THE CITY OF Kalamazoo

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

August 28, 2025 (revised September 17, 2025)

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 2025. We are requesting the following amounts for the 2025 budget.

$16,515,097 – Tax reduction
$119,080 – Tax reduction reconciliation payment
<u>$5,126,556</u> – Budget Stabilization
$21,760,733 – Total operational funding request

<u>$5,016,000</u> – Aspirational from Endowment (Any remaining Grant funds expended first)
$26,776,733 – Total funding request

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 2025 Projected Net Effective Taxable Value = $2,137,111,246

Projected difference in taxes under 19.2705 mills and current 12 mills = $16,515,097.

TAX REDUCTION 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 reimbursed for the prior year is provided by the State of Michigan in October.

Due to the timing of the estimates and the State's reporting, this calculation is done on a lookback basis that can span multiple years.

The following summarizes the tax reimbursement payments to the City starting from 2023 through 2025.

Payments to the City for tax reduction - $45,829,410
Projected property taxes eligible to be reimbursed - $45,238,976
Tax reconciliation payments made - $471,354

The difference is $119,080. This amount becomes the requested tax reconciliation payment in 2026.

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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 2025, $5,126,556 increased by 2.7%.

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 2026 aspirational projects will be drawn on a reimbursement basis. These funds will be utilized on the projects described in the chart on the following pages.

I am also proposing the following draw schedule from the endowment for 2026.

March 2	$5,126,556 – Budget Stabilization
June 1	$16,515,097 – Tax Reduction
June 1	$119,080 – Tax Reconciliation
Various	$5,016,000 – Aspirational and operational funds reimbursed quarterly.

Stephen Vicenzi
Chief Financial Officer
City of Kalamazoo

Proposed 2026 Aspirational Projects, Alignment, and Details

New or Continuing Program	Request Name	Project Summary	IK2025 Goal Alignment	FFE Goal Alignment	2026
Continuing	Youth Mobility	Fund to help youth overcome transportation barriers.	Youth Development	Promote Youth Development	$67,000
New	Disaster Relief Funds	Investment to partially fund the Community Resilience Program Manager role and provide support for disaster response in conjunction with the city emergency manager.	Safe Community	Address Generational Poverty	25,000
New	Emergency Shelter Programs	Coordination with Kalamazoo County and community partners to identify service providers to operate an emergency shelter during extreme weather.	Shared Prosperity	Address Generational Poverty	500,000
Continuing	All Things Possible Camp	Supports a program for students transitioning from Middle to High school during the summer to eliminate "summer slide" and build social emotional learning.	Youth Development	Promote Youth Development	152,000
Continuing	Councilor in Training	Supports up to 30 youth who serve as leaders in Parks and Rec summer youth programming, receiving stipends and learning life and leadership skills.	Youth Development	Neighborhood Improvement to Attract and Connect	30,000
Continuing	Kalamazoo Youth Action Council	Supports Parks and Recreation department's Youth Advisory Board providing input and leadership for programs, activities, and events.	Youth Development	Promote Youth Development	22,000
Continuing	KRESA Career Connect*	Partnership with KRESA to employ youth ages 6-12 at five neighborhood sites in Kalamazoo.	Youth Development	Promote Youth Development	416,000
Continuing	Event Sponsorship	Supports events hosted by non-profits which are open to all residents and free to attend.	Strength through Diversity	Neighborhood Improvement to Attract and Connect	40,000
New	Spring Valley Tennis Court Improvements	Repair the tennis court surface at Spring Valley Park that are no longer functioning and transition the court into four pickleball	Inviting Public Places	Neighborhood Improvement to Attract and Connect	110,000
Continuing	Super Rec Camp	Provides nine week of free summer camp for city youth ages 6-12 at five neighborhood sites in Kalamazoo.	Youth Development	Address Generational Poverty	264,000
Continuing	Demo Funds	Funds to be used when CDBG funds cannot be for abated building demolition, removal of foundation, and restore the site per City of Kalamazoo ordinance.	Complete Neighborhoods	Neighborhood Improvement to Attract and Connect	50,000
Continuing	Neighborhood Planning	Support the neighborhood planning effort that will follow the approval of the 2035 Master Plan.	Good Governance	Neighborhood Improvement to Attract and Connect	9,000
Continuing	Kalamazoo Micro-Enterprise Grant (KMEG) Fund 2.0	Partnership with United Way to offer $5,000 and $10,000 support to business' for business improvement including hiring, equipment, technology, real estate, and other capital needs.	Economic Vitality	Address Generational Poverty	537,000

New or Continuing Program	Request Name	Project Summary	IK2025 Goal Alignment	FFE Goal Alignment	2026
Continuing	Neighborhood Capacity Building	Support to small neighborhoods to help establish a neighborhood organization.	Good Governance	Neighborhood Improvement to Attract and Connect	6,000
Continuing	Foreclosure Prevention	Partnership with the County to reduce or eliminate the number of annual tax foreclosures on owner-occupied homes in the City of Kalamazoo with a one-time relief program.	Shared Prosperity	Address Generational Poverty	60,000
Continuing	Housing Development Fund	Supports affordable housing opportunities through three strategies; mixed income multi-family gap financing, housing rehabilitation, and appraisal gap/rental subsidy.	Complete Neighborhoods	Capital and Human Infrastructure	1,720,000
New	Downtown Circulator Feasibility & Planning	Feasibility and planning study for a downtown circulator for Downtown business' during the upcoming transformational street construction and beyond for the event center	Connected City	Capital and Human Infrastructure	120,000
Continuing	Critical Code Repair	Partnership with Community Homeworks which provides free critical repairs to low income households to bring their homes into code compliance.	Safe Community	Capital and Human Infrastructure	135,000
Continuing	Sidewalk Snow Clearing	Project to remove snow from selected sections of sidewalk throughout the City adjacent to City properties, Brownfield properties, and other priority streets	Connected City	Neighborhood Improvement to Attract and Connect	60,000
Continuing**	Police Athletic League Program	Provides mentorship and helps to build positive relationships between Kalamazoo Community Youth and Kalamazoo Public Safety through youth programming.	Youth Development	Promote Youth Development	39,000
	Total of Requested Projects				**$4,362,000**
	Project Administration	In accordance with Federal grant guidelines, de minimis administrative costs to support project implementation, administration, and evaluation.	Good Governance		**654,000**
	Total Funding Request for Aspirational Projects				**$5,016,000**

*previously called MyCITY Summer Youth Employment

**returning project, previously funded with ARPA

Long Term Planning

In an effort to streamline planning and provide greater certainty around funding requests, the City anticipates seeking ongoing support for the following list of projects through 2030. Establishing this multi-year horizon not only helps align projects with available resources but also enables more strategic, long-term planning. The project list is expected to evolve over time, with new initiatives added as priorities emerge and others removed as they are completed or no longer needed. By looking ahead over the next several years, the City can better coordinate investments, reduce uncertainty for stakeholders, and ensure that resources are directed toward the most impactful and sustainable outcomes.

Request Name	2027	2028	2029	2030
Youth Mobility	$67,000	$67,000	$67,000	$67,000
All Things Possible Camp	154,000	156,000	159,000	161,000
Councilor in Training	30,000	30,000	30,000	30,000
Kalamazoo Youth Action Council	22,000	22,000	22,000	22,000
KRESA Career Connect	210,000	-	-	-
Super Rec Camp	266,000	271,000	276,000	282,000
Neighborhood Capacity Building	6,000	-	-	-
Foreclosure Prevention	50,000	-	-	-
Housing Development Fund	1,568,000	1,618,000	1,618,000	1,618,000
Downtown Circulator Feasibility & Planning	50,000	50,000	-	-
Critical Code Repair	130,000	120,000	110,000	100,000
Sidewalk Snow Clearing	62,000	64,000	66,000	68,000
Police Athletic League Program	40,000	41,000	42,000	43,000
Total of Requested Projects	**$2,655,000**	**$2,439,000**	**$2,390,000**	**$2,391,000**