	2,448
<b>Total expenditures</b>	<u>2,817,200</u>	<u>3,827,200</u>	<u>2,592,234</u>	<u>1,234,966</u>
Net change in fund balance - revenues over (under) expenditures	(161,000)	(161,000)	(274,717)	(113,717)
<b>Fund balance, beginning of year</b>	<u>736,184</u>	<u>736,184</u>	<u>736,184</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 575,184</u>	<u>\$ 575,184</u>	<u>\$ 461,467</u>	<u>\$ (113,717)</u>

**CITY OF TRAVERSE CITY  
DOWNTOWN DEVELOPMENT AUTHORITY  
(A Component Unit of the City of Traverse City, Michigan)**

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual  
Special Revenue Fund - TIF 97  
For the Year Ended June 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 3,778,000	\$ 3,778,000	\$ 3,677,904	\$ (100,096)
Reimbursements	200,000	5,147,400	196,607	(4,950,793)
Interest income	<u>2,000</u>	<u>2,000</u>	<u>4,260</u>	<u>2,260</u>
<b>Total revenues</b>	<u>3,980,000</u>	<u>8,927,400</u>	<u>3,878,771</u>	<u>(5,048,629)</u>
<b>Expenditures</b>				
Economic development				
Office supplies, repairs and utilities	250,200	250,200	195,789	54,411
Professional services	732,000	732,000	860,923	(128,923)
Contributions to district construction projects	2,184,500	7,940,400	1,117,777	6,822,623
Contributions to other governments - debt service	<u>973,200</u>	<u>973,200</u>	<u>972,956</u>	<u>244</u>
<b>Total expenditures</b>	<u>4,139,900</u>	<u>9,895,800</u>	<u>3,147,445</u>	<u>6,748,355</u>
Net change in fund balance - revenues over (under) expenditures	(159,900)	(968,400)	731,326	1,699,726
<b>Fund balance, beginning of year</b>	<u>4,812,421</u>	<u>4,812,421</u>	<u>4,812,421</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 4,652,521</u>	<u>\$ 3,844,021</u>	<u>\$ 5,543,747</u>	<u>\$ 1,699,726</u>

**CITY OF TRAVERSE CITY  
DOWNTOWN DEVELOPMENT AUTHORITY  
(A Component Unit of the City of Traverse City, Michigan)**

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual  
Special Revenue Fund - Old Town TIF  
For the Year Ended June 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 702,000	\$ 702,000	\$ 678,944	\$ (23,056)
Interest income	<u>200</u>	<u>200</u>	<u>288</u>	<u>88</u>
<b>Total revenues</b>	<u>702,200</u>	<u>702,200</u>	<u>679,232</u>	<u>(22,968)</u>
<b>Expenditures</b>				
Economic development				
Professional services	118,900	118,900	148,482	(29,582)
Contributions to district construction projects	<u>875,000</u>	<u>875,000</u>	<u>117,599</u>	<u>757,401</u>
<b>Total expenditures</b>	<u>993,900</u>	<u>993,900</u>	<u>266,081</u>	<u>727,819</u>
Net change in fund balance - revenues over (under) expenditures	(291,700)	(291,700)	413,151	704,851
<b>Fund balance, beginning of year</b>	<u>714,387</u>	<u>714,387</u>	<u>714,387</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 422,687</u>	<u>\$ 422,687</u>	<u>\$ 1,127,538</u>	<u>\$ 704,851</u>

**CITY OF TRAVERSE CITY  
DOWNTOWN DEVELOPMENT AUTHORITY  
(A Component Unit of the City of Traverse City, Michigan)**

**Notes to Required Supplementary Information**

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**1. BUDGETARY INFORMATION**

The general and special revenue funds are under formal budgetary control and their budgets are prepared on the same modified accrual basis of accounting used to reflect actual results. The Authority follows the City's budget process in establishing the budgetary data reflected in the financial statements:

- The Authority submits a proposed budget to the City Manager. After review and approval, the City Manager submits a recommended operating budget to the City Commission. Public hearings are held to obtain taxpayer comments. The budget is legally adopted through a City Commission resolution prior to the beginning of the budgetary year for the Authority's funds. The budget is then adopted by the Authority's Board.
- The budget is adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted or amended by the City Commission during the year.
- The budget document presents information by fund, function and activity. The legal level of budgetary control adopted by the governing board is the fund level, which is the level at which expenditures may not legally exceed appropriations.

**INTERNAL CONTROL AND COMPLIANCE**



## Vredevelde Haefner LLC

CPAs and Consultants  
10302 20<sup>th</sup> Avenue  
Grand Rapids, MI 49534  
Fax (616) 828-0307

Douglas J. Vredevelde, CPA  
(616) 446-7474  
Peter S. Haefner, CPA  
(616) 460-9388

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

December 20, 2023

Members of the Board  
City of Traverse City Downtown Development Authority  
Traverse City, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Traverse City Downtown Development Authority (the Authority), a Component Unit of the City of Traverse City, Michigan, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 20, 2023.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ordebold Haefner LLC*





Downtown Development Authority  
303 E. State Street  
Traverse City, MI 49684  
jean@downtowntc.com  
231-922-2050

## Memorandum

---

To: Finance Committee

From: Jean Derenzy, DDA CEO

Date: December 28, 2023

Subject: 2023 State Reports

Attached are the State Reports submitted to Treasury per statutory requirements. These reports have been submitted and approved by Treasury.

Information only.



**Annual Report on Status of Tax Increment Financing Plan**

<b>Send completed form to:</b> <a href="mailto:Treas-StateSharePropTaxes@michigan.gov">Treas-StateSharePropTaxes@michigan.gov</a> Issued pursuant to 2018 PA 57, MCL 125.4911 Filing is required within 150 days of end of authority's fiscal year ending in 2022. MCL 125.4911(2)	<b>City of Traverse City DDA</b> Downtown Development Authority	TIF Plan Name	For Fiscal Years ending in
		TIF 97	<b>2023</b>
	Year AUTHORITY (not TIF plan) was created:	1978	
	Year TIF plan was created or last amended to extend its duration:	1997	
	Current TIF plan scheduled expiration date:	2027	
	Did TIF plan expire in FY22?	no	
	Year of first tax increment revenue capture:	1998	
	Does the authority capture taxes from local or intermediate school districts, or capture the state education tax? Yes or no?	No	
	If yes, authorization for capturing school tax:		
	Year school tax capture is scheduled to expire:		

<b>Revenue:</b>	Tax Increment Revenue	\$	3,677,904
	Property taxes - from DDA millage only	\$	107,295
	Interest	\$	4,260
	State reimbursement for PPT loss (Forms 5176 and 4650)	\$	-
	Other income (grants, fees, donations, etc.)	\$	196,607
	<b>Total</b>	\$	<b>3,986,066</b>

Tax Increment Revenues Received	Revenue Captured	Millage Rate Captured
From counties	\$ 917,177	6.5149
From cities	\$ 2,209,271	15.6815
From townships	\$ -	
From villages	\$ -	
From libraries (if levied separately)	\$ 127,084	0.9044
From community colleges	\$ 289,475	2.0574
From regional authorities (type name in next cell)	Joint Rec Authority \$ 67,444	0.4800
From regional authorities (type name in next cell)	Bay Area Transportation \$ 67,453	0.4788
From regional authorities (type name in next cell)	\$ -	
From local school districts-operating	\$ -	
From local school districts-debt	\$ -	
From intermediate school districts	\$ -	
From State Education Tax (SET)	\$ -	
From state share of IFT and other specific taxes (school taxes)	\$ -	
<b>Total</b>	<b>\$ 3,677,904</b>	

<b>Expenditures</b>	Supplies, repairs and utilities	\$	195,789
	professional services	\$	860,923
	contribution to district construction projects	\$	1,117,777
	contribution to debt service	\$	972,956
		\$	-
		\$	-
		\$	-
		\$	-
		\$	-
		\$	-
		\$	-
		\$	-
Transfers to other municipal fund (list fund name)		\$	-
Transfers to other municipal fund (list fund name)		\$	-
	Transfers to General Fund	\$	107,295
	<b>Total</b>	\$	<b>3,254,740</b>

<b>Total outstanding non-bonded indebtedness</b>	Principal	\$	-
	Interest	\$	-
<b>Total outstanding bonded indebtedness</b>	Principal	\$	-
	Interest	\$	-
	<b>Total</b>	\$	<b>-</b>

<b>Bond Reserve Fund Balance</b>	\$	-
<b>Unencumbered Fund Balance</b>	\$	-
<b>Encumbered Fund Balance</b>	\$	-

PROPERTY CATEGORY	Current Taxable Value	Initial (base year) Assessed Value	Captured Value	Overall Tax rates captured by TIF plan	
				TIF Revenue	TIF Revenue
Ad valorem PRE Real	\$ 13,051,168	\$ -	\$ 13,051,168	26.1170000	\$340,857.35
Ad valorem non-PRE Real	\$ 152,032,958	\$ 26,008,641	\$ 126,024,317	26.1170000	\$3,291,377.09
Ad valorem industrial personal	\$ 700	\$ -	\$ 700	26.1170000	\$18.28
Ad valorem commercial personal	\$ 8,259,300	\$ 6,795,547	\$ 1,463,753	26.1170000	\$38,228.84
Ad valorem utility personal	\$ 340,100	\$ 55,900	\$ 284,200	26.1170000	\$7,422.45
Ad valorem other personal	\$ -	\$ -	\$ -	0.0000000	\$0.00
IFT New Facility real property, 0% SET exemption	\$ -	\$ -	\$ -	0.0000000	\$0.00
IFT New Facility real property, 50% SET exemption	\$ -	\$ -	\$ -	0.0000000	\$0.00
IFT New Facility real property, 100% SET exemption	\$ -	\$ -	\$ -	0.0000000	\$0.00
IFT New Facility personal property on industrial class land	\$ -	\$ -	\$ -	0.0000000	\$0.00
IFT New Facility personal property on commercial class land	\$ -	\$ -	\$ -	0.0000000	\$0.00
IFT New Facility personal property, all other	\$ -	\$ -	\$ -	0.0000000	\$0.00
Commercial Facility Tax New Facility	\$ -	\$ -	\$ -	0.0000000	\$0.00
IFT Replacement Facility (frozen values)	\$ -	\$ -	\$ -	0.0000000	\$0.00
Commercial Facility Tax Restored Facility (frozen values)	\$ -	\$ -	\$ -	0.0000000	\$0.00
Commercial Rehabilitation Act	\$ -	\$ -	\$ -	0.0000000	\$0.00
Neighborhood Enterprise Zone Act	\$ -	\$ -	\$ -	0.0000000	\$0.00
Obsolete Property Rehabilitation Act	\$ -	\$ -	\$ -	0.0000000	\$0.00
Eligible Tax Reverted Property (Land Bank Sale)	\$ -	\$ -	\$ -	0.0000000	\$0.00
<b>Exempt (from all property tax) Real Property</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0000000</b>	<b>\$0.00</b>
<b>Total Captured Value</b>	<b>\$ 32,860,088</b>	<b>\$ -</b>	<b>\$ 140,824,138</b>	<b>Total TIF Revenue</b>	<b>\$3,677,904.01</b>

**Tax Increment Revenue  
Specific Taxes Allowable for Capture by PA 57 Authorities  
As of January 1, 2019**

Former Public Act (now repealed) Year	DDA 197 1975	TIFA 450 1980	LDFA 281 1986	NSRA 35 1867	CIA 280 2005	WRITIFA 94 2008	NIA 61 2007	2018 PA 57 MCL Citation for "specific tax" definition	
								125.4201 (aa)	125.4301 (w)
PA 189 of 1953	Lessees/Tax Exempt Property	X	X	X	X	X	X	X	X
PA 198 of 1974	IFT	X	X	X	X	X	X	X	X
PA 255 of 1978	CFT	X	X	X	X	X	X	X	X
PA 385 of 1984	Tech Park	X	X	X	X	X	X	X	X
PA 224 of 1985	Enterprise Zone			X					
PA 147 of 1992	NEZ				X				X
PA 146 of 2000	OPRA			X	X				
PA 260 of 2003	Eligible Tax Reverted Property (Land Bank 5/50) Tax								
PA 210 of 2005	Commercial Rehabilitation				X				X

Blue highlighted cells--properties located in renaissance zones are exempt from these taxes to the degree listed in 1996 PA 376 at MCL 125.2689 (same extent as ad valorem taxes)

Yellow highlighted cells--properties located in renaissance zones are exempt from these taxes to the degree listed in the respective public acts (same as the others, just exempted in the individual acts instead of in the RenZone Act)

**Annual Report on Status of Tax Increment Financing Plan**

<b>Send completed form to:</b> <a href="mailto:Treas-StateSharePropTaxes@michigan.gov">Treas-StateSharePropTaxes@michigan.gov</a> <small>Issued pursuant to 2018 PA 57, MCL 125.4911                      Filing is required within 150 days of end of                      authority's fiscal year ending in 2022. MCL                      125.4911(2)</small>	<b>City of Traverse City DDA</b>	TIF Plan Name	<b>For Fiscal Years                      ending in</b>  <b>2023</b>
	<b>Downtown Development Authority</b>	Old Town TIF	
	Year AUTHORITY (not TIF plan) was created:	1978	
	Year TIF plan was created or last amended to extend its duration:	2017	
	Current TIF plan scheduled expiration date:	2041	
	Did TIF plan expire in FY22?	no	
	Year of first tax increment revenue capture:	2018	
	Does the authority capture taxes from local or intermediate school districts, or capture the state education tax? Yes or no?	no	
	If yes, authorization for capturing school tax:		
	Year school tax capture is scheduled to expire:		

<b>Revenue:</b>	Tax Increment Revenue	\$ 678,936
	Property taxes - from DDA millage only	\$ 19,807
	Interest	\$ 296
	State reimbursement for PPT loss (Forms 5176 and 4650)	\$ -
	Other income (grants, fees, donations, etc.)	\$ -
	<b>Total</b>	\$ 699,039

	Revenue Captured		Millage Rate Captured
From counties	\$ 175,384		6.5149
From cities	\$ 422,392		15.6815
From townships	\$ -		
From villages	\$ -		
From libraries (if levied separately)	\$ -		
From community colleges	\$ 55,363		2.0574
From regional authorities (type name in next cell)	Joint Rec Authority	\$ 12,902	0.4800
From regional authorities (type name in next cell)	Bay Area Transit	\$ 12,895	0.4788
From regional authorities (type name in next cell)		\$ -	
From local school districts-operating		\$ -	
From local school districts-debt		\$ -	
From intermediate school districts		\$ -	
From State Education Tax (SET)		\$ -	
From state share of IFT and other specific taxes (school taxes)		\$ -	
<b>Total</b>		\$ 678,936	

<b>Expenditures</b>	professional services	\$ 148,482
	contribution to district construction projects	\$ 117,599
		\$ -
		\$ -
		\$ -
		\$ -
		\$ -
		\$ -
		\$ -
		\$ -
		\$ -
		\$ -
		\$ -
Transfers to other municipal fund (list fund name)		\$ -
Transfers to other municipal fund (list fund name)		\$ -
	Transfers to General Fund	\$ 19,807
	<b>Total</b>	\$ 285,888

<b>Total outstanding non-bonded indebtedness</b>	Principal	\$ -
	Interest	\$ -
<b>Total outstanding bonded indebtedness</b>	Principal	\$ -
	Interest	\$ -
	<b>Total</b>	\$ -

<b>Bond Reserve Fund Balance</b>	\$ -
<b>Unencumbered Fund Balance</b>	\$ -
<b>Encumbered Fund Balance</b>	\$ -

PROPERTY CATEGORY	Current Taxable Value	Initial (base year) Assessed Value	Captured Value	Overall Tax rates captured by TIF plan	
				Overall Tax Rate	TIF Revenue
Ad valorem PRE Real	\$ 19,119,153	\$ 17,537,735	\$ 1,581,418	25.2126000	\$39,871.66
Ad valorem non-PRE Real	\$ 47,848,770	\$ 23,315,347	\$ 24,533,423	25.2126000	\$618,551.38
Ad valorem industrial personal	\$ -	\$ -	\$ -	0.0000000	\$0.00
Ad valorem commercial personal	\$ 5,384,900	\$ 4,571,300	\$ 813,600	25.2126000	\$20,512.97
Ad valorem utility personal	\$ -	\$ -	\$ -	0.0000000	\$0.00
Ad valorem other personal	\$ -	\$ -	\$ -	0.0000000	\$0.00
IFT New Facility real property, 0% SET exemption	\$ -	\$ -	\$ -	0.0000000	\$0.00
IFT New Facility real property, 50% SET exemption	\$ -	\$ -	\$ -	0.0000000	\$0.00
IFT New Facility real property, 100% SET exemption	\$ -	\$ -	\$ -	0.0000000	\$0.00
IFT New Facility personal property on industrial class land	\$ -	\$ -	\$ -	0.0000000	\$0.00
IFT New Facility personal property on commercial class land	\$ -	\$ -	\$ -	0.0000000	\$0.00
IFT New Facility personal property, all other	\$ -	\$ -	\$ -	0.0000000	\$0.00
Commercial Facility Tax New Facility	\$ -	\$ -	\$ -	0.0000000	\$0.00
IFT Replacement Facility (frozen values)	\$ -	\$ -	\$ -	0.0000000	\$0.00
Commercial Facility Tax Restored Facility (frozen values)	\$ -	\$ -	\$ -	0.0000000	\$0.00
Commercial Rehabilitation Act	\$ -	\$ -	\$ -	0.0000000	\$0.00
Neighborhood Enterprise Zone Act	\$ -	\$ -	\$ -	0.0000000	\$0.00
Obsolete Property Rehabilitation Act	\$ -	\$ -	\$ -	0.0000000	\$0.00
Eligible Tax Reverted Property (Land Bank Sale)	\$ -	\$ -	\$ -	0.0000000	\$0.00
<b>Exempt (from all property tax) Real Property</b>	\$ -	\$ -	\$ -	0.0000000	\$0.00
<b>Total Captured Value</b>	\$ 45,424,382	\$ 26,928,441	\$ 26,928,441	<b>Total TIF Revenue</b>	<b>\$678,936.01</b>

**Tax Increment Revenue  
Specific Taxes Allowable for Capture by PA 57 Authorities  
As of January 1, 2019**

Former Public Act (now repealed) Year	DDA 197 1975	TIFA 450 1980	LDFA 281 1986	NSRA 35 1867	CIA 280 2005	WRITIFA 94 2008	NIA 61 2007	2018 PA 57 MCL Citation for "specific tax" definition	
								125.4201 (aa)	125.4301 (w)
PA 189 of 1953	Lessees/Tax Exempt Property	X	X	X	X	X	X	X	X
PA 198 of 1974	IFT	X	X	X	X	X	X	X	X
PA 255 of 1978	CFT	X	X	X	X	X	X	X	X
PA 385 of 1984	Tech Park	X	X	X	X	X	X	X	X
PA 224 of 1985	Enterprise Zone			X					
PA 147 of 1992	NEZ				X				X
PA 146 of 2000	OPRA			X	X				
PA 260 of 2003	Eligible Tax Reverted Property (Land Bank 5/50) Tax								
PA 210 of 2005	Commercial Rehabilitation				X				X

Blue highlighted cells--properties located in renaissance zones are exempt from these taxes to the degree listed in 1996 PA 376 at MCL 125.2689 (same extent as ad valorem taxes)

Yellow highlighted cells--properties located in renaissance zones are exempt from these taxes to the degree listed in the respective public acts (same as the others, just exempted in the individual acts instead of in the RenZone Act)



Downtown Development Authority  
303 E. State Street  
Traverse City, MI 49684  
jean@downtowntc.com  
231-922-2050

## Memorandum

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To: Finance Committee  
From: Jean Derenzy, DDA CEO  
Date: December 28, 2023  
Subject: Audit of DTCA Books

As you are aware, the DDA has an agreement with the DTCA whereby the DDA undertakes certain management services on behalf of the DTCA. As part of that agreement, the DDA is to “maintain ordinary bookkeeping services for the DTCA.” This should include an annual audit of the DTCA accounts and activities undertaken by the DDA on the DTCA’s behalf. The audit should include review of the DDA (audit just completed) and DTCA finances, policies, and protocols for financial transactions within and between the two organizations to ensure that best practices are being followed.

It is also recommended that the accounting firm should be independent from the firm auditing the DDA.

Quotes are being sought, per policy, for professional services for auditing services and will be brought forward to the full Board.

**Recommendation:**

That the DDA hire an independent accounting firm to audit the DTCA funds and review current policies and protocols.







## Memorandum

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To: DDA Finance Committee  
CC: Jean Derenzy, DDA CEO  
From: Nicole VanNess, Transportation Mobility Director  
Date: January 2, 2024  
Re: Parking Structure Maintenance Repairs

The Auto Parking System has always taken a conservative approach to budgeting. This is reflected in the past budget cycles. We have not moved forward with planned projects unless we have the right resources and information to do so; and we perform as much maintenance as we can in-house before contracting out work. In the prior three budget cycles, the use of surplus funds was identified in order to complete projects and navigate system-wide revenue losses due to user changes caused by the pandemic. Pre-pandemic parking revenues were near \$3.5 M and increasing year-over-year, and during the pandemic revenues decreased to \$2.5 M. The 2023/2024 budget was the first cycle where expenses were reduced in order to eliminate the use of surplus funds. The budget also reflected new user patterns that have been consistent throughout the pandemic, and are 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. The pandemic provided an opportunity to make system-wide changes that were completed in 2021 through the Managed Parking Systems Approach approved by the City Commission. See Current Rates Attachment. These changes allow for future revenue increases and offer more flexibility to create future rate increase schedules. The following changes were implemented:

- 1) Eliminate “buy in bulk” annual parking permits – Parking permits use to discount those who purchased 12 months by giving 4 months of parking free. This was a benefit to those who could afford the expense up front (mostly salaried employees) and not to those who could not afford it.
- 2) Establish monthly parking rates for month-to-month purchase – Monthly permits use to be the highest parking rate. When we eliminated the annual permits, we reduced the monthly permit rates.
- 3) Establish parking permits by location and eliminate overflow locations – Garage permits use to give access to all parking permit locations in the system. By establishing locations, we were able to track where permits are being used and eliminate the need to use metered parking for permit overflow by requiring permits to be used for where they are purchased.

- 4) Eliminate permit overflow locations – By removing permit overflow locations, metered parking is available for customers and those who need parking closer to their destination.
- 5) Meter and parking structure rate increase by zone – Rates were increased by location with the core business district having a higher hourly rate compared to the non-core.

In reviewing the projections and not being able to put funds into surplus, we moved forward with the request to reduce the City Fee from 10% to 5% to align with other enterprise funds. The current budget accounts for revenue projections to remain the same with 1) surface permit sales 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.

We recently completed the 5-year conditions assessment on both parking structures. Both are aging and their repair expenses will continue to increase each repair cycle. In addition to needed repairs, we asked the consultant to include long term repair in order to identify and plan for future expenses. The City Engineer’s Office is posting the Request for Proposals for work identified in years 1-3. The request to approve the repair expenses are due to go before the DDA Board at their March meeting with City Commission approval in April.

The probable repair costs and expenses to the parking fund over the next three years:

	Short-term 1-3 years	Long-term 4-5 years
Hardy Parking Structure	\$815,250	\$677,250
Old Town Parking Structure	\$364,600	\$581,550
DDA Interfund Loan	\$608,000	

The Parking Structure Funds have generally been covering their annual operating costs and not generating enough revenue to put funds aside for major repairs. Unless revenue increases across all funds, the probable expenses identified would mean utilizing available cash fund balance which is currently \$1,364,000. The projected revenue vs expenditure for next three years will remain stagnant which would reduce fund balance to \$184,000 for the parking structure repairs. The parking fund have an interfund loan of \$608,000 still due for the property purchase from February 2023.

Based on the upcoming expenses and projections, there needs to be consideration to create a 3-year plan to increase rates to cover expenditures and consideration to have a separate maintenance reserve fund that is used for purpose of major expenditures. As stated above there are only 4 revenue sources for the enterprise fund: 1) parking permit revenue, 2) hourly meter revenue, 3) hourly parking structure revenue, and 4) parking citations. Meter revenue and hourly revenue have been increased in the past 3 years. Consideration will need to be given to increase parking permits and diversifying the types of parking permits (resident, employee, commercial, storage, short-term rental, etc.).



## PROPOSED ANNUAL PARKING RATE SCHEDULE

Please Note that DDA District goes into "Zone" rates. See map below for outlined zones.

### RATE CEILINGS

These are rate maximums approved by the DDA Board and City Commission.

	CURRENT	May 1 <i>(Tentative/Based on Usage)</i>	November 1 <i>(Tentative/Based on Usage)</i>	CITY COMMISSION <i>(AS OF 10/5/20)</i>	DDA BOARD <i>(AS OF 10/6/20)</i>
<b>METERED PARKING</b>					
Premium Zone (see map)	\$ 1.25	\$ 1.50	\$ 1.25	\$ 2.50	\$ 1.50
Non-premium Zone (see map)	\$ 1.00	\$ 1.25	\$ 1.00	\$ 2.50	\$ 1.25
<b>PARKING GARAGE</b>					
	Non-Peak Times	Peak Times (M-F, 10am - 2pm)	Non-Peak Times	Peak Times (M-F, 10am - 2pm)	Non-Peak Times
				Times (M-F, 10am - 2pm)	
Hardy Parking Garage	\$ 1.00	\$ 1.00	\$ 1.50	\$ 2.00	\$ 1.00 \$ 1.50
Old Town Parking Garage	\$ 1.00	\$ 1.00	\$ 1.25	\$ 1.75	\$ 1.00 \$ 1.25
<b>PERMIT PARKING</b>					
Surface Permit	\$ 38.00	\$ 38.00	\$ 38.00	\$ 75.00	\$ 38.00
Garage Permit	\$ 50.00	\$ 50.00	\$ 50.00	\$ 100.00	\$ 50.00
<b>VIOLATIONS</b>					
Violations are set by the City Commission and housed within the City					
<b>EVENT PARKING &amp; SERVICES</b>					
Meters (Per Day Maximum)	\$ 20.00	\$ 20.00	\$ 20.00	\$ 25.00	\$ 20.00
Garage (Per Entry)	\$ 20.00	\$ 20.00	\$ 20.00	\$ 25.00	\$ 20.00
High/Low Impact for Profit (Per Parking Space)	\$ 7.50	\$ 7.50	\$ 7.50	\$ 12.50	-
High/Low Impact for Non-Profit (Per Parking Space)	\$ 3.25	\$ 3.25	\$ 3.25	\$ 6.25	-
<b>COMMUTER</b>					

<b>Bike Locker (Monthly)</b>	\$ 10.00	\$ 10.00	\$ 10.00	\$ 25.00	\$ -
<b>Destination Downtown Program Fees (To be paid by employer)</b>	\$25 - 100	\$25 - 100	\$25 - 100	\$25 - 100	\$ -
<b>Destination Downtown Pass</b>	\$ 5.00	\$ 5.00	\$ 5.00	\$ 10.00	\$ -
<b>SERVICES</b>					
<b>Validations (Setup Fee)</b>	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
<b>Meter Bag w/ Right of Way Permit</b>	\$ 12.00	\$ 12.00	\$ 12.00	\$ 24.00	\$ -
<b>Meter Bag w/o Right of Way Permit</b>	\$ 15.00	\$ 15.00	\$ 15.00	\$ 30.00	\$ -
<b>Construction Project Parking</b>	Rate based on actual	Rate based on actual	Rate based on actual	\$ -	\$ -
<b>Cones (Daily Cost)</b>	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ -
<b>Barricades (Daily Cost)</b>	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ -
<b>Platform Café (Daily Cost)</b>	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ -
<b>SERVICES</b>					
<b>Resident Parking Permit</b>	\$ -	\$ -	\$ -	\$ -	
<b>Construction Right of Way/Land Use Permit (Daily)</b>	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ -
<b>Construction Right of Way/Land Use Permit (Website)</b>	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ -
<b>Incochee Woods - Access Device (Per Device)</b>	\$ 32.50	\$ 32.50	\$ 32.50	\$ 32.50	\$ -
<b>Incochee Woods - Activation Fee (One Time Fee)</b>	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ -

Auto Parking Fund

		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2023-24
		ACTIVITY	ACTIVITY	ACTIVITY	ACTIVITY	ACTIVITY	ACTIVITY	ACTIVITY	ORIGINAL
GL NUMBER	DESCRIPTION							THRU 06/30/24	BUDGET
Fund 585 - AUTO PARKING SYSTEM FUND									
<b>REVENUES</b>									
585-000-652.000	PARKING FEES-COIN	1,611,060	1,655,450	1,280,470	1,249,530	2,002,030	2,022,900	1,065,030	1,800,000
585-000-653.000	PERMITS-SURFACE LOTS	243,420	204,060	236,740	200,690	242,020	229,850	47,350	200,000
585-000-653.007	PERMITS - NEIGHBORHOOD		1,020	1,040	1,690	670	2,250	1,030	2,200
585-000-653.010	DESTINATION DOWNTOWN		350	410		80	30	160	
585-000-656.010	PARKING FINES	478,410	336,470	253,870	209,890	285,200	331,520	130,380	225,000
TOTAL REVENUES		2,363,210	2,324,830	1,883,160	1,742,880	1,805,030	2,534,550	1,270,820	2,300,900
<b>APPROPRIATIONS</b>									
585-585-727.000	OFFICE SUPPLIES	4,640	3,320	3,970	2,970	3,800	5,880	2,410	6,000
585-585-740.000	OPERATION SUPPLIES	28,110	56,500	46,780	30,560	29,740	55,340	13,120	37,000
585-585-801.000	PROFESSIONAL AND CONTRACTUAL	858,830	958,700	1,155,730	892,890	1,198,090	933,880	267,590	968,000
585-585-802.000	INFORMATION TECHNOLOGY SERVICES						87,340	73,380	175,200
585-585-850.000	COMMUNICATIONS	16,530	19,190	18,900	18,610	24,220	16,130	8,210	20,800
585-585-854.000	CITY FEE	330,890	342,250	296,540	247,630	329,530	336,280		141,700
585-585-900.000	PRINTING AND PUBLISHING	4,100	8,200	5,080	5,600	2,480	2,970	100	14,000
585-585-910.000	INSURANCE AND BONDS	11,790	12,630	12,730	13,770	11,970	13,080	1,610	13,900
585-585-920.000	PUBLIC UTILITIES	39,140	13,400	11,260	9,030	8,600	14,720	8,330	15,000
585-585-930.000	REPAIRS AND MAINTENANCE	31,340	28,100	17,460	73,230	30,500	49,190	66,780	157,100
585-585-940.000	RENTAL EXPENSE	137,030	146,740	115,270	116,020	100,750	55,340	17,740	48,800
585-585-956.000	MISCELLANEOUS	3,640	6,060	6,540	3,730	3,480	13,860	27,490	40,000
585-585-959.000	DEPRECIATION EXPENSE	134,370	150,450	103,400	70,080	77,720	87,830		135,000
585-585-964.000	TRANSFERS OUT	66,680							
585-585-977.000	EQUIPMENT	49,030	4,320	17,590	2,010	2,170		66,890	125,000
585-585-977.000-22-78	EQUIPMENT						300		
TOTAL APPROPRIATIONS		1,754,500	1,791,810	1,855,030	1,508,850	1,840,880	1,695,000	557,850	1,935,900
NET OF REVENUES/APPROPRIATIONS - 585 - AUTO PARKING S		608,710	533,020	28,130	234,030	(35,850)	839,550	712,970	365,000

Auto Parking Fund

Dept 586 - HARDY DECK									
<b>REVENUES</b>									
585-586-651.000	PARKING DECK PROCEEDS	368,000	358,070	263,660	166,490	305,430	343,270	189,270	250,000
585-586-653.005	PERMITS-PARKING DECK	250,800	259,870	261,740	184,240	217,750	216,850	56,280	150,000
585-586-668.000	RENTS AND ROYALTIES	26,060	26,290	26,580	19,630	7,340			30,000
TOTAL REVENUES		644,860	644,420	552,300	370,380	530,520	560,720	245,550	430,000
<b>APPROPRIATIONS</b>									
585-586-727.000	OFFICE SUPPLIES	830	690	10			100	2,960	1,000
585-586-740.000	OPERATION SUPPLIES	2,270	6,310	14,940	10,930	6,320	8,060	20,580	9,000
585-586-801.000	PROFESSIONAL AND CONTRACTUAL	167,920	98,920	54,610	179,590	13,170	177,450	100,180	111,900
585-586-802.000	INFORMATION TECHNOLOGY SERVICES							8,640	8,800
585-586-850.000	COMMUNICATIONS	2,980	3,640	3,260	3,070	3,070	3,260	2,060	3,300
585-586-910.000	INSURANCE AND BONDS	6,790	7,400	7,420	8,140	7,270	7,570	570	8,000
585-586-920.000	PUBLIC UTILITIES	23,980	52,260	55,580	33,320	52,780	70,550	10,010	55,000
585-586-930.000	REPAIRS AND MAINTENANCE	27,110	48,580	162,290	79,220	87,310	64,880	49,130	285,600
585-586-940.000	RENTAL EXPENSE				7,200	16,180	15,330	290	22,400
585-586-956.000	MISCELLANEOUS	7,680	8,130	8,200	8,270	8,360	7,920		10,000
585-586-959.000	DEPRECIATION EXPENSE	211,710	198,920	205,960	207,250	207,250	207,250		220,000
585-586-977.000	EQUIPMENT	5,270	6,120					4,760	5,000
TOTAL APPROPRIATIONS		456,540	430,970	512,270	536,990	401,710	562,370	199,180	740,000
NET OF REVENUES/APPROPRIATIONS - 586 - HARDY DECK		188,320	213,450	40,030	(166,610)	128,810	(1,650)	46,370	(310,000)
Dept 587 - OLD TOWN DECK									
<b>REVENUES</b>									
585-587-651.000	PARKING DECK PROCEEDS	66,140	66,920	52,900	58,240	79,510	95,160	49,950	70,000
585-587-653.005	PERMITS-PARKING DECK	221,220	435,040	473,890	292,150	131,350	106,920	32,950	100,000
TOTAL REVENUES		287,360	501,960	526,870	351,060	211,210	203,330	82,900	170,000
<b>APPROPRIATIONS</b>									

Auto Parking Fund

585-587-727.000	OFFICE SUPPLIES	480	130				130	1,810	
585-587-740.000	OPERATION SUPPLIES	3,760	8,710	15,070	2,920	10,580	6,980	17,870	8,000
585-587-801.000	PROFESSIONAL AND CONTRACTUAL	78,970	30,620	43,220	46,160	22,750	34,140	77,000	87,700
585-587-802.000	INFORMATION TECHNOLOGY SERVICES						2,180	7,760	9,000
585-587-850.000	COMMUNICATIONS	5,180	5,230	4,990	4,850	4,740	5,030	2,350	5,100
585-587-910.000	INSURANCE AND BONDS	6,060	6,600	6,620	7,260	6,490	6,740	510	7,000
585-587-920.000	PUBLIC UTILITIES	43,670	41,360	27,810	29,310	29,480	30,160	7,110	50,000
585-587-930.000	REPAIRS AND MAINTENANCE	26,320	33,910	61,280	34,340	69,760	27,300	45,150	164,900
585-587-940.000	RENTAL EXPENSE				6,070	14,030	13,380	290	14,300
585-587-959.000	DEPRECIATION EXPENSE	170,550	174,720	181,010	183,140	183,140	190,060		183,100
585-587-977.000	EQUIPMENT			410				280	
TOTAL APPROPRIATIONS		334,990	301,280	340,410	314,050	340,970	316,100	160,130	529,100
NET OF REVENUES/APPROPRIATIONS - 587 - OLD TOWN DECK		(47,630)	200,680	186,460	37,010	(129,760)	(112,770)	(77,230)	(359,100)
COMBINED REVENUES		3,295,430	3,471,210	2,962,330	2,464,320	2,546,760	3,298,600	1,599,270	2,900,900
COMBINED APPROPRIATIONS		2,546,030	2,524,060	2,707,710	2,359,890	2,583,560	2,573,470	917,160	3,205,000
COMBINED NET OF REVENUES/APPROPRIATIONS		749,400	947,150	254,620	104,430	(36,800)	725,130	682,110	(304,100)







November 3, 2023

Nicole VanNess  
Transportation Mobility Director  
City of Traverse City  
303 E State Street  
Traverse City, MI 49684

Re: Traverse City Larry C Hardy Parking Structure Evaluation Report  
Restore Project Number 2023-1055

Dear Nicole:

This report documents the evaluation of the Larry C Hardy Parking Structure located at 303 E State Street in Traverse City, Michigan. This evaluation provides a summary of the current conditions, recommendations for repair and maintenance work, and an opinion of estimated costs for the recommended work. The review was completed by Chris Blakely, P.E., of Restore Consulting, LLC, on October 4 and 5, 2023.

### **BACKGROUND / STRUCTURE DESCRIPTION**

The stand-alone parking structure was constructed in 2002-2003 and is located in downtown Traverse City. The four (4) level parking garage is a precast concrete structure and provides parking for an estimated 540 vehicles.



Larry C Hardy Parking Structure



The structure consists of three (3) supported levels and one (1) slab-on-grade level. The parking structure is constructed of precast concrete double tees, beams, and columns. The precast double tees that make up the floor surface are field topped, having a cast-in-place concrete topping over the precast concrete double tee slabs. The façade of the parking structure consists primarily of precast concrete wall panels with thin set brick and metal railings at the window openings.

The parking structure is approximately 258 feet in the north/south direction and 172 feet in the east/west direction, which provides approximately 44,000 square feet per level. The structure is three (3) bays wide. The east and west bays are flat with the center bay being ramped to move patrons between levels. The structure has one-way traffic and angled parking bays on the east/west flat bays and two-way traffic and 90-degree parking on the center bays.

There are three (3) stair towers located at the following corners of the structure: one at the northeast, one at the southeast, and one at the southwest. The stair towers in the northeast and southwest have elevators. All stair towers / elevators provide access to all levels of the parking structure. The stair towers are constructed of precast concrete treads risers and landings with painted steel railings.

#### **AVAILABLE DOCUMENTATION**

The following documentation was provided and reviewed:

- Architectural and Structural Drawings issued for bids – dated January 7, 2002, by Carl Walker, Inc., Kalamazoo, Michigan
- 2011 Engineering Condition Assessment Report – dated December 13, 2011, by Carl Walker, Inc., Kalamazoo, Michigan
- 2016 Engineering Condition Assessment Report – dated November 30, 2016, by Carl Walker, Inc., Kalamazoo, Michigan
- 2017 Condition Assessment Report – dated April 13, 2017, by Rich & Associates Parking Consultants, Southfield, Michigan
- Restoration Architectural and Structural Drawings issued for bids – dated March 8, 2018, by Rich & Associates Parking Consultants, Southfield, Michigan
- Restoration Specifications – dated March 8, 2018, by Rich & Associates Parking Consultants, Southfield, Michigan



### **PREVIOUS REPAIRS**

The following is our understanding of previous repairs performed at this structure:

1. **2006:** The date of these repairs is unknown; it is our understanding it was sometime after 2005. The following repair and maintenance work was completed:
  - a. Miscellaneous concrete repairs.
  - b. Masonry wall repairs.
  - c. Routing and sealing of cracks.
  
2. **2012:** The following repair and maintenance work was completed:
  - a. Miscellaneous concrete repairs at supported levels.
  - b. Routing and sealing cracks at supported levels.
  - c. Replacement of all tee-to-tee and cove joint sealants at all supported levels.
  - d. Replacement of expansion joint at the ramp between Levels 1 & 2.
  - e. Deck coating recoat system at Level 2.
  - f. Installation of new full system deck coating at the crossovers at the supported levels.
  - g. Installation of 100% silane sealer at all supported levels and at the walls at Level 4.
  
3. **2018:** The following repair and maintenance work was completed:
  - a. Concrete floor repair – miscellaneous repairs on all levels.
  - b. Sealant Repairs – miscellaneous joint sealant replacement and routing / sealing of open cracks on all levels.
  - c. Brick Tuckpointing – tuckpointing of cracked / open joints around the exterior façade.
  - d. Brick Repair – cracked brick was removed and replaced around the exterior façade.
  - e. Expansion Joint Repair – center ramp expansion joint was replaced.
  - f. Elastomeric Coating - Elastomeric coating was installed at the walls at the roof level.



## **GENERAL CONDITION & RECOMMENDATIONS**

**Overall Condition** – The parking structure is generally in fair condition with localized concrete repairs throughout the structure and routine maintenance needed at waterproofing / painted elements. Maintaining waterproofing and painted elements is recommended to limit deterioration / corrosion from water and salt infiltration and extend the service life of the structure.

The concrete elements are generally in fair to good condition; however, concrete slab deterioration was noted on all levels of the structure. The concrete slab deterioration is located at areas of failed / leaking joint sealant or areas where the mesh reinforcing is close to the slab surface. Concrete frame deterioration (beam, column, tee stem, and wall) was limited to a handful of locations.

The joint sealants are failing throughout the structure, and we recommend complete tee-to-tee, cove, and control joint sealant replacement unless the sealants are covered by a traffic bearing membrane. The traffic bearing membrane on the Roof Level that was installed at the tee-to-tee joints has limited slab deterioration at these joints. We recommend a similar membrane be installed on the lower levels after concrete slab repairs are completed. Protection of the floor surface is of prime importance in prolonging the service life of this structure and includes maintaining the joint sealants, expansion joint systems, and traffic bearing membrane.

**Repair and Maintenance Recommendations** – The following repair and maintenance work is recommended and has been separated into three (3) sections; Immediate Repairs, Short Term (1 to 3 Years), and Longer Term (4 to 5 Years). Immediate Repairs include any immediate structural concerns or life safety issues, Short Term includes repair of current deterioration, and Longer Term includes items that can be deferred or are anticipated to be needed in 4 to 5 years.

### **Immediate Repairs:**

1. Remove loose sections of overhead concrete.

### **Short Term (1 to 3 Years):**

1. Remove loose sections of overhead concrete
2. Concrete repairs at floors, beams, ceilings, columns, walls, and stairs
3. Repair missing or cracked grout pockets
4. Rout and seal open slab cracks
5. Replace tee-to-tee and control joint sealant
6. Replace cove sealant
7. Seal open stair joints
8. Replace Façade sealant
9. Repair worn traffic bearing membranes on all levels
10. Recoat all traffic bearing membranes on all levels
11. Install new traffic bearing membrane strips on lower level joints
12. Repair deteriorated elastomeric concrete at expansion joint.
13. Replace deteriorated floor drains
14. Install penetrating concrete sealer at all supported slabs not covered with a traffic bearing membrane.
15. Repaint Traffic markings



**Longer Term (4 to 5 Years):**

1. Remove loose sections of overhead concrete
2. Concrete repairs at floors, ceilings, columns, walls, and stairs
3. Repair missing or cracked grout pockets
4. Rout and seal open slab cracks
5. Install traffic bearing membrane at stair towers and elevator lobbies
6. Replace elastomeric edged expansion joint
7. Replace deteriorated floor drains
8. Clean & paint perimeter railings
9. Clean & paint stair railings

Please refer to the Estimated Construction Cost table for a list of the recommended individual repair items.



### **PHOTO DOCUMENTATION AND COMMENTARY**



**South Facade** — The structure consists of three (3) supported levels and one (1) grade level of parking. Patrons move between levels via the center ramp. The outer parking bays are flat. The façade consists of precast concrete panels with thin brick. Painted metal railings are provided at the openings. Aluminum framed glass storefront systems are provided at the stair towers and at the occupied retail/office space at Level 1 at the south elevation.

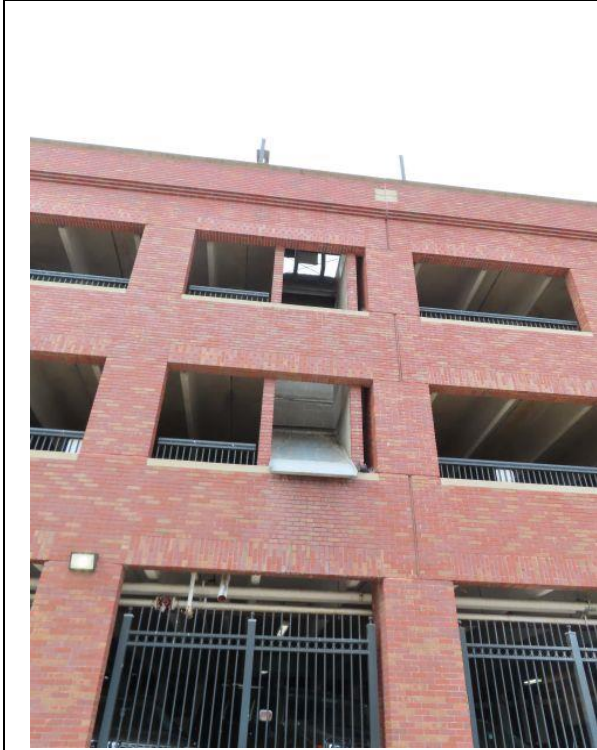


**South Entry / Exit** — Patrons can enter / exit the structure at south entry / exit which is one (1) of two (2) entry / exit points for the structure. The other entry / exit is at the north end of the structure.



**East Facade** — East elevation of the façade and alley.





**Snow Dump** — The Roof level snow dump drops snow down two levels and exits the structure onto the alley on the east elevation.



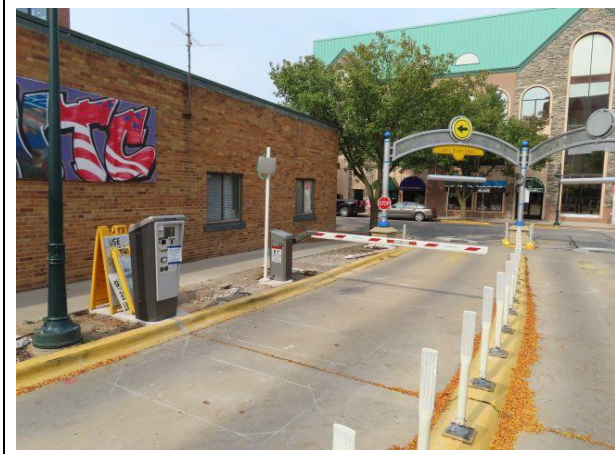
**Roof Level Snow Dump** — Snow is removed from the Roof Level via the snow dump.



**South Entry / Exit PARC Equipment** — This photo shows the parking access and revenue control (PARC) equipment at the south entry / exit.



**North Facade** — North façade and entry / exit to the structure. This along with the south entry / exit are the two ways patrons can enter / exit the structure.



**North Entry / Exit PARC Equipment** — This photo shows the PARC equipment at the exit lane at the north end of the structure.

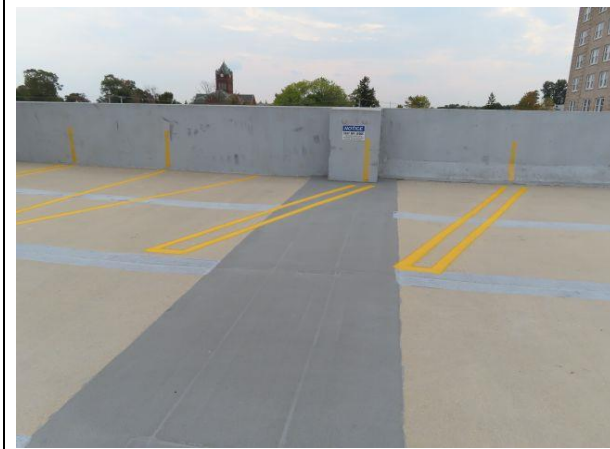




**PARC Equipment** – This photo shows a typical pay station.



**Bike Lockers** — Bike lockers are found in the northeast corner on Level 1.

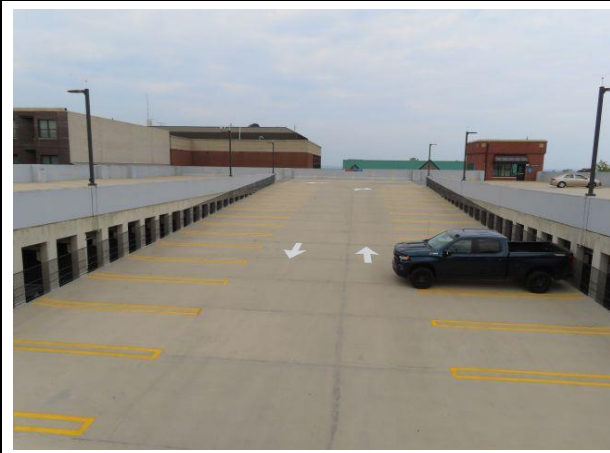


**Traffic Bearing Membrane** — Traffic bearing membranes have been installed on all supported levels at the crossovers between bays.



**Level 4 Traffic Bearing Membrane at Joint Sealants —**

Traffic bearing membranes have been installed at all tee-to-tee joint sealants at the flat bays at Level 4 (roof level). The center ramp bay does not have traffic bearing membrane installed over the joints.

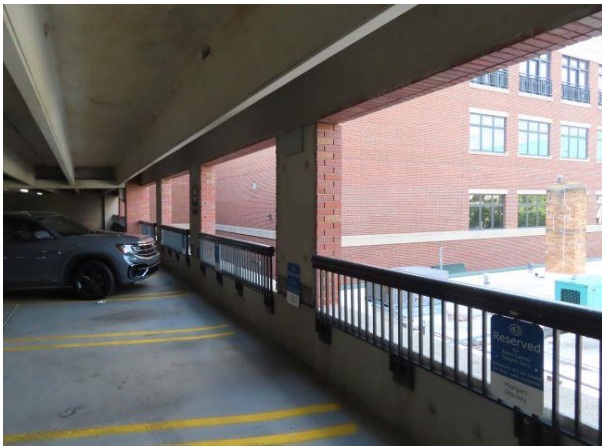


**Level 4 Center Ramp Bay —**

Tee-to-tee joint sealants are not covered with a traffic bearing membrane at the center bay. This may be a result of the glycol heating system installed in this bay – see photos below.



**Level 4 Center Bay Glycol Heating System** — Piping and connection of glycol heating system at underside of Level 4 in the center bay.



**North Façade Railings** – Painted metal railings are provided in the openings.



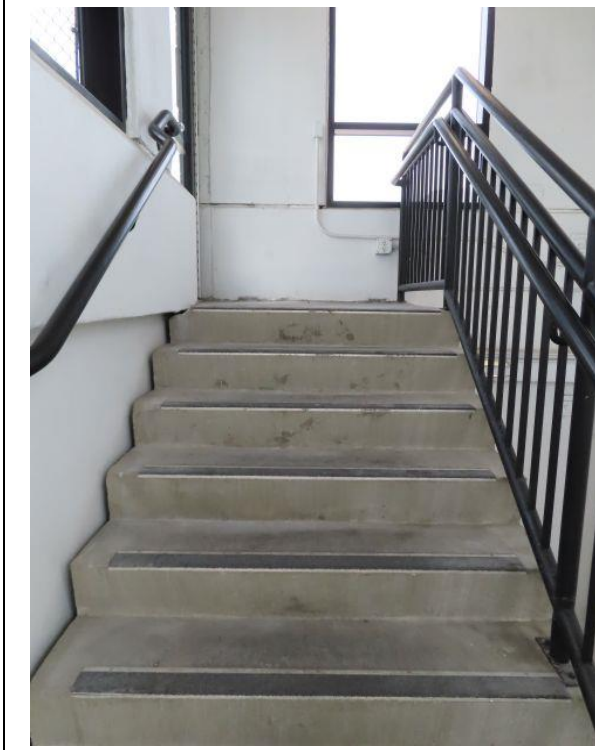
**Level 1 Fencing** – Ornamental metal fencing is provided in the openings at Level 1.



**Typical Electric Vehicle Charging Station** — EV charging stations are typically found at the south end on the east bay on the supported levels.

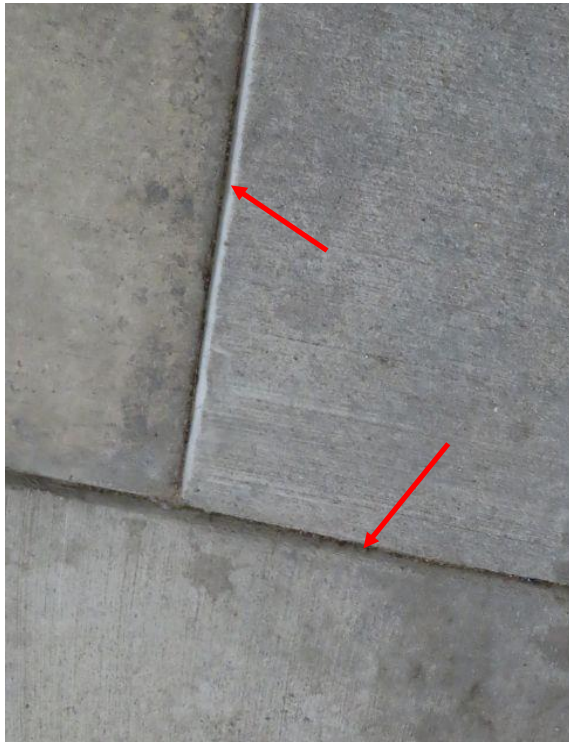


**Stair Tower Pay-On-Foot Station** — The stair towers have pay-on-foot stations.



**Stair Tower Stairs and Railings** – The stairs consist of precast concrete. The concrete stairs have cast nosings in them and railings are painted steel. The stairs are generally in good condition, however there are no protection methods on them currently. As a long-term repair and maintenance item, we recommend installing a traffic coating system at precast concrete stairs and elevator lobbies to help protect against future deterioration.





**Stair Tower Open Joints** — Stair tower joints are tooled and not sealed. We recommend routing and sealing these joints to prevent water and salt leading to concrete slab deterioration.



**Stair Tower Landings Missing Cove Sealant** — Stair Tower landings and elevator lobbies do not have cove sealant. We recommend installing cove sealant to limit water and salt infiltration into these joints that can lead to concrete slab deterioration.



**Stair Tower Railing Deterioration** — Steel stair railings have localized areas of deterioration typically at the railing anchor posts. We recommend cleaning and painting all steel stair railings.



**Stair Tower Railing Deterioration** — Steel stair railings have localized areas of worn paint at areas of high traffic. We recommend cleaning and painting all steel stair railings.



**Missing Grout Pocket** — Approximately ½ of the grout is missing at this location at a precast wall panel at the southeast stair tower. We recommend patching all missing / damaged grout pockets to protect the steel connections behind them from future deterioration.



**Cracked Grout Pocket** — The grout has cracked at this location. We recommend patching all cracked / damaged grout pockets to protect the steel connections behind them from future deterioration.



**Failed Façade Sealant** — The façade sealant around the perimeter of the structure is in poor condition with many areas of failed / crazed sealant. It appears that these sealants have exceeded their useful life. We recommend complete sealant replacement.





**Failed Façade Sealant** — The façade sealant around the perimeter of the structure is in poor condition with many areas of failed / crazed sealant. We recommend complete sealant replacement.



**Precast Spandrel Panel Cracking** — Our survey noted many areas of the concrete spandrel panels along the perimeter with cracking. We recommend monitoring this cracking to determine if it worsens. The city may want to consider routing and sealing these cracks to limit water and salt infiltration.



**Precast Spandrel Panel Cracking** — Close-up photo of the spandrel panel cracking.



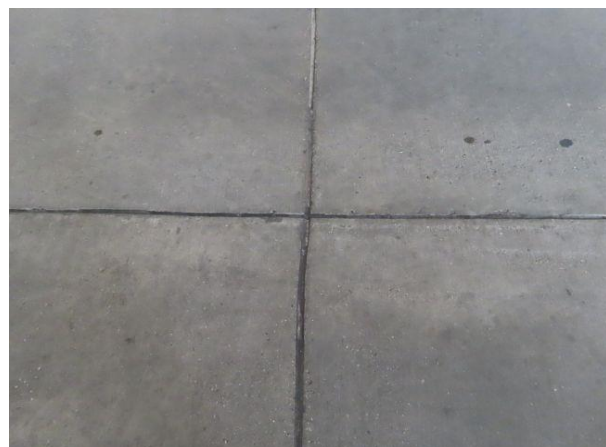
**Perimeter Railings Peeling Paint** — The railings / fences around the perimeter of all levels are painted metal. Several areas of peeling / missing paint were observed. We recommend cleaning / painting these railings.



**Perimeter Railings Peeling Paint** — Close-up photo of the peeling paint.



**Precast Spandrel Panel Steel Connection Plates** — The exposed steel plates have been painted and appear to be in good condition.



**Level 1 Slab-on-Grade Joints** — The Level 1 slab-on-grade control joints have been tooled and sealed. The sealant appears to be in generally good condition.





**North Entry / Exit Roll Down Gate** — The metal tracks at the north entrance roll down gate have been damaged. The City may want to consider replacing this metal track for the roll down gate. No costs have been included for this work.



**Level 1 Slab Deterioration** — Our survey noted several areas of slab-on-grade deterioration. We recommend repairing all concrete deterioration to help prevent further deterioration and eliminate potential trip hazards.



**Level 1 Slab Deterioration** — Our survey noted several areas of slab-on-grade deterioration that we recommend be repaired.



**Supported Level Slab Deterioration** — Our survey noted many areas of supported level concrete slab deterioration that we recommend be repaired. Most of the slab deterioration at the supported levels is located along the joints. After concrete slab repairs are completed, we recommend traffic bearing membrane strips (similar to Level 4) be installed at all lower-level tee-to-tee joint sealants.



**Supported Level Slab Deterioration** — Another location of slab deterioration along a tee-to-tee joint. The deterioration at this location is likely due to moisture / chloride intrusion from failed joint sealant. The concrete has spalled exposing the steel reinforcement which has corroded.



**Supported Level Leaking Joint Sealant** — Leaking joint sealant at supported levels is leading to concrete slab deterioration. We recommend complete replacement of all control joint, tee-to-tee joint, and cove joint sealants in years 1 to 3 of the repair plan. Maintaining joint sealants and waterproofing membranes is the best way to limit water and salt infiltration into these joints and limit future costly concrete repairs. It's our understanding that the joint sealants at the supported levels were last replaced in 2012, with isolated repairs in 2018. Most of the joint sealants are now over 10 years old and have exceeded their anticipated useful life.



**Failed Joint Sealant** — The joint sealant has failed at this location.





**Cove Joint Sealant** — Failed / damaged cove joint sealant was observed throughout the structure. It appears that the cove sealants have exceeded their anticipated useful life. We recommend replacing all cove joint sealants to protect the underlying structural elements from future deterioration.



**Floor Drain Concrete Slab Deterioration** — Concrete slabs are deteriorating around rusting floor drains. We recommend localized floor drain replacement and concrete slab repairs.

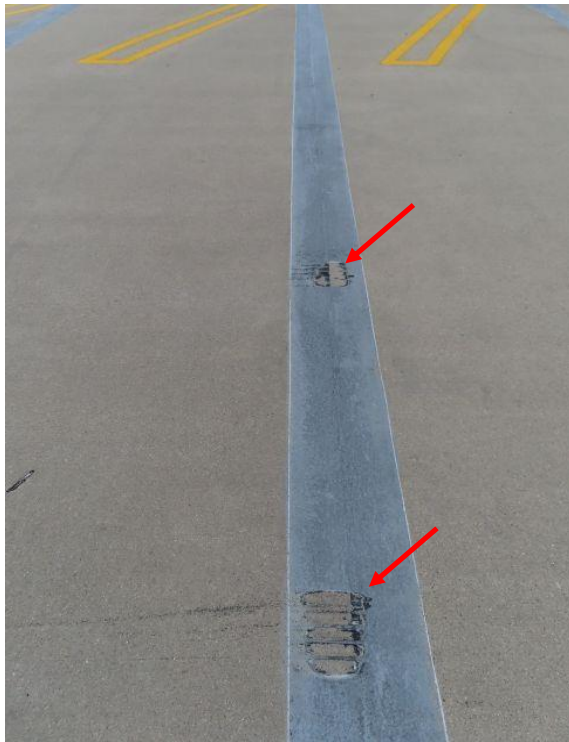
The piping for the storm drainage system is PVC and appears to be in good condition.



**Expansion Joint Deterioration** — The expansion joint at the center ramp between the supported level and grade level is cracked and in need of repairs / replacement maintenance.



**Worn Traffic Coating on Level 1 to Level 2 Ramp** — We recommend repairing and recoating all existing traffic bearing membranes to keep them functioning as intended and protect the underlying concrete elements from future deterioration.



**Level 4 Traffic Coating Damage** — Traffic coating has been damaged at this tee-to-tee joint at Level 4. See above for repair recommendation.

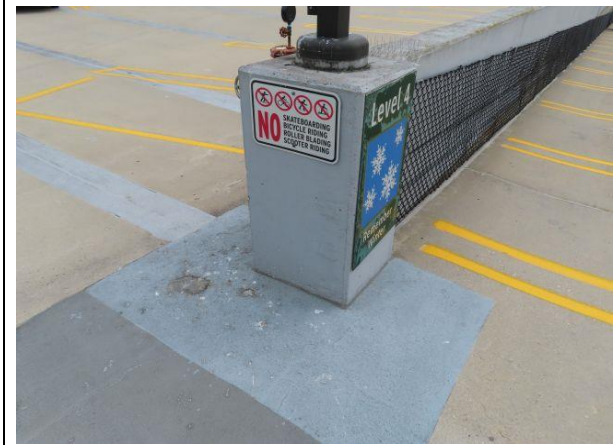




**Level 4 Traffic Coating Damage** — Worn traffic coating was observed at the crossover at this location. See above for repair recommendation.



**Shifted Bearing Pad** — Our survey noted several shifted bearing pads under precast double tee elements. We recommend monitoring these shifted bearing pads to make sure they do not worsen.



**Concrete Columns / Walls** — Our survey observed the concrete walls and columns to be in good condition.



**Loose Concrete and Concrete Beam Deterioration —**  
Loose concrete was observed at this location. We recommend all loose concrete be removed and concrete beam deterioration repaired.



### **REPAIR AND MAINTENANCE COST PROJECTIONS**

Please refer to the attached table for the recommended repair items and budget cost projections. The repair recommendations and budget cost projections are based on our site survey, our engineering judgment and expertise. Note quantities provided are based on extrapolation of the review of representative areas and are approximate for cost estimating purposes only and should not be relied upon for pay quantities of any restoration project. Actual costs of restoration may vary depending on materials used, bid market conditions, phasing, and other requirements. Restore Consulting, LLC makes no warranty, express or implied, that the bids or negotiated cost of the repair work will not vary from this estimate of probable repair cost.

### **LIMITATIONS**

This report is a summary of observations and findings of our site survey of these structures. The site survey included a limited visual review of typical elements, not an in-depth investigation. While every attempt was made to identify areas of concern and repair needs, latent deficiencies from original design, original construction and repairs may have not been revealed or apparent during the questioning and during our review, including hidden conditions. While the report documents some specific, typical repair locations, it does not identify all locations of deterioration or needed repairs on the property. No exploratory excavations or structural calculations were performed to verify the original design. It is recommended that a professional restoration engineer be involved in implemented recommended repairs including any further evaluation or testing.

We thank you for the opportunity to provide these services relative to this property. Restore Consulting, LLC is available to assist in implementing these repair recommendations. Please contact us if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Christopher W. Blakely II".

Christopher W. Blakely II, P.E.  
Restore Consulting, LLC

A handwritten signature in blue ink that reads "Dan Elliott".

Dan Elliott, P.E.  
Restore Consulting, LLC

**Opinion of Probable Construction Costs**  
**Larry C. Hardy Parking Structure**  
**Traverse City, MI**  
**Date: 11/3/23**



Repair Item	Item Description	Units <sup>(1)</sup>	Unit Cost <sup>(2)</sup>	Immediate Repairs		Short Term (1 to 3 Years)		Longer Term (4 to 5 Years)	
				Quantity	Cost <sup>(2)</sup>	Quantity	Cost <sup>(2,3)</sup>	Quantity	Cost <sup>(2,3)</sup>
1	Floor Repair - Partial Depth	SF	\$50		\$0	300	\$15,000	600	\$30,000
2	Floor Repair - Full Depth	SF	\$95		\$0	750	\$71,250	2,250	\$213,750
3	Floor Repair - Slab-On-Grade	SF	\$45		\$0	200	\$9,000	400	\$18,000
4	Beam / Column / Wall Repair	SF	\$150		\$0	40	\$6,000	100	\$15,000
5	Replace Missing / Cracked Grout Pocket	EA	\$750		\$0	2	\$1,500	10	\$7,500
6	Rout & Seal Cracks	LF	\$6		\$0	500	\$3,000	1,200	\$7,200
7	Remove & Replace Tee-to-Tee & Control Joint Sealants	LF	\$6		\$0	11,400	\$68,400		\$0
8	Remove & Replace Cove Sealant	LF	\$6		\$0	5,100	\$30,600		\$0
9	Seal Open Stair Joints	LF	\$6		\$0	300	\$1,800		\$0
10	Remove & Replace Façade Sealant	LF	\$12		\$0	4,000	\$48,000		\$0
11	Manlift for Façade Sealant	LS	\$8,500		\$0	1	\$8,500		\$0
12	Traffic Coating - Repair	SF	\$5		\$0	2,600	\$13,000		\$0
13	Traffic Coating - Recoat	SF	\$4		\$0	19,600	\$78,400		\$0
14	Traffic Coating - New System at Lower Level Joints	SF	\$8		\$0	11,500	\$92,000		\$0
15	Traffic Coating - New System at Stairs	SF	\$10		\$0		\$0	7,260	\$72,600
16	Expansion Joint - Elastomeric Edged Replacement	LF	\$175		\$0		\$0	60	\$10,500
17	Expansion Joint - Elastomeric Edged Concrete Repair	LF	\$75		\$0	10	\$750		\$0
18	Floor Drain - Replace	EA	\$3,000		\$0	4	\$12,000		\$0
19	Floor Drain - Replace (Future)	EA	\$3,000		\$0		\$0	10	\$30,000
20	Clean & Paint Perimeter Railings	LS	\$20,000		\$0		\$0	1	\$20,000
21	Clean & Paint Stair Railings	EA	\$8,000		\$0		\$0	3	\$24,000
22	Install Cove Sealant at Stairs	LF	\$6		\$0		\$0	400	\$2,400
23	Loose Concrete Removal	EA	\$100	2	\$200	5	\$500	20	\$2,000
24	Concrete Sealer	SF	\$0.75		\$0	103,000	\$77,250		\$0
25	Repaint Pavement Markings	LS	\$8,000		\$0	1	\$8,000		\$0
	Mobilization and General Conditions (15%)					\$100	\$81,800		\$68,000
	<b>Probable Repair Cost</b>					<b>\$300</b>	<b>\$626,750</b>		<b>\$520,950</b>
	Engineering & Testing (10%)					\$0	\$62,700		\$52,100
	Contingency (20%)					\$100	\$125,400		\$104,200
	<b>Probable Repair Budget <sup>(3)</sup></b>					<b>\$400</b>	<b>\$814,850</b>		<b>\$677,250</b>
	<b>Total Probable Repair Budget for the Next 5 Years <sup>(3)</sup></b>						<b>\$1,492,500</b>		

**Notes:**

- (1) Unit Categories include: LS = Lump Sum, EA = Each, LF = Lineal Foot, SF = Square Foot
- (2) Actual construction costs may vary depending on materials used, bid market conditions, phasing and other requirements.
- (3) Costs are in 2023 dollars and are not factored for inflation.



November 3, 2023

Nicole VanNess  
Transportation Mobility Director  
City of Traverse City  
303 E State Street  
Traverse City, MI 49684

Re: Traverse City Old Town Parking Structure Evaluation Report  
Restore Project Number 2023-1055

Dear Nicole:

This report documents the evaluation of the Old Town Parking Structure located at 125 East 8th Street in Traverse City, Michigan. This evaluation provides a summary of the current conditions, recommendations for repair and maintenance work, and an opinion of estimated costs for the recommended work. The review was completed by Chris Blakely, P.E., of Restore Consulting, LLC, on October 4 and 5, 2023.

### **BACKGROUND / STRUCTURE DESCRIPTION**

The stand-alone parking structure was constructed in 2010 and is located in downtown Traverse City at 125 East Eight Street. The four (4) level parking garage is a precast concrete structure and provides parking for an estimated 522 vehicles.



Old Town Parking Structure



The structure consists of three (3) supported levels and one (1) slab-on-grade level. The parking structure is constructed of precast concrete double tees, beams, and columns. The precast double tees that make up the floor surface are pre-topped, with no topping cast-in-place in the field as in some precast parking structure applications. There are cast-in-place concrete washes at the perimeter of the structure, between the parking bays and in front of the stair towers which provide slope to drain water away from these elements. The façade of the parking structure is a mixture of plain precast concrete panels along with precast panels with in-laid thin brick. The façade also has decorative metal canopies over the entry / exits. The canopy over the main entry / exit at Eighth street is the largest.

The parking structure is approximately 252 feet in the north/south direction and 181 feet in the east/west direction, which provides approximately 45,000 square feet per level. The structure is three (3) bays wide. The two west bays are flat with the east bay being ramped to get cars up and down from the upper levels. There is a metal fence set up on the grade level separating the two west bays from the east bay / upper levels and this separates hourly parking from daily / monthly and longer parkers.

There are two (2) stair towers located at the northeast and southwest corners of the structure. Both of these towers also have elevators. All stair towers and elevators provide access to all levels of the parking structure. The stair towers are constructed of precast concrete treads risers and landings with hot-dip galvanized steel railings.

#### **AVAILABLE DOCUMENTATION**

The following documentation was provided and reviewed:

- Old Town Deck Architectural and Structural Drawings Record Set – dated August 31, 2010, by CWS Architects, Traverse City, Michigan
- Old Town Parking Garage Condition Assessment Report – dated November 8, 2016, by Rich & Associates Parking Consultants, Southfield, Michigan
- Old Town Deck Restoration Specifications – dated March 8, 2018, by Rich & Associates Parking Consultants, Southfield, Michigan
- Old Town Deck Restoration Architectural and Structural Drawings Issued for Bids – dated March 8, 2018, by Rich & Associates Parking Consultants, Southfield, Michigan



### **PREVIOUS REPAIRS**

The following is our understanding of previous repairs performed at this structure:

1. **2018:** The following repair and maintenance work was completed in the Old Town Parking Structure:
  - a. Concrete floor repair – miscellaneous repairs on all levels.
  - b. Sealant Repairs – miscellaneous joint sealant replacement and routing / sealing of open cracks on all levels.
  - c. Steel Connections – miscellaneous steel connections were cleaned and painted.
  - d. Spandrel Panel Connections – miscellaneous concrete repairs completed.
  - e. Concrete Sealer – installation of concrete sealer to horizontal surfaces on all supported levels.



## **GENERAL CONDITION & RECOMMENDATIONS**

**Overall Condition** – The parking structure is generally in good condition and is to be expected for a structure built in 2010. The structure will need minor repairs and preventative maintenance that is recommended on all levels to prolong the service life of the structure.

The concrete elements are generally in good condition. Most of the deterioration noted was on the Roof Level and appears to be the result of snowplow damage to the perimeter walls. The remainder of the concrete frame elements (beams, columns, tee stems, and walls) are in good condition with almost no deterioration noted. Grout pockets covering steel connections were found to be cracked and loose and we recommend replacement of all loose grout pockets. A handful of locations were noted with wall cracking that should be monitored to see if the cracks worsen.

Traffic bearing membranes were installed at all supported levels at the concrete washes at the cross-overs at the north and south ends of the structure, and between the west and center bays. The original design documents appear to show traffic bearing membranes that were intended to be installed in front of the stair towers as well as along the washes around the perimeter walls. These membranes were never installed, and the installation of these missing membranes are part of our maintenance recommendations. The joint sealants throughout the structure are in good condition but are aging and we recommend systematic replacement as part of future repair projects. Protection of the floor surface is of utmost importance in prolonging the service life of this structure and includes maintaining the joint sealants and traffic bearing membranes.

**Repair and Maintenance Recommendations** – The following repair and maintenance work is recommended and has been separated into three (3) sections; Immediate Repairs, Short Term (1 to 3 Years), and Longer Term (4 to 5 Years). Immediate Repairs include any immediate structural concerns or life safety issues, Short Term includes repair of current deterioration, and Longer Term includes items that can be deferred or are anticipated to be needed in 4 to 5 years.

### **Immediate Repairs:**

1. No immediate concerns noted.

### **Short Term (1 to 3 Years):**

1. Concrete repairs at beams, columns, and walls
2. Repair missing or cracked grout pockets
3. Repair broken connection plate(s)
4. Rout and seal cracks
5. Seal open stair joints
6. Replace stair sealants
7. Repair worn/damaged traffic bearing membranes on all levels
8. Recoat all traffic bearing membranes on all levels
9. Install new traffic bearing membranes at uncoated washes at all supported levels
10. Repaint pavement markings (at areas of traffic coating work)
11. Install coating at Level 4 (Roof Level) columns with map cracking
12. Install supplemental floor drains
13. Install missing wall lifting hole covers





**Longer Term (4 to 5 Years):**

1. Concrete repairs at floors, ceilings, columns, walls, and stairs
2. Repair missing or cracked grout pockets
3. Rout and seal open slab cracks
4. Replace control, tee-to-tee, and cove joint sealants
5. Replace façade sealants
6. Install stair cove sealants
7. Install traffic bearing membrane at stair towers and elevator lobbies
8. Install supplemental floor drains

Suggested Upgrades – The installation of a clear penetrating concrete sealer should be considered at all supported floor surfaces where there is no traffic bearing membrane. This will help prevent future deterioration by reducing moisture and chloride infiltration at the supported floor surfaces. It is our understanding that a clear penetrating sealer was installed in 2018, reapplication of the sealer should be anticipated in 4 to 5 years from now.

Please refer to the Estimated Construction Cost table for a list of the recommended individual repair items.

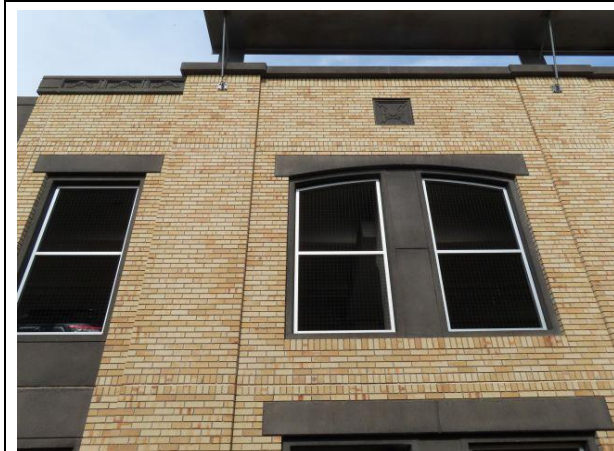
**PHOTO DOCUMENTATION AND COMMENTARY**



**South Entry / Exit** — The structure consists of three (3) supported levels and one (1) grade level of parking. After entering the structure, vehicles access the upper levels via ramps (with parking) on the east bay. The south entry / exit provides vehicular access to the east bay of Level 1 and Levels 2-4. A roof covering with solar panels is installed over the east bay of Level 4. The roof is accessible by ladder only. The façade consists primarily of a mixture of plain precast concrete panels along with precast panels with in-laid thin brick.



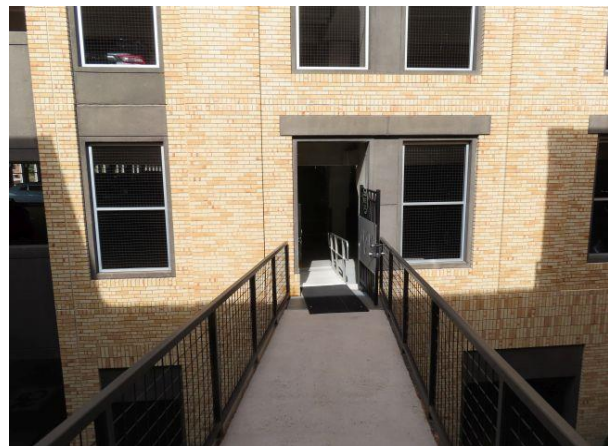
**South Façade** — The south façade of Old Town Parking Structure showing in-laid brick and window openings.



**South Façade Window** — Close up photo of window openings on South façade. Aluminum frames with powder coated wire mesh are provided at the window openings.



**South Façade at Stair Tower** — South façade at southwest stair / elevator tower. Photo shows precast spandrel beams with no in-laid brick.



**Bridge at South Facade** — Bridge from Level 2 of parking structure to housing located south of the structure.



**Underside of Bridge at South Facade** — Underside of bridge from Level 2 of parking structure to housing located south of the structure.



**West Façade and Entrance** — Southwest entrance into parking structure and west facade. This entrance provides access to hourly parking on the grade level. There is an additional entry / exit point at the northwest to the same area. Vehicles cannot access the upper levels from the southwest and northwest entry / exits.



**East Façade** — Façade on the east elevation of the structure consists of precast concrete panels with in-laid brick and aluminum frames with powder coated mesh panels at the window openings.





**Northeast Stair Tower** — Northeast corner of the structure showing façade and the stair / elevator tower.



**North Facade** — North façade of the structure. On the Roof Level you can see one of the solar panels.



**Snow Dump and Floor Drain** — Snow dump from the Roof Level and a floor drain with a traffic bearing membrane around it. The snow dump drops snow down two levels and drops the snow onto the east alley.



**Stair / Elevator Tower** — Northeast stair / elevator tower on the Roof Level.



**East Bay Roof Covering** — The east bay on Level 4 is covered with a roof that has solar panels on it. Access to this roof (no parking) is by a ladder on the south side / end of the structure.



**Solar Panels on East Bay Roof** — Another photo of the roof and solar panels at the east bay of Level 4.



**Solar Panels on North End of Structure** — North spandrel wall on Level 4 has solar panels mounted at the top of the wall.



**Crossover Traffic Bearing Membrane** — Traffic bearing membrane installed over one of the crossovers on Level 4. All supported levels of the structure have traffic bearing membranes installed over the cast-in-place washes at these crossovers.



**Traffic Bearing Membrane Between Center / West Bays** — Cast-in-place concrete washes between west bay and center bay are covered with a traffic bearing membrane on all supported levels.



**Typical Tee-to-Tee Joint Sealant** — Sealant at typical joint between two (2) precast double tee sections. Since the structure is pre-topped the sealant joints are larger at each shear connector (red arrow). The joint sealants are generally in good condition but are near the end of their useful life and will likely need to be replaced in the next 4 to 5 years.



**Level 4 East Bay** — The east bay of the parking structure is sloped and provides access between the levels of the structure. This photo also shows the roof over the east bay at Level 4.





**Glycol Heating System at Level 4 East Bay** — Underside of Level 4 east bay showing the glycol heating system for the east bay. This system is only on the Level 4 east bay and is used to melt snow and ice on the sloped bay.



**Piping for Level 4 Heating System** — Underside of Level 4 east bay showing the piping for the glycol heating system.



**Electric Vehicle Charger** — Electric vehicle charging stations are typically found at the north end of the structure on each supported level.



**South Entry / Exit PARC Equipment** — South entry / exit point to the structure showing parking access and revenue control (PARC) equipment.



**Closeup of Revenue Control Equipment** — Revenue control equipment at exit from structure.



**Pay Booth at South Exit** — Pay booth at south exit.



**Revenue Control Equipment** — Pay on foot station at northwest corner of structure on Level 1.



**Bike Storage Locker** — Bike storage lockers at northwest corner on Level 1.



**Floor Drain & Piping** — Typical supported level floor drain with cast-iron piping. This piping may require future replacement maintenance as it corrodes.



**Stair Tower** — Stair tower landing southwest stair tower.





**Elevator Lobby** — Typical elevator lobby at southwest stair tower. The concrete slab has sawcut joints that are unsealed that we recommend be routed and sealed. We also recommend a traffic bearing membrane be installed to help protect against future deterioration.



**Stair Tower Landing** — Close-up photo of stair landing showing unsealed tooled joints. All landings and elevator lobbies have unsealed joints. We recommend sealing these joints and installing a traffic bearing membrane to limit water and salt infiltration that can lead to future concrete deterioration.



**Revenue Control Equipment in Stair Tower** — Pay-on-foot station at Level 1 of stair tower. Both stair towers have pay-on-foot stations on Level 1.



**Level 4 Concrete Column Cracking** — Concrete column on Level 4 with map cracking that may be Alkali-Silica-Reaction. We recommend installing a protective coating to limit water infiltration into these columns and slow concrete deterioration.



**Level 4 Concrete Column Cracking** — Another Level 4 column showing similar cracking like the column above where some of the cracking has been sealed. However, additional cracking is now evident. A membrane is the best way to cover the cracking and limit water infiltration.



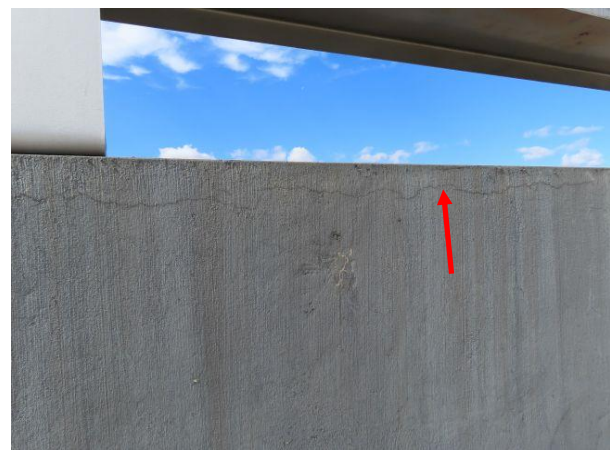
**Perimeter Wall Deterioration** — Concrete wall deterioration on Level 4 perimeter. This wall deterioration / damage appears to be the result of snowplow damage.



**Perimeter Wall Damage** — Concrete wall damage on Level 4 perimeter walls that may be the result of snowplow damage.



**Missing Wall Coverings** — Missing spandrel panel lifting hole covers. We recommend replacing these covers to limit water from entering the panels through these holes.



**Perimeter Wall Cracking** — Perimeter spandrel wall cracking. We recommend monitoring this cracking to determine if it worsens.



**Perimeter Wall Cracking** — Lower-level perimeter spandrel panel cracking. We recommend monitoring this cracking to determine if it worsens.



**Cracked Grout Pocket** — Perimeter spandrel panel grout pocket that is cracked and loose. We recommend replacing all cracked / loose grout pockets.





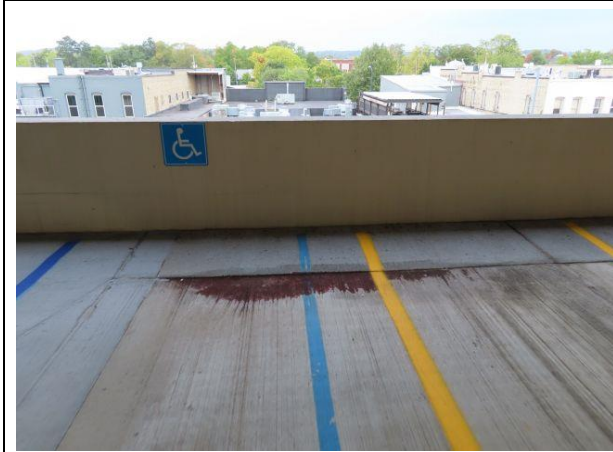
**Perimeter Wall Cracking** — Wall cracking at perimeter spandrel panels. We recommend repairing all cracked / deteriorated wall panels.



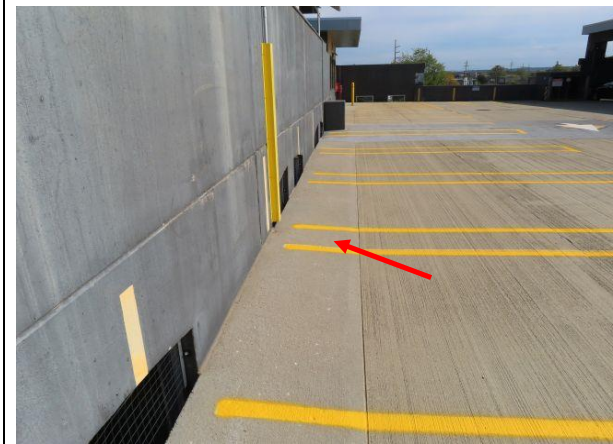
**Wall Connection Plate Repair** — Perimeter wall connection plate that is no longer connected. We recommend re-connecting plate.



**Ponding Water Location** — Location of previous ponding water. We recommend installing supplemental drains at locations of standing water.



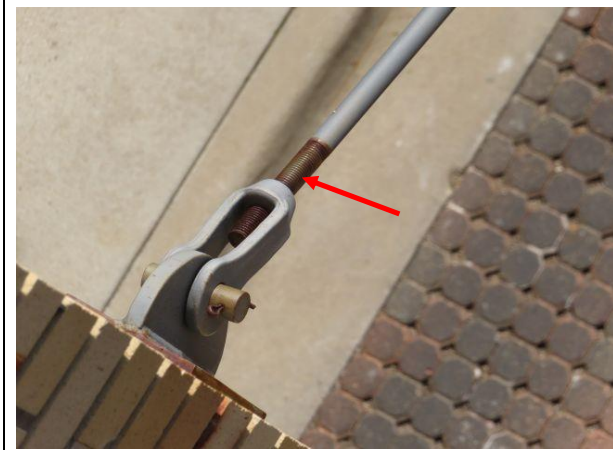
**Ponding Water Location** — Location of previous ponding water. We recommend installing supplemental drains at locations of standing water.



**Concrete Washes with No Membrane** — Cast-in-place concrete washes do not have a traffic bearing membrane covering them. We recommend a membrane be installed.



**Traffic Bearing Membrane Deterioration** — Traffic bearing membrane damage that needs to be repaired.



**Canopy Support Rod Corrosion** — South canopy of entry / exit, the steel support rod has corrosion on the threaded end.



**Failing Sealant** — Previous repairs installed a skim coat of sealant over the previous sealant at the stair towers instead of removing and replacing the sealant. We recommend all stair tower sealants be replaced.



**Slab Cracking** — Open slab cracks were noted throughout the supported levels. We recommend open slab cracks be routed and sealed.





**Level 1 Grade Slab Cracking** — Level 1 slab-on-grade cracking. We recommend monitoring this cracking and as long as it does not become displaced / settle no work is required.



**Failed Façade Sealant** — Numerous failures in the façade sealant. The exterior façade sealant is near the end of its useful life. We recommend façade sealant be replaced in years 4 or 5 of the repair plan.



### **REPAIR AND MAINTENANCE COST PROJECTIONS**

Please refer to the attached table for the recommended repair items and budget cost projections. The repair recommendations and budget cost projections are based on our site survey, our engineering judgment and expertise. Note quantities provided are based on extrapolation of the review of representative areas and are approximate for cost estimating purposes only and should not be relied upon for pay quantities of any restoration project. Actual costs of restoration may vary depending on materials used, bid market conditions, phasing, and other requirements. Restore Consulting, LLC makes no warranty, express or implied, that the bids or negotiated cost of the repair work will not vary from this estimate of probable repair cost.

### **LIMITATIONS**

This report is a summary of observations and findings of our site survey of these structures. The site survey included a limited visual review of typical elements, not an in-depth investigation. While every attempt was made to identify areas of concern and repair needs, latent deficiencies from original design, original construction and repairs may have not been revealed or apparent during the questioning and during our review, including hidden conditions. While the report documents some specific, typical repair locations, it does not identify all locations of deterioration or needed repairs on the property. No exploratory excavations or structural calculations were performed to verify the original design. It is recommended that a professional restoration engineer be involved in implemented recommended repairs including any further evaluation or testing.

We thank you for the opportunity to provide these services relative to this property. Restore Consulting, LLC is available to assist in implementing these repair recommendations. Please contact us if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Christopher W. Blakely II".

Christopher W. Blakely II, P.E.  
Restore Consulting, LLC

A handwritten signature in blue ink that reads "Dan Elliott".

Dan Elliott, P.E.  
Restore Consulting, LLC

**Opinion of Probable Construction Costs  
Old Town Parking Structure  
Traverse City, MI  
Date: 11/3/23**



Repair Item	Item Description	Units <sup>(1)</sup>	Unit Cost <sup>(2)</sup>	Immediate Repairs		Short Term (1 to 3 Years)		Longer Term (4 to 5 Years)	
				Quantity	Cost <sup>(2)</sup>	Quantity	Cost <sup>(2,3)</sup>	Quantity	Cost <sup>(2,3)</sup>
1	Floor Repair - Partial Depth	SF	\$50		\$0	0	\$0	150	\$7,500
2	Floor Repair - Full Depth	SF	\$95		\$0	0	\$0	350	\$33,250
3	Connection Plate Repair	SF	\$2,000		\$0	1	\$2,000		\$0
4	Beam / Column / Wall Repair	SF	\$150		\$0	70	\$10,500	300	\$45,000
5	Replace Missing / Cracked Grout Pocket	EA	\$750		\$0	10	\$7,500	20	\$15,000
6	Rout & Seal Cracks	LF	\$6		\$0	1,500	\$9,000	1,200	\$7,200
7	Remove & Replace Control Joint Sealant (Tee-to-Tee Joints)	LF	\$6		\$0		\$0	12,000	\$72,000
8	Remove & Replace Control Joints Sealant (Wash Joints)	LF	\$6		\$0		\$0	3,200	\$19,200
9	Remove & Replace Cove Sealant	LF	\$6		\$0		\$0	3,600	\$21,600
10	Remove & Replace Sealant at Stairs	LF	\$5		\$0	300	\$1,500		\$0
11	Seal Open Stair Joints	LF	\$6		\$0	6,000	\$36,000		\$0
12	Remove & Replace Façade Sealant	LF	\$12		\$0		\$0	6,000	\$72,000
13	Manlift for Façade Sealant	LS	\$8,500		\$0		\$0	1	\$8,500
14	Traffic Coating - Repair	SF	\$8		\$0	400	\$3,200		\$0
15	Traffic Coating - Recoat	SF	\$4		\$0	22,700	\$90,800		\$0
16	Traffic Coating - New System at Uncoated Washes	SF	\$6		\$0	12,000	\$72,000		\$0
17	Traffic Coating - New System at Stairs	SF	\$10		\$0		\$0	7,260	\$72,600
18	Floor Drain - Supplemental Drain	EA	\$4,000		\$0	3	\$12,000	3	\$12,000
19	Install Coating at Roof Columns	EA	\$1,000		\$0	11	\$11,000		\$0
20	Install Cove Sealant at Stairs	LF	\$6		\$0		\$0	500	\$3,000
21	Install Missing Wall Lifting Hole Covers	EA	\$200		\$0	2	\$400		\$0
22	Repaint Pavement Markings	LS	\$8,000		\$0	1	\$8,000		\$0
Mobilization and General Conditions (15%)					\$0		\$39,600		\$58,400
<b>Probable Repair Cost</b>					<b>\$0</b>		<b>\$303,500</b>		<b>\$447,250</b>
Engineering & Testing (10%)					\$0		\$30,400		\$44,800
Contingency (20%)					\$0		\$60,700		\$89,500
<b>Probable Repair Budget <sup>(3)</sup></b>					<b>\$0</b>		<b>\$394,600</b>		<b>\$581,550</b>
<b>Total Probable Repair Budget for the Next 5 Years <sup>(3)</sup></b>							<b>\$976,150</b>		

**Suggested Upgrades**

A1	Install Concrete Sealer at Supported Floor Surfaces	SF	\$0.75		\$0		\$0	112,300	\$84,225
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**Notes:**

- (1) Unit Categories include: LS = Lump Sum, EA = Each, LF = Lineal Foot, SF = Square Foot
- (2) Actual construction costs may vary depending on materials used, bid market conditions, phasing and other requirements.
- (3) Costs are in 2023 dollars and are not factored for inflation.