



Sarah Lutz <lutzs@traversecitymi.gov>

[city commissioners] Additional Budget Q+A

1 message

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Fri, May 15, 2026 at 9:56 AM

Hello City Commission, with a copy to the leadership team --

Thank you for the meeting this past Monday evening to review my proposed FY 26/27 Budget for the City, and also for the DDA and TCLP proposed budgets presented by their respective staff leadership.

Following the City Commission's May 9 Study Session, I received the questions below (in addition to the 52 I answered in my May 9, 2026, memo). Please let me know if you have any further questions; at this point, we have approval for all budgets teed up for Monday's agenda. The latest this can be done is June 1, as prescribed by the City Charter.)

City Clerk Sarah Lutz, please post this email and its attachments on the website, alongside the other Q+A email from me.

1. Please clarify further how the fund balance will be used; your response indicated uses such as the \$1.2 million pension allocation, ongoing staffing costs, transfer to the budget stabilization fund, and for Hickory Hills. Regarding ongoing staffing costs, are we building in a structural deficit?

The FY 26/27 Budget includes a \$1.2 million appropriation for our MERS pension liability and a \$500k transfer to our budget stabilization fund. We do not have a structural deficit related to ongoing costs, including personnel costs. What is truly driving use of the fund balance is the transfer to the budget stabilization fund and the \$1.2 million appropriation for MERS pension liability are truly driving the use of the fund balance.

However, other strategic investments, such as allocations for housing and homelessness also impact our budget. We will closely monitor these expenditures in future budget cycles.

2. Are the water and sewer rate increases based on CPI?

The short answer is no. An RFP for a water study is on Monday's agenda. We're working to shift to a model that lessens the burden on the residential customers by better spreading out the cost of maintaining and improving the distribution and treatment systems. City Treasurer/Finance Director Heidi Scheppe and Deputy City Treasurer/Assistant Finance Director Jahana Robinson provided the full answer at the end of this email.

3. Please clarify which two FTE's have been reallocated to other departments. The budget chart shows 2 FTEs in the City Attorney's Department going to zero for the upcoming fiscal year).

We reallocated one FTE (City Attorney assistant) to an ACT position in the Parks & Recreation Department because the HR Director and I determined the workload there is unsustainable. The other FTE was Frank Dituri's director-level position, which has been reallocated to a substantially-less compensated role in the Communications and Strategic Initiatives Department. For transparency, I have reclassified the Street Superintendent (now Director of Mobility Infrastructure) and the Garage Superintendent (now Director of Fleet Operations.)

The City Manager cannot reallocate the FTE for City Attorney because that position is a City Commission hire. The City Attorney FTE is no longer shown because the City Commission determined it intends to hire an outside firm. However, the City Commission retains the sole discretion to revert to an in-house attorney.)

4. Can you provide summary figures for the share of total city spending on core services v. strategic initiatives?

Budgeted expenditures across all funds total approximately \$126 million, with approximately \$42 million allocated to strategic initiatives. However, it's not black and white; there's some overlap.

For further info, please see the attached narrative and breakdown (two separate attachments) prepared by Director of Communications and Strategic Initiatives Colleen Paveglia and City Treasurer/Finance Director Heidi Scheppe.

5. I'm having trouble navigating the "big file" from home. Can you track down the consolidated (3 funds) revenue/spending statement from the DDA and their fund balance?

Please see the attachment, taken directly from the Proposed FY 26/27 budget document.

More detailed answer to Q2, provided by City Treasurer/Finance Director Heidi Scheppe and Deputy City Treasurer/Assistant Finance Director Jahna Robinson:

From Heidi Scheppe:

The rate increase was determined by projected expenditures and the revenue needed to cover those costs as calculated by the Waterworth program. We are working on a structural shift in how retail customer rates are calculated in the next fiscal year. I provided Jahna's detailed response regarding the actual calculation process below.

The City Commission will see the RFP recommendation on Monday for a contract with Raftelis to conduct a sewer & water rate study and restructure both wholesale & retail rates. We are looking to adhere to industry standards and start charging benefit charges for new construction when hooking up to our infrastructure along with additional fees when deemed appropriate. We are hopeful that this increased revenue stream, along with the increase in bulk water costs in the upcoming years as the bulk agreements are renewed will help reduce the increases that have been the burden solely of the City's retail customers.

We will need to continue to cover our annual costs going forward to keep the funds on solid financial ground, but we look forward to improved rates for City customers in the near future as we hope to spread those costs out.

From Jahna Robinson:

No, the utility rate increases are not directly tied to CPI growth. Instead, the increases are based on the long-term revenue needs required to sustainably support utility operations, maintenance, and infrastructure costs within each fund.

The City utilizes a 20-year "sale of service forecasting" model in our planning software, Waterworth, which currently projects annual increases in base and consumption charges between 1% and 5% to meet operating thresholds and cash flow requirements. This year a 5% increase to water base and consumption was required, along with a 2% increase to sewer base rates and a 4% increase to sewer consumption rates. The rates are all rounded to the nearest nickel because of the federal penny phase-out (so some may be slightly over these percentages).




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3 attachments

 **Strategic Alignment Investment FY 26-27 - Sheet1.pdf**
91K

 **26-27 Budget Core vs Strategic (1).pdf**
151K

 **Image_1213.pdf**
3566K

FY 26-27 Strategic Investments	
<i>Projects denoted with an asterisk are specifically identified in the OKR Work Plan.</i>	
Pillar 1: Proactively Manage Urban Design	Investment
Complete Streets General Fund Allocation of 1% of Expenditures*	\$270,000
Union & 7th Intersection (mobility improvements)*	\$1,078,100
	\$1,845,900
7th Street Reconstruction Design*	\$250,000
Crosswalks	
16th & Cass Pedestrian Crosswalk*	\$100,000
State Street Crosswalk: \$345,000	\$345,000
Boardman/Washington/Cass Brownfield Project*	\$500,000
Bike Infrastructure & Mobility Amenities*	
Sidewalk Maintenance	\$50,000
Parking Investments	\$20,000
Sidewalk Debt Service	\$376,700
Trail Debt Service	\$756,000
Monroe Reconstruction (street + utilities coordination + mobility improvements)	\$633,500
	\$1,620,000
	\$1,139,300
Pillar 2: Strengthen Placemaking & Neighborhood Character	Investment
Rotary Square*	\$2,600,000

Lot B Farmers Market Pavilion* (includes stormwater management)	\$3,083,000
Lower Boardman/Ottaway Riverwalk Phase 1*	\$400,000
Tennis/Pickleball Courts*	\$379,000
East Side Placemaking Project (People for Public Spaces Grant)*	\$100,000
TC Vibes Council*	\$20,000
Destination Downtown*	\$4,000
Gateway Sculpture (public art)*	\$35,000
West Front Traffic Calming Project (public art)*	\$20,000
Downtown Community Police Officer*	
Number captured in personnel and reimbursed by TIF	
Garfield Avenue Sidewalk Infill*	\$127,370
West Boardman Lake Trail Maintenance*	\$35,000
Spring Lake Property Improvements*	\$250,000
River's Edge Riverwalk*	\$250,000
Boardman/Washington/Cass Brownfield Project*	
\$500,000 captured elsewhere	
Retail Study	\$50,000

Hickory Hills Mountain Bike Trail	\$200,000
Highland Park Improvements	\$30,000
Citywide Park Bathroom Upgrades	\$58,400
Open Space Master Plan / Design	\$250,000
Pillar 3: Fostering a Regional Collaborative Approach	Investment
Stormwater System Compliance & MS4 Implementation*	\$50,000
11th Street Kids Creek Culvert*	\$823,000
Add Communications Staffing*	
Number captures in personnel total	
SAP/OKR Dashboard*	\$24,000
Employee Performance Software*	\$15,000
Stormwater Investments*	
TIF: \$15,000 (\$110,000 for Lot B - included in previous amount)	\$100,000
East Bay Park Storm Sewer Outlet (regional water impact)	\$58,300
Brown Bridge Quiet Area – Spring Lake (GTCD)	
Number captured elsewhere	
Marina Master Plan & CAMIS Marina System (MDNR partnership)	\$28,000
DDA/Grant-funded coastal habitat restoration (NOAA)	\$216,000

\$2,267,750 (multiple-year) (\$650,00 first three years)	
EGLE-funded West End environmental cleanup (grant)	\$750,000
Pillar 4: Creating a Complete Community	Investment
Housing & Homelessness Investments, with a dedicated appropriation of 1% of the General Fund Budget for Homelessness Services	\$260,000
CDBG Housing Initiatives	\$370,000
Citywide ADA / accessibility-related improvements (embedded across projects)	
Number captured elsewhere	
Public restroom upgrades (equity/access)	
\$58,400 captured elsewhere	
Sidewalk network expansion (Garfield Ave, etc.)	
Garfield captured elsewhere	
Maintenance captured elsewhere	
Traverse Connect Economic Development Services retainer: piloted MiHome Program, legislative and policy advocacy for childcare programs and center expansion*	\$55,000
Pillar 5: Support Environmental Sustainability	Investment
Stormwater System Compliance & MS4 Implementation*	
Number captured elsewhere	
Stormwater Management Plan (strategic portion beyond compliance)*	
Plan	\$125,000
TIF 97	\$15,000

Upcoming, reinvigorated work on developing a stormwater utility	
Composting Program*	
DDA TIFs	\$11,800
Food Waste Reduction & Composting Program management (does not include Keystone investments)	\$37,000
Boardman Riverwall Study*	\$46,500
Green Fleet Investments*	
2 Hybrid Police Interceptors	\$160,000
Police Hybrid x 3	\$150,000
Parks EV	\$180,000
Streets EV	\$60,000
APS EV	\$25,000
Plow Trucks (integration of liquid technology - salt reduction) x 2	\$680,000
Parks Beach Cleaner	\$135,000
Asphalt Recycler	\$100,000
Wastewater system modernization (strategic resilience component)*	
WWTP UV & Headworks Project (energy reduction)	\$20,000,000
Sanitary Sewer Lining Program (energy reduction):	
Lakeshore Restoration*	\$50,000
Brown Bridge Boardwalk	\$50,000
Green infrastructure integration (embedded in street projects like Monroe)	
Number captured elsewhere	

EV Charging Infrastructure Replacement	\$100,000
Pillar 6: Build a Thriving Year-Round Economy	Investment
Parking system enhancements (user experience + economic access + TDM approaches)*	\$25,000
Farmers Market Pavilion (economic + placemaking overlap)*	
Number captured elsewhere	
Rotary Square (event + economic activation)*	
Number captured elsewhere	
Traverse Connect Economic Development Services retainer (talent-focused economic development, strengthening year-round employment; uncrewed systems (drone) industry cluster development; targeted industry attraction*)	
Number captured elsewhere	
Marina improvements (tourism + recreation economy)	\$406,000
Destination Downtown Program	
Number captured elsewhere	
Retail Study	
Number captured elsewhere	
TOTAL	\$41,981,870

Fiscal Year 2026–2027 Core Services vs Strategic Investments

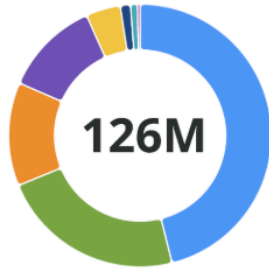
The Fiscal Year 2026–2027 budget reflects approximately **\$126 million in expenditures** across all funds and is organized around two broad categories of investment: core services and strategic investments. Core services represent the foundational municipal functions necessary to maintain reliable operations, public safety, regulatory compliance, infrastructure systems, and day-to-day service delivery. Strategic investments represent targeted projects, initiatives, and enhancements intended to advance the City’s long-term vision, Strategic Action Plan (SAP), and adopted Objectives and Key Results (OKRs). The City’s identified **strategic investments total approximately \$42 million** within the proposed budget.

However, the distinction between core services and strategic investments is not black and white. In practice, there is significant overlap between the two categories, as many core service expenditures also directly support the implementation of the SAP and OKRs. Investments in transportation infrastructure, water and wastewater systems, parks, mobility, sustainability initiatives, communications, and asset management often serve dual purposes: maintaining essential public services while simultaneously advancing broader strategic priorities related to placemaking, neighborhood character, environmental stewardship, economic resilience, and regional collaboration. As a result, the strategic investment total should not be interpreted as the City’s only investment toward long-term community outcomes, but rather as a framework to identify projects and expenditures that are tied to transformational or policy-driven initiatives.

Additionally, several forms of strategic investment are not easily quantified within a traditional expenditure-based analysis. For example, the City’s use of Payment in Lieu of Taxes (PILOT) agreements represents a deliberate policy investment in affordable and workforce housing initiatives. Through these agreements, the City intentionally forgoes a portion of potential tax revenue in order to support housing development and broader community goals. While these decisions may not appear as direct expenditures within the budget, they nonetheless reflect meaningful strategic investments and policy choices intended to advance Commission priorities and long-term community outcomes.

Similarly, staffing costs are largely categorized under core services, despite playing a substantial role in executing strategic priorities. **Personnel expenditures total approximately \$30.5 million citywide** and represent one of the City’s largest operational investments, including approximately **50% of General Fund expenditures dedicated to public safety services**. Beyond direct service delivery, staff capacity is essential to implementing the policies, programs, coordination efforts, reporting mechanisms, partnership development, and operational changes identified throughout the OKR Work Plan. Many strategic outcomes rely not only on capital projects or direct expenditures, but also on the ongoing work of the employee team to implement Commission direction and carry out organizational priorities. Accordingly, the City’s workforce should be viewed as a foundational investment that supports both core operations and the successful implementation of long-term strategic objectives.

FY27 Expenditures by Fund Summary



● ENTERPRISE FUNDS	\$57,921,900	46.08%
● GENERAL FUND	\$28,551,600	22.72%
● SPECIAL REVENUE FUNDS	\$16,010,600	12.74%
● CAPITAL PROJECT FUNDS	\$14,822,000	11.79%
● INTERNAL SERVICE FUNDS	\$5,345,800	4.25%
● DEBT SERVICE FUNDS	\$1,581,700	1.26%
● GASB 54 FUNDS	\$1,045,100	0.83%
● PERMANENT FUND	\$415,000	0.33%

Personnell: \$30.5 M

Strategic Investments*: \$42 M

*May have overlap and is not all encompassing based on the narrative above

Downtown Development Authority

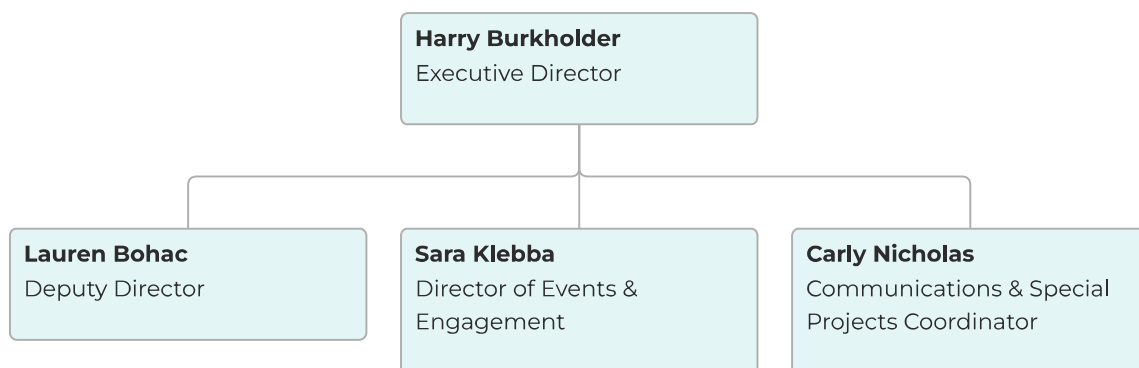
Established in 1978, the Traverse City Downtown Development Authority (DDA) is directed by a nine-member City-appointed board, which hires an Executive Director to lead its operations. The DDA is considered a *Component Unit* of the City of Traverse City and is responsible for creating, supporting and promoting critical public infrastructure and other services that enhance the downtown experience, promote business growth, serve as a catalyst for private investment and contribute to the year-round vitality and unique sense-of-place of Downtown Traverse City.

DDA Mission: To promote economic growth and provide a world-class downtown that is active, thriving and inclusive. In collaboration with all stakeholders, the DDA creates and implements development plans, encourages historic preservation, corrects and prevents deterioration in the downtown district, and makes sound investments in sustainable infrastructure and civic amenities. Serving as the caretakers of Downtown Traverse City, the DDA works with businesses, property owners, and residents to maintain a vibrant city center that is economically healthy.

The DDA facilitates its work in partnership and collaboration with the City. Projects may be led and funded entirely by the DDA, or the City and the DDA may share the cost of collaborative projects.



DDA Organization Chart



Overview

The DDA utilizes the current plans, ongoing initiatives and overarching strategies adopted by the DDA, City and other community entities to develop the framework for its budget, including but not limited to the Capital Improvement Plan, the City's ongoing Strategic Action Plan, the Lower Boardman Unified Plan, the Moving Downtown Forward Plan and priorities/recommendations of the DDA Board.

The Guiding Principles of the DDA's Moving Downtown Forward Plan illustrate the mission and values of the DDA and serve as the basis for its projects and services.

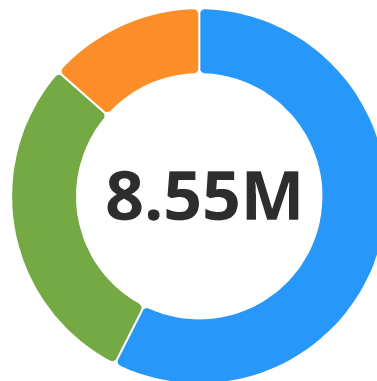
Moving Downtown Forward Guiding Principles

1. Design a great place for all ages and for future generations
2. Protect and preserve small local independent businesses
3. Support job growth and varied career opportunities
4. Champion the development of attainable and workforce housing
5. Advance climate action, sustainability, renewable energy, energy efficiency and resiliency

The DDA has three unique but complementary funds that make up its total budget: the General Fund, the TIF-97 Fund, and the Old Town TIF Fund.

Revenues by Fund

FY27 Revenues by Fund



● DDA TIF 97	\$4,908,400	57.42%
● DOWNTOWN DEVELOPMENT AUTHORITY	\$2,488,200	29.11%
● DDA OLD TOWN TIF	\$1,151,000	13.47%

Revenues by Fund

Category	2025/2026 Amended	2025/2026 Projected	2026/2027 Budgeted	2027/2028 Requested	2028/2029 Requested
DOWNTOWN DEVELOPMENT AUTHORITY	\$2,752,000	\$1,432,300	\$2,488,200	\$1,956,400	\$2,673,900
DDA OLD TOWN TIF	\$830,100	\$1,012,100	\$1,151,000	\$1,162,000	\$1,299,000
DDA TIF 97	\$4,340,800	\$4,523,900	\$4,908,400	\$4,016,600	\$0
Total Revenues	\$7,922,900	\$6,968,300	\$8,547,600	\$7,135,000	\$3,972,900

Comprehensive Fund Summary

This summary reflects combined total revenues and expenditures across all 3 DDA funds: DDA Admin (248), DDA Old Town TIF Fund (252), and DDA TIF-97 Fund (253).

Comprehensive Fund Summary

Category	2025/2026 Amended	2025/2026 Projected	2026/2027 Budgeted	2027/2028 Requested	2028/2029 Requested
Beginning Fund Balance	\$6,539,877	\$6,539,877	\$7,553,070	\$4,488,020	\$3,199,000
Revenues					
PROPERTY TAXES	\$5,296,300	\$5,662,700	\$6,181,400	\$5,309,000	\$1,696,500
LICENSES AND PERMITS	\$21,500	\$21,500	\$20,000	\$22,000	\$22,000
CHARGES FOR SERVICES	\$0	\$75,000	\$75,000	\$75,000	\$75,000
INTERGOVERNMENTAL	\$657,700	\$197,200	\$487,000	\$294,700	\$1,672,000
OTHER REVENUE	\$134,900	\$55,900	\$29,700	\$34,800	\$34,300
REIMBURSEMENTS	\$0	\$500	\$0	\$0	\$0
TRANSFER IN	\$712,500	\$712,500	\$746,500	\$799,500	\$173,100
STATE GRANTS	\$600,000	\$1,000	\$750,000	\$600,000	\$300,000
GRANTS FROM PRIVATE RESOURCES	\$500,000	\$242,000	\$258,000	\$0	\$0
Total Revenues	\$7,922,900	\$6,968,300	\$8,547,600	\$7,135,000	\$3,972,900
Expenditures					
SALARIES & WAGES	\$446,200	\$437,000	\$475,000	\$490,000	\$264,900
FRINGE BENEFITS	\$133,000	\$116,700	\$141,000	\$150,900	\$77,050
OFFICE/OPERATING SUPPLIES	\$82,600	\$82,600	\$70,540	\$63,700	\$37,800
PROFESSIONAL SERVICES	\$600,500	\$623,100	\$616,500	\$697,700	\$220,200
PROFESSIONAL DEVELOPMENT	\$5,000	\$0	\$5,000	\$5,000	\$5,000
COMMUNICATION	\$5,000	\$1,500	\$3,500	\$3,500	\$1,000
COMMUNITY PROMOTION	\$20,000	\$20,000	\$0	\$0	\$0
CONTRACTUAL SERVICES	\$90,000	\$90,000	\$111,100	\$111,700	\$21,100
PRINTING & PUBLISHING	\$0	\$1,000	\$6,000	\$6,000	\$1,000
UTILITIES	\$39,000	\$39,000	\$30,600	\$34,100	\$11,600
REPAIRS & MAINTENANCE	\$1,000	\$1,500	\$0	\$0	\$0
RENTALS	\$0	\$4,800	\$0	\$0	\$0
MISCELLANEOUS EXP	\$75,000	\$38,000	\$55,000	\$55,000	\$25,000
TRANSFER OUT CITY FEE	\$639,500	\$639,500	\$739,800	\$752,200	\$158,100
CAPITAL OUTLAY	\$6,598,700	\$4,916,000	\$7,372,000	\$4,958,700	\$1,935,000
PRINCIPAL	\$820,000	\$820,000	\$790,000	\$765,000	\$0
INTEREST EXPENSE & FEES	\$54,500	\$54,500	\$36,700	\$17,500	\$0
TRANSFER OUT	\$712,500	\$712,500	\$746,510	\$799,530	\$173,100
Total Expenditures	\$10,322,500	\$8,597,700	\$11,199,250	\$8,910,530	\$2,930,850
Total Revenues Less Expenditures	-\$2,399,600	-\$1,629,400	-\$2,651,650	-\$1,775,530	\$1,042,050
Ending Fund Balance	\$4,140,277	\$4,910,477	\$4,901,420	\$2,712,490	\$4,241,050

Expenditures by Fund

FY27 Expenditures by Fund

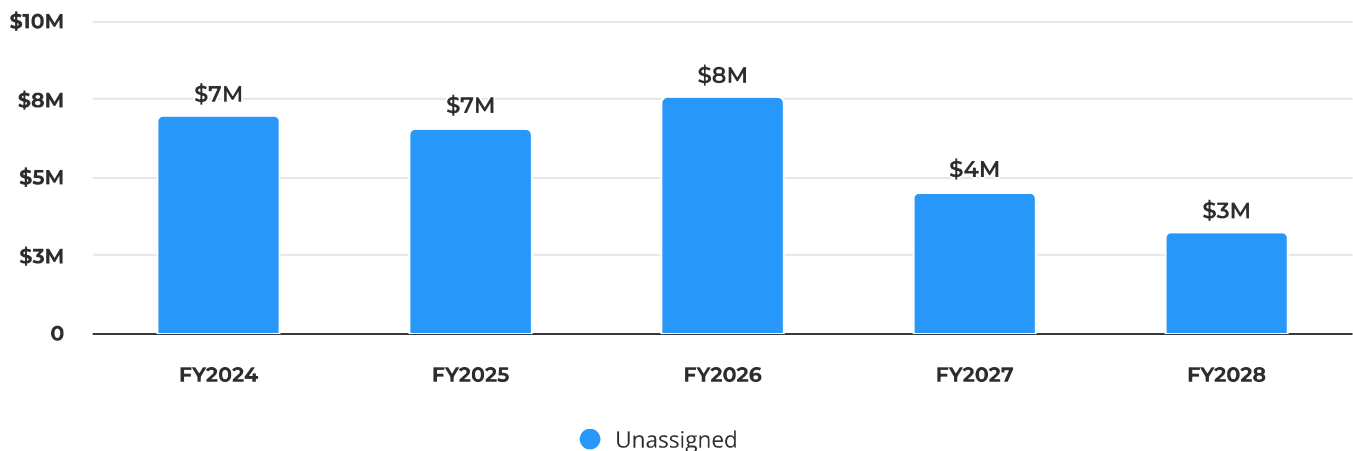


● DDA TIF 97	\$7,385,630	65.95%
● DOWNTOWN DEVELOPMENT AUTHORITY	\$2,331,640	20.82%
● DDA OLD TOWN TIF	\$1,481,980	13.23%

Expenditures by Fund

Category	2025/2026 Amended	2025/2026 Projected	2026/2027 Budgeted	2027/2028 Requested	2028/2029 Requested
DOWNTOWN DEVELOPMENT AUTHORITY	\$2,609,900	\$920,100	\$2,331,640	\$1,772,800	\$2,485,750
DDA OLD TOWN TIF	\$729,200	\$714,200	\$1,481,980	\$479,540	\$445,100
DDA TIF 97	\$6,983,400	\$6,963,400	\$7,385,630	\$6,658,190	\$0
Total Expenditures	\$10,322,500	\$8,597,700	\$11,199,250	\$8,910,530	\$2,930,850

Fund Balance Projections



Financial Summary

Fund Balance	FY 2025	FY 2026	FY 2027	FY 2028
Unassigned	\$6,539,877	\$7,553,070	\$4,488,020	\$3,199,000
Total Fund Balance	\$6,539,877	\$7,553,070	\$4,488,020	\$3,199,000

DDA Administration Fund (248)

The DDA General Fund is used to pay for the day-to-day operations of the DDA, including employee salaries, office supplies and utilities, professional services and professional development. Revenue sources for the DDA General Fund include a 2-mill levy on property within the Downtown District, administrative fees from the TIF-97 and Old Town TIF funds, booth rental fees from the Farmers Market, a contract with the Downtown Traverse City Association (DTCA), and grants for specific DDA projects and initiatives.



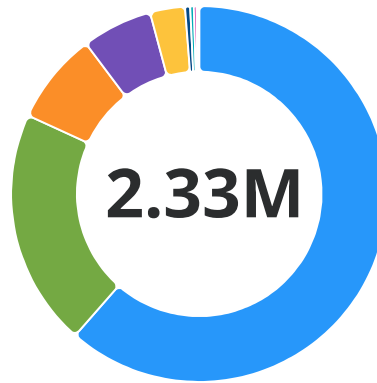
Expenditures Summary

The Capital Outlay expenditure category is supported by grants for three infrastructure projects:

- \$258,000 from Rotary Charities for the development of Rotary Square
- \$425,000 from the National Oceanic & Atmospheric Administration as a sub-recipient of a grant awarded to the Grand Traverse Band of Ottawa and Chippewa Indians for coastal habitat restoration
- \$750,000 from the Michigan Department of Environment, Great Lakes, and Energy (EGLE) for the environmental clean-up and development of deteriorated West End sites

Because these are reimbursement grants, the amount budgeted for each grant does not reflect the total grant award but estimated spending from each grant for FY 26/27.

FY27 Expenditures by Expense Type Summary



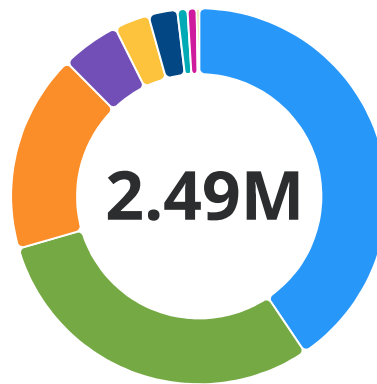
● CAPITAL OUTLAY	\$1,433,000	61.46%
● SALARIES & WAGES	\$475,000	20.37%
● PROFESSIONAL SERVICES	\$184,200	7.90%
● FRINGE BENEFITS	\$141,000	6.05%
● OFFICE/OPERATING SUPPLIES	\$70,540	3.03%
● MISCELLANEOUS EXP	\$10,000	0.43%
● UTILITIES	\$7,400	0.32%
● PROFESSIONAL DEVELOPMENT	\$5,000	0.21%
● COMMUNICATION	\$3,500	0.15%
● PRINTING & PUBLISHING	\$2,000	0.09%

Expenditures by Expense Type Summary

Category	2025/2026 Amended	2025/2026 Projected	2026/2027 Budgeted	2027/2028 Requested	2028/2029 Requested
SALARIES & WAGES	\$446,200	\$437,000	\$475,000	\$490,000	\$264,900
FRINGE BENEFITS	\$133,000	\$116,700	\$141,000	\$150,900	\$77,050
OFFICE/OPERATING SUPPLIES	\$82,600	\$82,600	\$70,540	\$63,700	\$37,800
PROFESSIONAL SERVICES	\$165,400	\$188,000	\$184,200	\$207,200	\$171,700
PROFESSIONAL DEVELOPMENT	\$5,000	\$0	\$5,000	\$5,000	\$5,000
COMMUNICATION	\$5,000	\$1,500	\$3,500	\$3,500	\$1,000
PRINTING & PUBLISHING	\$0	\$1,000	\$2,000	\$2,000	\$500
UTILITIES	\$4,000	\$4,000	\$7,400	\$7,800	\$7,800
REPAIRS & MAINTENANCE	\$1,000	\$1,500	\$0	\$0	\$0
RENTALS	\$0	\$4,800	\$0	\$0	\$0
MISCELLANEOUS EXP	\$10,000	\$8,000	\$10,000	\$10,000	\$10,000
CAPITAL OUTLAY	\$1,757,700	\$75,000	\$1,433,000	\$832,700	\$1,910,000
Total Expenditures	\$2,609,900	\$920,100	\$2,331,640	\$1,772,800	\$2,485,750

Revenue Summary

FY27 Revenues by Revenue Source



● INTERGOVERNMENTAL	\$1,008,000	40.51%
● TRANSFER IN OTHER FUNDS	\$746,500	30.00%
● FEDERAL GRANTS	\$425,000	17.08%
● REAL ESTATE/PERSONAL PROPERTY TAX	\$125,400	5.04%
● GENERAL FEES & SERVICES	\$75,000	3.01%
● STATE LOCAL COMMUNITY STABILIZATION	\$62,000	2.49%
● RENT & ROYALTIES	\$21,000	0.84%
● BUSINESS LICENSES & PERMITS	\$20,000	0.80%
● INTEREST REVENUE	\$5,300	0.21%

Revenues by Revenue Source

Category	2025/2026 Amended	2025/2026 Projected	2026/2027 Budgeted	2027/2028 Requested	2028/2029 Requested
REAL ESTATE/PERSONAL PROPERTY TAX	\$130,000	\$127,300	\$125,400	\$133,400	\$397,500
BUSINESS LICENSES & PERMITS	\$21,500	\$21,500	\$20,000	\$22,000	\$22,000
FEDERAL GRANTS	\$657,700	\$132,700	\$425,000	\$232,700	\$1,610,000
STATE LOCAL COMMUNITY STABILIZATION	\$0	\$62,000	\$62,000	\$62,000	\$62,000
GRANTS FROM LOCAL SOURCES	\$0	\$2,500	\$0	\$0	\$0
GENERAL FEES & SERVICES	\$0	\$75,000	\$75,000	\$75,000	\$75,000
INTEREST REVENUE	\$5,300	\$5,300	\$5,300	\$5,300	\$5,300
RENT & ROYALTIES	\$50,000	\$50,000	\$21,000	\$24,000	\$26,000
CONTRIBUTIONS-PRIVATE SOURCES	\$0	\$0	\$0	\$2,500	\$3,000
CONTRIBUTIONS-PUBLIC SOURCES	\$75,000	\$0	\$0	\$0	\$0
REIMBURSEMENTS	\$0	\$500	\$0	\$0	\$0
TRANSFER IN OTHER FUNDS	\$712,500	\$712,500	\$746,500	\$799,500	\$173,100
INTERGOVERNMENTAL	\$1,100,000	\$243,000	\$1,008,000	\$600,000	\$300,000
Total Revenues	\$2,752,000	\$1,432,300	\$2,488,200	\$1,956,400	\$2,673,900

DDA Old Town TIF Fund (252)

The Old Town TIF Fund was established through the Old Town Tax Increment Financing (TIF) plan adopted by the DDA and City in 2016 (originally called TIF-2, which was adopted in 1985 and expired in 2015). It is funded through the harnessed appreciation of tax revenue within the Old Town TIF District. The City of Traverse City contributes 53-cents on the dollar of the revenue collected in the Old Town TIF, with the remaining 47-cents contributed by the following regional taxing authorities: Grand Traverse County Commission on Aging; Grand Traverse County Veterans Affairs; Grand Traverse County Road Commission; Northwestern Michigan College; Bay Area Transportation Authority; Grand Traverse County Conservation District; Grand Traverse County Animal Control; the Recreation Authority; and Grand Traverse County, as well the DDA's levied millage.



Expenditure Summary

There are no significant changes to Expenditures, with funding for some projects that were not completed in FY 25/26 rolling over into FY 26/27.

Major projects planned within "Transforming Downtown (A)" include contributing to the City's reconstruction of the Union and Seventh intersection and construction of the Rivers Edge riverwalk in collaboration with FishPass.

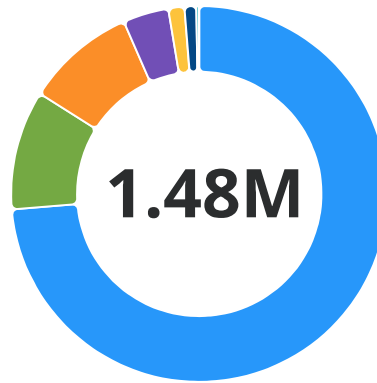
The Capital Outlay expenditure category consists of all items under "Building and Maintaining Downtown (A) Essential Public Infrastructure" and "Transforming Downtown (A) Transformative Public Infrastructure". Most items under "Building and Maintaining Downtown (B) Essential Public Services" and "Transforming Downtown (B) Transformative Public Services" are within the Professional Services expenditure category.

Funds under "(A) Essential Public Infrastructure" may be used for projects developed by the DDA or as a contribution to projects led by the City. A new line was created to contribute to the City's repairs to the Carnegie Building in FY 26/27.

Under "(B) Transformative Public Services," a new line for a retail study was created to conduct a market analysis of downtown's changing retail landscape and strategies to keep small, locally owned businesses from being priced out of their storefronts.

Old Town TIF	Total Taxable	\$	89,419,485
	Captured Taxable Value	\$	43,995,103
	Estimated Revenue	\$	1,121,406
Est. Fund Balance of Previous Fiscal		\$	1,855,000
Running Downtown		\$	288,792
<i>DDA Administration</i>		\$	140,784
<i>Service Agreement with City</i>		\$	129,808
<i>Miscellaneous & Utilities</i>		\$	18,200
Building and Maintaining Downtown			
(A) Essential Public Infrastructure		\$	122,000
<i>Streetscaping/Snowmelt</i>		\$	10,000
<i>Stormwater & Green Infrastructure</i>		\$	15,000
<i>Landscaping**</i>		\$	4,000.00
<i> General Infrastructure Repair</i>		\$	15,000.00
<i>City Infrastructure Contribution</i>		\$	25,000.00
<i>Wayfinding Signage</i>		\$	8,000.00
<i>Placemaking Amenities</i>		\$	10,000.00
<i>Miscellaneous</i>		\$	10,000.00
<i>Carnegie Building Repairs</i>		\$	25,000.00
(B) Essential Public Services		\$	68,650
<i>Community Police Officer (\$3,000)^</i>			
<i>Trash Removal</i>		\$	20,000
<i>Public Restroom Program</i>		\$	1,000
<i>Printing</i>		\$	500
<i>Clean and Green Team (SEEDS & Bin Ninjas)</i>		\$	25,000
<i>City Vehicle Rentals</i>		\$	2,150
<i>Holiday Lights</i>		\$	10,000
<i>Miscellaneous</i>		\$	10,000
Transforming Downtown			
(A) Transformative Public Infrastructure		\$	970,000
<i>Rivers Edge Riverwalk</i>		\$	250,000
<i>Riverwalk Signage</i>		\$	10,000
<i>Union and 7th Intersection</i>		\$	700,000
<i>Mobility & Accessibility Improvements</i>		\$	10,000
(B) Transformative Public Services		\$	12,300
<i>Composting Program</i>		\$	1,300
<i>Retail Study</i>		\$	10,000
<i>Destination Downtown</i>		\$	1,000
Activating Downtown & Growing Business		\$	20,210
<i>Communication, Promotion & Events</i>		\$	20,000
<i>Traverse Connect</i>		\$	210
Total Expenses		\$	1,481,952
Estimated Remaining Fund Balance		\$	1,494,454
** Includes flowers, planters, and tools			
^Police Officer included in City service agreement total			

FY27 Expenditures by Expense Type Summary



● CAPITAL OUTLAY	\$1,092,000	73.69%
● TRANSFER OUT CITY FEE	\$152,000	10.26%
● TRANSFER OUT	\$140,780	9.50%
● PROFESSIONAL SERVICES	\$58,300	3.93%
● CONTRACTUAL SERVICES	\$20,200	1.36%
● MISCELLANEOUS EXP	\$15,000	1.01%
● UTILITIES	\$3,200	0.22%
● PRINTING & PUBLISHING	\$500	0.03%

Expenditures by Expense Type Summary

Category	2025/2026 Amended	2025/2026 Projected	2026/2027 Budgeted	2027/2028 Requested	2028/2029 Requested
PROFESSIONAL SERVICES	\$87,000	\$87,000	\$58,300	\$56,000	\$48,500
COMMUNITY PROMOTION	\$20,000	\$20,000	\$0	\$0	\$0
CONTRACTUAL SERVICES	\$0	\$0	\$20,200	\$20,800	\$21,100
PRINTING & PUBLISHING	\$0	\$0	\$500	\$500	\$500
UTILITIES	\$5,000	\$5,000	\$3,200	\$3,800	\$3,800
MISCELLANEOUS EXP	\$15,000	\$0	\$15,000	\$15,000	\$15,000
TRANSFER OUT CITY FEE	\$124,800	\$124,800	\$152,000	\$155,000	\$158,100
CAPITAL OUTLAY	\$360,000	\$360,000	\$1,092,000	\$72,500	\$25,000
TRANSFER OUT	\$117,400	\$117,400	\$140,780	\$155,940	\$173,100
Total Expenditures	\$729,200	\$714,200	\$1,481,980	\$479,540	\$445,100

Revenue Summary

There are no significant changes to revenue. Revenue is from the tax capture in the Old Town TIF district.

Revenues by Revenue Source

Category	2024/2025 Actual	2025/2026 Amended	2025/2026 Projected	2026/2027 Budgeted	2027/2028 Requested	2028/2029 Requested
REAL ESTATE/PERSONAL PROPERTY TAX	\$0	\$830,000	\$1,011,500	\$1,151,000	\$1,162,000	\$1,299,000
INTEREST REVENUE	\$0	\$100	\$600	\$0	\$0	\$0
Total Revenues	\$0	\$830,100	\$1,012,100	\$1,151,000	\$1,162,000	\$1,299,000

DDA TIF 97 Fund (253)

The TIF-97 Fund was established through the Tax Increment Financing (TIF) plan adopted by the DDA and City in 1997. TIF-97 is funded through the harnessed appreciation of tax revenue within the designated TIF-97 District. The City of Traverse City contributes 53-cents on the dollar of the revenue collected in TIF-97, with the remaining 47-cents contributed by the following regional taxing authorities: Grand Traverse County Commission on Aging; Grand Traverse County Veterans Affairs; Grand Traverse County Road Commission; Northwestern Michigan College; Bay Area Transportation Authority; Grand Traverse County Conservation District; Grand Traverse County Animal Control; the Recreation Authority; and Grand Traverse County, as well the DDA's levied millage.



Expenditure Summary

There are no significant changes to expenditures, with funding for some projects that were not completed in FY 25/26 rolling over into FY 26/27. Other adjustments include increased funding for downtown's Clean and Green Team and shifting Farmers Market administration costs from the DDA Administration Fund to TIF 97.

Major projects planned within "Transforming Downtown (A) Transformative Public Infrastructure" include mid-block crosswalks on State Street, completed construction documents for the first phase of the Lower Boardman/Ottaway Riverwalk's restoration and infrastructure, reconstruction of Rotary Square (which will span two fiscal years), and the long-planned Farmer's Market Pavilion, which would enhance the City's upcoming reconstruction of Lot B.

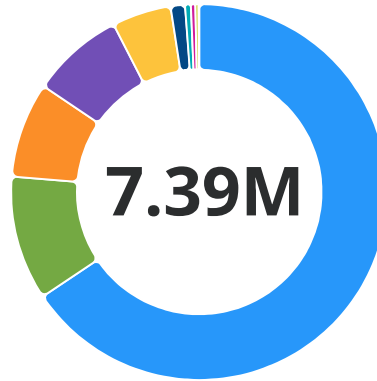
The Capital Outlay expenditure category consists of all items under "Building and Maintaining Downtown (A) Essential Public Infrastructure" and "Transforming Downtown (A) Transformative Public Infrastructure." Most items under "Building and Maintaining Downtown (B) Essential Public Services" and "Transforming Downtown (B) Transformative Public Services" are within the Professional Services expenditure category.

Funds under "(A) Essential Public Infrastructure" may be used for projects developed by the DDA or as a contribution to projects led by the City. Contributions to stormwater reconstruction at Lot B and repairs to the North Union Street bridge are included in their own lines.

Under "(B) Transformative Public Services," a new line for a retail study was created to conduct a market analysis of downtown's changing retail landscape and strategies to keep small, locally owned businesses from being priced out of their storefronts.

TIF-97 Total Taxable Value	\$226,821,791
Captured Taxable Value	\$189,291,061
Estimated Revenue	\$4,828,974
Est. Fund Balance of Previous Fiscal Year	\$4,800,000
Running Downtown	\$ 1,174,964
<i>DDA Administration</i>	605,731
<i>Service Agreement with City</i>	\$ 519,233
<i>Miscellaneous & Utilities</i>	\$ 50,000
Building and Maintaining Downtown	
(A) Essential Public Infrastructure	\$ 1,509,657
<i>Streetscaping/Snowmelt</i>	\$ 75,000
<i>Stormwater & Green Infrastructure (Lot B)</i>	\$ 110,000
<i>Landscaping**</i>	\$ 18,000
<i>General Infrastructure Repair</i>	\$ 70,000
<i>City Infrastructure Contribution</i>	\$ 100,000
<i>Wayfinding Signage</i>	\$ 22,000
<i>Placemaking Amenities</i>	\$ 100,000
<i>Miscellaneous</i>	\$ 25,000
<i>Rotary Square Maintenance</i>	\$ 14,000
<i>N. Union Street Bridge Repair</i>	\$ 150,000
<i>Hardy Parking Deck Payment</i>	\$ 825,657
(B) Essential Public Services	\$ 377,550
<i>Community Police Officer (\$120,431)^</i>	
<i>Trash and Recycling Removal</i>	\$ 60,100
<i>Public Restroom Program</i>	\$ 14,500
<i>Printing</i>	\$ 3,500
<i>Clean and Green Team (SEEDS & Bin Ninjas)</i>	\$ 105,000
<i>City Vehicle Rentals</i>	\$ 8,450
<i>Holiday Lights</i>	\$ 100,000
<i>Miscellaneous</i>	\$ 25,000
<i>Farmers Market Maintenance & Admin</i>	\$ 61,000
Transforming Downtown	
(A) Transformative Public Infrastructure	\$ 4,573,000
<i>Rotary Square</i>	\$ 500,000
<i>Farmers Market Pavillion</i>	\$ 3,083,000
<i>Boardman/Ottaway Riverwalk</i>	\$ 400,000
<i>Two-Way Pilot</i>	\$ 200,000
<i>Mobility & Accessibility Improvements</i>	\$ 380,000
<i>Public Art</i>	\$ 10,000
(B) Transformative Public Services	\$ 68,500
<i>Composting Program</i>	\$ 10,500
<i>Retail Study</i>	\$ 40,000
<i>Destination Downtown</i>	\$ 3,000
<i>City Stormwater Study</i>	\$ 15,000
Activating Downtown & Growing Business	\$ 90,900
<i>Communication, Promotion & Events</i>	\$ 90,000
<i>Traverse Connect</i>	\$ 900
Total Expenses	\$ 7,794,571
Estimated Remaining Fund Balance	\$ 1,834,403
** Includes flowers, planters, tools, and J. Smith maintena	
^Police Officer included in City service agreement total	

FY27 Expenditures by Expense Type Summary



● CAPITAL OUTLAY	\$4,847,000	65.63%
● PRINCIPAL	\$790,000	10.70%
● TRANSFER OUT	\$605,730	8.20%
● TRANSFER OUT CITY FEE	\$587,800	7.96%
● PROFESSIONAL SERVICES	\$374,000	5.06%
● CONTRACTUAL SERVICES	\$90,900	1.23%
● INTEREST EXPENSE & FEES	\$36,700	0.50%
● MISCELLANEOUS EXP	\$30,000	0.41%
● UTILITIES	\$20,000	0.27%
● PRINTING & PUBLISHING	\$3,500	0.05%

Expenditures by Type Summary

Category	2025/2026 Amended	2025/2026 Projected	2026/2027 Budgeted	2027/2028 Requested	2028/2029 Requested
PROFESSIONAL SERVICES	\$348,100	\$348,100	\$374,000	\$434,500	\$0
CONTRACTUAL SERVICES	\$90,000	\$90,000	\$90,900	\$90,900	\$0
PRINTING & PUBLISHING	\$0	\$0	\$3,500	\$3,500	\$0
UTILITIES	\$30,000	\$30,000	\$20,000	\$22,500	\$0
MISCELLANEOUS EXP	\$50,000	\$30,000	\$30,000	\$30,000	\$0
TRANSFER OUT CITY FEE	\$514,700	\$514,700	\$587,800	\$597,200	\$0
CAPITAL OUTLAY	\$4,481,000	\$4,481,000	\$4,847,000	\$4,053,500	\$0
PRINCIPAL	\$820,000	\$820,000	\$790,000	\$765,000	\$0
INTEREST EXPENSE & FEES	\$54,500	\$54,500	\$36,700	\$17,500	\$0
TRANSFER OUT	\$595,100	\$595,100	\$605,730	\$643,590	\$0
Total Expenditures	\$6,983,400	\$6,963,400	\$7,385,630	\$6,658,190	\$0

Revenues Summary

There are no significant changes to revenue. Revenue is from the tax capture in the TIF-97 TIF district.

Revenues by Revenue Source

Category	2024/2025 Actual	2025/2026 Amended	2025/2026 Projected	2026/2027 Budgeted	2027/2028 Requested	2028/2029 Requested
REAL ESTATE/PERSONAL PROPERTY TAX	\$0	\$4,336,300	\$4,523,900	\$4,905,000	\$4,013,600	\$0
INTEREST REVENUE	\$0	\$4,500	\$0	\$3,400	\$3,000	\$0
Total Revenues	\$0	\$4,340,800	\$4,523,900	\$4,908,400	\$4,016,600	\$0