

MEMORANDUM

9/27/2022

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

From: Steve Brown, FFE Manager

Subject: **Fiscal Year 2023 City FFE Budget**

I am pleased to present the fiscal year 2023 City FFE budget recommendation.

The proposed budget is **\$23,865,732**, which includes \$4,514,210 for budget stabilization, \$13,986,662 for tax reduction to City property taxpayers, \$3,871,492 for aspirational activities, and \$1,493,368 for operations 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 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 2022, \$20.5 million 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 \$74 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, \$53.3 million has been budgeted for aspirational projects since 2017 for innovative projects and programs that align with the Imagine Kalamazoo vision, including youth development programs, affordable housing initiatives, complete streets and park improvements, and assistance to small businesses.

Visit www.kalamazoocity.org to interact with and map data about FFE program investments.

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,





DRAFT Fiscal Year 2023 FFE Budget

Budget Stabilization

Total 2017-2022

Proposed 2023

Tax Reduction

\$20,534,508

\$4,514,210

Subtotal

\$73,980,396

\$13,986,662

\$94,514,904

\$18,500,872

Aspirational Projects

Safe Community

Lead Services Replacements

\$2,500,000

Safe Housing

\$406,000

Complete Neighborhoods, Connected City, Inviting Public Places

Great Neighborhoods: Infrastructure

\$11,762,500

\$1,750,000

Great Neighborhoods: Park Enhancements

\$4,234,500

Neighborhood Engagement and Activation

\$636,500

Downtown Investment or Ambassador Program

\$500,000

\$150,000

Youth Development

MyCity Summer Youth Employment

\$4,800,000

\$825,000

All Things Possible (ATP)

\$594,474

\$135,725

SuperRec

\$758,758

\$195,219

Youth Action Council, Youth Development Stipends

\$35,000

Youth Mobility Fund (YMF)

\$750,000

Digital Access for All (DAFA) & Learning Hubs

\$300,000

Childhood Savings and Wealth Building

\$50,000

Shared Prosperity

Shared Prosperity High Impact Fund & DRF**

\$2,744,000

United Way Partnership Continuum of Care

\$30,000

Economic Vitality

Business Development Fund (BDF), KSBLF/KMEG**

\$11,029,700

\$350,000

Affordable Housing – Site Acquisition

\$9,245,000

\$250,000

Environmental Responsibility

322 Stockbridge Site Assessment and Planning

\$100,548

Kalamazoo Roots

\$35,000

\$50,000

Home Energy Efficiency Audits

\$158,000

Tire Blitz

\$14,000

Good Governance, Program Costs

Personnel (Historical and proposed)

\$2,265,688

\$586,368

FFE Projected Expenses (Itemized in budget detail)

\$236,500

\$907,000

Total 1% Contingency per Goal Area

\$97,983

Subtotal

\$53,283,620

\$5,364,860

TOTAL

\$147,798,524

\$23,865,732

**Disaster Relief Fund; Kalamazoo Small Business Loan Fund; Kalamazoo Micro-Enterprise Grants

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 2023 Projected Taxable Values = \$1,923,755,188
- Projected difference in taxes under 19.2705 mills and current 12 mills = \$13,986,662

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, 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; 2023 \$4.51M.

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. Complete Neighborhoods, Inviting Public Places, Connected City

- a. Great Neighborhoods: Infrastructure: More than \$1.5 million is requested to continue the historic investment in Kalamazoo's distressed sidewalks with a priority and emphasis placed within one-quarter mile of community assets and daily needs. There are an estimated 300 miles of sidewalk in the City of Kalamazoo. Depending on the mix of new sidewalk and repaired sidewalk, the City is able to update between 5-15 miles each year.
- b. Downtown Ambassadors: This program was created as a direct result of the growing downtown area and the needs of the community. The program will meet the cleaning and hospitality needs downtown seven days a week as the district continues to attract new businesses, residents, and visitors.

B. Youth Development

- a. MyCITY: 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: 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. Youth Action Council, Youth Development Stipends: 30-40 Councilor In Training (CIT) participants receive \$500.00 stipends each. The program helps teach teens leadership, teamwork, build self-confidence, patience with working with younger kids, and communication skills that will eventually contribute to their transition to the workforce. These youth typically serve 40 hours each week for the nine-week period, or a total of 360 hours.
- C. Economic Vitality, Shared Prosperity
- a. Continuum of Care: This coordinates efforts to address homelessness and oversees the strategic deployment of resources.
 - b. Economic Development
 - i. Business Development Fund (BDF) Technical Assistance: This program will offer \$5,000 grants to small businesses (less than 10 employees) prioritized toward SPK Neighborhoods and women / minority-owned businesses. This grant can be used for website development, brand or logo consultation, hiring a bookkeeper, purchase of point-of-sale platform (Square), inventory software, purchase of a laptop or preparing past year taxes. Additionally, funds can also be used to prepare architectural drawings to prepare a business for code compliance during expansion or renovation.
 - ii. Business Development Fund (BDF) Capacity Building: These funds are used to support small businesses with training opportunities facilitated in small groups led by a professional in the field.
 - c. Affordable Housing: This project supports site acquisition in priority places to rebuild housing and mixed-use buildings. This funding will be used to acquire properties that meet specific goals of other CPED and City programs: Infill housing strategy, anti-gentrification efforts, natural features protection, and the implementation of pre-permitted plans and the land bank partnership plans.
- D. Environmental Responsibility: Kalamazoo Roots helps increase access to healthy food and foster skills. Three neighborhoods (Oakwood, Vine, and Eastside) are prioritized based on actions listed in their Neighborhood Plans surrounding access to healthy food options. The program is currently in its second year (2022) and has expanded to include the Edison Neighborhood and 150 new participants and 60 returning participants. In 2023, the program would expand to include the Northside Neighborhood.