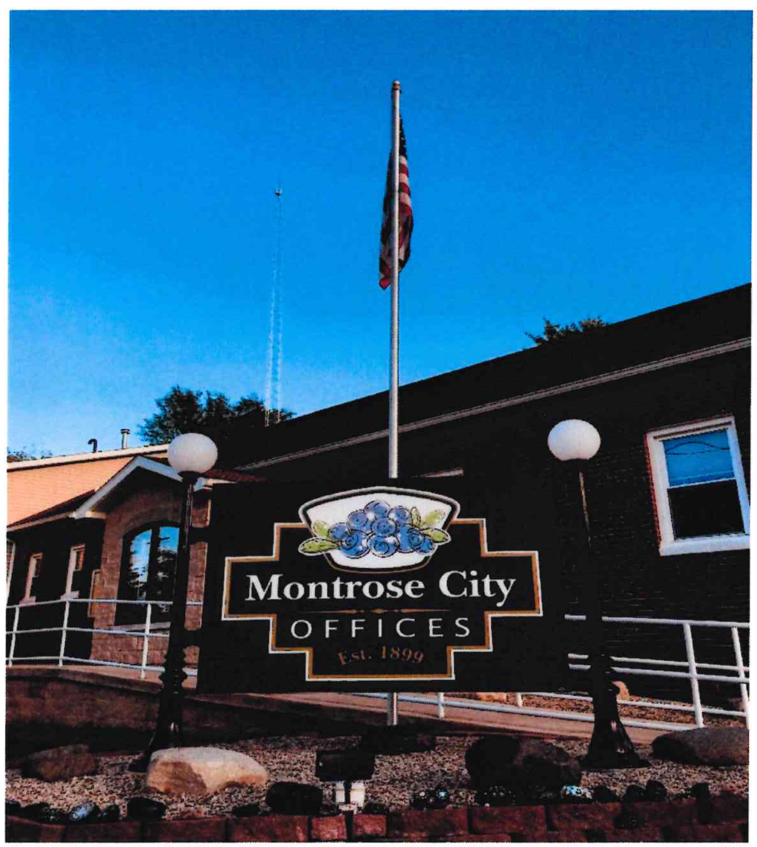
CITY OF MONTROSE

D.D.A. PACKET

July 17, 2025



Montrose City OFFICES Est. 1899

DOWNTOWN DEVELOPMENT AUTHORITY BOARD
July 17, 2025 @ 7:30 a.m.

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

CITIZEN COMMENTS

APPROVAL OF DDA BOARD MEETING MINUTES

1. Consider Approval of June 10, 2025, D.D.A. Meeting Minutes

COMMUNICATIONS TO THE DDA BOARD

UNFINISHED BUSINESS

NEW BUSINESS

1. Presentation by Fleis & Vanderbrink – D.D.A
2. Consider approval DDA FY25/26 Budget
3. Discuss 2025/2026 Project(s)

EXTENDED CITIZEN COMMENTS

EXTENDED DDA BOARD MEMBER COMMENTS

ADJOURNMENT

CITY OF MONTROSE DOWNTOWN DEVELOPMENT AUTHORITY (DDA)
MEETING MINUTES
Tuesday June 10, 2025

CALL TO ORDER: Chair Lori Machuk called the City of Montrose Downtown Development Authority meeting to order at 7:30 a.m. held at the Montrose City Offices at 139 S. Saginaw Street, Montrose, MI.

ROLL CALL: Board members recorded as present were Scott Webster, Coetta Adams, Jerry Mears, Eric Reed, Steve Gold, Deborah Gross, Chairwoman Lori Machuk, and Mayor Thomas Banks. Also present was Interim City Manager Joe Karlichek. Absent was Mike Burkhart.

PLEDGE OF ALLEGIANCE: The pledge of allegiance was recited.

CITIZEN COMMENTS: NONE

APPROVAL OF DDA BOARD MEETING MINUTES for April 16, 2025

MOTION SECOND _ No meeting minutes were found to have been completed from May 2025 via past administration.

COMMUNICATIONS TO THE BOARD: NONE

UNFINISHED BUSINESS: NONE

NEW BUSINESS

1. Resolution to approve (predicted) Mill rate via Resolution. ***MOTION*** by Gold ***SECOND*** by Mrs. Gross to approve Resolution as written. ***DISCUSSION:*** Interim City Manager specified that the mill rate may change, and the city administration is aggressively working to secure a budget following months of delays and lack of financial oversight. MOTION APPROVED: A-YES UNAMINOUS.

2. Roundtable discussion was held by all members present on ideas for the DDA in the upcoming FY. Input could be described as thoughtful and genuine. More discussion to be had following the Budget proposal and final mill rate/TIF revenues.

   Mrs. Gross indicated high interest in becoming the DDA Director (in a part-time capacity).

EXTENDEND CITIZEN COMMENTS: NONE

EXTENDED DOA BOARD MEMBER COMMENTS: NONE

ADJOURNMENT:

- ***MOTION*** by Gross ***SECOND*** by Banks to adjourn at 8:47 a.m. All Ayes. Motion Carried.

Prepared by Joe Karlichek, Interim City Manager

CITY OF MONTROSE
MEMORANDUM

Date: July 8, 2025

To: Chairwoman Machuk and DDA Board Members

From: Joe Karlichek, Interim City Manager

Subject: Consider Approval of DDA FY25/26 Budget

Background: Provided in this memorandum is the FY25/26 Budget for City of Montrose DDA. The city of Montrose City Council acted, in accordance to City Charter, approving the FY25/26 Budget and adopting a Resolution at the June 24, 2025, city council meeting. In that budget contained the DDA Budget.

Provided to this DDA Board is the FY25/26 Budget containing the estimated revenues, estimated expenses and DDA "Fund Balance", expected Budgeted Net Revenue, and line item expenditures.

DDA FY25/26 Budgeted Net Revenue is projected to be $78,286 with an available Fund Balance of $452,985. Fund Balances. For municipal general fund (GF) should be 50% in typical municipal budgeting. While there is no specific rule for DDA Fund Balance, a general rule of thumb is The Government Finance Officers Association (GFOA) recommends that general-purpose governments, including DDAs, maintain unrestricted budgetary fund balance in their general fund of at least two months of regular operating expenditures. This equates to roughly 17% of total obligations.

As you can see the DDA projected Fund Balance vastly exceeds expectations. The DDA Board appears to have been routinely meeting and discussing many ideas and projects over the months and years. What is not clear, is if any relative substantial short/long-term planning exists, other than the published DDA Development Plan & TIF Plan Update 2007 – 2032. This Plan was approved by city council February 28, 2008. (Attached is that Plan and City Administration suggests board members should review Exhibit A pages 4 & 5 and determine if this plan is viable.

Recommendation: It is recommended the DDA Board consider accepting the FY25/26 Budget.

CITY OF MONTROSE
2025-26 PROPOSED BUDGET
DOWNTOWN DEVELOPMENT AUTHORITY
FINANCIAL SUMMARY

Estimated Revenue Source

Taxes	$	115,000.00		
Interest and rents		4,700		
Total Budgeted Revenue Sources			$	**119,700**

Estimated Expenditures

Winter Maintenance		4,841		
Admin		1,400		
Rubbish		2,000		
DDA Activities		26,086		
Community Garden		1,400		
The Depot		5,688		
Total Budgeted Expenditures			$	**41,415**
Budgeted Net Revenue (Expenditures)			$	**78,286**

Estimated Fund Balance

Fund Balance at June 30, 2024 (Audited)	$	277,449
Estimated Change in Fund Balance at June 30, 2025		97,250
Estimated Fund Balance at June 30, 2025		374,699
Estimated Change in Fund Balance at June 30, 2026		78,286
Estimated Fund Balance at June 30, 2026	$	**452,985**

FLEIS&VANDENBRINK
DESIGN. BUILD. OPERATE.

MONTROSE DOWNTOWN DEVELOPMENT AUTHORITY

ROLES, RESPONSIBILITIES & STRATEGIC OPPORTUNITIES

Samantha Mariuz, Economic Development Project Manager,
Fleis & VandenBrink

TODAY'S ROADMAP

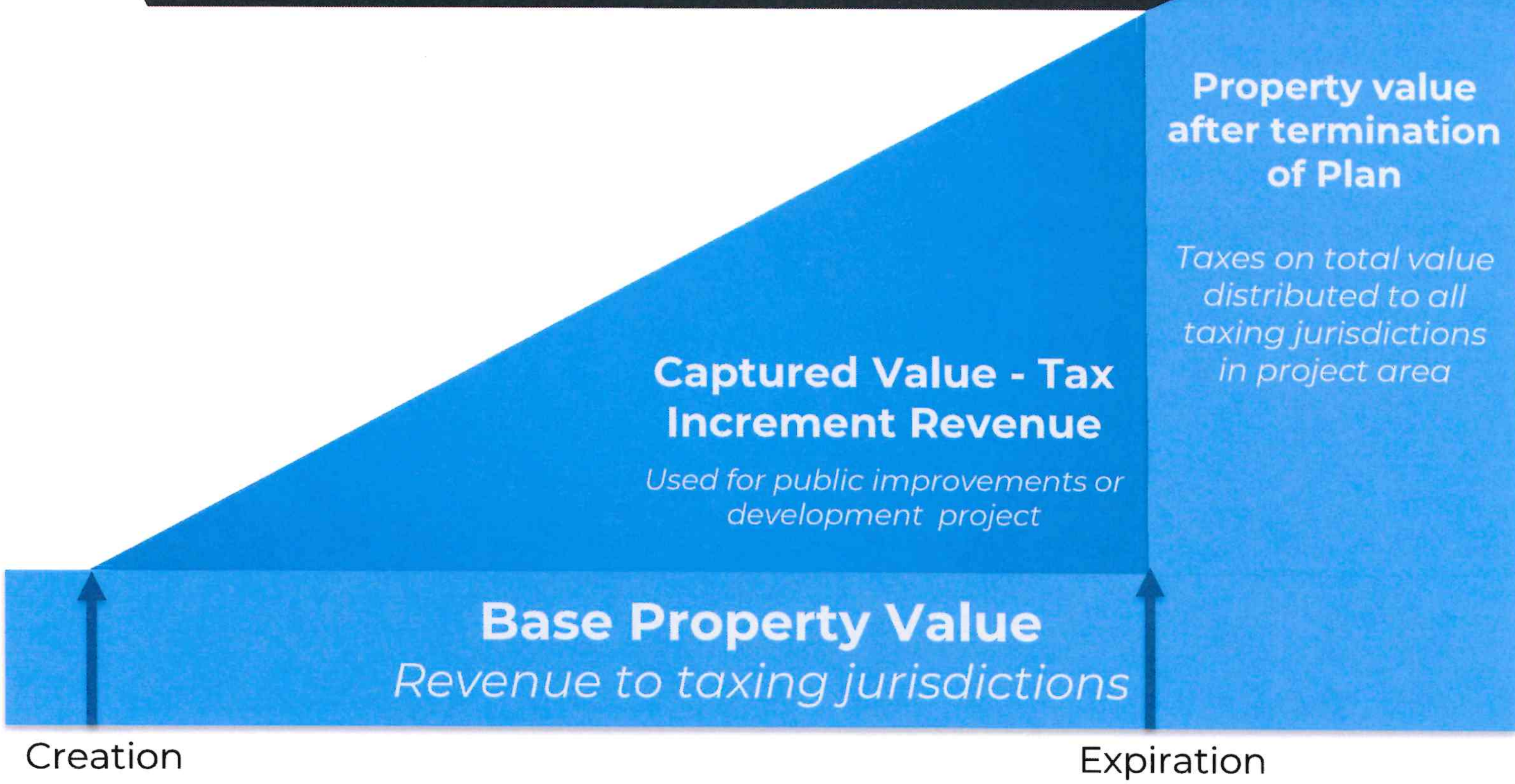
F&V

- DDA Purpose & Legal Authority
  - » The Value of Tax Increment Financing (TIF)
- Roles and Responsibilities
- Stakeholders
- Redevelopment and Placemaking
- Incentive Tools
- Community Engagement

OVERVIEW

- A Downtown Development Authority (DDA) is a public entity established to promote economic development, infrastructure improvements, and community revitalization.
  - Originally Established under Michigan Public Act 197 of 1975, now housed within the Recodified Tax Increment Finance Authority Michigan Public Act 57 of 2018
- DDAs operate under state legislation and are commonly used in municipalities to foster investment in designated areas.
- Captures a portion of property taxes generated within the development area. Reinvests the captured taxes to fund public improvements in the district.

THE VALUE OF TIF



POWERS OF A DDA

- **Capture Tax Increment Revenues**
  - » Collect the increase in property tax revenues (tax increment) resulting from rising property values within the TIF district.
- **Issue Bonds**
  - » Issue municipal bonds backed by tax increment revenues to finance projects.
- **Acquire, Lease and Dispose of Property**
  - » Purchase, sell, lease, or manage real estate to support redevelopment efforts.
- **Undertake Public Improvements**
  - » Fund or build infrastructure projects like roads, utilities, and public spaces.
- **Contract and Agreements**
  - » Enter into contracts with developers, businesses, or other entities to achieve redevelopment goals.
- **Create and Implement Development Plans**
  - » Prepare and execute plans to enhance economic development within the district.
- **Collaborate with Other Entities**
  - » Partner with government agencies, nonprofits, and private organizations to achieve common objectives and market downtown

ROLES OF A DDA

- **Economic Development Facilitator**
  - Encourage private investment and attract businesses to the TIF district.
- **Project Manager**
  - Oversee redevelopment and infrastructure and placemaking projects from inception to completion.
- **Financial Steward**
  - Manage captured tax revenues and ensure funds are allocated efficiently and transparently.
- **Community Advocate**
  - Engage with local stakeholders, including residents, businesses, and community groups, to align redevelopment efforts with community needs.

RESPONSIBILITIES OF A DDA

- **Develop and Approve a TIF Plan**
  - Identify the redevelopment area and outline strategies for its improvement.
- **Monitor Financial Performance**
  - Regularly track revenue generation, project costs, and financial obligations.
- **Report to the Public and Government**
  - Prepare annual reports detailing financial activities, project progress, and outcomes.
- **Maintain Transparency**
  - Conduct public hearings and ensure stakeholders are informed about decisions and expenditures.
- **Promote Sustainable Development**
  - Integrate environmental and social considerations into redevelopment projects.
- **Evaluate and Adjust Plans**
  - Assess the effectiveness of projects and adapt strategies to meet evolving needs.

KEY STAKEHOLDERS

- **Municipal Government**
  - Approves DDA plans and oversees governance.
- **Investors and Developers**
  - Collaborate with DDA to implement redevelopment projects.
- **Businesses & Property Owners**
  - Gain from increased foot traffic, improved public spaces, and enhanced infrastructure.
- **Residents and Visitors**
  - Benefit from improved infrastructure and economic opportunities.
- **Local and State Agencies**
  - Enhance additional funding opportunities to the community

REDEVELOPMENT OPPORTUNITIES

- Promote adaptive reuse of DDA/City owned properties
- Utilize vacant or underutilized storefronts
- Consider purchasing properties that meet the redevelopment goals of the district
- Commercial Development
  - Attract New businesses and support the expansion of existing businesses to create jobs and stimulate expanded economic growth
- Residential Revitalization
  - Inventory current housing stock and consider renovation programs for existing properties to improve facades and attract additional residents to the area
- Mixed Use Projects
  - Encourage projects that combine residential, commercial and recreational space to create a multifunctional district.

PLACEMAKING

F&V

- Identity
  - » Create brand awareness for the community
- Public Spaces
  - » Enhance parks and pedestrian-friendly streetscapes to encourage social interaction and enhance quality of resident and visitor experience
- Walkability and Accessibility
  - » Prioritize designs that promote walking, cycling an ease of access to the natural features already within Montrose
- Community and Economic Vitality
  - » Involve residents, businesses, and organizations in the process to ensure the spaces reflect community needs and aspirations.
  - » Spaces that support these goals will drive economic activity and engagement.

ECONOMIC DEVELOPMENT INCENTIVES TO CONSIDER

F&V

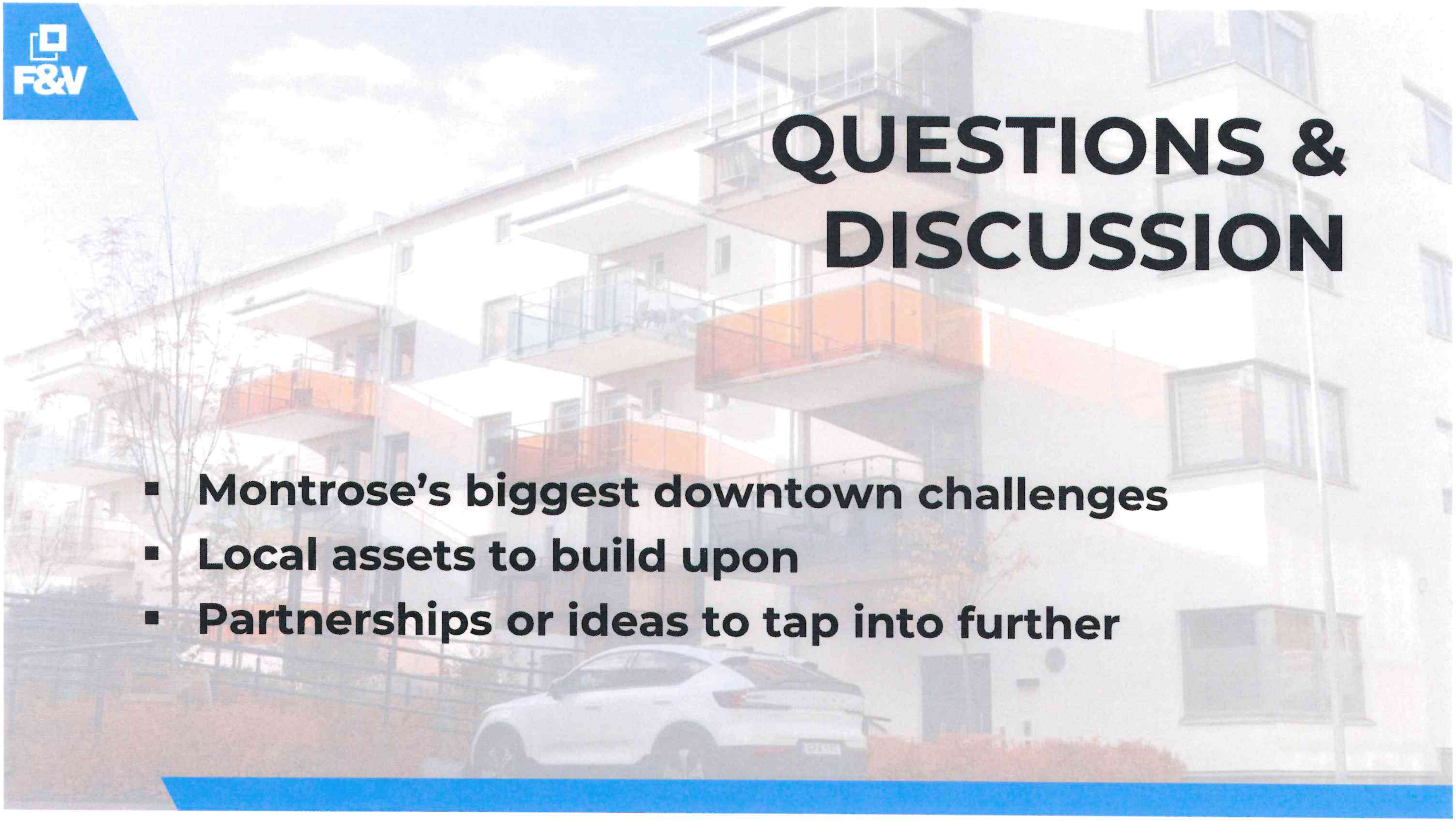
- Enhance the Façade Grant Program
- Small Business Recruitment and Retention Incentives
- Layering Incentives
  - Brownfield, OPRA, Commercial Rehab. Abatement
- Public Private Partnerships
- Liquor License
  - Use as an incentive to attract a new restaurant or bar to the community
- Developer Roadshow
  - Host an afternoon walking tour of the district with the development community to demonstrate the viability of the district and discuss potential redevelopment desires and incentives available.

ENGAGEMENT OPPORTUNITIES

- Business Owners Roundtable
- Visioning workshop & Open Houses
- Pop-up events to test concepts
- Youth and School Partnerships
- Volunteer & Ambassador Program
- Flint and Genessee Economic Alliance

NEXT STEPS TO CONSIDER FOR MONTROSE

- Review and update development priorities
- Explore feasibility of incentive programs
- Strengthen partnerships with City and Regional Organizations
- Begin Identifying target redevelopment sites
- Launch engagement events for community input


F&V
QUESTIONS &
DISCUSSION
▪ Montrose's biggest downtown challenges
▪ Local assets to build upon
▪ Partnerships or ideas to tap into further

TRIAL BALANCE REPORT FOR CITY OF MONTROSE
PERIOD ENDING 05/31/2025

GL NUMBER	DESCRIPTION	23-24 ACTUAL	2024-25 AMENDED BUDGET	2024-25 11 MONTHS	2024-25 ESTIMATED	2025-26 PROPOSED
Fund 248 - DOWNTOWN DEVELOPMENT AUTHORITY						
Revenues						
248-000-402	RENTAL INCOME	0.00	0.00	0.00		
248-000-403	PROPERTY TAXES - OPERATING LEVY	113,758.72	124,100.00	112,530.87	124,100.00	115,000.00
248-000-509	JENNINGS MEMORIAL GRANT	5,000.00	10,000.00	10,000.00	10,000.00	0.00
248-000-572	STATE OF MICHIGAN - ACT 86 - PPT REPLACE	0.00	0.00	0.00	0.00	0.00
248-000-573	LOCAL COMMUNITY STABILIZATION SHARE TAX	6,740.51	8,200.00	0.00	0.00	0.00
248-000-642	SALES - ASSETS	0.00	0.00	0.01	0.00	0.00
248-000-665	INTEREST EARNED	1,548.22	500.00	692.47	1,200.00	1,200.00
248-000-675	PUBLIC CONTRIBUTIONS	1,800.00	1,000.00	0.00	0.00	0.00
248-000-694	MISCELLANEOUS	0.00	0.00	0.00	0.00	0.00
248-000-696	BOND & LOAN PROCEEDS	0.00	0.00	0.00	0.00	0.00
248-729-675	PUBLIC CONTRIBUTIONS	0.00	0.00	0.00	0.00	0.00
248-806-509	JENNINGS MEMORIAL GRANT	0.00	0.00	0.00	0.00	0.00
248-806-653	DEPOT RENTAL	3,775.00	3,500.00	3,655.00	3,740.00	3,500.00
248-806-675	PUBLIC CONTRIBUTIONS	0.00	0.00	0.00	0.00	0.00
TOTAL REVENUES		132,622.45	147,300.00	126,878.35	139,040.00	119,700.00
Expenditures						
248-472-702	SALARIES AND WAGES	1,385.91	2,500.00	1,664.97	2,500.00	2,500.00
248-472-709	SS & MEDICARE	106.02	200.00	127.36	191.00	191.00
248-472-717	MERS	59.60	120.00	46.95	120.00	150.00
248-472-752	SUPPLIES - OPERATING & OFFICE	472.32	600.00	457.61	600.00	600.00

248-472-801	CONTRACTED SERVICES	0.00	0.00	688.06	688.06	1,000.00
248-472-811	IT SERVICES	0.00	0.00	339.62	339.62	400.00
248-472-940	EQUIPMENT RENTALS & LEASES	1,542.30	3,500.00	0.00	0.00	0.00
248-472-975	CAPITAL OUTLAY	0.00	0.00	0.00	0.00	0.00
248-515-801	CONTRACTED SERVICES	0.00	0.00	688.06	688.06	1,000.00
248-515-811	IT SERVICES	0.00	0.00	339.62	339.62	400.00
248-515-824	BANK CHARGES	0.00	0.00	0.00	0.00	0.00
248-515-900	PRINTING AND PUBLISHING	0.00	0.00	0.00	0.00	0.00
248-528-801	CONTRACTED SERVICES	2,729.69	2,900.00	1,737.84	1,898.52	2,000.00
248-703-702	SALARIES AND WAGES	6,934.38	3,500.00	5,194.92	6,715.90	7,000.00
248-703-709	SS & MEDICARE	546.80	270.00	397.39	514.00	536.00
248-703-717	MERS	204.82	450.00	124.57	450.00	500.00
248-703-719	WORKERS COMP	166.20	200.00	0.00	200.00	200.00
248-703-752	SUPPLIES - OPERATING & OFFICE	7,342.99	600.00	1,079.42	1,079.42	1,200.00
248-703-801	CONTRACTED SERVICES	5,398.76	20,000.00	3,409.32	4,000.00	5,000.00
248-703-804	LEGAL SERVICES	0.00	0.00	0.00	0.00	0.00
248-703-810	ADMINISTRATION FEE	7,000.00	7,000.00	0.00	7,000.00	7,000.00
248-703-811	IT SERVICES	0.00	0.00	339.62	339.62	400.00
248-703-868	DUES AND SUBSCRIPTIONS	0.00	0.00	0.00	0.00	0.00
248-703-880	FACADE PROGRAM	4,987.50	10,000.00	0.00	0.00	0.00
248-703-910	EDUCATION, MEETINGS & TRAINING	0.00	2,000.00	110.00	110.00	2,000.00
248-703-920	UTILITIES	475.21	800.00	805.26	1,000.00	1,050.00
248-703-940	EQUIPMENT RENTALS & LEASES	1,414.48	1,200.00	220.65	1,200.00	1,200.00
248-703-956	MISCELLANEOUS	0.00	0.00	0.00	-	-
248-703-975	CAPITAL OUTLAY	4,281.10	40,000.00	0.00	-	-
248-729-752	SUPPLIES - OPERATING & OFFICE	0.00	0.00	0.00	-	-
248-729-801	CONTRACTED SERVICES	0.00	0.00	688.06	688.06	1,000.00
248-729-811	IT SERVICES	0.00	0.00	339.62	339.62	400.00
248-729-956	MISCELLANEOUS	0.00	0.00	0.00	-	-
248-806-752	SUPPLIES - OPERATING & OFFICE	1,293.39	400.00	276.11	400.00	400.00
248-806-801	CONTRACTED SERVICES	12,519.00	0.00	688.06	688.06	1,000.00
248-806-804	LEGAL SERVICES	0.00	0.00	0.00	-	-
248-806-811	IT SERVICES	0.00	0.00	339.62	339.62	400.00
248-806-840	INSURANCE	340.00	900.00	340.00	900.00	945.00

248-806-850	TELEPHONE	0.00	0.00	0.00	-	-
248-806-868	DUES AND SUBSCRIPTIONS	0.00	0.00	0.00	-	-
248-806-920	UTILITIES	1,466.16	1,850.00	1,571.22	1,850.00	1,942.50
248-806-934	REPAIRS AND MAINTENANCE	0.00	350.00	5,110.58	910.58	1,000.00
248-806-940	EQUIPMENT RENTALS & LEASES	0.00	0.00	0.00	-	-
248-806-956	MISCELLANEOUS	45.00	130.00	1,500.00	1,500.00	-
248-806-975	CAPITAL OUTLAY	0.00	500.00	0.00	4,200.00	-
248-906-824	BANK CHARGES	0.00	0.00	0.00	-	-
248-906-991	PRINCIPAL	26,339.59	0.00	0.00	-	-
248-906-992	INTEREST EXPENSE	627.36	0.00	0.00	-	-
248-906-993	AGENT FEES	0.00	0.00	0.00	-	-
248-999-955	DDA DEBT SERVICE FUND	0.00	0.00	0.00	-	-
248-999-995	OPERATING TRANSFERS OUT	0.00	0.00	0.00	-	-
TOTAL EXPENDITURES		87,678.58	99,970.00	28,624.51	41,789.76	41,414.50
	NET REVENUE OVER EXPENDITURES				97,250.24	78,285.50