



CITY CONTROLLER'S OFFICE

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September 2, 2022

Honorable Council Secretary Mindy Moore
City of Warren

RE: TIFA Component Unit Fiscal 2023 Budget
Public Hearing Request

Dear Council Secretary:

As I indicated to you in my letter of June 30, 2022, the Administration has updated all necessary financial information with the Michigan Department of Treasury. Accordingly, the Michigan Department of Treasury has indicated that it "recognizes the City of Warren TIFA as an authority under PA 57. Authorities exist until they are dissolved." The Administration is prepared to present a formal budget for the 2023 fiscal year in compliance with the requirements of the Recodified Tax Increment Financing Act 57 of 2018.

Since the budgets of the General and other funds have all been completed, the budget for TIFA will be a "stand alone" document for Fiscal 2023. In future years it will be included with the regular City budget.

The procedure for review and adoption of a TIFA budget for Fiscal 2023 is a microcosm of the City budget process. It requires:

1. Assembly of historical data
2. Review with Authority personnel
3. Presentation of the Recommended Budget to the City Council
4. Notice of a public hearing on the Recommended Budget
5. Review with City Council
6. A Public Hearing
7. Adoption

The attached documents serve to fulfill the first 3 steps. **We are requesting that you set the date for a public hearing on the Fiscal 2023 TIFA budget at the next regular City Council meeting so a public notice can be published.** This request, together with all attachments is being placed on the City website in the Accountability and Transparency Dashboard for public viewing. Physical copies of the documents will be placed in the City Clerk's office and all Warren Public Libraries for public inspection purposes.

Council Secretary Mindy Moore
RE: TIFA Component Unit Fiscal 2023 Budget
September 2, 2022
Page 2

The attached documents also serve as the proposed budget for Fiscal Year 2023. Revenues are based on the historical data. Examples of typical expenditures are as follows:

Personnel costs	Activities of the property maintenance personnel in TIFA district
Contractual services	Engineering and area development consulting fees, maintenance and repairs
Façade/property improvement grants	Grants to supplement TIFA area business improvements – 50% of cost up to \$10,000 for façade improvements and up to \$25,000 for property improvements
Community promotion	Participation in local events to benefit the TIFA area such as Cruisin' 53 Purchase and renovation of land and properties to be dedicated to the area or resold for further private development

We request that City Council move the budget process for the TIFA forward without further delay so that the work of the Authority in improving the business and residential climate of the TIFA District may continue. The information referenced here has always been open to the Council and the general public. Our annual audit discloses all revenues and expenditures related to TIFA activities.

Thank you for your attention to this matter.

Sincerely,



Richard Fox, CPA
City Controller

Concurred: 
James R Fouts, Mayor

TAX INCREMENT FINANCE AUTHORITY CONSTRUCTION FUND

The City of Warren established the Warren TIFA in 1986 under the State of Michigan Tax Increment Finance Authority (TIFA) Act of 1980, superseded by the Recodified Tax Increment Financing Act 57 of 2018. The TIF plan was originally adopted in 1986 and revised in 1991. TIFA generally covers the portion of Warren along Van Dyke Avenue, from Eight Mile Road north to Stephens Road. A nine-member Board of Directors administers TIFA.

The function of the authority is to prevent urban deterioration and encourage economic development and activity and to encourage neighborhood revitalization and historic preservation; to provide for the establishment of Tax Increment Finance authorities and to prescribe their powers and duties; to authorize the acquisition and disposal of interests in real and personal property; to provide for the creation and implementation of development plans; to provide for the creation of a board to govern an authority and to prescribe its powers and duties; to permit the issuance of bonds and other evidences of indebtedness by an authority; and to permit the use of tax increment financing.

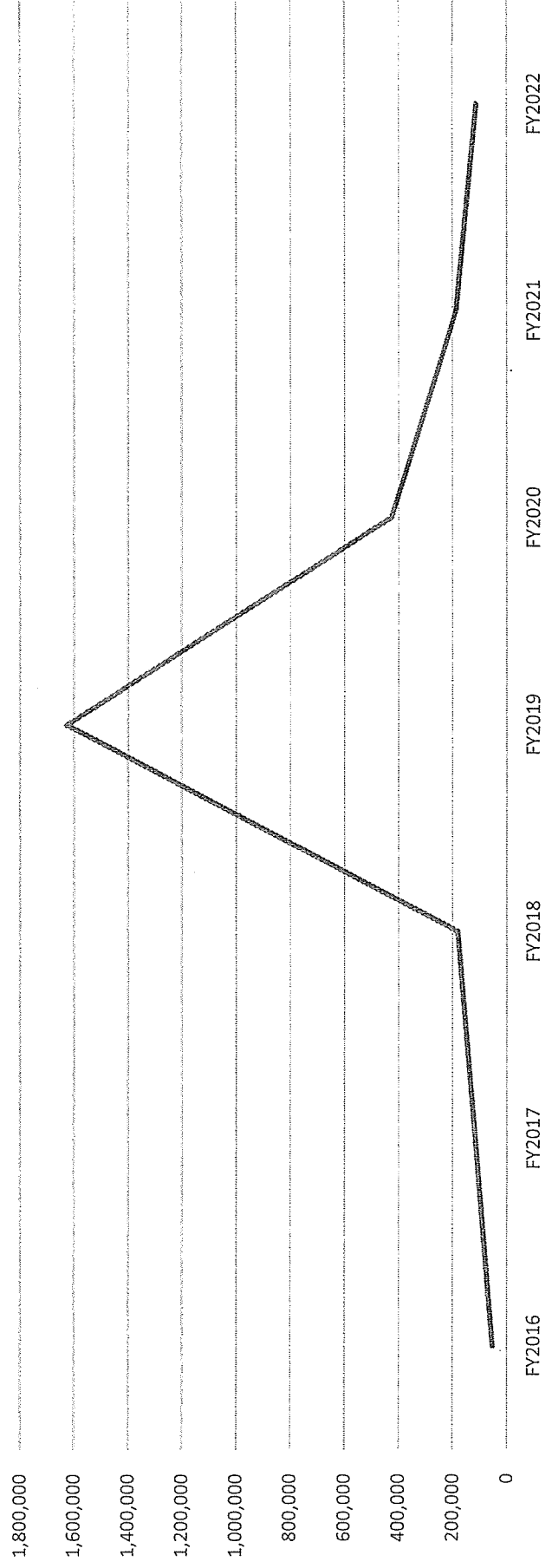
In 2005, pursuant to a change in State law, the City amended its Downtown Development Authority plan to include the TIFA area. It was not intended for the DDA to supplant the TIFA but rather to make available the more substantial funding sources of the DDA to supplement TIFA funding.

TAX INCREMENT FINANCE AUTHORITY CONSTRUCTION FUND

(continued)

Based on based on a 2010 opinion from the City Attorney, the City has continued to operate the TIFA in furtherance of the goals established in the revised TIF plan. The revenues and expenditures of the TIFA fund have been part of the City's audited Annual Comprehensive Financial Report since the fund's inception.

TIFA Expenditures FY2016-FY2022



City of Warren, Michigan
Tax Increment Finance Authority Component Unit
Revenue & Expenditure History Fiscal Year 2019 through 2022
and

Proposed Revenues & Expenditures for Fiscal Year 2023

	FY Ended 6/30/2019 (audited)	FY Ended 6/30/2020 (audited)	FY Ended 6/30/2021 (audited)	FY Ended 6/30/2022 (unaudited)	FY Ending 6/30/2023 Recommended	FY Ending 6/30/2023 Adopted
Revenues						
Property taxes	\$ 250,743	\$ 282,346	\$ 299,485	\$ 320,781	\$ 325,000	
State shared revenue	13,750	11,778	6,312	4,099	4,000	
Investment income	22,039	3,325	742	570	1,000	
Miscellaneous income	-	-	46,460	-	-	
Total revenue	286,532	297,449	352,999	325,450	330,000	
Expenditures						
Personnel costs	3,467	5,870	9,570	7,302	10,000	
Contractual services	50,835	342,261	148,213	71,681	150,000	
Façade/property improvement grants	50,000	52,980	25,000	25,000	100,000	
Community promotion	2,500	2,872	4,900	8,964	5,000	
Maintenance	19,203	23,224	-	-	5,000	
Capital improvements	1,500,000	-	-	75,000	375,000	
Other	21	18	18	8	-	
	1,626,026	427,225	187,701	187,955	645,000	
Net revenue (expense)	(1,339,494)	(129,776)	165,298	137,495	(315,000)	
Beginning Fund Balance	2,362,659	1,023,165	893,389	1,058,687	1,196,182	
Ending Fund Balance	\$ 1,023,165	\$ 893,389	\$ 1,058,687	\$ 1,196,182	\$ 881,182	

GENERAL APPROPRIATIONS RESOLUTION
ADOPTING FISCAL YEAR 2022/2023 BUDGET
TAX INCREMENT FINANCE AUTHORITY CONSTRUCTION FUND

A _____ Meeting of the City Council of the City of Warren, County of Macomb, Michigan held _____, 2022, at 7:00 o'clock p.m. Eastern Standard Time via Zoom meeting.

PRESENT: Council Members _____

ABSENT: Council Members _____

The following resolution was offered by Councilperson _____ and supported by Councilperson _____.

The proposed budget for fiscal year of July 1, 2022 to June 30, 2022 for the Tax Increment Finance Authority Construction Fund (TIFA) has been submitted to this Council, with Estimated Revenues and Budget Appropriations as summarized below.

A public hearing on the proposed budget was held on _____, and the City Council has completed its review of the Mayor's proposed budget for TIFA the fiscal year 2022/2023.

Mayor's Proposed Budget

Estimated Revenues:

Property Taxes	\$ 325,000
State shared revenue	4,000
Investment income	<u>1,000</u>
Total revenue	<u>330,000</u>

Appropriations

Personnel services	10,000
Contractual services	150,000
Façade/property improvement grants	100,000
Community promotion	5,000
Maintenance	5,000
Capital improvements	<u>375,000</u>
Total appropriations	<u>645,000</u>

Net revenue (expense)	(315,000)
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Projected beginning fund balance	<u>1,196,182</u>
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Estimated ending fund balance	<u>\$ 881,182</u>
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THEREFORE IT IS RESOLVED, that the City Council establishes the Estimated Revenue Budget for Fund and appropriates funds for the Tax Increment Finance Authority Construction Fund as listed below:

City Council Adopted Budget

Estimated Revenues:	
Property Taxes	\$ 325,000
State shared revenue	4,000
Investment income	<u>1,000</u>
Total revenue	<u>330,000</u>
Appropriations	
Personnel services	10,000
Contractual services	150,000
Façade/property improvement grants	100,000
Community promotion	5,000
Maintenance	5,000
Capital improvements	<u>375,000</u>
Total appropriations	<u>645,000</u>
Net revenue (expense)	(315,000)
Projected beginning fund balance	<u>1,196,182</u>
Estimated ending fund balance	<u>\$ 881,182</u>

IT IS FURTHER RESOLVED, that the City officials responsible for the expenditures authorized in the Budget Appropriations may expend funds up to, but may not exceed, the total appropriation authorized for each activity.

IT IS FURTHER RESOLVED, that for monthly financial reports to the City Council, the budget line items shown in the budget document should be used for comparative reporting purposes.

IT IS FURTHER RESOLVED, that if any portion, section, subsection, or other part of this resolution, or its application to any person or circumstance, is invalidated or declared unlawful for any reason, then such portion, section, subsection or other part shall be separable, and the remainder of the resolution shall remain in full force and effect.

AYES: Council Members _____

NAYS: Council Members _____

RESOLUTION DECLARED ADOPTED this ____ day of _____, 2022

MINDY MOORE
Secretary of the Council

CERTIFICATION

STATE OF MICHIGAN)

) SS

COUNTY OF MACOMB)

I, SONJA BUFFA, duly elected City Clerk for the City of Warren, Macomb County, Michigan, hereby
certify that the foregoing is a true and correct copy of the resolution adopted by the Council its meeting held on

SONJA BUFFA
City Clerk