



MEMORANDUM

12/20/2021

**To:** President Sandra Calderon-Huezo and the Board of Directors

**From:** Steve Brown, Foundation for Excellence Manager

**Subject:** Fiscal Year 2022 City FFE Budget Amendment

I am pleased to present the amended Fiscal Year 2022 City FFE Budget for recommendation to the City Commission by the Board of Directors.

The proposed budget is \$26,850,747, which includes \$4,370,908 for budget stabilization, \$13,872,339 for tax reduction to City property taxpayers, and \$8,607,500 for aspirational activities as outlined in the budget detail. This budget follows the method of determining the annual distribution set forth in section 9.03 of the bylaws and supports the FFE's mission to support the goals of the City of Kalamazoo, fund aspirational investments in the city, and empower Kalamazoo residents to achieve the lives they want for themselves and their families.

Between 2017 and 2021, \$16.1 million of funds contributed to support the FFE's goals have provided unprecedented financial stability for the City. With a stable budget, City services are being maintained and adapted to community needs based on the Imagine Kalamazoo 2025 Strategic Vision. Kalamazoo City property taxpayers have experienced relief from \$60.1 million of tax liability since 2017 following the reduction of the City's property tax millage from 19.2705 mills to 12.0000 mills. This reduction makes Kalamazoo more competitive in retaining and attracting residents, businesses, and jobs.

Finally, \$44.7 million has been budgeted for aspirational projects since 2017 for innovative projects and programs that align with the Imagine Kalamazoo vision, including the Youth Mobility Fund, affordable housing initiatives, complete streets and park improvements, assistance to small businesses.

The full potential and impact of the Foundation for Excellence investment in Kalamazoo is becoming increasingly evident over these initial years. To communicate this story, staff continue to present the work in the annual newsletter, annual financial report, and through online tools: the Imagine Kalamazoo project tracker ([www.imaginekalamazoo.com/projects](http://www.imaginekalamazoo.com/projects)) and the tool that displays investment by City neighborhood and by goal area ([www.kalamazoocity.org/ffedashboard](http://www.kalamazoocity.org/ffedashboard)). Together with the FFE's online document library and public meetings, the FFE is living its culture of transparency and accountability for the public good.

On behalf of the City of Kalamazoo I would like to thank the Board of Directors for its commitment to realizing the unique vision and impact of the Foundation for Excellence.

Respectfully Yours,

A handwritten signature in blue ink, appearing to read 'Steve Brown'.



<b>Imagine Kalamazoo 2025 Goals and FFE Programs</b>	<b>Total 2017-2021 City FFE Budgets</b>	<b>Proposed 2022 City FFE Budget</b>
<b>Budget Stabilization</b>	\$16,163,600	\$4,370,908
<b>Tax Reduction</b>	\$60,108,057	\$13,872,339
<b>Subtotal</b>	\$76,271,657	\$18,243,247
<b>Aspirational Projects</b>		
<b>Safe Community</b>		
Lead Services Replacements	\$2,500,000	-
Safe Housing	-	\$406,000
<b>Complete Neighborhoods, Connected City, Inviting Public Places</b>		
Great Neighborhoods: Infrastructure	\$9,732,500	\$2,030,000
Great Neighborhoods: Park Enhancements	\$4,184,500	\$50,000
Neighborhood Engagement and Activation	\$400,000	\$236,500
Downtown: Inviting and Accessible Spaces	\$500,000	-
<b>Youth Development</b>		
MyCity Summer Youth Employment	\$3,975,000	\$825,000
All Things Possible (ATP)	\$443,474	\$151,000
SuperRec	\$575,758	\$183,000
Youth Mobility Fund (YMF)	\$750,000	-
Digital Access for All (DAFA) & Learning Hubs	\$300,000	-
Childhood Savings and Wealth Building	-	\$50,000
<b>Shared Prosperity</b>		
Shared Prosperity High Impact Fund & DRF*	\$2,106,500	\$637,500
<b>Economic Vitality</b>		
Economic Development & KSBLF/KMEG**	\$9,183,200	\$1,846,500
Affordable Housing	\$7,685,000	\$1,560,000
<b>Environmental Responsibility</b>		
Home Energy Efficiency Audits	\$158,000	\$35,000
Tire Blitz		\$7,000
<b>Good Governance, Program Costs</b>		
FFE Personnel	\$1,745,688	\$520,000
Communication & Evaluation	\$200,000	\$70,000
FFE Projected Expenses	\$236,500	-
Total 1% Contingency per Goal Area	\$97,983	-
<b>Subtotal</b>	\$44,774,103	\$8,607,500
<b>TOTAL</b>	<b>\$121,045,760</b>	<b>\$26,850,747</b>

\*Disaster Relief Fund COVID-19 response

\*\*Kalamazoo Small Business Loan Fund & Kalamazoo Micro-Enterprise Grants COVID-19 response

## APPENDIX A

### Budget Descriptions

#### 1. TAX REDUCTION

**Bylaws, Section 9.03, Subsection A:** “Equal to the difference between the amount that the City would have received in real estate tax and personal property tax revenue for the fiscal year-in-question calculated using a millage rate of 19.2705 mills (\$19.2705 per \$1000 of taxable value) less the amount of real and personal property taxes that the City is budgeted to receive for the fiscal year-in-question under the City's proposed millage rate, so as to provide the City a tax rate that is correlative to other municipalities in the Kalamazoo area (...).”

- Total 2022 Projected Taxable Values = \$1,796,164,057
- Projected difference in taxes under 19.2705 mills and current 12 mills = \$13,128,265

#### 2. BUDGET STABILIZATION

**Bylaws, Section 9.03, Subsection B:** \$4 million for budget fiscal 2019 and thereafter adjusted annually by the Municipal Cost Index developed by the American City & County Magazine, or another credible model addressing the price of the unique market basket of goods and services purchased by local governments, so as to address the structural revenue imbalance to City finances due to Michigan's broken municipal finance system.

Historic stabilization: 2017, N/A; 2018, \$3.8M; 2019, \$4M; 2020, \$4.12M; 2021, \$4.23M; 2022, \$4.37.

#### 3. ASPIRATIONAL PROJECTS AND PROGRAMS

**Bylaws, Section 9.03, Subsection C:** Additional annual distributions may be approved (...) (i) consistent with the purposes set forth in Article II in the Articles of Incorporation of this Corporation; and, (ii) consistent with donor intent as specified in the Statement of Donor Intent (...)

##### A. Safe Community

**Safe Housing:** Dangerous building demolition. Clearing blighted and (fire) damaged properties makes land available for new, safer, more sustainable construction in the city. Community Planning and Economic Development has streamlined its demolition processes and expended available city funds reserved for demolition. New funding is needed to address fire damaged properties and residential and commercial properties that don't fit the template for CDBG demolition funds.

##### B. Complete Neighborhoods, Inviting Public Places, Connected City

- a. **Great Neighborhoods: Infrastructure:** Again in 2022 \$1 million is requested to continue the historic investment in the City's distressed sidewalk infrastructure to increase mobility and safety for non-motorized users, with a priority and emphasis placed on areas withing one-quarter mile of education and community assets, and areas that fulfill residents' daily needs.
- b. **Tree Planting:** Continuing investment in previously unattainable tree planting to create



attractive, healthy, energy efficient neighborhoods; target 300 trees.

- c. **Neighborhood Planning:** seven neighborhood plans have been adopted to date (Edison, Eastside, Northside, Oakwood, Vine, Oakland Winchell, and Parkview Hills).
- C. Youth Development
  - a. **MyCITY (formerly YOU):** This program of the Kalamazoo Regional Educational Service Agency (KRESA) has partnered with the City since 2006. MyCITY Kalamazoo was modified because of COVID-19 to a predominantly virtual model for 2020 to allow for a safe and productive paid career exploration experience for youth ages 14-21 in the City of Kalamazoo. The CareerNOW pathway of MyCITY Kalamazoo provided short term training opportunities in Certified Nurse Aide, Construction Trades, and Early Childhood Education through a combination of in-person and virtual classroom sessions.
  - b. **All Things Possible (ATP):** A middle to high school summer transition program designed to eliminate skill gaps from the “summer slide.” Each day consists of work skills, life skills, recreational activities, talent development, and career/educational exposure. Attendance of ATP grew from 30 to 50 participants in 2018 and 2019.
  - c. **SuperRec:** Kalamazoo’s only free drop-in summer camp for youth. In 2019 the Kalamazoo Parks and Recreation Department’s SuperRec program built on the successful 2017 and 2018 expansions because of clear demand from families and added an additional site location. SuperRec works in City neighborhoods to offer free, socially enriching experiences to children aged 7 to 14, primarily those from underprivileged communities and backgrounds. Unique participants grew from 290 in 2017 and 304 in 2018 to 400 in 2019. Because of COVID-19, capacity was reduced to 50% at each site and a total of 146 unique were served youth throughout six, one-week sessions.
- D. Economic Vitality, Shared Prosperity
  - a. Economic Development
    - i. **Business Development Fund:**
      1. **Business Supports:** A fund that makes significant resources available through the Small Business Program, including \$5,000 Technical Assistance for 50 businesses, Business Grants up to \$2,500, Business Loans up to \$35,000 for eligible activities and Gap Financing up to \$25,000 for businesses that have received 75% of their needed financing through traditional lenders.
      2. **Loans and Micro Grants:** A growing partnership with United Way of Kalamazoo and Battle Creek Region leveraging the strengths of both organizations to offer micro enterprise grants and small business loans that help grow and stabilize entrepreneurship in Kalamazoo, with an emphasis on business people belonging to historically marginalized groups.
      3. **Minority Contractor Certifications:** This program helps existing and interested skilled tradespeople and addresses a skilled labor shortage.
    - ii. **Neighborhood Plan Projects:** New strategies include targeting ideas to neighborhood plans as they are created, including expansion of façade improvements to business signage created in collaboration with local artists and planned pop-up retail pilot.
  - b. Affordable Housing



- i. **Housing Predevelopment** - \$250,000: Funds to bring housing development projects (with the end goal of rental) to fruition, including things like environmental studies, assessment, planning. Projects must all be in QCT and a percentage of developed units to be affordable (varies per project).
- ii. **Lawrence Properties** - \$400,000: This is an obsolete housing development that the City now owns and is the sole party able to redevelop the property for resale as affordable housing.
- iii. **Pathways Home Partnership**: A housing partnership of the City, Kalamazoo Neighborhood Housing Services, and Open Doors to move Kalamazoo residents from homelessness to homeownership.
- iv. **Site Acquisition**: A project supporting site acquisition in priority places to rebuild housing and mixed-use buildings.
- v. **Home Energy Efficiency / Green Affordable Housing**: Building on the successes of the earlier home energy audit pilot program in 2020-2021, this funding will be used to leverage existing home health and safety improvement programs and Consumers Energy rebate programs. The City is working with Kalamazoo Neighborhood Housing Services and other housing non-profits to improve safety for income-qualified residents (below 200% of Federal Poverty Level) by replacing dilapidated and failing roofs.
- vi. **Tax Foreclosure Prevention**: A program created in partnership with Kalamazoo County with an annual goal of zero tax foreclosures in the City of Kalamazoo.
- vii. **Clouded Title Clearing**: A unique effort with the County to identify and assist families in addressing unclear ownership of homes to create wealth in those families. In its first year, 2020, this program created a total of \$334,000 of fair market value for eight families in core neighborhoods from an investment of \$4,400 FFE dollars.

E. Environmental Responsibility

**Eco Neighborhoods**: This funding request is to support programming in partnership with neighborhood associations to create greener and more resilient community. The purpose of the program to remove barriers for residents by providing education and no- or low-cost opportunities to improve and green their blocks.

F. Good Governance, Program Costs

- a. **FFE Personnel**: existing full-time positions are the Shared Prosperity Kalamazoo Coordinator, Neighborhood Activator, Youth Development Coordinator, and FFE Manager; the existing half-time positions are the Grants Specialist and Deputy City Manager responsible for FFE.
- b. **Communication and Evaluation**: staff will continue to implement the 2017 engagement strategy while adding new tactics to reflect a maturation of the FFE and its needs. Awareness-building, values alignment, and new tools will be the focus. There will also be added emphasis on tracking and evaluation of individual programs and projects as well as the overall outcome of FFE investments.