CITY OF BELLEVILLE
DOWNTOWN DEVELOPMENT AUTHORITY

SPECIAL MEETING AGENDA

Wednesday, March 9, 2022   6:00 pm (EST)
Belleville City Hall—Council Chambers
6 Main Street, Belleville, MI 48111

Join Zoom Meeting
https://us02web.zoom.us/j/89165838420?pwd=ME11Q3NjNE1DcnAwMTJZb0RqQnVYQT09

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1. **Pledge of Allegiance and Moment of Silence**

2. **Roll Call**
   Denise Baker – Secretary
   Valerie Kelley-Bonner
   Jim Chudzinski – Vice Chair
   Mayor Kerreen Conley
   Alicia McGovern - Chair
   Kelly McWilliams
   Sabrina Richardson-Williams – Treasurer
   Jennifer Winter

   Determination of Quorum and Status of Absent Members

3. **Approval of and/or Changes to the Agenda**

4. **General Business**

   A. Audit Presentation-Plante Moran
   B. DDA-City Maintenance Agreement
   C. 2022 Projects-Discussion

5. **Citizen Comments**

6. **Action Items for Next Regularly Scheduled Meeting**

7. **Adjournment**

TO: Downtown Development Authority Board
FROM: Tim McLean, Deputy City Manager/DDA Director
DATE: March 3, 2022
RE: DDA Audit

At the regularly scheduled City Council meeting on February 7, 2022, Alan C. Young and Associates gave its annual audit presentation. ACY issued an Unmodified Opinion on the City's FY 2021 Financial Statement. An Unmodified Opinion is considered the "gold standard" for an annual audit.

Accountant Kelly Howey from Plante Moran will be present at the March 9, 2022 Special Meeting to present the specific findings on the DDA portion of the annual audit.

Statement of Net Position
June 30, 2021

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit-DDA
Assets:				
Cash and Cash Equivalents (Note 3)	$ 3,615,275	$ 3,688,350	$ 7,303,625	$ 770,486
Investment (Note 3)	100,000	-	100,000	200,000
Receivables - Net:				
Receivables from Sales to Customers on Account	-	335,665	335,665	-
Other Receivables	35,597	-	35,597	-
Due from Component Units (Note 5)	138,022	1,500	139,522	-
Due from Other Governmental Units	147,594	-	147,594	25,185
Prepaid Expenses and Other Assets	56,847	165	57,012	1,250
Restricted Assets (Note 8)	-	126,449	126,449	413,012
Capital Assets:				
Assets not Subject to Depreciation (Note 4)	227,847	7,872	235,719	170,000
Assets Subject to Depreciation (Note 4)	2,388,841	4,272,758	6,661,599	1,705,194
Total Assets	6,710,023	8,432,759	15,142,782	3,285,127
Deferred Outflows (Note 1)				
Pension (Note 9)	339,375	11,109	350,484	-
OPEB (Note 10)	80,813	5,517	86,330	-
Total Deferred Outflows	420,188	16,626	436,814	-
Liabilities:				
Accounts Payable	248,341	636,385	884,726	20,001
Due to Primary Government (Note 5)	-	-	-	139,522
Accrued and Other Liabilities	33,851	2,477	36,328	17,986
Noncurrent Liabilities:				
Due within One Year:				
Current Portion of Compensated Absences (Note 6)	21,910	2,724	24,634	-
Current Portion of Long-term Debt (Note 6)	12,598	120,233	132,831	310,000
Due in More than One Year:				
Compensated Absences (Note 6)	65,732	8,170	73,902	-
Net Pension Liability (Note 9)	3,617,253	118,431	3,735,684	-
Net OPEB Liability (Note 10)	2,027,849	220,523	2,248,372	-
Long-term Debt (Note 6)	14,106	1,544,739	1,558,845	2,240,000
Total Liabilities	6,041,640	2,653,682	8,695,322	2,727,509
Deferred Inflow-Pension (Note 9)	98,673	2,042	100,715	-
Total Deferred Inflows	98,673	2,042	100,715	-
Net Position:				
Net Investment in Capital Assets	2,589,984	2,615,658	5,205,642	1,888,342
Restricted:				
Streets and Highways	1,421,155	-	1,421,155	-
Debt Service	-	126,449	126,449	-
Capital Projects	3,680	-	3,680	-
Public Safety	27,467	-	27,467	-
Building Code Enforcement	156,533	-	156,533	-
Cemetery Perpetual Care	248,272	-	248,272	-
Unrestricted (Deficit)	(3,457,193)	3,051,554	(405,639)	(1,330,724)
Total Net Position	$ 989,898	$ 5,793,661	$ 6,783,559	$ 557,618

The accompanying notes are an integral part of these financial statements

Statement of Activities
Year Ended June 30, 2021

		Program Revenues			Net (Expense) Revenue and Charges in Net Position			
					Primary Government			
Functions/Programs	Expenses - Direct Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units-DDA
Primary Government:								
Governmental Activities:								
General Government	$ 565,732	$ 257,153	$ -	$ -	$ (308,579)	$ -	$ (308,579)	$ -
Public Safety	1,607,909	54,108	-	-	(1,553,801)	-	(1,553,801)	-
Public Works	689,175	58,944	493,974	-	(136,257)	-	(136,257)	-
Recreation and Culture	97,940	-	-	-	(97,940)	-	(97,940)	-
Interest on Long-Term Debt	12,744	-	-	-	(12,744)	-	(12,744)	-
Total Government Activities	2,973,500	370,205	493,974	-	(2,109,321)	-	(2,109,321)	-
Business - Type Activities:								
Water and Sewer	1,323,705	1,132,406	-	-	-	(191,299)	(191,299)	-
Sanitation	248,629	206,688	-	-	-	(41,941)	(41,941)	-
Total Business-Type Activities	1,572,334	1,339,094	-	-	-	(233,240)	(233,240)	-
Total Primary Government	$ 4,545,834	$ 1,709,299	$ 493,974	$ -	$ (2,109,321)	$ (233,240)	$ (2,342,561)	$ -
Component Unit - Downtown Development Authority	$ 725,538	$ -	$ -	$ -				$ (725,538)
General Revenues:								
Property Taxes					1,507,080	-	1,507,080	833,518
State-Shared Revenues					448,857	-	448,857	-
Investment and Rental Income					131,012	1,175	132,187	2,398
Cable Franchise Fees					99,051	-	99,051	-
Other Miscellaneous Income					103,893	-	103,893	1,500
Total General Revenues					2,289,893	1,175	2,291,068	837,416
Change in Net Position					180,572	(232,065)	(51,493)	111,878
Net Position - July 1, 2020					809,326	6,025,726	6,835,052	445,740
Net Position - June 30, 2021					$ 989,898	$ 5,793,661	$ 6,783,559	$ 557,618

The accompanying notes are an integral part of these financial statements

6) LONG TERM DEBT (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Business-type Activities							
Revenue Bond - Water Supply and Sewer Disposal System, Series 2002: Amount of Issue - $995,000 Maturing through 2023	4.2% - 5.4%	$40,000	$ 80,000	$ -	$ (40,000)	$ 40,000	$ 40,000
2015 Capital Improvement Bonds Amount of Issue-$ 550,000 Maturing through 2032	2.50%	$20,000- $35,000	463,244	-	(22,844)	440,400	25,000
Downriver Utility Wastewater Authority							
Sewer System Revenue Bonds Amount of Issue- $ 579,862 Maturing through 2013	5.00%	$12,495- $42,157	552,250	-	(17,303)	534,947	12,375
Junior Lien Bonds Amount of Issue- $ 36,750 Maturing through-September 2023	0.00%	$12,250	35,000	-	(350)	34,650	-
County Contractual Obligations - Downriver Sewer System Debt: 21 Issues Maturing through 2032	Various	Various	581,040	-	(47,449)	533,591	42,858
WIFIA Loan Amount of Issue- $ 81,384 Maturing through 2046	1.73%	Various	-	81,384	-	81,384	-
Total Debt			1,711,534	81,384	(127,946)	1,664,972	120,233
Accumulated Compensated Absences			7,824	10,894	(7,824)	10,894	2,724
Other Post-Employment Benefits			168,689	51,834	-	220,523	-
Pension Liability			241,523	-	(123,092)	118,431	-
Total Business-type Activities			$ 2,129,570	$ 144,112	$ (258,862)	$ 2,014,820	$ 122,957

	Interest Rate Ranges	Principal Maturity Ranges	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Component Units							
Limited Tax General Obligation Bond:							
City of Belleville 2010 Capital Improvement Bonds:							
Amount of Issue - $4,200,000 Maturing through 2029	2.0% - 4.5%	$65,000 - $320,000	$ 2,850,000	$ -	$ (300,000)	$ 2,550,000	$ 310,000
Total Component Units			$ 2,850,000	$ -	$ (300,000)	$ 2,550,000	$ 310,000

	Governmental Activities			Business-Type Activities			Component Units		
	Notes from Direct Borrowings and Direct Placements			Bonds			Bonds		
Year	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
2022	$ 12,598	$ 1,621	$ 14,219	$ 120,233	$ 54,882	$ 175,115	310,000	107,920	417,920
2023	13,382	837	14,219	120,557	51,722	172,279	320,000	95,520	415,520
2024	724	14	738	87,869	49,255	137,124	320,000	82,720	402,720
2025	-	-	-	89,845	46,616	136,461	320,000	69,520	389,520
2026	-	-	-	91,918	43,910	135,828	1,280,000	141,440	1,421,440
2027-2031	-	-	-	476,993	175,931	652,924	-	-	-
2032-2036	-	-	-	405,810	108,706	514,516	-	-	-
2037-2041	-	-	-	194,227	53,021	247,248	-	-	-
2042-2046	-	-	-	77,520	5,863	83,383	-	-	-
	$ 26,704	$ 2,472	$ 29,176	$ 1,664,972	$ 589,906	$ 2,254,878	$ 2,550,000	$ 497,120	$ 3,047,120

TO: Downtown Development Authority Board
FROM: Tim McLean, Deputy City Manager/DDA Director
DATE: March 3, 2022
RE: Maintenance Agreement

The focus of the March 9, 2022 Special Meeting is to discuss the Maintenance Agreement between the City and DDA. The Maintenance Agreement specifies services to be performed by the City in the DDA District as well as the DDA's compensation back to the City for performing those services.

The current Maintenance Agreement is set to expire on June 30, 2022. The City Manager has worked with Administration to identify a list of services performed for the DDA by the City. A comprehensive list of those services is identified in bullet points in the attached document ***City of Belleville/Belleville DDA Maintenance and Service Provider Agreement***. This includes work performed by the Department of Public Works. Administrative Services, Tax Roll Preparation, Liability and Property Insurance, the annual outside audit, and Financial/Accounting services.

City Administration has worked with Accountant Kelly Howey of Plante Moran to review the associated costs to provide all of these services for the DDA. It has been determined that the costs to provide the current level of service to the DDA exceed the current amounts being paid back to the City for those services. In order to maintain current service levels, the DDA the payment levels back to the City must be increased.

The current Maintenance Agreement has been in effect since 2017. Since 2017, the level of service that the City of Belleville provides to the DDA has not changed. However, the percentage of property tax revenue contributed from the DDA to the City to perform those services has decreased in each year of the agreement. Additionally, the cost to perform those services has increased.

To sustain current and enhanced service levels, the City has proposed the necessary increases to cover the costs of providing those services. Accountant Kelly Howey has reviewed the proposed cost increases and has confirmed that these increases are necessary to maintain existing service levels.

ATTACHMENT:

- City of Belleville/Belleville DDA Maintenance and Service Provider Agreement

CITY OF BELLEVILLE / BELLEVILLE DDA
MAINTENANCE AND SERVICE PROVIDER AGREEMENT

ITEM 1:	**Previous**	**Proposed**
DPW District Service:	$60,000	$150,000

- Zoning review – all businesses in district
- Pre-construction meetings – work with engineers, review plans for all DDA projects
- Plan reviews – multiple each prospective business in district
- Facilitate permits and inspections in each phase of build out in all new businesses and renovations – mechanical, electric, signage, etc..
- Facilitate Planning Commission meetings on all projects in the DDA
- Certificate of Occupancy Inspections
- Ordinance enforcement (cross trained police officers to assist)
- Assist DDA Director
    - Locating and dealing with contractors for DDA
        - Fountain Contractor
        - Boat launch and store kayak launch at DPW
        - Schedule street light repair with electrician
        - Contact county on cross-walks and county lighting
        - Contact and coordinate prices with contractors for repairs to street scape, masonry, fences
        - Review and input on all DDA RFP's for contractors
- Procure and maintain all equipment necessary for servicing the DDA district
- Hire and supervise all employees conducting services in the DDA district
- Assemble and place Benches and Trash Cans
- Order, replace, and install all DDA signage
- Provide a Truck for DDA Flower watering and supervise watering employee
- Provide all Water and Sewer maintenance in DDA district
- Provide all trash removal and clean up in DDA district – daily
- Provide weeding and vegetation maintenance for Main street

ITEM 3:		
Administrative Services	$11,212.72	$70,110

- DDA Director – 40% of time dedication of the City Deputy Administrator
    - This previous position was paid by DDA directly – Now paid by City and reimbursed by DDA.
- Complete IT services, equipment, supplies
- Processing of payroll, benefits, payroll tax filings for DDA director and employees who provide services in the DDA district

- Preparing and processing checks and EFT's for all DDA transactions
- Receipting, processing, and preparing bank deposits for collection of taxes on approximately 630 parcels in the DDA district
- Water meter repair, replacement, reading, processing, mailing, payment receiving, deposits for all Water meters in the DDA.
- Clerk's supervision of employees who handle DDA transactions
- Responding to public's concerns for issues within the DDA district
- Allocation of invoices between city and DDA (e.g. supplies, utilities, insurance, repairs)

ITEM 4:

Tax Roll Assessment Services	$29,728	$49,548.03

- Preparation of summer and winter tax bills for approximately 630 DDA parcels. 35% of overall property tax revenue.
- Adjust DDA properties throughout the year for property sales (uncapping), veteran exemptions, PRE's
- Administration of board of reviews and tax tribunals (tax tribunals are primarily on business properties and legal fees are assessed)

ITEM 5:

Annual Audit		
Plante Moran	$2,250	$2,250.00
Alan C Young	$2,530	$2,530.50

ITEM 6:

Liability and Property Ins Coverage	$14,623.84	$14,623.84

ITEM 7:

Finance Director Services	$2,638.80	$8,793.30

- Preparation of monthly DDA bank reconciliation
- Review of monthly DDA investment statement
- Calculation of allocation of DDA tax captures from city, county, jail, parks, HCMA, WCCC, and library
- Preparation of DDA tax distributions (every 2 weeks during winter and summer tax cycles)
- Annual property tax settlement with the county
- Preparation of DDA budget and amendments, as necessary (on city's ledger)
- Calculation of annual DDA prepaid expenditures, accruals, and accounts payable
- Allocation of street lighting invoices to DDA district
- Allocation of DDA director salary and benefits

- Preparation of debt service payments

DDA Director Salary/Benefits to be paid by DDA to City

Annual Salary	$73,000.00
Salary per Month	$6,083.33
BCN Annual	$13,313.76
Benefits per month	$1,109.48
FICA Annual	$5,584.50
FICA per Month	$465.38
Salary+Benefits+FICA per Month	$7,658.19
40% paid by DDA per Month	**$3,063.28**
40% paid annually by DDA	**$36,759.30**

Total Projected Annual Cost DDA to City FY 2022: $297,855.67

Belleville – DDA Property Tax Revenue Analysis

Property Tax Revenue Contributed from DDA to City

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Property Tax Revenue	986,225	881,565	815,971	778,486	678,044	685,223	666,013	665,953	665,840	784,241	833,518
Admin Fee	62,001	62,941	64,640	66,385	67,060	67,060	15,000	60,000	60,000	60,000	60,000
DDA District Services	192,438	192,515	178,372	179,507	169,771	166,899	123,415	32,793	36,656	37,760	41,088
Capital Improvements Contribution - DDA	57,418	58,279	59,853	61,469	30,225	30,255	28,309	0	0	0	0
Amount	313,657	315,535	304,665	309,161	268,856	266,014	168,524	95,193	99,056	100,160	103,488
Percentage	31.80%	35.79%	37.34%	39.71%	39.65%	38.82%	25.30%	14.29%	14.88%	12.77%	12.42%

Estimated DDA 2021-2022 Tax Year Capture: $858,884

Tax Year 2021 - $111,000 to DDA fund Balance

City of Belleville
History of DDA Statement of Net Position

6/30/2011 Net Position		$ 1,067,640	
	Revenue over (under) expenditures	(548,884)	
6/30/2012 Net Position		518,756	
	Revenue over (under) expenditures	(54,419)	
6/30/2013 Net Position		464,337	
	Revenue over (under) expenditures	(90,754)	
6/30/2014 Net Position		373,583	
	Revenue over (under) expenditures	(125,332)	
6/30/2015 Net Position		248,251	
	Revenue over (under) expenditures	(15,977)	
6/30/2016 Net Position		232,274	
	Revenue over (under) expenditures	(21,026)	
6/30/2017 Net Position		211,248	
	Revenue over (under) expenditures	43,173	
6/30/2018 Net Position		254,421	39% of expenditures
	Revenue over (under) expenditures	17,879	
6/30/2019 Net Position		272,300	40% of expenditures
	Revenue over (under) expenditures	173,440	
6/30/2020 Net Position		445,740	54% of expenditures
	Revenue over (under) expenditures	111,878	
6/30/2021 Net Position		$ 557,618	77% of expenditures

The "net position" is the same as "fund balance". "Net position" used for this report as this is what it is labeled for the DDA fund in the audited financial statements so if anyone were to tie it back to the audit they could find it. The "net position" is the assets minus the liabilities of the fund. If the liabilities are ever greater than the assets, that is when the fund has a deficit. Each year, you then add the difference between revenues and expenditures (net income) to the beginning of the year "net position" to calculate the end of year "net position". It is important to note – People often use the term deficit incorrectly. A deficit is only when the net position is negative. A deficit is NOT when your expenditures are greater than your revenue for any fiscal year. Included at the bottom are the percentages of expenditures . While there is no hard and fast rule, people generally consider 30% very healthy.

Belleville DDA Analysis

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Property Tax Revenue	986,225	881,565	815,971	778,486	678,044	685,223	666,013	665,953	665,840	784,241	833,518
101-000-676.494 Amin Fee - DDA	62,001	62,941	64,640	66,385	67,060	67,060	15,000	60,000	60,000	60,000	60,000
101-000-667.003 Rentals - DDA City Hall	1,800	1,800	1,800	1,800	1,800	1,800	1,800	2,400	2,400	2,400	2,400
101-000-613.002 DDA District Services	192,438	192,515	178,372	179,507	169,771	166,899	123,415	32,793	36,656	37,760	41,088
211-000-675.248 Capital Improvements Contribution from DDA	57,418	58,279	59,853	61,469	30,225	30,255	28,309	-	-	-	-
	313,657	315,535	304,665	309,161	268,856	266,014	168,524	95,193	99,056	100,160	103,488
Percentage of Property Tax Revenue Contributed from DDA to City	31.80%	35.79%	37.34%	39.71%	39.65%	38.82%	25.30%	14.29%	14.88%	12.77%	12.42%

2021-22 TAX YEAR
DDA CAPTURE

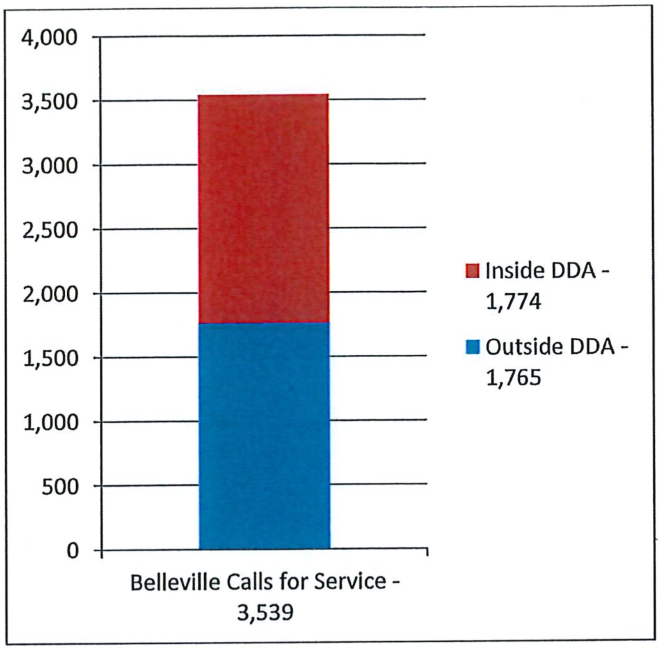
	CITY	SET	School Op	SCHOOL SINKING*	SCHOOL DEBT*	COUNTY	TOTAL SUMMER
	16.2043	6.0000	18.0000	0.4838	2.9800	5.6347	
As calculated	488,371.95	180,830.50	542,491.51	-	-	169,820.94	1,381,514.90
Columbia Ct. agreement	(30,075.83)	-	-	-	-	-	(30,075.83)
Non-eligible capture per form 2604	-	(180,830.50)	(542,491.51)	-	-	-	(723,322.01)
Eligible capture	458,296.12	-	-	-	-	169,820.94	628,117.06

	COUNTY	JAIL	WC PARKS	HCMA	RESA/ OPER	RESA/ SP ED	WCCC	Dst Lib 11/8/2016	Library	Lib Debt Service	TOTAL WINTER
	0.9873	0.9358	0.2453	0.2089	0.0962	3.3596	3.2378	0.7354	0.6864	0.6200	
As calculated	29,755.66	28,203.53	7,392.95	6,295.92	2,899.32	101,253.03	97,582.17	22,163.79	20,687.01	18,685.82	334,919.19
Non-eligible capture per form 2604	-	-	-	-	(2,899.32)	(101,253.03)	-	-	-	-	(104,152.34)
Eligible capture	29,755.66	28,203.53	7,392.95	6,295.92	-	-	97,582.17	22,163.79	20,687.01	18,685.82	230,766.85
											858,883.90

2/18/2022

Belleville Police Department Calls for Service within the DDA district

Calls For Service (CFS) Inside the DDA District – 1,774
Calls For Service (CFS) Outside the DDA District – 1,765



Previously mentioned in the report, Belleville Police Department reported a total of 3,539 Calls for Service in 2021. This chart reflects the 3,539 Calls for Service being recorded within the City limits of Belleville both inside and outside the DDA District.