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CITY OFFICIALS INTRODUCE *FOUNDATION FOR EXCELLENCE* TO ADDRESS STRUCTURAL REVENUE SHORTFALL AT JULY 28 WORK SESSION WITH \$70 MILLION ALREADY COMMITTED BY LOCAL DONORS

For Immediate Release

July 28, 2016, Kalamazoo, Michigan –Along with an update on revenue options currently in progress, City Manager Jim Ritsema introduced a new alternative at a work session held earlier tonight which would take a philanthropic approach to solving the City’s budget shortfalls.

The newly introduced option calls for the creation of the Foundation for Excellence, funded by area philanthropists, institutions, and even citizens who may wish to contribute. Once fully endowed, the foundation would provide resources to the City of Kalamazoo in perpetuity that will be used to stabilize the City budget, improve regional collaboration, and most importantly fund key investments to create a vibrant, forward-looking community that benefits everyone.

Enough commitments have been secured to begin the process as early as 2017. **\$70.3 million has already been committed** to provide, over a three year period, support for the creation of the Foundation, with a goal of having it fully endowed within that three year timeframe. During this period, these commitments will stabilize the City’s budget, allow for the immediate reduction in property tax rates, and also allow for substantially more investment in programs for youth, business, neighborhoods, place-making projects, infrastructure, and other initiatives.

The Foundation for Excellence would allow for the city property tax rate in Kalamazoo to be reduced by more than a third from 19.2705 mills to 12 mills, making investment in the city more regionally competitive. The long-term goal is to achieve a reduction to 10 mills.

“City staff have been working diligently to implement all feasible recommendations from the Blue Ribbon Revenue Panel,” said City Manager Jim Ritsema. “While this work has been taking place conversations have continued to evolve, ultimately leading to this innovative, exciting opportunity.”

Funding for the foundation would be sought from a broad base of donors under a clear legal framework to ensure that Kalamazoo’s elected leaders will continue independently directing the use of funds, as they do with all City funding.

“This would be a major win for Kalamazoo,” said Mayor Bobby J. Hopewell. “This option not only offers a solution to our structural revenue problems, but also reduces the tax burden on city residents and still creates the opportunity for significantly more investment in our city and its people.”

Other revenue options that are currently in progress will still be implemented, including a countywide emergency dispatch center that is expected to save the City of Kalamazoo \$2 million annually if the May 2017 ballot initiative is successful. If efforts to create the Foundation prove unsuccessful within the three year window, the City would then reevaluate its fiscal situation and may pursue additional options at that time, possibly including a city income tax.

After a lengthy discussion, the City Commission gave City Manager Ritsema direction to move ahead in obtaining a memorandum of understanding to pursue the Foundation of Excellence. A resolution supporting this option will come before the City Commission before this option can formally be adopted.

“The Kalamazoo Promise has shown us what is possible when we, as a community, ask ourselves, ‘What can we do for our community? What can we do to address a challenge?’ said Mayor Hopewell. “This can provide an opportunity to unite us around a vision of what is possible in our city, and truly make Kalamazoo a city of promise.”

For additional information, visit the City of Kalamazoo’s Facebook page or visit www.kalamazoo.org.

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