



KALAMAZOO'S FUTURE REVENUE OPTIONS

Kalamazoo City Commission

Special Meeting

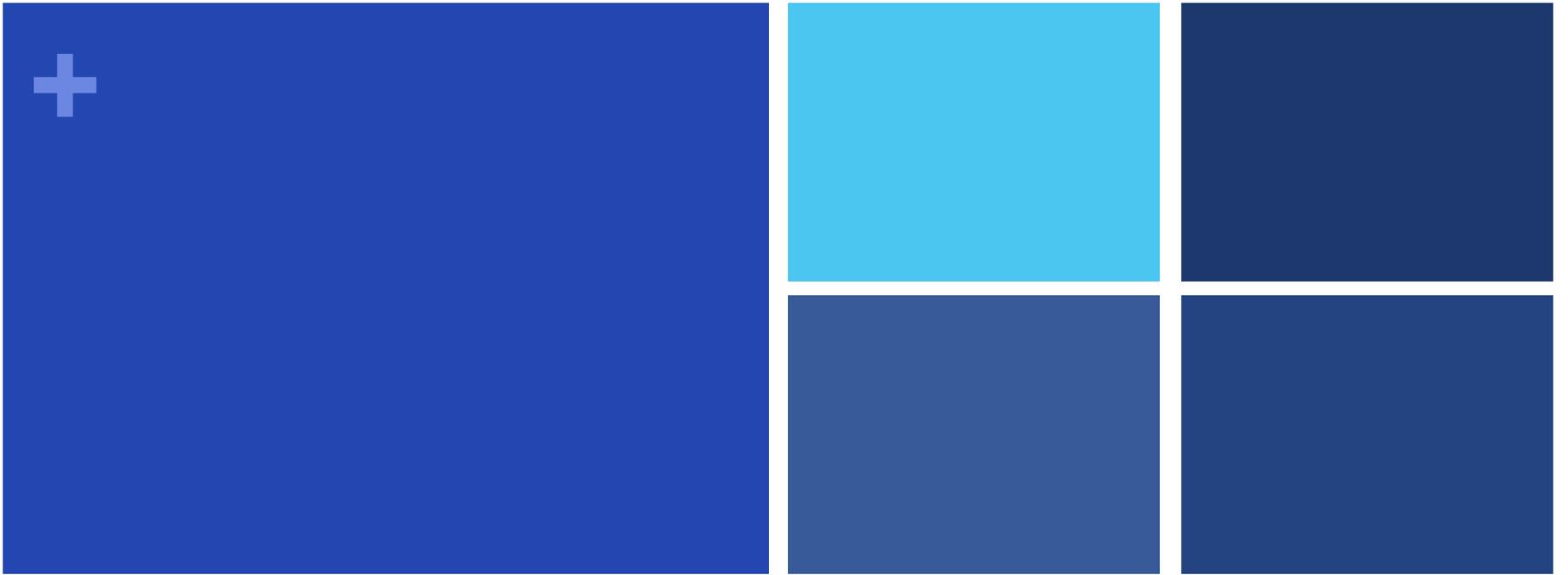
Thursday, July 28, 2016

6:00 p.m.



+ Outcomes

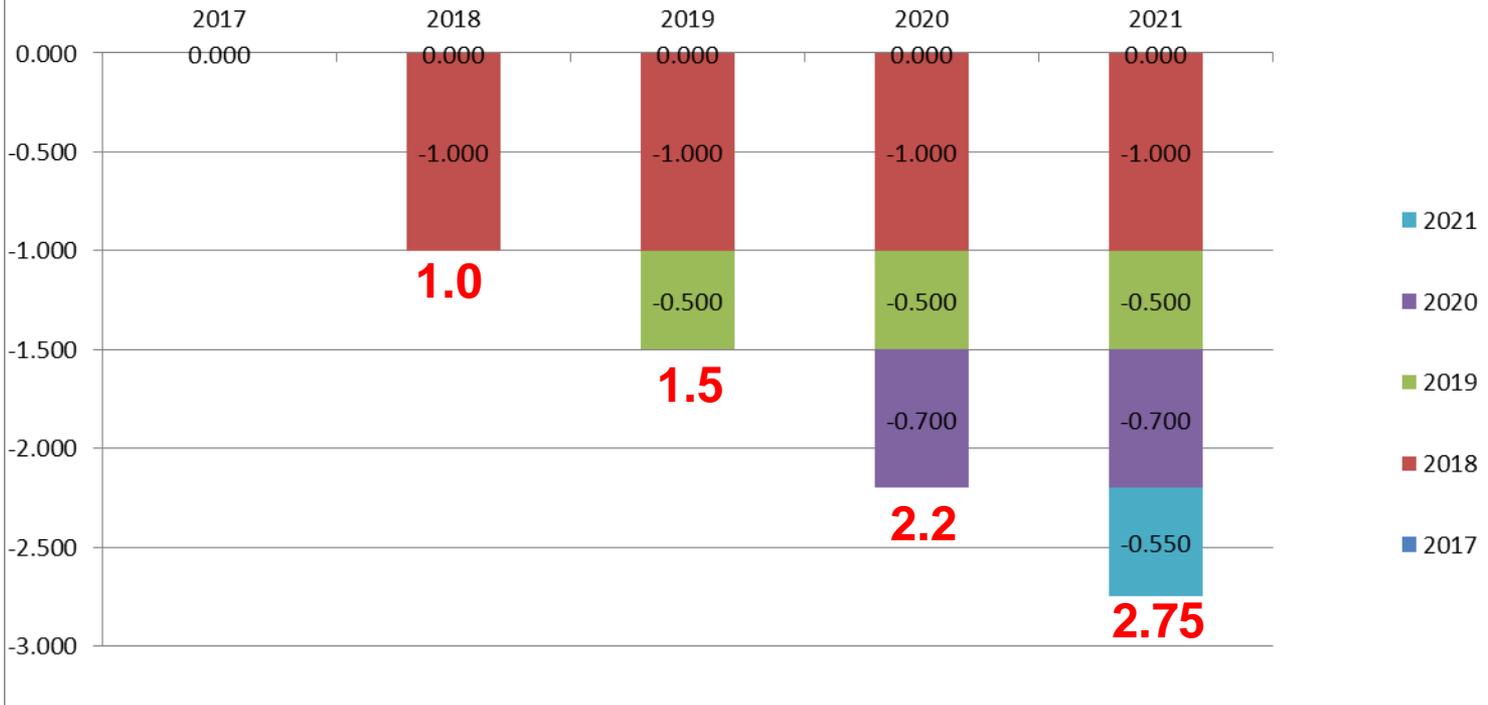
1. Review Work on Revenue Options
2. Determine Next Steps



WHERE WE'VE BEEN



Projected General Fund Deficits
UPDATE: 12/31/15 Audit
(millions \$)



- 2021
- 2020
- 2019
- 2018
- 2017

Summary of Panel's Work—Potential Options

REVENUE OPTION	Near Term (1-5 Years) 5=fully addressees gap+	Long Term (5+ Years)
Countywide Emergency Dispatch Authority		
Countywide Law Enforcement Millage		
Development Infill		
Privatizing the Parking System	To be determined	To be determined
Regionalize Water & Wastewater Utilities		
Capital Millage		
Headlee Override		
Income Tax w/ Property Tax Reduction		
PA 33 Public Safety Assessment		
Special Assessments for Streets & Parks		

Green = viable, white = legal implications, yellow = other options

+ Income Tax Schedule (if pursued)

- By Feb. 6, 2017 - Commission votes to place on ballot
- May 2, 2017 - Public vote
- January 1, 2018 - Collections begin (if approved by voters)
- December 31, 2018 - 1 full year of collections

+ Income Tax & Corresponding Property Tax Rollback

Total New Revenue (estimated)

General Fund Operating Millage	Income Tax	Property Tax Roll-back	TOTAL NEW FUNDS	General Fund	General Fund Debt	Streets Debt and/or New Capital
14 Mills	\$16.2M	-\$7.9M	\$8.3M	\$1.1M	\$2.9M	\$4.3M
12 Mills	\$16.2M	-\$10.9M	\$5.3M	\$1.1M	\$2.9M	\$1.3M
10 Mills	\$16.2M	-\$13.9M	\$2.3M	\$1.1M	\$1.2M	\$0.0M

Assumes 1% resident/business and ½% non-resident income tax



Estimated Annual Tax Increase Income Tax w/ Property Tax Rollback



Assumes 1% income tax and property tax reduction to 12 mills



Old Questions

Scarcity or more taxes?





New Questions

“imagine if...”



+ *THE VISION*



a vibrant, dynamic
imagine kalamazoo 2025

+ *A NEW MODEL*

FOUNDATION FOR EXCELLENCE



Foundation for Excellence

Creates a new option that will:

- Stabilize the budget
- Reduce property taxes
- Provide new funding for aspirational projects
- Last for generations



+ Principles

- A model built on trust and a legacy of philanthropy
 - Everyone can be a philanthropist; give back to the community
- Investment in our community as envisioned by our citizens and Imagine Kalamazoo
- Provide tax relief for residents & businesses
- Create shared prosperity and end generational poverty
- Invest in our youth



+ 3 Key Actions

1. Stabilize Kalamazoo's Budget
2. Make Kalamazoo Competitive
3. Invest in the Community

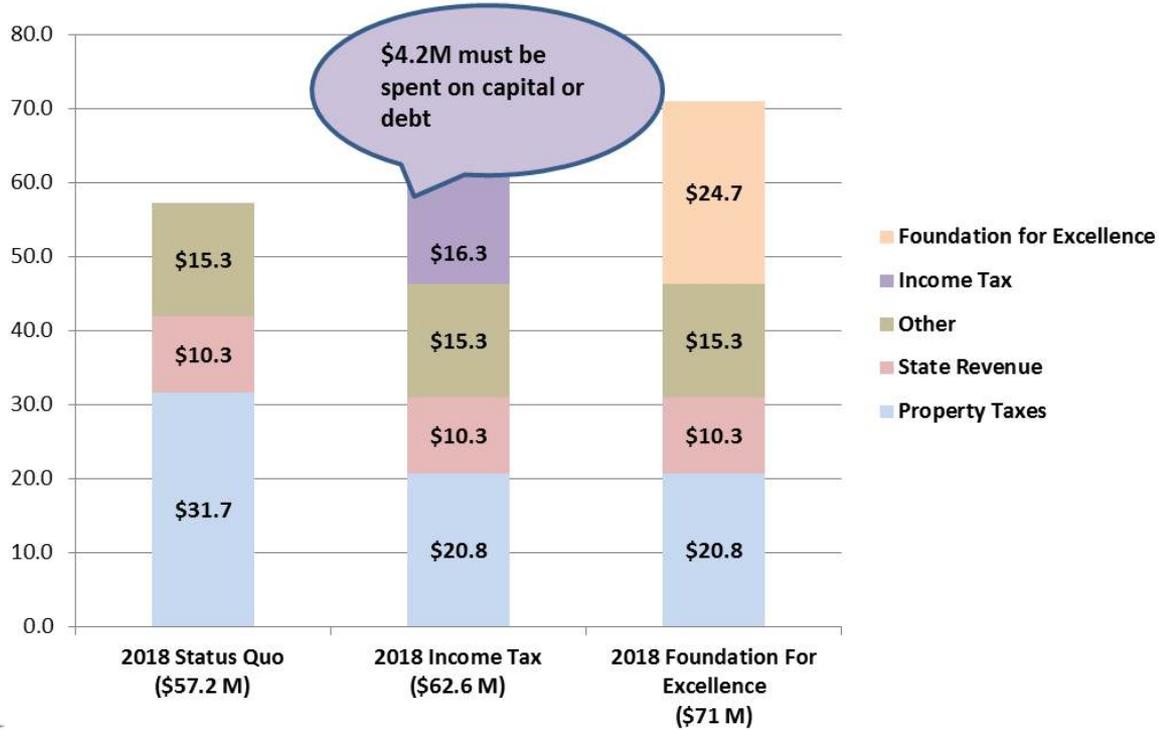
+ Key Actions

1) Stabilize Kalamazoo's Budget

- New Funding Source
- Stops reliance on the broken Michigan Municipal Model

+ General Fund Revenue Comparison

2018 General Fund Revenue Comparison: Status Quo v. Income Tax v. Foundation for Excellence



+ Key Actions

2) Make Kalamazoo Competitive for businesses and residents

- Lower City property taxes by more than one third beginning in 2017
- Improve regional collaboration
- Avoid another tax on our citizens

+ Key Actions

3) Invest In Issues & Opportunities That Arise From Imagine Kalamazoo 2025

- Youth
- Ending Generational poverty
- Creating a vibrant sense of place
- Improvements that benefit everyone

+ Key Elements

- Anyone can be a donor to the Foundation for Excellence
- The Foundation for Excellence will be created for separation between donors and City
- City will drive success
- Built upon an independent governance
- Use of funds directed by Kalamazoo's elected leaders
- There will be a clear purpose for the funds
- Projects will be driven by input from Imagine Kalamazoo 2025

+ Key Elements

- Best Practices
- Develop metrics to track and measure progress
- Income tax ballot proposal would remain an option if objectives of the Foundation for Excellence are not met





Foundation for Excellence

Phase 1

A 3-YEAR \$70 MILLION COMMITMENT



Foundation for Excellence

3-Year Funding Commitment (\$ millions)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>TOTAL</u>
Stabilize the Budget*	--	3.8	3.8	7.6
Reduce the Tax Rate to 12 mills	10.9	10.9	10.9	32.7
Aspirational Investments	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>	<u>30.0</u>
	20.9	24.7	24.7	70.3

* Assumes \$2.0M annual savings from consolidated dispatch beginning in 2018



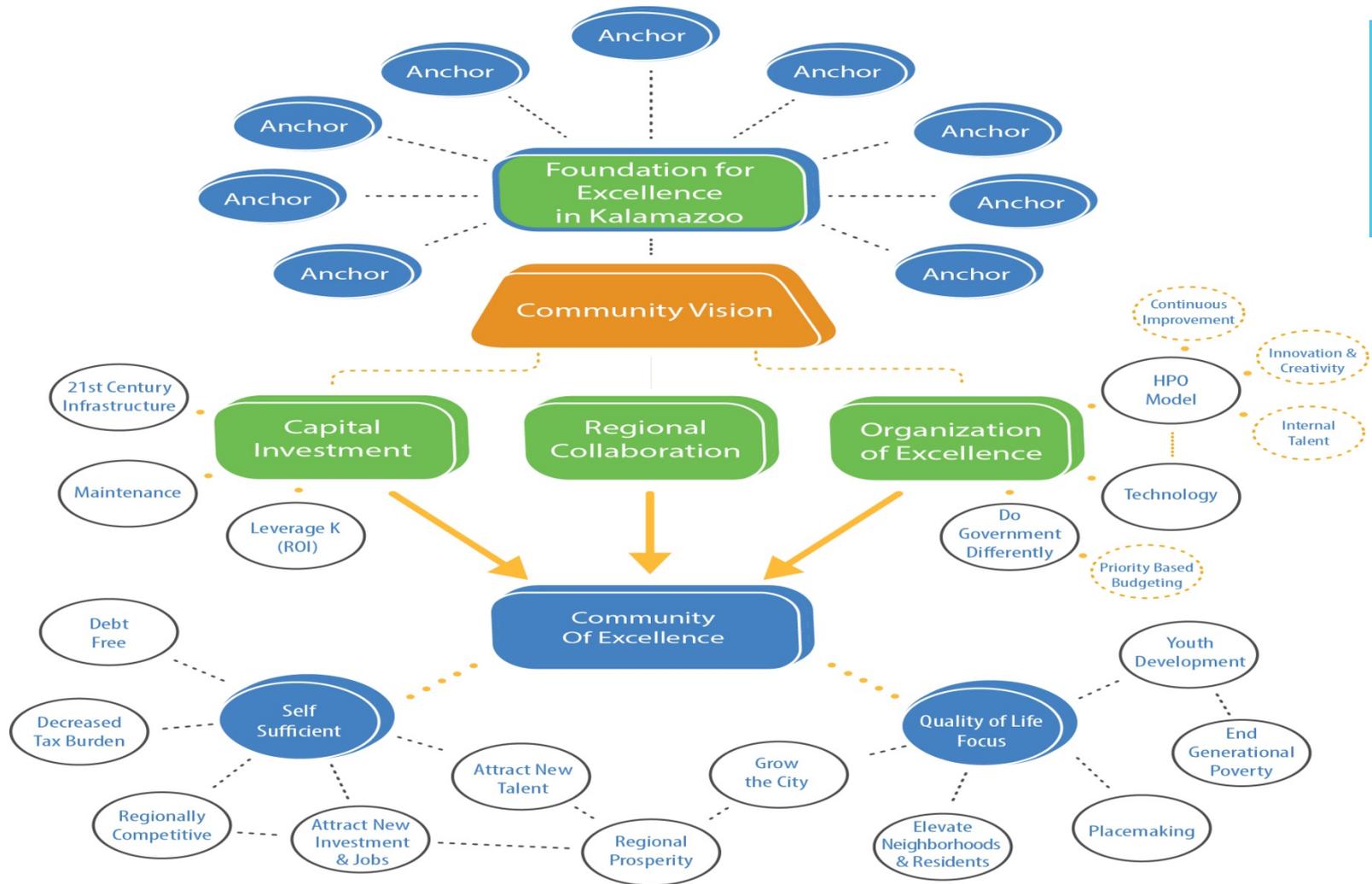
Foundation for Excellence

Phase 2

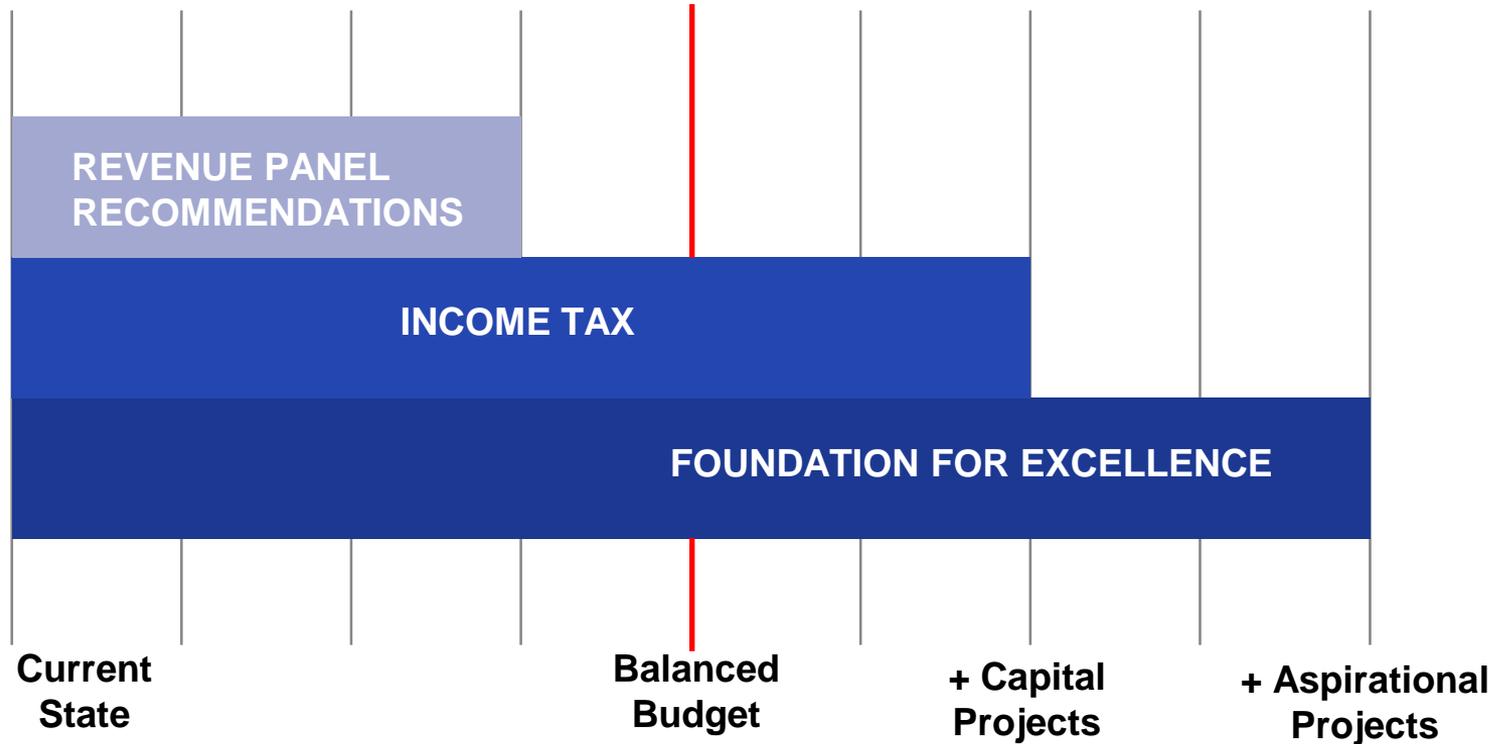
A FULLY FUNDED ENDOWMENT FOR FUTURE GENERATIONS

- With a goal to be fully funded by 2020
- A guaranteed, annual revenue source for the long-term





+ Kalamazoo's Options



+ Next Steps

1. Continue working with potential donors
2. Legal steps to create the Foundation are being researched
3. Memorandum of Understanding to be drafted
4. Ready to begin in 2017





Foundation for Excellence

Discussion

