

3/15/2024

L DFA Budget Proposal for FY 2024-2025

Expected Revenue:

TIF	\$	5,420,526
Investment Income	\$	99,091
Total	\$	5,519,617

We are also expecting to end the current FY roughly \$200K under the total contract budget.

Therefore, the budget proposal below uses a total expected funds amount of \$5,719,617.

	2023-2024	2024-2025	Difference	Percent
Direct Staffing	\$ 761,304	\$ 800,000	\$ 38,696	4.84%
Direct Company Support	\$ 850,000	\$ 1,000,000	\$ 150,000	15.00%
Sponsorship, etc	\$ 100,000	\$ 150,000	\$ 50,000	33.33%
Major Events	\$ 400,000	\$ 460,000	\$ 60,000	13.04%
Boot Camp	\$ 50,000	\$ 50,000	\$ -	0.00%
Mobility Support	\$ 270,000	\$ 290,000	\$ 20,000	6.90%
Interns/Talent	\$ 700,000	\$ 850,000	\$ 150,000	17.65%
Software	\$ 70,500	\$ 75,000	\$ 4,500	6.00%
Central Incubator	\$ 325,000	\$ 350,000	\$ 25,000	7.14%
Incubator Improvements	\$ 25,000	\$ -	\$ (25,000)	0.00%
Accounting/Overhead	\$ 493,410	\$ 500,000	\$ 6,590	1.32%
Marketing	\$ 250,000	\$ 250,000	\$ -	0.00%
Ypsilanti				
East OpX	\$ 160,000	\$ 166,000	\$ 6,000	3.61%
Programs	\$ 210,000	\$ 226,000	\$ 16,000	7.08%
Youth Talent Program	\$ 150,000	\$ 150,000	\$ -	0.00%
Ypsilanti Total	\$ 520,000	\$ 542,000	\$ 22,000	4.06%
GBC		\$ 125,000	\$ -	
DEI		\$ 125,000	\$ -	
Total	\$ 4,815,214	\$ 5,567,000	\$ 751,786	13.50%

* Note – the special one time amount of \$400K that was included in the '23-'24 FY budget is not reflected above to provide a more accurate comparison of the Fiscal Years.

Direct Staffing

The items driving the increase are as follows:

- Inflation in both salary and benefit costs for existing staff allocations

Direct Company Support

We will be making a number of positive changes to our Committee Approval process which allows companies to access the last \$30K of direct support. The goal is to streamline and make the funding easier to access. We anticipate this will allow us to deploy more funding to eligible companies without sacrificing the quality of the program.

Sponsorship/Education

As we have come out of the Covid period, there has been a marked increase of in-person events in our region that are aligned with the LDFA mission. Therefore, we would like to increase our ability to support both events being put on by our ecosystem partners as well as increasing SPARK's ability to deliver educational content to our clients.

Major Events

Inflation is having a major impact on the budget needs of all our Major Events in the form of venue, equipment rentals, food and beverage, and technology costs. We anticipate that this will increase our overall cost for the week by \$40K.

We believe that we can sustain our involvement with both SXSW and The Battery Show (formerly the NAIAS) at the existing levels.

For A2Tech360 we would like to request the following:

Women in Tech – This is one of the most popular events of the week. It consistently sells out very early. We would like to expand this event to accommodate a much larger capacity and to be an all day affair vs just in the evening. We estimate this will require an additional \$20K to do successfully.

Mobility Support

There are two drivers of the increase:

- Salary, travel, and registration fees for two employees.
- We would like to enhance the Mobility Sector Report we currently generate to be much more robust and all encompassing as well as increase our support to Mobility focused organizations such as MichAuto, TechLab, etc.

Interns and Talent

For the DEC Summer Internship Clinic we need to increase the overall budget by \$18,300 blended across small increases in compensating the teaching team, the student workers, marketing of the program to students, and technology costs.

Given the diminished status of the MIStemForward program we are continuing to see a growing level of demand for our LDFA funded Intern match program. Furthermore, we are getting more aggressive about curating and participating in on-campus student recruiting events which is driving demand for the program.

Lastly, the increase in this line will allow us to 3-6 additional EIR placements.

Software

Regular cost increases.

Central Incubator

Regular cost increases.

Accounting

Regular cost increases that include payroll processing fees, insurance costs, 401K fees, IT support, Credit Card processing fees, facilities costs, accounting software, etc.

Ypsilanti

- SPARK East Operations - basic inflation adjustments.
- Programs: We anticipate that demand for our programs will increase with the addition of the new MI-HQ facility in downtown Ypsi in conjunction with the steadily increasing population of Tech startups we have seen over the last several years.

New Budget Lines for Green Business Challenge and DEI Ecosystem Support

On February 19th at a special meeting of the LDFA Board, two new programs were approved: The Green Business Challenge (GBC) and DEI Tech Ecosystem Development (DEI) programs. Each of these programs has a twelve month budget of \$250K for a total of \$500K.

Given that the two new programs will launch in April 2024, and in an effort to align the funding of these new programs with the LDFA Fiscal Year we are proposing that 50% of the 12 month budget be included in the new contract which will allow us to include the full amount in the '25-'26 FY Contract. By having one contract between SPARK and the LDFA it will greatly simplify administrative complexities.

Furthermore, I propose we include in the '24-'25 contract language that the LDFA Board will evaluate the results of the new programs during the '24-'25 Fiscal Year and make the decision to release the additional \$250K in this budget to continue the programs.

This will allow the programs to be created and run for enough time to allow the Board to evaluate if the programs should be continued. By placing the budget for continuation of the programs in the contract it will give the Board the ability to make this decision without action needed from the City Council. If the Board chooses not to continue the programs, we will simply end them and not bill the LDFA for the budgeted funds.

Thank you,

Bill Mayer
SVP, Entrepreneur Services
Ann Arbor SPARK.