

# **DDA Board of Directors**

Monday, April 24, 2023 at 3:30 p.m.

## **LOCATION**

City of Battle Creek – City Hall, Room 302A

## **AGENDA**

- |  |       |
|--|-------|
| 1. Call to order   | Chair |
| 2. Welcome and Introductions (as needed)                       | Chair |
| 3. Approval of minutes from January 23, 2023 (action required) | Chair |
| 4. Financials (action required)                                | Staff |
| a. Interim Financial Statement through March 2023              |       |
| b. Fiscal Year 2023 Estimates                                  |       |
| c. Budget Approval FY 2024                                     |       |
| 5. ITC allocation (deficit reduction plan)                     | Staff |
| 6. Project Updates   | Staff |
| a. Van Buren purchase option                                   |       |
| b. 34 E. Michigan  |       |
| 7. Citizen (Public) comments                                   |       |
| 8. Board member comments                                       |       |
| 9. Adjourn   | Chair |

### Attachments

- Agenda
- Minutes from January 23, 2023
- Interim Financial Statements 3/31/2023
- DDA budget memo FY 23/24
- FY 23 Budget Estimates/Budget FY 2024

**Next meeting: July 24, 2023, City Hall, Room 302A**

**BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY**  
**BOARD OF DIRECTORS – Meeting Minutes**  
Monday January 23, 2023, 3:30 PM  
Room 302A, City Hall

**MEMBERS PRESENT:** Nelson Karre, Ross Simpson, John Godfrey, Edward Guzzo, Kim Carter, Rebecca Fleury and Ex-Officio: Commissioner Chris Simmons

**ABSENT:** Paul Conkey, Cody Newman and Kyra Wallace,

**OTHERS PRESENT:** Ted Dearing – Assistant City Manager, Linda Morrison – Revenue Services Director and John Hart – Development Director

**Call to order:** Assistant City Manager Dearing called the meeting to order at 3:34 pm.

**Approval of Minutes:**

**MOTION:** Mr. Godfrey moved that the Battle Creek Downtown Development Authority Board of Directors approve the meeting minutes from December 5, 2022 with one minor correction noted by Mr. Karre. Ms. Carter supported the motion. Unanimously approved.

**Fiscal Year 2022 Audit:**

Revenue Services Director Linda Morrison presented the independent auditor's report for FY 2022. For the year, the general fund added \$99,415 to fund balance bringing the balance to \$1,568,675. In comparison to budget, the DDA shows a positive variance of \$74,430 in revenues and an \$83,165 negative variance in expense missing the mark of net change in fund balance by only \$8,735. The difference from budget is primarily due to the fluctuation of investment values.

The audit includes information on two other governmental funds including the debt service fund and the Revolving Loan Fund which is managed by Battle Creek Unlimited. Audited statements can be found in the Finance Department - Audited Financial Statement section of the City's web site. Mr. Dearing noted that the annual reporting required by Public Act 57 of 2018 is complete and on the city's website.

**MOTION:** Mr Karre moved that the Battle Creek Downtown Development Authority Board of Directors accept the June 30, 2022 audited financial statements as presented. Mr. Godfrey supported. Unanimously approved.

**Fiscal Year 2022 Annual Report:**

Revenue Services Director Linda Morrison presented the annual report for the year ending June 30, 2022. Ms. Morrison noted this report is required by and filed with the Michigan Department of Treasury. It includes details of the capture of property taxes, and the revenues and expenditure numbers reconcile to the audited financial statements.

**MOTION:** Mr Karre moved that the Battle Creek Downtown Development Authority Board of Directors accept the June 30, 2022 Annual Report as presented. Ms. Carter supported. Unanimously approved.

**Interim Financial Statements through December 2022:**

Revenue Services Director Linda Morrison presented the interim financial statements through December 31, 2022.

**MOTION:** Mr Godfrey moved that the Battle Creek Downtown Development Authority Board of Directors accept the interim financial statements as presented pending audit. Mr. Karre supported. Unanimously approved.

**Voces Lease:**

Mr. Dearing presented a proposed three-year lease with VOCES for DDA-owned property at 520 W. Michigan Ave.

**MOTION:** Mr. Karre moved that the Battle Creek Downtown Development Authority Board of Directors authorize any board member to execute the three-year lease with VOCES presented to the board for property at 520 W. Michigan Avenue. Mr. Godfrey supported. Unanimously approved.

**Project Updates:**

Staff briefly discussed river restoration efforts and the city's commitment to maintaining flood control. Staff also touched on the completion of the dumpster corral behind Rice's Shoes and New Holland, parking in the downtown and the proposed housing development at the former Kmart site.

**Member/Citizen (Public) Comments:**

There were no citizen (public) comments. Members discussed the general need for housing and the development gap faced by most projects and the potential development of the Marshall mega site.

**Adjourn:** 4:36 pm

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**City of Battle Creek**  
**Downtown Development Authority**

**Interim Statement of Revenues, Expenditures and Changes in Fund Balance**

**Budget and Actual**

**For the Nine Months Ended March 31, 2023**

	Amended Budget	7/1/22 - 3/31/23 Transactions	Budget Variance Positive/(Negative)
<b><u>GENERAL FUND</u></b>			
<b>GENERAL REVENUES:</b>			
Tax Increment Revenue	\$ 1,536,578	\$ 1,603,724	67,146
State Aid Revenue (Personal Property Tax Replacement)	2,847,454	2,859,263	11,809
Rents	41,300	34,416	(6,884)
Investment earnings	5,000	28,979	23,979
Investment appreciation/depreciation	-	8,833	8,833
Miscellaneous	-	0	-
<b>Total General Revenues</b>	<b>4,430,332</b>	<b>4,535,215</b>	<b>104,883</b>
<b>EXPENDITURES:</b>			
<b>Debt Service -</b>			
	Term		
2017/2018 Bonds - Pipeline Refunding	2034/2025	2,601,797	491,398
2013 Capital Improvement Bonds	2033	180,000	26,744
<b>Total Debt Service</b>		<b>2,781,797</b>	<b>518,142</b>
<b>General Operating Expenditures:</b>			
Administration	21,950	13,042	8,908
CBD maintenance	774,953	568,715	206,238
CBD downtown plantings	50,000	50,000	-
Downtown Policing	121,662	91,247	30,415
Intermodal Facility Support	50,000	48,750	1,250
Kellogg Arena support	350,000	262,500	87,500
Economic Development Fund support	120,000	90,000	30,000
Downtown Special Projects	300,000	80,000	220,000
<b>Total General Operating Expenditures</b>	<b>1,788,565</b>	<b>1,204,254</b>	<b>584,311</b>
<b>Total Expenditures</b>	<b>4,570,362</b>	<b>1,722,396</b>	<b>2,847,966</b>
TOTAL GENERAL FUND REVENUES	4,430,332	4,535,215	104,883
TOTAL GENERAL FUND EXPENDITURES	4,570,362	1,722,396	2,847,966
<b>EXCESS REVENUES OVER (UNDER) OPER. EXPENDITURES</b>			
	\$ (140,030)	\$ 2,812,819	2,952,849
Fund Balance, beginning of year	1,568,675	1,568,675	
Fund Balance, ending (GENERAL FUND)	\$ 1,428,645	\$ 4,381,494	



# Memo

**To:** Downtown Development Authority  
Board of Directors

**From:** Ted Dearing, Assistant City Manager

**Copy:** Linda Morrison, Revenue Services Director  
Aaron Kuhn, Assistant Revenue Services Director

**Date:** April 24, 2023

**Re:** **FY 23 Budget Estimates and FY 24 Budget**

To the Members of the Board,

## Fiscal Year 2023 Budget Estimates

The board packet includes estimated revenue and expense for fiscal year 2023. You will note that the majority of our general operating expenses are in line with budget. The exception is Downtown Special Projects where spending was considerably less than what was originally budgeted. You may recall that we budgeted \$550,000 for special projects including \$250,000 for improvements at FMS to support the hotel renovations.

<b>District Special Projects</b>	FY 23 Budgeted	FY 23 Projected
Milton commercial lease program	50,000	-
Food Reimagined initiative	50,000	-
Elm Street mound removal	100,000	-
Dumpster corral	40,000	40,000
Festival Market Square	250,000	-
Misc. Business Support	60,000	40,000
<b>Total</b>	<b>550,000</b>	<b>80,000</b>

Although there has been some movement around the Milton commercial lease program and the Elm Street mound removal, once again, we don't expect either to happen before the end of the fiscal year. The \$250,000

allocated for FMS was moved to the prior fiscal year and the DDA budget was amended to reflect the change shortly after the initial budget was approved.

You will note a slight increase in tax increment and State Aid revenue from the adopted budget. We also have an uptick in interest earnings that were not budgeted. The net effect of the changes increases fund balance by approximately \$315,000 over what we originally budgeted for the year.

**Fiscal Year 2024 Budget**

For fiscal year 2024, revenue is expected to be slightly higher than 2023 estimates and we are recommending a use of fund balance of \$91,997. Rental income remains the same for FY 24. The city is asking the DDA to continue to fund the portion of the 2013 Capital Improvement Bonds associated with the Quiet Zone (\$180,000). We plan to continue with downtown plantings with a slight increase in expense (\$55,000), support for Kellogg Arena (\$257,500) and funding at the previous year’s level for Small Business Development (\$120,000). We are proposing to help fund an additional police officer in the downtown (1.5 FTEs at \$197,265). We are also asking again for a small subsidy for the city’s ITC (\$10,000).

We are requesting \$400,000 for district special projects allocated as detailed below.

<b>District Special Projects</b>	FY 24 Budgeted
SW Capital corridor study	40,000
Old Lakeview weed control	25,000
Elm Street mound	100,000
Welcome BC wall	25,000
Façade improvements	50,000
K2 Lateral	10,000
Parking structure security	50,000
Misc. Business support	100,000
<b>Total</b>	<b>400,000</b>

We are recommending funding a sub-area plan for the Capital Ave S.W. corridor between Dickman Rd and Territorial and weed control in Old Lakeview. The Elm Street mound removal leverages EPA and other stakeholder funding to remove the contaminated mound at the corner of E. Michigan and Elm Street adjacent to the Shouldice property. Repairs are needed to the Welcome to Battle Creek wall in Monument Park and we are requesting support for façade improvements in the district and to extend a contract that is currently in place to provide security in downtown parking structures. Finally, we are recommending that \$100,000 in unallocated dollars be approved to respond to an immediate need.

Expenditures exceed revenues by \$91,997 for the fiscal year as proposed. We are anticipating a fund balance of \$1,659,762 at the end of the year.

**City of Battle Creek  
Downtown Development Authority  
Proposed Budget  
For the Year Ending June 30, 2024**

<b><u>GENERAL FUND</u></b>	<b>FY 22-23 Adopted Budget</b>	<b>FY22-23 Estimated</b>	<b>FY 23-24 Proposed Budget</b>
<b>GENERAL REVENUES:</b>			
Tax Increment Revenue	\$ 1,536,578	\$ 1,565,379	\$ <b>1,644,503</b>
State Aid Revenue (Personal Property Tax Replacement)	2,847,454	2,859,263	<b>2,848,622</b>
Rents	41,300	41,300	<b>41,300</b>
Investment earnings	5,000	54,200	<b>54,200</b>
Investment appreciation/depreciation	-	12,875	<b>12,875</b>
Miscellaneous	-	-	-
<b>Total General Revenues</b>	<b>4,430,332</b>	<b>4,533,017</b>	<b>4,601,500</b>
<b>EXPENDITURES:</b>			
<b>Debt Service -</b>	Term		
2008/2013 Bonds - Pipeline Refunding	2025/2034	2,601,797	<b>2,603,132</b>
2013 Capital Improvement Bonds	2033	180,000	<b>180,000</b>
<b>Total Debt Service</b>		<b>2,781,797</b>	<b>2,783,132</b>
<b>General Operating Expenditures:</b>			
Administration	21,950	21,521	<b>21,600</b>
CBD maintenance	774,953	774,953	<b>849,061</b>
CBD downtown plantings	50,000	50,000	<b>55,000</b>
Downtown Policing	121,662	121,662	<b>197,204</b>
Intermodal Facility support	50,000	50,000	<b>10,000</b>
Kellogg Arena support	350,000	350,000	<b>257,500</b>
Economic Development Fund support	120,000	120,000	<b>120,000</b>
Downtown Special Projects	550,000	80,000	<b>400,000</b>
<b>Total General Operating Expenditures</b>	<b>2,038,565</b>	<b>1,568,136</b>	<b>1,910,365</b>
<b>Total Expenditures</b>	<b>4,820,362</b>	<b>4,349,933</b>	<b>4,693,497</b>
TOTAL GENERAL FUND REVENUES	4,430,332	4,533,017	4,601,500
TOTAL GENERAL FUND EXPENDITURES	4,820,362	4,349,933	4,693,497
<b>EXCESS REVENUES OVER (UNDER) OPER. EXPENDITURES</b>	<b>\$ (390,030)</b>	<b>\$ 183,084</b>	<b>\$ (91,997)</b>
Fund Balance, beginning of year	1,827,410	1,568,675	<b>1,751,759</b>
Fund Balance, end of year (GENERAL FUND)	<b>\$ 1,437,380</b>	<b>\$ 1,751,759</b>	<b>\$ 1,659,762</b>