



Kalamazoo
Foundation for
Excellence

FFE Board of Directors Staff Report

TO: Foundation for Excellence Board of Directors

FROM: Finance Committee
Steve Brown, Executive Director

DATE: October 30, 2023

SUBJECT: Approve and Recommend the 2024 FFE Budget to the Kalamazoo City Commission for Adoption

RECOMMEDATION:

Approve and Recommend the 2024 FFE Budget to the Kalamazoo City Commission for Adoption

BACKGROUND:

Budget Summary

This budget follows the method of determining the annual distribution in section 9.03 of the bylaws and the FFE's Spending Policy. The 2024 fiscal year will bring FFE investments in the City of Kalamazoo since its founding in 2017 to \$198 million dollars.

The proposed 2024 Foundation for Excellence (FFE) budget is \$22,145,187 which includes grants of \$4,739,921 to the City of Kalamazoo for budget stabilization and \$15,347,374 for property tax reduction reimbursement payment, including a \$384,694 tax reconciliation for 2023; \$670,344 has been requested by the City for aspirational activities and is being recommended for expenditure. Additionally, \$693,104 (3.2% of total) is being requested for FFE operations, including a \$50,000 agreement for support services with the City of Kalamazoo.

Items of note include: changes have been made to reflect Board input and changes in operations needs since the draft budget(s) were proposed at recent planning committee and board meetings. The changes primarily reflect the following: removal of development position salary and expenses; separation into a non-totalling column of \$309,750 if investment management and investment custodian fees that are paid prior to netting earnings and have previously been double counted; addition to the communications budget of \$25,000; adjustment of a properly costed service agreement with the City of Kalamazoo. Overall, this budget reflects a 5.77% decrease in expenses to FFE since 2023.

Timeline

As in all previous years, the FFE budget approval process has five significant steps once the special request and project scoring processes are complete:

1. COMPLETE - August - Finance Committee reviews the draft budget proposed by the City and recommends it to the Board for review but not action.
2. COMPLETE - September - The Board reviews and engages with the draft budget, conveying any observed changes or new needs to staff.
3. COMPLETE - October - Staff present the draft budget to the City Commission for review but not action.
4. October - The Board votes on the final draft budget at their October meeting and recommend it to the City Commission for adoption with the City's budget.
5. January - The City Commission vote to adopt the City's budget including FFE

Please refer to the attached FFE Request Memorandum from the City of Kalamazoo as well as the Draft FFE 2024 Budget itemization for complete information.