



**DOWNTOWN DEVELOPMENT AUTHORITY**

**DRAFT FY2023 BUDGET**

**Draft Budget Narratives**

**Draft Budget Line Items**

**Draft Project Development Fund Budget Line Items**

  
**City of East Lansing**  
**DOWNTOWN DEVELOPMENT AUTHORITY**  
**Estimated Revenues**

**EXPLANATORY INFORMATION**

The Downtown Development Authority (DDA) operates with a Board of Directors consisting of 11 members, the majority of whom own property and/or businesses in the downtown. A primary mission of the Authority is to attract new business investment in the downtown, and to enhance the overall business climate through marketing and promotion. Since its formation in 1985, the DDA has been instrumental in attracting significant new development and redevelopment in the downtown, including nearly \$330 million of investment since 2017. This was leveraged by a DDA capital investment of over \$22 million for new infrastructure, including new parking facilities, streetscape improvements, and amenities. Examples of supported projects include University Place (the Marriott Hotel); City Center; Stonehouse Village; Albert Place; St. Anne; The Residences; 300 W. Grand River; 565 E. Grand River; Center City; and Park District, including the Graduate Hotel. The most recent project supported by the DDA is the proposed MSUFCU project which includes a 7-story office building, including a MSUFCU Branch Credit Union, community space, general office space, and additional office space.

The DDA's overall budget is increasing \$93,385, or 6.3%. Property taxes continue to see steady growth, operational adjustments are expected, and a modest amount of fund balance is needed to continue supporting the Evergreen properties and various activities planned for the downtown district.

**INCOME**

- \$ 1,265,730 Property Tax Revenues - This is the primary source of revenue for the DDA and includes the incremental tax (TIF) revenues that result from increased development and redevelopment in the downtown, as well as a separate operating millage tax levy of 2 mills (reduced to 1.7007 mills due to Headlee restrictions). Property tax revenue for FY2022 is expected to be higher than the budgeted amount, coming in at \$1,238,470. The FY2023 property tax budget is expected to increase 2.2% and includes \$269,100 from the DDA millage; \$135,795 from the TIF1 plan capture; and \$860,835 from the TIF2 plan capture.
  
- \$ -0- Intergovernmental Revenue - In FY2021, the DDA received a \$50,000 grant from the Michigan Economic Development Corporation as part of the Place Project campaign. These funds were a one-time grant used for the various activities implemented during the pandemic. No additional grants are anticipated at this time.
  
- \$ 113,025 Charges for Services - Beginning in FY2023, the DDA will facilitate the waste collection contracts for all the downtown businesses. Historically, the downtown businesses would pay the waste removal company directly. The DDA will bill each individual business and be responsible for collecting payment, in addition to managing and monitoring access to the waste receptacle rooms.

  
**City of East Lansing**  
**DOWNTOWN DEVELOPMENT AUTHORITY**  
**Estimated Revenues (Continued)**

**EXPLANATORY INFORMATION (Continued)**

\$ 103,650 Rental Income - Income derived from the Evergreen properties. The reduction from FY2021 is due to 314, 328, and 334 Evergreen being demolished as part of the DDA's plan to redevelop the Evergreen properties, leaving only 340 and 344 Evergreen with homes to lease. A portion of the demolished properties is leased for \$6,000 per month by Granger Construction for use as a construction staging area for the MSUFCU development project with the monthly rental income payments expected to cease in March of 2023.

Historically, rental income was also generated from leasing downtown dumpster pads to a third-party waste hauler. As mentioned above, City staff will begin managing the dumpster pads and no rental income is expected from the third-party.

\$ -0- Community Support - In FY2021, the DDA launched a crowd-funding platform in connection with Place Project campaign, to match the state-funded grant mentioned above. This was a successful campaign, securing the grant and providing much needed support for the downtown during the pandemic. FY2022 includes \$100,000 of support from the MSUFCU project to assist in demolition costs of the Evergreen properties. No additional community support is anticipated in FY2023.

\$ 20 Other Miscellaneous Revenue - In connection with the City Center project and use of public property.

\$ 6,000 Interest Income - Consists of interest income on idle cash balances throughout the year.

\$ 90,645 Other Financing Sources - During FY2019 the property at 303 Abbot was sold as part of the Park District project, with sale proceeds paid from a portion of the brownfield TIF capture over an eight-year period. The DDA is expected to receive a total of \$500,000 by FY2028 with an initial \$14,000 received in FY2021. The second payment of \$40,000 was received in FY2022 and \$70,00 is expected in FY2023.

Also included here is planned use of fund balance in the amount of \$20,645. Use of fund balance is a result of the ongoing operating deficit associated with the Evergreen properties. The DDA will continue to subsidize these properties with DDA general revenues until the debt is paid in full or the properties are sold.

Fund balance remains strong and allows flexibility in funding the deficits of the Evergreen properties until they are sold and developed. The City's General Fund is a backstop for this debt if the DDA becomes unable to pay the debt annually. The fund balance is expected to decrease by \$202,625 in FY2022 and an additional \$20,645 in FY2023, leaving an estimated fund balance of \$646,896, or 41.0% of operating expenditures.

  
**DEPARTMENT APPROPRIATION**

**FUND**  
FUNCTION  
STAFF RESPONSIBLE

**Downtown Development Authority**  
Community and Economic Development  
Adam Cummins/Heather Pope

**PROGRAMS**

The Downtown Development Authority administers programs and projects designed to halt property value deterioration, increase property tax valuation, eliminate the causes of the deterioration, and promote sustainable economic growth in downtown East Lansing. Programming and projects are focused on enhancing and maintaining a vibrant, authentic downtown district through a variety of community-driven initiatives, place-based economic development strategies, incentive programs, creative marketing and advertising campaigns, and strategic partnerships. The Authority provides financial support to the Downtown Management Board to carry-out most of its marketing & promotional campaigns.

- Business Attraction/Business Retention
- Community Engagement
- Creative Placemaking
- DDA Public Art Projects
- Downtown and Community Outreach
- Downtown Events
- Economic Development Outreach
- Marketing and Advertising
- Property Marketing
- Safety and Security

**GOALS & OBJECTIVES**

- Expand and diversify the local tax base.
- Foster a vibrant, authentic city and downtown district.
- Facilitate meaningful stakeholder input activities that represent informed, community-driven decision making.
- Invest in people-centered public spaces that enhance the visitor experience and provide a unique sense of place.
- Institute inclusive, place-based economic development strategies focused on high-quality, people centric public spaces and amenities to attract and retain talent and encourage additional employment-centered development and tenancy in areas aligned with the Master Plan.

  
**DEPARTMENT APPROPRIATION**

**FUND**

FUNCTION

STAFF RESPONSIBLE

**Downtown Development Authority**

Community and Economic Development

Adam Cummins/Heather Pope

**EXPLANATORY INFORMATION (Continued)**

Personnel services are provided to the DDA primarily from the Department of Planning, Building, and Development (PBD) and the Finance Department. In FY2023, a total of \$150,000 will directly support portions of seven PBD staff person wages and benefits, and a total of \$4,860 for one a permanent, part-time position within the Parking Department for shared personnel services related to maintaining and cleaning the DDA-operated refuse rooms and seating areas adjacent to parking facilities.

FY2023 operating costs total \$686,505, an increase of \$273,845, or 66.4%, when compared to the previous year's budgeted operating costs. The municipal services agreement with the Department of Public Works increased \$64,100 due to additional services needed in the downtown as a result of the new initiatives and activities occurring. In addition, the change in downtown waste management resulted in additional costs of \$110,275, with new revenues also generated to offset these costs. Also new in FY2023, \$20,000 has been programmed to study and create a comprehensive plan for the downtown to enhance a diverse and inclusive economic development strategy. Finally, the project development fund is increasing \$95,595 with a renewed effort on downtown revitalization.

Utilizing the project development funds, the DDA continues its dedication to various activities that began in response to the pandemic and in effort to revitalize the downtown. The DDA has effectuated numerous business support programs including:

- The Daytime. Nighttime. Anytime. Place Project (Place Project) began in FY2021 with a focus on activating public spaces to drive pedestrian foot traffic for downtown business. Activities piloted under the Place Project, include:
  - Clock Tower Banner Program
  - Fashion & Fiber Festival
  - Image Campaign Videos (x2)
  - Live street performances
  - Moonlight ExtravaGRANDza
  - MSU Drawing Marathon
  - Parklet Pilot Program
  - pARTicipate - Wharton Center
  - Pickle Ball on Albert
  - Rotating Artwork Display Program
  - Skywalk Banner Program
  - Street Games
  - Trivia on the Street (x3)
  - Yoga on Albert
- Created Albert EL Fresco, an open streets concept closing two lanes of Albert Ave to vehicular traffic to create a pedestrian only zone. Albert EL Fresco will continue in summer of 2022.
- Administered two Outdoor Area Expansion and Beautification Grants to incentivize businesses to expand into, or beautify, their outdoor areas.
- Filmed and published a three-part series of how-to-park videos to provide engaging, instructional content for visitors needing to learn how to utilize downtown parking facilities and curbside pickup only zones.
- In collaboration with the Downtown Management Board (DMB), issued the Downtown Business Resource Guide to assist businesses with navigating regulatory compliance, summarize financial and technical assistance programs, and provide useful information for operating a business in downtown East Lansing.
- In collaboration with the DMB, launched a holiday BOGO program using the rebranded DNA Card - an eGift card program provided to downtown businesses.

 **City of East Lansing**   
**DEPARTMENT APPROPRIATION**

**FUND**

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**Downtown Development Authority**

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**EXPLANATORY INFORMATION (Continued)**

- The second installation of the Groovy Opportunity Mural occurred in August 2021. This is a DDA-led collaborative project among the DDA, MSU, and the Arts Commission that will see its third installation in May 2022.
- As part of the new beautification program focused on small-scale tactical urbanism and creative placemaking projects, the eastside stairwell of the M.A.C. parking garage and two crosswalks on Grove St. were painted with vibrant colors. In addition, a collaborative project, with MSUFCU, Granger Construction, and K-12 art classes, was completed to beautify the construction fence panels on the MSUFCU construction site on the corner of Abbot and Albert.
- The DDA financed a portion of the Artspace Feasibility Study, conducted by the non-profit developer Artspace, with the General Fund and the Arts Commission financing the other portions of the study. The Artspace Feasibility Study was finalized in January of 2022 and is currently being reviewed by applicable stakeholders.
- Under the Security Camera Expansion Project, four cameras on the exterior of the Albert Ave garage and two cameras on the exterior of the Division St garage have been installed.

In FY2023, the project development fund will support Albert EL Fresco, DMB marketing and promotions, various art programs, business support grants, a winter activation project, installation of bike racks, beautification efforts, and the parklet program.

The Evergreen properties continue to be held by the DDA, with three of the property's buildings being demolished and the land leased for construction staging, while the other two continue to provide residential rental opportunities. The capital outlay amount in FY2022 includes those demolition costs. In FY2020, the DDA released a Request for Qualifications/Proposals (RFQ/P) for the sale and development of these properties. Due to COVID-19, the project has been delayed as the developer continues to work on due diligence and securing office tenants. The DDA has extended the Memorandum of Understanding (MOU) agreement with the developer, River Caddis Development, LLC providing exclusivity to purchase the properties. The MOU includes an automatic renewal clause that extends the terms of the MOU for an additional 180-days unless either party terminates the MOU in writing prior to the expiration date. The next MOU expiration date is in July 2022.

The debt service line relates to the Evergreen properties. Due to the variable interest rate and fluctuations in the market, interest amounts have varied. The debt was restructured in FY2019 resulting in an interest rate increase, but the principal payment was lowered for the FY2019-2023 years. This allowed the DDA time to market the properties for redevelopment and alleviate some pressure on the DDA budget. This debt is backed by the full faith and credit of the City.

There is additional debt service budgeted in the transfers out line item. The City issued debt for the City Center I project, and the DDA transfers the required monies, \$353,305 in FY2023, to cover the debt payments. The debt payments associated with the City Center I project bonds are expected to end in FY2025. Also included in the transfers out is the contribution to the Parking Fund, equal to the TIF1 capture of \$135,795.

# Annual Budget by Account Classification Report

Detail

2023 Preliminary  
Budget

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**Fund: 248 Downtown Development Authority**
**Revenue**501 - Property Taxes

5020 - Property Taxes - DDA Special Millage	\$269,100.00
5030 - TIF 1 University Place Tax Capture	\$135,795.00
5031 - TIF 2 DDA Tax Capture	\$860,835.00
501 - Property Taxes Totals	\$1,265,730.00

570 - Intergovernmental Revenue

5101 - Federal Capital Grants	\$0.00
5121 - State Capital Grants	\$0.00
5139 - TIF Shortfall Reimbursement	\$0.00
5160 - Other Operating Grants	\$0.00
570 - Intergovernmental Revenue Totals	\$0.00

590 - Charges for Services

5421 - Charges for Services	\$113,025.00
590 - Charges for Services Totals	\$113,025.00

661 - Rental Income

5601 - Lease/Rental Income	\$103,650.00
661 - Rental Income Totals	\$103,650.00

610 - Community Support

5700 - Contributions and Donations	\$0.00
5701 - Restricted Donations	\$0.00
5720 - Capital Contributions	\$0.00
610 - Community Support Totals	\$0.00

670 - Other Miscellaneous Revenue

5650 - Miscellaneous Revenue	\$20.00
670 - Other Miscellaneous Revenue Totals	\$20.00

631 - Interest Income

5751 - Interest Income	\$6,000.00
5760 - Interest Income Restricted	\$0.00
631 - Interest Income Totals	\$6,000.00

690 - Other Financing Sources

5800 - Gain (Loss) on Sale of Assets	\$70,000.00
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# Annual Budget by Account Classification Report

	Detail
5803 - Debt Proceeds	\$0.00
5805 - Forgiveness of Debt	\$0.00
5964 - Contribution from LDFA	\$0.00
5990 - Reappropriated Equity	\$20,645.00
5992 - Reappropriated Equity Encumbrances	\$0.00
690 - Other Financing Sources Totals	\$90,645.00
<b>Revenue Totals</b>	<b>\$1,579,070.00</b>
<b>Expenditures</b>	
<u>600 - Personnel Services</u>	
6001 - Salaries and Wages Full Time	\$0.00
6002 - Wages - Part Time	\$0.00
6003 - Wages - Contingent	\$0.00
6071 - S&W - Direct Charges	\$116,330.00
6082 - S&W - Project Mgmt Work Order Charges	\$0.00
6110 - Health Insurance - Actives	\$0.00
6111 - Rx Insurance - Actives	\$0.00
6150 - Dental Insurance	\$0.00
6160 - Long Term Disability Insurance	\$0.00
6165 - Life Insurance	\$0.00
6201 - Social Security	\$0.00
6222 - Retirement - Hybrid DB	\$0.00
6224 - Retirement - Hybrid DC	\$0.00
6301 - Workers Compensation	\$0.00
6309 - HCSP - City Match	\$0.00
6341 - Fringe Benefits - Direct Charges	\$38,530.00
6352 - Fringe Benefits - Project Mgmt Work	\$0.00
600 - Personnel Services Totals	\$154,860.00
<u>700 - Operating Costs</u>	
7201 - Operating Supplies	\$1,000.00
7401 - Contract Services	\$155,620.00
7415 - Municipal Service Agreement	\$205,000.00
7501 - Legal Services - General	\$18,000.00
7510 - Audit Services	\$3,660.00
7601 - Insurance, Bonds and Claims	\$2,760.00

# Annual Budget by Account Classification Report

## Detail

7701 - Communications - Telephone	\$2,200.00
8001 - Dues and Memberships	\$770.00
8101 - Employee Training & Travel	\$350.00
8205 - Utilities - Electric	\$7,500.00
8210 - Utilities - Gas	\$0.00
8215 - Utilities - Water and Sewer	\$0.00
8220 - Utilities - Other	\$1,200.00
8301 - Building/Room Rent	\$1,080.00
8460 - Project Development Fund	\$224,795.00
8461 - Project Development Fund - Expanded	\$0.00
8475 - Reimbursable Developer Costs	\$0.00
8501 - Repairs and Maintenance	\$24,940.00
8625 - Permit, License and Assessment Fees	\$810.00
8627 - Taxes	\$32,335.00
8810 - City Facility Rental	\$0.00
8820 - City Computer Rental	\$4,485.00
8890 - Other Internal Charges	\$0.00
700 - Operating Costs Totals	\$686,505.00
<u>900 - Capital Outlay</u>	
9001 - Capital Outlay	\$0.00
900 - Capital Outlay Totals	\$0.00
<u>950 - Debt Service</u>	
9501 - Principal Payment	\$110,000.00
9505 - Interest Expense	\$138,605.00
9510 - Paying Agent Fees	\$0.00
9515 - Bond Issuance Costs	\$0.00
9520 - Premium/Discount on Bonds	\$0.00
950 - Debt Service Totals	\$248,605.00
<u>960 - Transfers Out</u>	
9701 - Contribution to General Fund	\$0.00
9715 - Contribution to Debt Service Fund	\$353,305.00
9721 - Contribution to Parks CIP Fund	\$0.00
9730 - Contribution to Parking Fund	\$135,795.00
9731 - Contribution to Building Authority	\$0.00

# Annual Budget by Account Classification Report

	Detail
9764 - Contribution to LDFA	\$0.00
960 - Transfers Out Totals	\$489,100.00
<u>990 - Replenish Fund Equity</u>	
9996 - Replenish Fund Equity	\$0.00
990 - Replenish Fund Equity Totals	\$0.00
<b>Revenue Totals:</b>	\$1,579,070.00
<b>Expenditure Totals</b>	\$1,579,070.00
<b>Fund Total: Downtown Development Authority</b>	\$0.00
<b>Revenue Grand Totals:</b>	\$1,579,070.00
<b>Expenditure Grand Totals:</b>	\$1,579,070.00
<b>Net Grand Totals:</b>	\$0.00

**PROJECT DEVELOPMENT FUND DRAFT FY2023 BUDGET LINE ITEMS**

Project Name	DRAFT FY2023 Budget	
Albert EL Fresco	\$	63,845.38
Artists Alley	\$	19,630.00
Beautification	\$	6,000.00
Bill Sharp Park Light Installation		\$0.00
Design & Engineering		\$5,000.00
Façade Improvement Program		\$15,000.00
Green Swing Project		\$0.00
Groovy Opportunity Mural		\$2,500.00
Harbor Bay		\$7,070.00
Market Studies & Data Collection		\$0.00
Marketing & Promotions (See DMB worksheet for breakdown)	\$	44,750.00
Mental Health Murals		\$0.00
Outdoor Expansion Grant		\$0.00
Parklet Installation		\$2,000.00
Place Project		\$0.00
Bench Removal & Replacement Project		\$10,000.00
Project TBD		\$17,500.00
Rotating Art Displays		\$10,000.00
Security Cameras		\$0.00
Skywalk Banner Program		\$0.00
Tile Installation		\$4,000.00
Winter Activation Project		\$15,000.00
Yiftee eGift Card BOGO		\$0.00
Community Events - Arts Festival		\$2,500.00
	\$	224,795.38