



Department of Management Services

241 West South Street
Kalamazoo, MI 49007-4796
Phone: 269.337.8020
Fax: 269.337.8448
www.kalamazoocity.org

August 25, 2023

Steve Brown
Executive Director, Kalamazoo Foundation For Excellence (FFE)

Mr. Brown,

I am writing on behalf of the City of Kalamazoo to formalize the initial budget request for 2024. We are requesting the following amounts for the 2024 budget.

\$15,347,374 – Tax reduction
\$384,694 – Tax reduction 2023 reconciliation payment
\$4,739,921 – Budget Stabilization
\$1,799,665 – Aspirational from remaining City grant
\$670,344 – Aspirational from endowment not to exceed this amount

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 2024 Projected Taxable Values = \$2,074,847,282.

Projected difference in taxes under 19.2705 mills and current 12 mills = \$15,347,374.

TAX REDUCTION 2023 RECONCILIATION PAYMENT

Due to the timing of the Foundation for Excellence’s budget timeline, the City provides an estimate for the upcoming year’s tax valuations. The City sets taxable values less exemptions after the March Board of Review. The values are then created by assessing for the tax bills to be sent out in July.

The final personal property tax value to be reimbursement is provided by the State of Michigan each year in October.

Total tax reduction payment provided in the 2023 budget - \$13,986,662.

Current projected calculation of property taxes eligible to be reimbursed by the FFE for 2023 - \$14,371,356.

This difference equals \$384,694.



Department of Management Services

241 West South Street
Kalamazoo, MI 49007-4796
Phone: 269.337.8020
Fax: 269.337.8448
www.kalamazoocity.org

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, to address the structural revenue imbalance to City finances due to Michigan's broken municipal finance system. This year's request is calculated using the amount provided in 2023, \$4,514,210 increased by 5.0%.

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 (...)

Our proposed 2024 aspirational projects will utilize remaining grant dollars first and will only draw from endowment if needed. A listing of the proposed projects is below.

Request Name	Amount
Youth Mobility Fund	\$99,500
Imagine Kalamazoo Outreach & Engagement	\$79,063
All Things Possible	\$168,613
Summer Youth Employment	\$827,056
Super Rec	\$248,542
Youth Action Council	\$21,606
Youth Development Stipend	\$25,629
Pedestrian Sidewalk Improvements	\$1,000,000
Total	\$2,470,009

The City is in the process of creating its 2024 budget including finalizing the plan for the remaining \$17,193,181 of State and Local Fiscal Recovery Funds provided by the American Rescue Plan Act. We request flexibility to update requests as necessary to provide for the highest and best use of projects funded between these federal dollars and the aspirational funding provided by the FFE as we finalize the City budget.

I am also proposing the following draw schedule from the endowment for 2024.

- March 1 \$7,866,034 – Tax Reduction
- June 3 \$7,866,034 – Tax Reduction
- September 2 \$2,369,960 – Budget Stabilization
- December 2 \$2,969,961 – Budget Stabilization

Stephen Vicenzi
Chief Financial Officer
City of Kalamazoo