Agenda
Downtown Economic Growth Authority Board of Directors

City of Kalamazoo

Monday, July 17, 2023 3:00 PM

The Community Room at City Hall - 241 W. South Street

A. CALL TO ORDER/ROLL CALL

B. ADOPTION OF FORMAL AGENDA

C. APPROVAL OF MINUTES

1. Approval of the minutes from the meeting of the Downtown Economic Growth Authority Board on May 15, 2023. (**Action: Motion to approve**)

D. REPORTS AND PRESENTATIONS

1. Financial Report **(Action: Accept the Financial Report as presented)**

2. Presentation of the annual audit by Maner Costerisan, the DDA and DEGA's external auditor. **(Action: Accept the Audit as presented)**

3. Presentation by Deb Droppers, Kalamazoo Experiential Learning Center (KELC)

E. DISCUSSION/ACTION ITEMS

F. PUBLIC COMMENTS

G. DIRECTORS' COMMENTS

H. ADJOURNMENT

KALAMAZOO DOWNTOWN
ECONOMIC GROWTH
AUTHORITY

Board of Directors Regular Meeting Minutes

MAY 15, 2023, 3:00 p.m. | Community Room, Kalamazoo City Hall

PRESENT: Mayor David Anderson, Curt Aardema, Jeff Breneman, Carl Brown, Grant Fletcher, Stephanie Hinman, Susan Lindemann, Clarence Lloyd

ABSENT: Matt Hollander

STAFF: Rebekah Kik, Paul Thuringer, Jerrid Burdue, Steve Vicenzi, Jaime Marsman

A. CALL TO ORDER

DIRECTOR LINDEMANN CALLED THE MEETING TO ORDER AT 3:36 P.M

PRESENT: Mayor David Anderson
Curt Aardema
Jeff Breneman
Carl Brown
Grant Fletcher
Stephanie Hinman
Susan Lindemann
Clarence Lloyd

ABSENT: Matt Hollander

EXCUSED: Matt Hollander

THE MAY 15, 2023, ATTENDANCE INCLUDING EXCUSED AND UNEXCUSED ABSENCES ARE RECORDED.

B. ADOPTION OF FORMAL AGENDA

Director Lindemann noted that the agenda should be amended to add a Closed Session following the Director's Comments.

DIRECTOR BRENEMAN MOVED TO AMEND THE AGENDA TO ADD AN ITEM AFTER DIRECTOR COMMENTS TO GO INTO CLOSED SESSION UNDER MCL 15.268(1)(h) TO DISCUSS A PRIVILEGED LEGAL OPINION. NO OBJECTIONS. MOTION CARRIED.

DIRECTOR FLETCHER MOVED TO ADOPT THE MAY 15, 2023 AGENDA AS AMENDED. DIRECTOR LLOYD SECONDED. NO OBJECTIONS. MOTION CARRIED.

C. APPROVAL OF MINUTES

Board of Directors Regular Meeting Minutes

MAY 15, 2023, 3:00 p.m. | Community Room, Kalamazoo City Hall

DIRECTOR FLETCHER MOVED TO APPROVE THE APRIL 17, 2023 MINUTES. DIRECTOR BRENEMAN SECONDED. NO OBJECTIONS. MOTION CARRIED.

D. REPORTS AND PRESENTATIONS

1. Financial Report

Mr. Vicenzi shared details regarding the Financial Report.

DIRECTOR FLETCHER MOVED TO ACCEPT THE FINANCIAL REPORT AS PRESENTED. DIRECTOR LLOYD SECONDED. NO OBJECTIONS. MOTION CARRIED.

E. DISCUSSION/ACTION ITEMS

1. Swearing-In of New DDA Board Members

This was accomplished by Scott Borling, City Clerk, at the beginning of the Downtown Development Authority (DDA) Board meeting before Roll Call.

2. Treystar Presentation

Fritz Cramer from Treystar and Joe Agostinelli were present. Mr. Cramer stated Treystar has been working on this deal for 215 E Michigan for the last eight months. He noted that 215 E Michigan has been out of service for 11 years. It is in the 100 block of Michigan; Treystar has six other buildings on that block. Mr. Cramer stated that they initially sought RAP funds but were awarded significantly less than they requested. They also achieved an Obsolete Property Rehabilitation Act (OPRA) for this property which freezes most of the taxes for a period of 12 years. They are requesting the removal of this property from the DEGA. Mr. Agostinelli stated that they needed to regroup their capital stack after learning that their RAP award was less than anticipated. He shared a brief history of conversations regarding possible Brownfield Plan usage that did not involve capturing DEGA. Mr. Agostinelli stated that they learned that the 2 mills was being captured under the DEGA TIF Plan. Mr. Agostinelli stated that the easiest path forward is to remove the parcel from the authority and allow Brownfield to capture. Mr. Cramer stated that they would not pursue this deal any further were it not fulfilling a grander scheme, as they are not making any money on this deal. The bottom level of this building at 215 E Michigan will be a restaurant.

Mayor Anderson noted that when this was presented to the City Commission for the OPRA, it was under an earlier plan. Mr. Agostinelli acknowledged that the RAP awarded amounts had not yet been released at the time of the City Commission. Attorney Wood noted that this is a step-aside plan, but the parcel will not be removed from the plan. Mayor Anderson questioned why this was not the route pursued from the beginning. Mr. Cramer explained that they expected more from the RAP grant, and had they known that this would not happen, they would have pursued a more traditional route through the MEDC from the beginning. Mr. Agostinelli further explained that they did not want to continually take away funding from the DEGA, and the RAP funding would have prevented this.

It was affirmed that this has gone through the Historic Commission. Mr. Cramer noted that while the building is in the historic district and has an historic foundation, the building itself has no historic credit.

Director Aardema questioned whether the upper level was in the pro forma. Mr. Cramer stated that they are at the same amount of spending that was shared with the City Commission, but elements of the project have been removed. They are looking at office or residential for the upper level, but have no current use.

Director Fletcher questioned the numbers of this project. Mr. Agostinelli affirmed that it is a relatively small number (around $300,000 over the life of the project) which will be approximately 10,000-15,000/annually.

Mr. Agostinelli stated that the request is to allow the Brownfield Authority to capture all of the local millages including millages captured by the DEGA. This would be $257,000 over the life of the plan. Duration of this plan is through 2044 (21 years). Attorney Wood clarified that they are asking for the entire local capture over a 21 period.

Mr. Agostinelli noted that this is the same request that has been in front of the Board for other projects, and Mr. Cramer stated that if this tool is taken away, there would be no new development downtown.

Director Brown expressed his disappointment with the lack of documents regarding what is being presented. Director Hinman affirmed that she would like a discussion regarding the greater impact of this plan and how it will affect future projects. Attorney Wood noted that a policy to discuss this needs to be developed. Director Aardema stated that these types of projects have very thin margins and are only done by local developers as there is not enough profit in the project.

Mr. Agostinelli noted that their MEDC application is on hold until there is local approval. Director Lloyd questioned the timeline should the board approve. Mr. Cramer stated that the project would be done in August.

Director Fletcher noted that bringing an action item to the Board without full information puts the Board in a difficult position. Director Breneman agreed that the Board supports these types of projects in general but stated that better information could have been provided. Mr. Cramer and Mr. Agostinelli apologized for not providing copies of the spreadsheets to the Board.

Ms. Kik provided copies of the spreadsheet to the Board. Mr. Agostinelli walked the Board through the information. No revenue is captured during the first five years. The Brownfield Authority will start capturing in 2029, and the clock starts in 2029. In 2034, the OPRA will be over and tax increment will begin capturing.

It was noted that this doesn't capture the baseline but the growth after a point in time. The OPRA tax abatement freezes the taxable value. The capturable period starts after the OPRA ends.

Mr. Agostinelli stated that the DEGA is currently capturing based on the growth that has occurred since 2017. This was frozen, with the OPRA, in 2023. If the DEGA steps aside, the Brownfield Authority will capture the growth above the 2023 value. That capture will occur until the reimbursable activities have been repaid and then the DEGA would capture again. It was noted that there is no loss to the DEGA. The benefit to the DEGA is that in the end, there is increased value.

Mayor Anderson asked if there was a City staff recommendation regarding this proposal. Ms. Kik stated that because the DDA is its own authority, City staff does not provide recommendations and instead passes along information to the Finance and Executive Committee. It was agreed that staff context outside of the recommendation could be provided.

It was also agreed that the DEGA Board should put a policy into place regarding this issue. There was discussion regarding possible improvements to the process regarding these types of requests.

There was discussion regarding the wording of the motion. Attorney Wood affirmed that the Board is being asked to step aside to permit Treystar to seek Brownfield. She stated that an agreement can be put together to memorialize this action and that the TIF table can be attached to the agreement.

DIRECTOR BRENEMAN MOVED THE DEGA BOARD WOULD STEP ASIDE TO ALLOW TREYSTAR TO GO TO THE BROWNFIELD AUTHORITY TO CAPTURE UP TO $275,000 IN THE NEXT 22 YEARS TO BE MEMORIALIZED BY THE ATTORNEY IN ACCORDANCE WITH THE SPREADSHEETS PROVIDED IN THE MEETING TODAY. SUPPORTED BY DIRECTOR LLOYD.

Director Fletcher noted that he was uncomfortable with requiring the attorney to draft the document and stated that he would have appreciated following the same process as other projects. Director Breneman stated that he feels the same about the process and also feels that the project is important to the downtown. Director Hinman agreed that the Board does not want to stop progress, but needs to have all of the information necessary to make a responsible decision.

There was discussion surrounding the documentation needed from the developer. A template checklist will be developed by City Staff.

MOTION CARRIES WITH ONE DISSENT.

F. PUBLIC COMMENTS

Heather Holmer, Owner of Rocket Fizz: Ms. Holmer requested information on where she could find the previous minutes from the DDA/DEGA meetings.

G. DIRECTOR'S COMMENTS

1. Director Fletcher stated that it is a reasonable expectation that a developer comes prepared to the meetings. He affirmed that a policy is needed.
2. Mayor Anderson questioned what the timeframe is for policy development. Director Lindemann noted that the bylaws were voted on at the last meeting and policies will be the focus. Assistance will be provided by legal counsel.
   Mayor Anderson stated that the Kalamazoo Marathon has provided some helpful comments on how to improve and wondered where this feedback can go. Ms. Kik stated that she has already provided communication to other entities regarding this.

3. Director Lloyd stated that he is happy to be part of these groups and to be able to have these conversations.
4. Director Aardema stated that he appreciates the opportunity to be on the Board. He affirmed that a template for the developer would be helpful. He stated that he appreciated the work by City staff to catch the board up during the meeting today. Director Aardema affirmed the good work of local developers.
5. Director Brown welcomed the new members to the board and welcomed Chair Lindemann to the Chair. He thanked the past Chair, Director Fletcher for his past service as Chair of the Board. He thanked City Staff for their assistance.
6. Director Lindemann stated that she appreciated everyone's participation in this process.

H. CLOSED SESSION

DIRECTOR BRENEMAN MOVED TO ENTER INTO CLOSED SESSION UNDER MCL 15.268(1)(h) TO DISCUSS A PRIVILEGED LEGAL OPINION. DIRECTOR AARDEMA SECONDED. NO OBJECTIONS. MOTION CARRIED.

ROLL CALL VOTE:

Mayor David Anderson - Yes
Curt Aardema - Yes
Jeff Breneman - Yes
Carl Brown - Yes
Grant Fletcher - Yes
Stephanie Hinman - Yes
Susan Lindemann - Yes
Clarence Lloyd - Yes

DIRECTOR BRENEMAN MOVED TO EXIT THE CLOSED SESSION. DIRECTOR LLOYD SECONDED. NO OBJECTIONS. MOTION CARRIED.

I. ADJOURNMENT

DIRECTOR LINDEMANN ADJOURNED THE MEETING AT 5:09 P.M.

Downtown Economic Growth Authority
5/31/2023 Trial Balance

Assets			
	Cash	$	442,107
	Receivables		-
	Due From Primary Government		-
	Due from Grants Fund		-
	Taxes Receivable		-
	Total Assets	**$**	**442,107**
Liabilities			
	Accounts Payable	$	43,805
	Deferred Taxes Receivable		-
	Deferred Revenue - Accounts Receivable		-
	Total Liabilities		43,805
Fund Balance			
	Fund Balance		398,302
	Total Liabilities & Fund Balance	**$**	**442,107**

		2023 Adopted Budget	May Totals	2023 YTD Actuals
Revenues				
	Taxes	$ 292,702	$ 280,776	$ 280,776
	Event Fees	-	555	2,055
	Event Sponsorships	424,500		150
	Transfers In	80,000		
	Total Revenues	**797,202**	**281,331**	**282,981**
Expenses				
	Professional And Contractual Services	568,700	52,471	129,154
	Legal Services And Fees	7,500	4,921	4,921
	Insurance Services	8,500	-	-
	Operating Supplies	10,500	-	-
	Garbage Disposal	49,100	3,965	19,439
	Repairs	-	-	3,575
	Utilities	-	-	-
	Community Promotion	10,000	-	10,000
	Audit Fees	12,900	5,900	5,900
	Tax Appeal Refunds	5,000	-	-
	Administrative Fees	125,000		-
	Restricted For Debt Service	-		-
	Total Expenses	**$ 797,200**	**$ 67,257**	**$ 172,989**
	Revenues Less Expenses	**$ 2**		**$ 109,992**

Informational:

Transfers In

Holiday Events Grant Given To The City, Utilized By DEGA

Professional And Contractual Services	
Ambassador Contract	339,500
Winter Events	151,000
Summer Events	67,000
Miscellaneous	11,200
Garbage Disposal	
Big Belly Contract	42,900
Waste Disposal	6,200
Long Term Debt	
City Of Kalamazoo 2019 Loan	300,000
City Of Kalamazoo 2020 Loan	700,000

CITY OF KALAMAZOO
DOWNTOWN ECONOMIC GROWTH AUTHORITY
KALAMAZOO COUNTY, MICHIGAN

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

YEAR ENDED DECEMBER 31, 2022

Maner Costerisan

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Maner Costerisan

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INDEPENDENT AUDITOR'S REPORT

Board of Directors of the
City of Kalamazoo Downtown Economic Growth Authority
Kalamazoo, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of Kalamazoo Downtown Economic Growth Authority (the Authority), a component unit of the City of Kalamazoo, Michigan, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Authority, as of December 31, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the City of Kalamazoo Downtown Economic Growth Authority and do not purport to, and do not present fairly the financial position of the City of Kalamazoo, Michigan, as of December 31, 2022, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Maner Costerisan PC

June 29, 2023

CITY OF KALAMAZOO
DOWNTOWN ECONOMIC GROWTH AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of financial performance provides a comparison overview of the City of Kalamazoo Downtown Economic Growth Authority's (the Authority) financial activities for FY 2022 and FY 2021. Please read this document in conjunction with the Authority's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for FY 2022:

A. Governmental Activities

- Liabilities of the Authority exceeded its assets at the close of FY 2022 by $450,222.
- The Authority's total net position decreased by $767 as a result of current year activity.

B. Governmental Fund

- Assets of the Authority exceed its liabilities at the close of FY 2022 by $276,027.
- The Authority's total fund balance increased by $129,512 as a result of current year activity.

Using this Annual Report

This annual report consists of several financial statements. The statement of net position and the statement of activities provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view which reveals how resources were spent during the year and what resources are available for future spending. Fund financial statements also report the operations of the Authority in more detail than the government-wide financial statements by providing information about the Authority's most significant fund.

The Authority as a Whole

The following table shows, in condensed format, a comparison of net position of the Authority as of December 31, 2021, and December 31, 2022. The 2021 information has not restated.

	2021	2022
ASSETS		
Current assets	$ 657,096	$ 799,259
LIABILITIES		
Current liabilities	96,551	249,481
Noncurrent liabilities	1,000,000	1,000,000
Total liabilities	1,096,551	1,249,481
NET POSITION (DEFICIT)		
Unrestricted	$ (439,455)	$ (450,222)

The following table shows the changes in net position during the previous and current year. The 2021 information has not been restated.

	2021	2022
REVENUE		
Program revenue		
Charges for services	$ -	$ 43,225
Operating grants and contributions	-	142,500
General revenue		
Taxes	414,894	280,776
Interest	127	66
Miscellaneous	63,856	-
TOTAL REVENUE	478,877	466,567
PROGRAM EXPENSES		
Public works	-	211,866
Community and economic development	665,204	235,468
Interest on long-term debt	-	20,000
TOTAL EXPENSES	665,204	467,334
Change in Net Position	$ (186,327)	$ (767)

Governmental Activities

The Authority's governmental revenues totaled $466,567 with the largest revenue source being property taxes. Property taxes make up approximately 60% of the total governmental revenue.

The Authority incurred expenses of $467,334 during the fiscal year, with expenses related to public works and community and economic development functions. Public works represents approximately 45% of the annual expenses and community and economic development represent approximately 50% of annual expenses. Expenses decreased $197,870, or approximately 30% due to intentional efforts to adjust the budget to long term assumptions of the value of captured taxes.

Fund Financial Statements

The General Fund is the chief operating fund of the Authority. During the year, the fund balance increased $129,512 to $276,027, which represents 59% of annual expenditures. Total revenues increased by $39,401, or approximately 7%, from the prior year, primarily due to increases in intergovernmental revenues. Total expenditures decreased by $197,870, or approximately 30% over the prior year, primarily due to the intentional efforts to adjust the budget to long term assumptions of the value of captured taxes.

Budgetary Highlights

During the year, the Authority made necessary budget amendments to fund unanticipated expenditures. Total budgeted revenues were increased by $115,000 and budgeted expenditures were increased by $165,000 with increases to downtown events. Actual revenues came in $15,146 over the budgeted revenues. Actual expenditures came in $164,366 under the budget appropriations due to downtown development and debt service activities.

Long-Term Debt

At December 31, 2022, the Authority had $1,000,000 in long-term obligations outstanding. This is comprised of two notes payable to the City of Kalamazoo. The Authority was not required to make any principal payment on these notes payable in the current year. The current year debt service interest payment was not made as the City of Kalamazoo and the Authority are currently in the process of negotiations regarding the amounts owed and repayment terms due to changes in the Authority's projected TIF captures. Amounts that have become due on this note and remain unpaid as of the end of the fiscal year are reported as due to other governmental units in the General Fund balance sheet. The amount is still owed, but currently the City of Kalamazoo is not enforcing payments. A more detailed discussion of the Authority's long-term obligations is presented in Note 3 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The taxable values and captured values continue to recover, and the Authority will see a decrease in captured tax revenue for 2023. The base captured value is expected to increase for 2023 as 2022 included a one-time increase of captured tax revenue due to the timing of completion of a Brownfield project.

Contacting the Authority

This financial report is intended to provide citizens, taxpayers, customers, and investors with the general overview of the Authority's finances and demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need any additional information, we welcome you to contact the City of Kalamazoo Downtown Economic Growth Authority, 241 W South Street., Kalamazoo, MI 49007.

BASIC FINANCIAL STATEMENTS

CITY OF KALAMAZOO
DOWNTOWN ECONOMIC GROWTH AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities
ASSETS	
Current assets	
Cash	$ 360,987
Receivables	287,226
Due from other governmental units	151,046
TOTAL ASSETS	799,259
LIABILITIES	
Current liabilities	
Accounts payable	219,338
Due to other governmental units	20,143
Accrued interest payable	10,000
Total current liabilities	249,481
Noncurrent liabilities	
Noncurrent portion of notes payable	1,000,000
TOTAL LIABILITIES	1,249,481
NET POSITION (DEFICIT)	
Unrestricted	$ (450,222)

See accompanying notes to financial statements.

CITY OF KALAMAZOO
DOWNTOWN ECONOMIC GROWTH AUTHORITY
STATEMENT OF ACTIVITIES
YEAR ENED DECEMBER 31, 2022

		Program Revenue		Net (Expense)
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental activities				
Public works	$ 211,866	$ -	$ -	$ (211,866)
Community and economic development	235,468	43,225	142,500	(49,743)
Interest on long-term debt	20,000	-	-	(20,000)
Total governmental activities	$ 467,334	$ 43,225	$ 142,500	(281,609)
General revenues				
Property taxes				280,776
Interest				66
TOTAL GENERAL REVENUES				280,842
CHANGE IN NET POSITION				(767)
Restated net position (deficit), beginning of the year				(449,455)
Net position (deficit), end of the year				$ (450,222)

See accompanying notes to financial statements.

CITY OF KALAMAZOO
DOWNTOWN ECONOMIC GROWTH AUTHORITY
GOVERNMENTAL FUND
BALANCE SHEET
DECEMBER 31, 2022

ASSETS	
Cash	$ 360,987
Receivables	
Accounts	6,450
Taxes	280,776
Due from other governmental units	151,046
TOTAL ASSETS	$ 799,259
LIABILITIES	
Accounts payable	$ 219,338
Due to other governmental units	20,143
TOTAL LIABILITIES	239,481
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	283,751
FUND BALANCE	
Unassigned	276,027
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ 799,259

See accompanying notes to financial statements.

CITY OF KALAMAZOO
DOWNTOWN ECONOMIC GROWTH AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE
SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022

Total fund balance - governmental fund		$ 276,027
Amounts reported for the governmental activities in the statement of net position are different because:		
Long-term receivables are not available to pay for current period expenditures and are therefore unavailable in the fund.		283,751
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the Governmental Fund Balance Sheet. Long-term liabilities at year end consist of:		
Notes payable	$ (1,000,000)	
Accrued interest payable	(10,000)	
		(1,010,000)
Net position (deficit) of governmental activities		$ (450,222)

See accompanying notes to financial statements.

CITY OF KALAMAZOO
DOWNTOWN ECONOMIC GROWTH AUTHORITY
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2022

REVENUES	
Property taxes	$ 414,030
Intergovernmental	142,500
Charges for services	40,250
Interest	66
TOTAL REVENUES	596,846
EXPENDITURES	
Current	
Public works	211,866
Community and economic development	235,468
Debt service	20,000
TOTAL EXPENDITURES	467,334
EXCESS OF REVENUES OVER EXPENDITURES	129,512
Fund balance, beginning of year	146,515
Fund balance, end of year	$ 276,027

See accompanying notes to financial statements.

CITY OF KALAMAZOO
DOWNTOWN ECONOMIC GROWTH AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Net change in fund balance - governmental fund	$	129,512
Amounts reported for governmental activities in the statement of activities are different because:		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. In the current period these amounts consist of:		
(Decrease) in unavailable revenue		(130,279)
Change in net position of governmental activities	$	(767)

See accompanying notes to financial statements.

NOTE 1 - DESCRIPTION OF AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Kalamazoo (the City) established the Downtown Economic Growth Authority (the Authority) in October 2018, with operations beginning January 1, 2019. Its purpose is to stimulate public and private investment in downtown Kalamazoo and act as the catalyst for joint public and private action to bring about economic growth and physical development in the downtown area. The governing body of the Authority is a Board of Directors consisting of the mayor of the City and eight other members.

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority's more significant accounting policies are described below.

Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements are exclusive presentations of the financial condition and results of operations of the City of Kalamazoo Downtown Economic Growth Authority. The Authority is considered a component unit of the City of Kalamazoo, Michigan, and is discretely presented in the City of Kalamazoo's (the primary government) financial statements. A copy of the City's audited financial statements may be obtained at the Kalamazoo City Hall.

Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) report information for the government as a whole.

The statement of activities presents the direct functional expenses of the Authority and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes interest and property taxes and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The Authority uses a single fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The governmental fund financial statements present the Authority's individual major fund.

The major fund of the Authority is the General Fund. The General Fund is used to account for all financial resources of the Authority which are restricted to expenditures for downtown economic growth purposes.

NOTE 1 - DESCRIPTION OF AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus

The government-wide financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

Basis of Accounting

Basis of accounting refers to the timing under which transactions are recognized for financial reporting purposes.

The government-wide financial statements are prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenue is recorded in the period in which it is earned, and expenses are recorded when incurred, regardless of the timing of related cash flows. Revenues for grants and contributions are recognized when all eligibility requirements imposed by the provider have been met. Unearned revenue is recorded when resources are received by the Authority before it has legal claim to them, such as when program fees are received.

Governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include state and federal grants and interest revenue. Other revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

If/when both restricted and unrestricted resources are available for use, it is the Authority’s practice to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

The budget shown in the financial statements was prepared on a basis not significantly different than the basis used to reflect actual results. This basis is consistent with accounting principles generally accepted in the United States of America.

NOTE 1 - DESCRIPTION OF AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting (continued)

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

a. Prior to January 1, the budget is legally adopted at the total expenditure level through passage of a Board resolution. After the budget is adopted any revisions that alter the total expenditures of the fund must be approved by the Board before the end of the fiscal year.

b. Formal budgetary integration is employed as a management control device during the year.

c. The Board does not employ encumbrance accounting as an extension of formal budgetary integration. Appropriations unused at December 31 are not carried forward to the following fiscal year.

d. Budgeted amounts are reported as originally adopted or amended by the Board during the year. Individual amendments were appropriately approved by the Board as required.

Cash

Cash consists of the Authority's cash on hand, demand deposits, and short-term investments with an original maturity date of three months or less.

In accordance with Michigan Compiled Laws, the Authority is authorized to invest in the following investment vehicles:

a. Bonds, securities, and other obligations of the United States or any agency or instrumentality of the United States.

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.

d. The United States government or federal agency obligations repurchase agreements.

e. Bankers acceptances of United States banks.

f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

NOTE 1 - DESCRIPTION OF AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables

Receivables consist of amounts due from other governmental units for various programs and accounts receivable for charges for services to other organizations.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the balance sheet and statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position/fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Authority reports deferred inflows of resources on the balance sheet in connection with unavailable revenues for property taxes that are not considered available to liquidate liabilities of the current period. The amount is deferred and recognized as an inflow of resources in the period the amounts become available.

Long-term Liabilities

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statement when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as noncurrent.

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

Fund Balance Classifications

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five fund balance classifications:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

NOTE 1 - DESCRIPTION OF AUTHORITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Classifications (continued)

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision-making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

Unassigned - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

Fund Balance Classification Policies and Procedures

For committed fund balance, the Authority's highest level of decision-making authority is the Authority Board of Directors. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution by the Authority Board of Directors.

For assigned fund balance, the Authority Board of Directors is authorized to assign amounts to a specific purpose. The authorization policy is a full vote and approval by the Authority Board of Directors.

For the classification of fund balance amounts, the Authority's policy is to spend restricted amounts first, then unrestricted amounts when both restricted and unrestricted amounts are available. Similarly, the Authority's policy is to spend committed amounts first, then assigned amounts, and finally unassigned amounts when any of those unrestricted fund balance classifications could be used.

Property Taxes

The Authority was formed under the State of Michigan Corridor Authority Act (Public Act 280 of 2005) which allows the Authority to capture tax revenues within its district boundaries within the City of Kalamazoo on property values above the district's initial formation value. The City acts as a collecting agent for the Authority. The underlying property taxes are levied on July 1 and December 1 (lien dates) on the taxable value of property as of the preceding December 31. Unpaid property taxes as of March 1 assessed on real property is purchased by the County of Kalamazoo's Delinquent Tax Revolving Fund. Unpaid property taxes as of March 1 assessed on personal property continues to be collected by the City.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS

As of December 31, 2022, the Authority had deposits subject to the following risk.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. As of December 31, 2022, the Authority's bank balance of $56,019 was fully insured by the Federal Deposit Insurance Corporation (FDIC). The carrying value on the books for deposits at the end of the year was $55,319.

The cash balances reported in the basic financial statement include $305,668 in cash that is on deposit with the City of Kalamazoo. The cash on deposit with the City of Kalamazoo is part of the pooled cash and investments. As a result, the insured and uninsured amounts related to these amounts cannot be determined.

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. As of December 31, 2022, the Authority did not have any investments that would be subject to rating.

Interest Rate Risk

The Authority will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designating its investment portfolio with the objective of obtaining a rate of return through the economic cycles considering risk constraints and cash flow characteristics.

Concentration of Credit Risk

The Authority will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer, by security type and institution.

Foreign Currency Risk

The Authority is not authorized to invest in investments which have this type of risk.

NOTE 3 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations (including current portion) of the Authority for the year ended December 31, 2022:

	Balance Jan. 1, 2022	Additions	Deletions	Balance Dec. 31, 2022	Amount Due Within One Year
Governmental activities					
Direct borrowing/placements					
Note payable	$ 300,000	$ -	$ -	$ 300,000	$ -
Note payable	700,000	-	-	700,000	-
TOTAL	$ 1,000,000	$ -	$ -	$ 1,000,000	$ -

Significant details regarding outstanding long-term debt (including current portion) are presented below:

$300,000 Note payable to the City of Kalamazoo, for the purpose of financing operations, dated November 2019, due in a lump sum July 2024, with interest of 2.00%, payable annually.	$ 300,000
$700,000 Note payable to the City of Kalamazoo, for the purpose of financing operations, dated April 2020, due in annual installments of $0 to $145,599 through July 2029, with interest of 2.00%, payable annually.	700,000
	$ 1,000,000

The Authority's outstanding note payable from direct borrowings of $1,000,000 is secured by tax increment revenues. In the event of default, the outstanding amounts may become immediately due.

The annual requirements to pay the debt principal and interest outstanding for the notes payable is as follows:

	Direct Borrowing/Placements	
	Notes Payable	
Year Ending December 31,	Principal	Interest
2023	$ -	$ 20,000
2024	300,000	20,000
2025	134,511	14,000
2026	137,201	11,310
2027	139,945	8,567
2028-2029	288,343	8,679
	$ 1,000,000	$ 82,556

NOTE 4 - RISK MANAGEMENT

The Authority, as a component unit of the City of Kalamazoo, is protected from losses as described in the note captioned "Risk Management" within the City's annual financial report.

NOTE 5 - PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

Beginning net position for governmental activities have been adjusted to correct understated accrued interest payable as noted below.

	Governmental Activities
Beginning net position (deficit)	$ (439,455)
Accrued interest payable	(10,000)
Restated beginning net position (deficit)	$ (449,455)

NOTE 6 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2022, the Authority implemented the following new pronouncement: GASB Statement No. 87, *Leases*.

Summary:

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

There was no material impact on the Authority's financial statements after the adoption of GASB Statement No. 87.

NOTE 7 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements.* The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023 fiscal year.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62.* This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior period, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024 fiscal year.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences.* This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not seen used, generally using an employee's pay rate as of the date of the financial statements. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KALAMAZOO
DOWNTOWN ECONOMIC GROWTH AUTHORITY
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 422,000	$ 422,000	$ 414,030	$ (7,970)
Intergovernmental	44,000	124,000	142,500	18,500
Charges for services	-	35,000	40,250	5,250
Interest	700	700	66	(634)
TOTAL REVENUES	466,700	581,700	596,846	15,146
EXPENDITURES				
Current				
Public works				
Downtown maintenance	-	-	211,866	(211,866)
Community and economic development				
Downtown development	274,350	274,350	88,600	185,750
Downtown events	-	165,000	146,868	18,132
Debt service	192,350	192,350	20,000	172,350
TOTAL EXPENDITURES	466,700	631,700	467,334	164,366
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(50,000)	129,512	179,512
Fund balance, beginning of year	146,515	146,515	146,515	-
Fund balance, end of year	$ 146,515	$ 96,515	$ 276,027	$ 179,512

Maner Costerisan

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors of the
City of Kalamazoo Downtown Economic Growth Authority
Kalamazoo, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the City of Kalamazoo Downtown Economic Growth Authority (the Authority), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 29, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

PRIOR PERIOD ADJUSTMENT AND MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

Condition: Material journal entries to properly record amounts due to other governmental units and beginning equity were proposed by the auditors. These misstatements were not detected by the Authority's internal control over financial reporting. In addition, as a result of these misstatements, previously issued financial statements were materially misstated.

These entries were brought to the attention of management and were subsequently recorded in the Authority's general ledger.

Criteria: Auditing standards emphasize that management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows (where applicable), and the notes to the financial statements, including the recording of all appropriate journal entries so that the trial balances, from which the audited financial statements are prepared, reflect amounts that are in conformity with U.S. generally accepted accounting principles.

Cause: Internal controls did not detect all adjustments necessary to properly record year-end balances in the current and prior year.

Effect: The Authority's financial reports and prior year financial statements contained material misstatements that were not otherwise identified by management. Without the recording of these journal entries the financial statements would have been materially misstated.

Recommendation: We recommend that the Authority take steps to assure that material journal entries are not necessary at the time future audit analysis is performed.

Corrective Action Response: Management concurs with this finding. 2022 posed challenges in the transition away from the Authority's long-time service organization. We believe that procedures have been implemented to improve the tracking and monitoring of this error.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maner Costerisan PC

June 29, 2023

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June 29, 2023

Board of Directors of the
City of Kalamazoo Downtown Economic Growth Authority
Kalamazoo, Michigan

We have audited the financial statements of the governmental activities and the major fund of the City of Kalamazoo Downtown Economic Growth Authority (the Authority), a component unit of the City of Kalamazoo, Michigan, for the year ended December 31, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 4, 2023. Professional standards also require that we communicate to you the following information related to our audit.

<u>Significant Audit Findings</u>

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. As described in Note 6 to the financial statements, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, during the year ended December 31, 2022. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimates utilized in the completion of the audit.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Material journal entries for the proper recognition of amounts due to other governmental units and beginning equity were proposed by the auditors.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 29, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and the budgetary comparison schedule, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the City of Kalamazoo Downtown Economic Growth Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maner Costerisan PC

PRESENTATION TO DEGA

Event Producers Program Outline

A discussion on how to encourage downtown program site activation

Bates Alley * Haymarket Plaza * Kalamazoo Mall * ACFP

SITE SELECTION

- Here are the major elements event producers consider:
  - Location – site easily accessible, perception of safety, nearby accommodations, parking, capacity
  - Reputation for success of other events
  - Contract Flexibility
  - Services and amenities
  - Ambiance
  - Ease of programming at the venue
- Amenities of the site help to address budget constraints:
  - Stage, seating, shade, green space, water, electricity, lighting, fencing

Event coordinators will search a site online to see what it looks like, what people say about it and how accurate the information is about previous events.

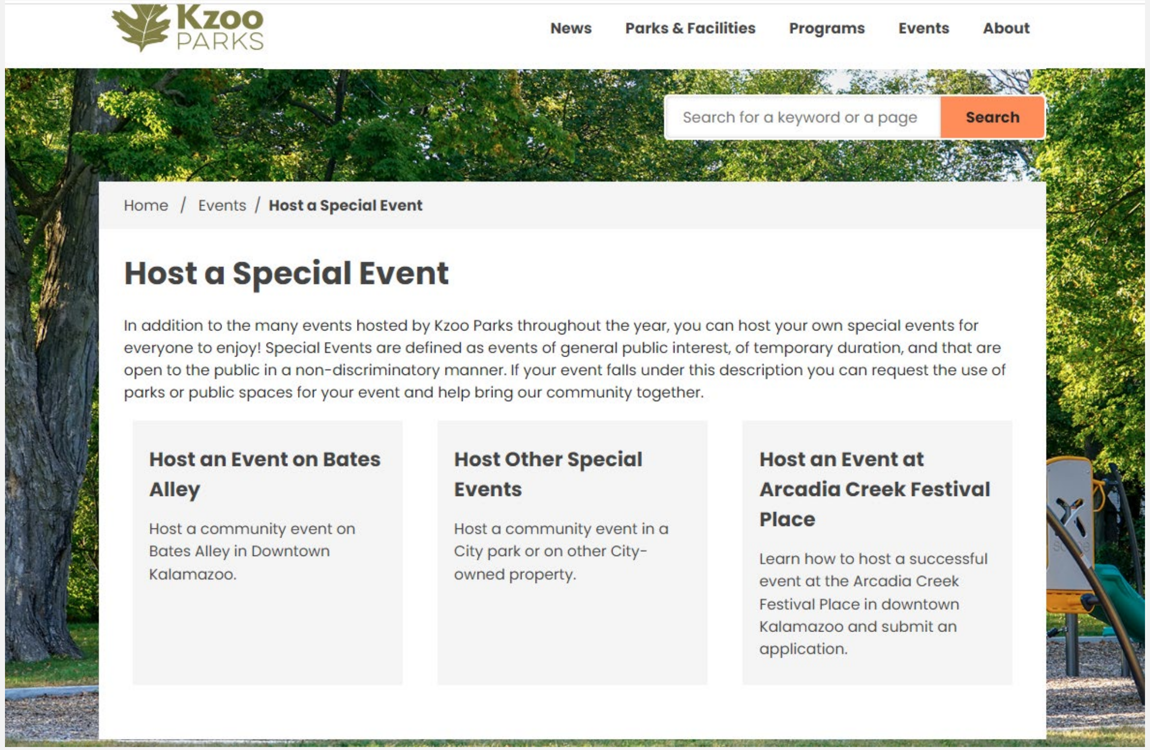
And, the serious event producers will review the google maps to determine if their event will fit.

A current search of the ACFP turns up information that still refers to information 4 years old.

HOW TO APPLY FOR AN EVENT

In January 2023, Parks & Recreation, Communications, & Information, and KELC worked to revamp the application process for downtown venues. Here's what was accomplished:

- New ACFP application and manual created to streamline application and manual
- Addition of Bates Alley and Haymarket Plaza added to the application process
- A updated reference information for the downtown sites
- A streamlined monthly schedule report to track site activations



COMMUNICATION PROCESS

Communication about event activation is critical to the ability to anticipate concerns and issues with a special event application. As part of the approval process, here's what is required of event producers prior to submitting the application:

Kalamazoo Mall	Retailers/Business Owners need to sign off prior
Bates Alley	Retailers/Business Owners need to sign off prior
Haymarket Plaza	Retailers/Business Owners need to sign off prior
Bronson Park	City approves – unless requesting street closures impacting surrounding buildings
ACFP	City approves – considering capacity to manage

Event coordinators/producers are required to get signatures for the approval. This is a "block party" approval format allowing for support prior to approval. Exceptions are grandfathered events or street closures as part of a route approval.

RECRUITING NEW EVENTS AND ENGAGING PRODUCERS - ACFP

2023 New Festivals

- Canadiana Fest – October 7
- Kalamazoo Promise Senior Signing Day – May 12
- Friday Food Truck Festivals - June 16, July 21, August 18
- Latinx Festival - August 19

Considering for 2024

- Island Festival
- Blues Festival

There are several events that hosted events at the ACFP in 2022, but have now requested Bronson Park.

Friday Food Truck Festival – Latin Fest

REPUTATION OF SITE IS PARAMOUNT.
SITE APPEARANCE CAN BE A DEAL BREAKER

Here are some factors that affect the ability to "sell" the festival site to event producers:

- Appearance of the site is critical to the decision-making process. Site visits accounts for the majority of the situations where the decision is made to host the event. The first impression makes the decision.
- Walk through with event producers as they confirm maps, placement and site support is challenging when the site is being used for loitering and living.
- Overwhelmingly, there are additional questions about safety concerns, site clean-up, and overnight security challenges.

DOWNTOWN EVENT ACTIVATION

There have been new events to downtown Kalamazoo which are organized by downtown retailers. They have formed an association and are working to create events that build traffic:

1. Kids in the Zoo Event hosted by the downtown retailers and restaurant group created a great event filled with event activation and family engagement
2. First Fridays are also filling in where the Art Hop doesn't land.

These events work to fill the void and encourage more people to come downtown and enjoy events of any size.

EVENT PLANNING & COMMUNICATION SUPPORT

Here are the ways that the City of Kalamazoo Parks and Recreation are supporting downtown events:

- Downtown Business Communication – events that are hosted at the ACFP are communicated (since summer of 2022) to the businesses surrounding the site. This information allows for "no surprises" and the ability to anticipate disruption and its timing.
- Events were asked to submit promotional materials to be shared on downtown social media platforms as a way to promote events and encourage attendance. This stopped after Jumpstart weekend.
- Downtown events were asked to submit information for the downtown calendar and when they didn't it was added to the calendar by support staff. This stopped after Jumpstart Weekend.
- Event support for the ACFP includes regular conversations on the documents that are required for submission, walk throughs, map and event procedures review. The documents required 30 days prior is also used as a way to create check lists for success.

EVENT PLANNER EDUCATION

It is recommended that the City of Kalamazoo review the event practices offered by the City of Grand Rapids for an event management educational series that would provide support to emerging event producers and how they learn best practices for success.

KELC Events through the program called Kzoo Event Academy, is offering to provide 2-hour workshops on event management addressing the following topics:

- Event Planning 101 – Starting the framework of your event for success
- How to Manage a Food Truck at an Event – "so you have a food truck – now what?"
- "All the Event Fine Print" – Applications, permits, insurance, and the stuff you didn't know you had to know"

Home / Events & Activities / Event Management Program

Event Management Program

This FREE Event Management Program course is designed by Downtown Grand Rapids Inc. and The City of Grand Rapids Office of Special Events to provide event producers with the essential knowledge and tools necessary to organize successful public and private events of any size in The City of Grand Rapids.

Sharpen Your Event Management Skills

The one-day course provides practical advice from experts about event planning, funding, promoting, problem-solving and best practices. The course also provides information about the event applications and permits required by the City of Grand Rapids as well as an opportunity to meet and speak with the City's Special Events Supervisor, Downtown Grand Rapids Inc. representatives and other city staff relevant to executing successful events.

Networking provided. We will break for lunch from approximately noon-1 p.m. Attendees can bring their lunch and eat in the room or go out to lunch. Complimentary coffee and water will be available; please bring your own bottle so you can access the water dispenser. On-site parking is complimentary. Please use the parking areas north and west of the building only.

This opportunity is free and open to the public, specifically event organizers, volunteers, and staff.

Participants will receive a Certificate of Completion after the full day training along with a 25% site fee reduction on each participant's first permitted event in this calendar year scheduled through the City of Grand Rapids Office of Special Events.

EVENT SNAPSHOT

Cost
Free

Contact
Office of Special Events
616-456-3378
specialevents@grcity.us
Register Here

Social Media

KALAMAZOO DIGITAL MEDIA MEETUPS

Originally known as Social Media Week, Kalamazoo Digital Media Meet-up have replace the program focus, but the outcomes have not changed. Kalamazoo Digital Media Meet-ups are designed to bring together industry thought leaders, local experts, and aspiring digital media professionals for gatherings that are both educational and inspirational. The 2023 series will focus on Holiday Media planning providing free workshops for downtown businesses.

A series of 3 workshops will be hosted starting in August to plan the promotions for holiday marketing. These workshop will feature:

- Holiday Content Calendar Planning – This first session will cover some of the following questions…What is the downtown event plan? Who is your market? What do they want? What do they believe? Who else shares that market for collaboration and strategy building? What are you selling? What is your secret sauce?
- Compiling the Assets – graphics, pricing, photos, call-to-actions, design elements, media kits
- Creating KPI's & Analyzing- Digital media is about earned, paid, and owned media. What are the key performance indicators that determine success? What are the SEO elements that factor KPI? Can the success outcomes be benchmarked?

DOWNTOWN EVENT GUIDE

The City of Kalamazoo has a comprehensive event application program and guidelines on how to apply for an event. This Downtown Event Guidelines document is a supplemental packet that outlines additional information regarding the following topics:

Event Action Plan (EAP)

Site Maps

Event Fact Sheets

Event insurance

Downtown Event Sites and Location Description of Amenities

EVENT GUIDE FOR DOWNTOWN KALAMAZOO

THIS GUIDE IS DESIGNED TO SUPPORT THE CITY OF KALAMAZOO PARKS AND RECREATION EVENT APPLICATION WITH SPECIFIC INFORMATION REGARDING EVENT SPACES IN DOWNTOWN KALAMAZOO.

PLEASE MAKE SURE TO REFERENCE ON THE ONLINE APPLICATION PROCESS AS THE PRIMARY MEANS OF DETERMINING EVENT APPLICATION PROCESS.

Event Guidelines for Downtown Events and Celebrations

This resource document is designed to provide a snippet of the spaces downtown and how events can use them to accomplish their event outcomes. Any event or activity that occurs on public property like city parks, bridges, plazas, or streets needs a special event permit. A special event is any planned activity or series of events or activities, specific to an identifiable time and place on public space. Examples of special events include, but are not limited to festivals, parades, races, concerts, craft fairs and other similar events.

The city of Kalamazoo manages the application process for all events that occur in the city limits in public spaces. The fee for the use of the public spaces depends on the city resources required for that property. All applications for the public properties are managed through the City of Kalamazoo's Parks and Recreation Department. After receiving the application, the special event coordinator reviews the application and then submits that application for review by a team of city officials and consultants that review the event application and support materials (fact sheets and maps) to determine best practices for that space and how it will impact businesses, residents, and other stakeholders. It is noted that there are deadlines for when applications need to be made. Any event submitted under 60 days from the requested event day will probably not be considered.

Application Link: https://www.kzooparks.org/Events/Host-a-Special-Event
Special Event Guide: https://www.kzooparks.org/Events/Host-a-Special-Event/Host-Other-Special-Events/Special-Event-Guide

The city of Kalamazoo event application process is available and requires several different permits that are outlined in the application process. Some important certificates are included below and important to note:

- Tent structures and membranes
- Bounce Houses, inflatables, rides, fireworks,
- Alcoholic Beverage Permits
- Public Assembly Permits
- Insurance Requirements and Certificates of Insurance (COI)
- Building permits (stage structures)
- All food trucks and vendors must be licensed, and some will require fire suppression certificates as well as valve checks, safe serve certificates.
- Right of way permit for road closure

Event Criteria

Consideration of the event and its approval is based on the following elements:

- The impact of the event on the public health, welfare and safety of the community
- The frequency of the same or similar event(s)
- The impact and/or costs of the event as they relate to the City of Kalamazoo
- The extent to which the event contributes to the area's economic revitalization
- The impact of the event on the environment
- The likelihood of attracting patrons and tourists
- Noise level
- Road closures

The following situations will make it difficult to approve your event:
The city works with all events to help identify ways to make the event successful. But, there are situations where event design is such that it makes it difficult to approve or support an event. Here are some situations that make it challenging to approve an event.

- The special event is of such a size and/or nature which would require the diversion of so great a number of police officers, ambulances, or other emergency services as to deny reasonable emergency services to the city as a whole. However, if the proper advance coordination with the city has been made accordingly, this may be waived.
- The time, route, size, or nature of the special event will unreasonably disrupt the safety and orderly use of any street or any public place, or substantially interrupt the safety and orderly movement of traffic.
- The vehicles, equipment or other materials used in the special event do not comply with or meet all health, fire & safety requirements.
- The special event will interfere or conflict with construction or another special event for which a permit has already been issued.
- The conduct of the special event will be contrary to law, including noise regulations.
- The application for the permit and other attachments have not been fully completed.
- The applicant/permittee has not tendered the required fees listed within the times prescribed by the City of Kalamazoo Parks and Recreation Department
- The application for the permit was misinterpreted or untruthful.
- The applicant or designee on whose behalf is filling out an application for the Special Event Permit, has on prior occasions, damaged City property and/or not paid a prior bill.
- Any organization personnel that owe any outstanding balance to the City.

Attachments Required for your Application Downtown:

The following documents are typical event planning documents that help to organize the event, event expectations, and logistical plans. It is noted that in the City of Kalamazoo event application process, some sites require additional event documents for submission. The Arcadia Creek Festival Place has a series of required documents that are due 30 days prior to the event. Many of these documents are designed specifically to provide critical information to city staff about operations on site. Please consult with the comprehensive Arcadia Creek Festival Event Manual for complete instructions and guidelines.

To help support event outcomes, the following document are highly recommended as part of the event planning and management process.

Event Action Plan
All events should have an Event Action Plan (EAP). This plan should include the following elements:

- General Event Information
- Event Contact Information (contact, responsibility, cell phone number) for the top 3 event team members including the member in charge of emergency procedures.
- Weather Monitoring plan - must be a written plan as to where attendees will evacuate to in a weather emergency including lightening and tornado situations. Additionally, what will be done on site to secure equipment and electrical or gas components.
- Medical emergencies and if it is an event that will require EMT's (sporting events) who is the contact and what EMT company is being used.
- Security - the security company, contact information, and the placement of the security l officers
- Crowd Managers - 1 crowd control person is required for every 250 people. The onsite crowd manager is responsible for:

- Understanding the egress routes and exit locations
- Ensure the egress routes and exits remain clear of debris and occupants
- Know the capacity and ensure that the event does not exceed maximum capacity
- Community medical, fire, security issues, and help mitigate any issues
- Coordinate and assist with an orderly evacuation during and emergency
- Assure compliance to ADA requirements

Site Event Maps

Site event maps are required for the events downtown. Base maps are available for the locations downtown. The base map must include all of the areas of your event including street closures. If the event is just proposed for the specific downtown public area, that needs to be noted on the map. Sample maps are included at the end of this document.

A site map should include the following elements:

- Entrances/exits
- Tents
- First aid
- Equipment (tables, chairs, stages, etc.)
- Vendor booths
- Food trucks/trailers/carts
- Waste/recycling receptacles
- Restrooms
- Fire lane(s) and ADA access (6 feet) - remember 10 feet space between food vendors is required for ALL vendors.
- Entertainment Area

Event Fact Sheet

Although a fact sheet can be designed in several different ways, the five w's are critical (who, what, when, where, why, and how). Attached to his guideline is a detailed example of the type of information that would be included in an event fact sheet. These basic information items are needed to help city officials approve your event. In the Downtown, this information will be used to share with various decision makers to help them understand the outcomes of your event and how having this event in the downtown area will not only make your event successful but will allow our downtown businesses, residents, and retailers also leverage your event for a community win-win.

Please remember that your event outcomes should be in alignment with downtown's outcomes to build community, economic development, community engagement, and celebration. How you build collaborative partners will strengthen your event and help you leverage the locations and their amenities to make your event sustainable.

See addendum for an outline sample items for the Fact Sheet.

Event Insurance

The City of Kalamazoo requires all event producers to provide event insurance through a Certificate of Insurance (COI). The COI includes the insurance holder (event) name, contact, information and describes the insured's policy limits provided. Not only does the city require it, but the event should require it from their vendors as well to protect your event from their negligence.

In order to provide a Certificate of Insurance, an event must have insurance. Check with your insurance agent about different options. The certificate should include the description, dates, and location of the event. If you are having a bounce house or inflatable, it is your responsibility to make sure that this is covered in the insurance and stated on the COI. You must name the City of Kalamazoo as additionally insured (please reference the requirement in the application process).

Generally, there are several types of insurance and they include:

- General liability which is the most basic type of event insurance. The minimum requirement is $1,000,000. There are other types of insurance that might be requested depending on the event.
- Liquor Lability Insurance is required for all events that have a one-day liquor license. If you fill this out on an "event helper" website for insurance coverage the type of insurance, you will need is typically called "retail."
- Cancellation Insurance is not required, but it might be good to consider if your event is costly and you need to make sure that your expenses are covered should the event need to be covered.
- Hired Auto Liability Insurance is good to consider if you are renting vehicles for the event. The insurance even covers auto-related injuries to people driving the vehicles or any property damaged by the vehicle.

Downtown Event Sites and Locations

There are many great locations that can support an event in downtown Kalamazoo. All applications are conducted through the City of Kalamazoo. The following review of downtown public spaces is designed to help identify best uses and amenities that will support the event. It is highly recommended that you walk the site to determine its potential before you apply. You can work with the event team to schedule someone to walk through the site with you to determine if one site works better than another site for your event format. The purpose of the information below is to give you an idea as to how it has been used and design features that provide a better support system for different types of events. A walk through with a downtown representative is recommended before serious consideration is given to use that site.

Arcadia Creek Festival Place (ACFP)

This is Kalamazoo's "official" festival site where large events can be held to support both local and national festivals. It is a large 4-block multi-purpose site located within the northern portion of downtown. This specific location is bounded by Edwards, Kalamazoo, Koopson's Alley, and Water Street. The official address is 145 E. Water Street. The site is perfect for a large festival or a small popup festival. The site can support a small event within the event park area or be expanded to include surrounding streets to make it one of the largest festival sites in the County.

Offering amenities that include a national touring band sized stage, quick-coupler sound and lighting reinforcement, and electrical panels offering 220-3-phase electrical support. The site also includes potable water sources and a gray-water dumping station. The stage position provides a "dead stage" and allows for amplified music and the direction allows for a little louder format.

The site can be expanded to include the surrounding streets and alley offering the ability to host 8,000 to 10,000 people on the site at one time. The large festival physical imprint allows for easy access to parking, walkable entries, and concrete reinforcement to support alcoholic beverage trailers on site. The stage can be expanded to support high-level national acts requiring technology support systems. Additionally, one of the key “add-on” streets has tent-tie-down systems allowing for ease of tent structure support with multiple scenarios for tent placement. Additionally, the three-phase electric panel allows for electricians to create additional vendor panels with 220 phase electric support. The three-phase electrical panel with 220 support also flanks the other side of the festival site offering vendor access and expansion on both sides of the festival site.

The event site does support private parties that have catered alcoholic beverages licenses (resale within this catered license is not allowed). This is also a great site for corporate events, exhibits, and anniversary celebrations.

The ACFP is not a central commons location and therefore perfect for one-day liquor license applications. Conversely, the ACFP is not a central commons district and therefore social district cups are not allowed at any time.

Bronson Park

Kalamazoo's oldest park located in the heart of downtown, it is a 3.5-acre park. The park is ideal for passive events that include art fairs, concerts, popup events, and events that want to leverage the free aspect as well as the option for social district cups. The stage is classified as a live stage and perfect for live performances that don't need amplified music.

The park provides electrical support for both 110 and 220 support with well-accessed electrical boxes. Additionally, the stage has a sound system that provides amplified music throughout the park. This park is not an ideal site for a one-day liquor license event as it is surrounded by religious institutions that are required to sign off on the application prior to submission and it requires temporary fencing. Compliance with social district requirements also complicates the ability for liquor compliance. No cooking is allowed on site and food trucks are required to be in the street which might require street closures depending on configuration and would require parking meters to be bagged and paid for. Street closures require permission by the surrounding businesses and churches.

Kalamazoo Mall

The Kalamazoo Mall extends from Eleanor Street to Lovell Street. The site can be rented for street fairs, art fairs, parades, and a pathway for running events. As a "street" the rental of the location varies from block to block. All applications are filed through the City of Kalamazoo's event portal. This location is perfect for events that support the social district drinking opportunities. Request for a one-day liquor license will not be considered. Street closure will also include charging for parking in metered areas.

Here are the benefits and challenges of rental by block:

- North Kalamazoo Mall block from Eleanor to Water Street - this is a charming location with a winding pathway and grassy berms perfect for a music concert or presentation. It can also support vendor booths. Access to electrical and potable water supports the event amenities. It is noted, however, that the space does not include the grassy area adjacent to KVCC.
- North Kalamazoo Mall block from Water Street to E. Michigan - this space is great for a small popup event. The position of 10 by 10 tents can be limiting with traffic access requiring the use of the grassy areas. There is access to electricity and caution is required about blocking emergency doors and access doors. Permission by The Radisson and KVCC New Media Center is required.
- Kalamazoo Mall from E. Michigan to South Street - this is the heart of downtown. Closure of the road requires a majority of the store owners/property owners using the neighborhood block party format. The closure of the road and the event itself should be designed to support the retail stores and restaurants located within this area. Booths must be in the parking areas in the street and cannot block access to the stores/restaurants. Due to fire codes and pedestrian safety, the narrow road should also be open with no tents placed in the actual traffic lane. Amenities for this location is the charm of the event, the ability to support downtown retailers and restaurants and the power of placemaking. This location is not designed to support a festival format.
- South Kalamazoo Mall from South Street to Lovell Street - This is yet another charming block of the Kalamazoo Mall. All of the requirements of the main Kalamazoo Mall (above) apply to this section of the Kalamazoo Mall together with additional requirements that include paying for traffic equipment and process to make for two-way traffic from Lovell Street to the garage access driveways at Peregrine Towers. This is a cost-addition for the use of a half of a block of programming.

Single Street Closure

There are multiple street closure scenarios that can support an event downtown. When considering a street closure for a special event, event organizers should take into consideration a number of factors including the benefit of a street closure alone for an event. It is important to note that these street closures do not support the application for a one-day liquor license. Street closure will also include charging for parking in metered areas. If the event is best supported by a street closure rather than using a park/site/alley, here are some ideas about street closures:

- Water Street from Church to Rose - this is a covered street and ideal for a popup event. The newly paved street combined with a natural cover allows for the site to be weather-resistant. Access to 220 power is available by working with the Radisson for access to the power. If 110 is needed, a junction box will be required. In order to use this space, an application is required, and bagging of the meters is also required.
- Water Street from Rose to Edwards - this is also a great event location allowing for vendors to spread out in the street. Access to the Radisson loading dock and access from Edwards to Koopson's Alley defines the event space.
- South Burdick from Lovell Street to Cedar Street - this is the location of State on the Street where concerts are popped up in support of the State Theatre. This area is also a great popup location for a special event. Permission from the property and business owners adjacent to the event site is required.

MLK Park

This is a one-acre park with open grassy areas and benches. The park is ideal for popup events. Electrical is available, but staffing is required for access. The park holds honor to an impressive statute of Dr. Martin Luther King, Jr.

Bates Alley

Bates Alley is quickly becoming a hub of activity in downtown Kalamazoo. With overhead lighting and a painted mural on the pavement, this pedestrian only street is as ideal for an outdoor concert or event as it is for an evening stroll. There's a stage on the alley, plenty of room for vendors, and food trucks can park nearby along Portage or Edwards Streets. Street meter bagging will also include charging for parking in metered areas. It's also located within downtown Kalamazoo's Social District, so guests can responsibly enjoy alcoholic beverages (purchased from the participating businesses nearby) outside.

The site can be expanded to rent the parking lot for a space fee and loss-revenue fee for parking. A 90 day advanced application is required to displace parkers for the event. This site is not available for a one-day liquor license application. Rental also requires the support of the surrounding property owners as well as the businesses.

Haymarket Plaza

Haymarket Plaza is perfect for alley activation. Located off of Edwards Street and running parallel to Michigan Avenue, this space is ideal for a concert, art exhibit, food truck rally, or farm to table activation. The alley is wide enough to fit 10 by 10 tents with walk-ability, and easy access to restaurants the social district access is complementary to any event. The space also supports a stage at the western edge of the alley providing the perfect location for a band or presentation. The ability to extend the event into the adjacent parking lot allows for additional programming tents. This spacious open-air venue boasts 3-D projection technology that’s perfect for displaying arts and entertainment content.

Rental for the space is through the City of Kalamazoo's event application portal, and the rental of the 3-D projection technical support and house management is a separate application. The rental process for both is supportive in making your event a simple turnkey experience. All you do is show up and accommodate your guests. This event location allows for that format.

ADDENEDUM – The Event Fact Sheet

Event Fact Sheet Elements

Creating a fact sheet is a effective way to gather all your information into a document that will answer questions from the rental site, collaborators, sponsors, and vendors. The template below provides a wide array of options to include under the general titles. Depending on the event, not all elements are needed under each title. This is a guideline for how to gather information that will compile a fact sheet for consistent messaging.

General Information:

- Event Name
- Event Location
- Event Organizer
- Event Contact information - name, phone, email, address
- Social media links: Website, FB page, Instagram

When –

- when you do want to do this?
- What is the time frame?
- How often do you want to do this?

What

- What are you doing? Concerts, food festivals, product launch, popup, etc.
- What will you do to promote that product are you doing other events at the event to complement the main focus of your event?
- What is your budget?

Who

- Who are your partners?
- Who is actually sponsoring this and paying for it?
- Who would provide the insurance certificate that names the City as additionally insured?
- Who would be responsible if there was an accident or a problem?
- Who is actually coming and cooking and do you have a standardized food unit certificate from the Kalamazoo County Health Department?
- Who will be on site cooking the food?
- Who will be cleaning up the site and how will you clean the site?
- What is your market of attendees?

Where

- Where on the site do you want to cook the food (providing you have a food service/safe food handling certificate)?
- Do you know that you need to provide tar paper so there isn't any stain to the site?
- Do you know that you need to clean the food scraps, paper plates, and customer use of the food (aka garbage)?

How

- How will you promote this event?
- How will you implement it and with what team?
- How will you provide security and safety of the site and its use by your team and the event?

- How will you support the people coming to the event to make sure that they also treat the site with respect as you are using it and responsible for it?

Why

- What do you hope to accomplish with this event?

Sponsorship Listing

- Who are the major sponsors for this event?
- What are your sponsorship program levels?

Committee or Collaborators

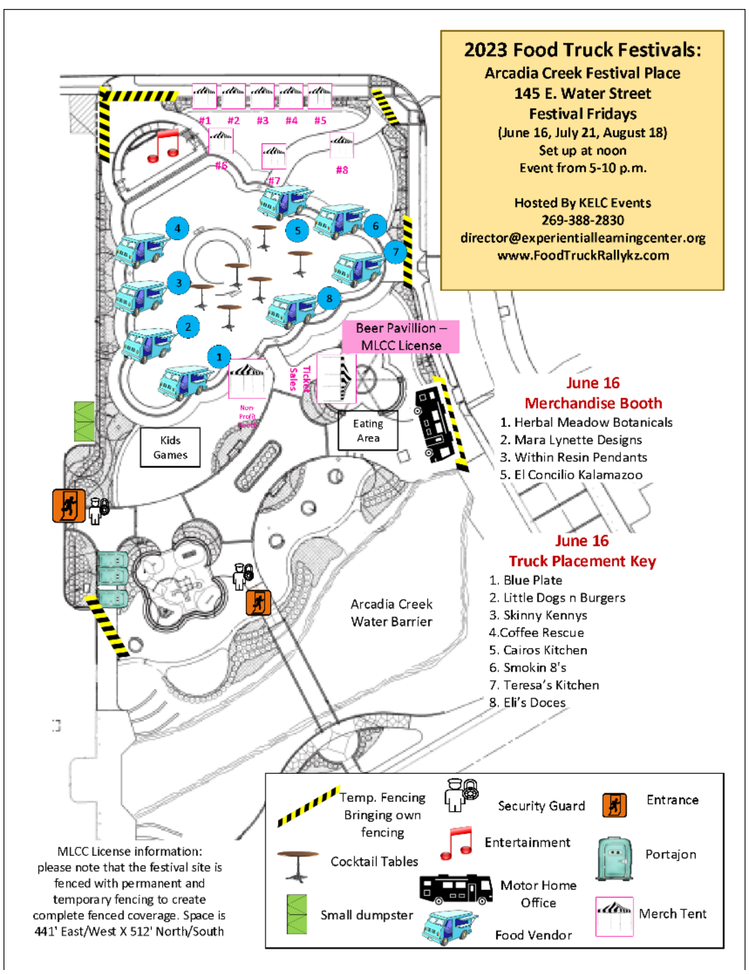
- Who are the your planning committee members?
- What organizations are you working with to host this event?

Event Planning Timeline

- What are the basic event elements and timing to assure your success for this event?

SITE MAPS

The Arcadia Creek Festival Place Manual has base maps for the designation of event layouts. Below is a sample of a map that can be used for an event that uses the festival site proper. This helps to visualize that you can fit a number of event elements into this site.



This map illustrates the use of food trucks or food vendors while also hosting a village of merchandise vendors. In this particular event they are able to host 2 bands, food trucks, merchandise, a MLCC license beverage sale area, and still leave room for about 3,000 people to attend.

Bates Alley is another great place for event activation. Here is a sample map that illustrates where item event elements could be placed. Please note that food trucks are not allowed on Bates Alley and the traffic ballasts at both Portage and Edwards streets prevent vehicles from coming down the alley.

Bates Alley Map Template

This map is designed to help illustrate how the alley can be used for special events. All event layouts must be submitted with the application and they need to be approved and shared with the area businesses. The alley is really designed as a passive use - concert focused event area.

Food Trucks

Permament Band Shell - 10 by 20 no lights

Tents - merchandise or catered food

Bates Alley Guidelines

- Food Trucks don't fit on Bate's Alley
- Vendor carts are okay as long as they don't interfere or restrict business patios
- Vehicles cannot restrict the ADA areas of Bates Alley
- Tents can be used, but must not restrict ADA and cannot block doorways or patios. Must be weighted.
- the entertainment stage is included

For more information and assistance with map layouts, please contact Deb Droppers at deb@eventkalamazoo.com https://downtownkalamazoo.org/wp-

content/uploads/2022/01/2022-Arcadia-Creek-Festival-Place-

Application-User-Manual.pdf

ADDITIONAL RESOURCES

Arcadia Creek Festival Place Manual –

https://downtownkalamazoo.org/wp-

content/uploads/2022/01/2022-Arcadia-Creek-Festival-Place-

Application-User-Manual.pdf

Event Resources
www.experientiallearningcenter.org

Kzoo Event Academy – free classes for event planners – 269-388-2830

- Kzoo Event Academy – this is a program that integrates the key learnings that are taught in the Event Management Major at WMU. The "snippet" of classes are also supported with experience by the students who are either interns or alumni of the major/minor program.
- Kalamazoo Digital Media Meet-ups – a resource program with scheduled workshops for small businesses who want to learn more about digital marketing strategies and popup event programs for ongoing learning – 269-388-2830.

Parking website for bagging meters/charges: https://downtownkalamazoo.org/experience/parking-transportation

Social District map and rules: https://downtownkalamazoo.org/social-district