

**CITY OF DETROIT**

**PROPOSED**

# **Four-Year Financial Plan**

**FY 2022-FY 2025**



**Michael E. Duggan**  
Mayor



**Mayor's Office**

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Coleman A. Young Municipal Center  
2 Woodward Avenue, Suite 1126  
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March 5, 2021

Detroit City Council  
2 Woodward Avenue  
Detroit, Michigan 48226

To the Honorable Detroit City Council:

I am pleased to transmit my Proposed Fiscal Year 2022 Budget and Four-Year Financial Plan for Fiscal Years 2022 through 2025 for your review and approval. Prepared in accordance with the Home Rule City Act (Public Act 279 of 1909, as amended), the Uniform Budgeting and Accounting Act (Public Act 2 of 1968, as amended), and the City Charter, the Fiscal Year 2022 Budget totals \$1.1 billion for General Fund operations and \$2.3 billion across all City funds.

This Financial Plan is balanced over four years and builds on our work together to build a vibrant and equitable Detroit.

Sincerely,

Michael E. Duggan  
Mayor



Coleman A. Young Municipal Center  
2 Woodward Avenue, Suite 1100  
Detroit, Michigan 48226

Phone: 313 -628-2535  
Fax: 313 -224-2135  
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March 5, 2021

Detroit City Council  
2 Woodward Avenue  
Detroit, Michigan 48226

To the Honorable Detroit City Council:

The Proposed Fiscal Year 2022 Budget and Fiscal Years 2022-2025 Four-Year Financial Plan builds on the Mayor and the City Council's collaboration to set a fiscally sustainable course for Detroit. Last year, the City reacted quickly to address revenue shortfalls caused by the COVID-19 pandemic, while maintaining essential services and protecting public health. Through the pandemic, Moody's Investor Service and Standard & Poor's (S&P) maintained the City's credit ratings, with S&P returning Detroit's outlook to "stable" in January 2021.

The pandemic has taken a substantial toll on the City's economy and municipal revenues. The estimated revenue losses, driven by remote work and casino restrictions, have totaled over \$400 million for fiscal years 2020 and 2021. Through quick action to reduce spending late last year and effective management of one-time federal relief funds, the City has weathered the peak of the pandemic's fiscal impact. However, under the City's conservative revenue forecast, recurring General Fund revenues still do not recover to fiscal year 2019 levels until fiscal year 2024.

In its Detroit forecast, the Research Seminar in Quantitative Economics at the University of Michigan noted the "COVID-19 recession will have a deep and long-lasting impact on the city of Detroit." That is undeniable. However, they also project a stronger economic recovery for the City than Michigan overall because many long-term projects in Detroit remain underway. These include the Hudson's Site downtown, Michigan Central Station in Corktown, the FCA assembly complex, the Amazon distribution center at the State Fairgrounds, and the Gordie Howe International Bridge.

The challenging revenue and economic outlook will require the City to focus on controlling costs, while making targeted one-time investments to protect City residents and support the City's future. The Proposed Fiscal Year 2022 Budget and Fiscal Years 2022-2025 Four-Year Financial Plan is defined by three primary drivers: (1) the pandemic's impact and the City's response, (2) delivering economic recovery and opportunity for Detroiters, and (3) ensuring the City's long-term fiscal stability.

General Fund revenues for fiscal year 2022 grow by over \$130 million compared to revised fiscal year 2021 estimates. This reflects not only the depth of our peak revenue losses but also an expected gradual return to workplaces in Detroit and to normal operations at Detroit's casinos over the next year. That revenue growth will support current essential services, enhance support for our public servants who are needed to provide these services, and reduce reliance on one-time federal relief. This budget also makes targeted

investments expanding opportunities for Detroiters, improving public safety, beautifying our neighborhoods, and supporting fiscal stability.

Mayor Duggan has worked hand in hand with the City Council over the last six years to get where we are today. With our shared commitment to Detroit and its long-term financial health, we look forward to reviewing the Mayor's Proposed Budget and Four-Year Financial Plan with the City Council.

Sincerely,



Jay B. Rising  
Acting Chief Financial Officer



Tanya Stoudemire  
Chief Deputy CFO/  
Policy & Administration Director



Steven Watson  
Deputy CFO/Budget Director



CITY OF DETROIT  
FY 2022-2025  
**FOUR-YEAR FINANCIAL PLAN**



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## DEPARTMENTAL BUDGET INFORMATION

Dept. No.	Department Name	
(10)	Airport .....	B-001
(13)	Buildings, Safety Engineering and Environmental Department.....	B-011
(16)	Demolition Department .....	B-035
(18)	Sinking Interest and Redemption .....	B-047
(19)	Department of Public Works .....	B-056
(20)	Department of Transportation .....	B-082
(23)	Office of the Chief Financial Officer.....	B-103
(24)	Fire Department.....	B-143
(25)	Health Department.....	B-167
(28)	Human Resources Department.....	B-198
(29)	Civil Rights, Inclusion and Opportunity Department .....	B-216
(31)	Department of Innovation and Technology.....	B-226
(32)	Law Department .....	B-239
(33)	Mayor's Office.....	B-251
(34)	Municipal Parking Department .....	B-267
(35)	Non-Departmental ( <i>Board of Ethics, Board of Police Commissioners, ..... Detroit Building Authority, Detroit Land Bank Authority Media Services and Communications, Pension Administration, Detroit Charter Revision Commission</i> )	B-280
(36)	Housing and Revitalization Department .....	B-305
(37)	Police Department .....	B-331
(38)	Public Lighting Department .....	B-403
(43)	Planning Department .....	B-414
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(51)	Zoning Appeals Board .....	B-501
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## **OVERVIEW**

The City of Detroit is located in southeastern Michigan, in Wayne County, with a land area of approximately 139 square miles. The City is the center of the nation's 14th largest metropolitan statistical area and is the 24th largest city with an estimated population of 670,031 as of 2019, according to the U.S. Census Bureau. Detroit is the commercial capital of Michigan and a major economic and industrial center of the nation. Although Detroit is known internationally for automobile manufacturing and trade, the City also has major companies in the financial and technology sectors, educational and health care institutions, and entertainment venues with four major sports teams and three casinos located within the City limits. There are eight diverse industrial parks, and four Fortune 500 companies have world headquarters within the City.

Detroit is a home rule city with significant independent powers, pursuant to the provisions of the Constitution of the State of Michigan (the "State"). In accordance with the City Charter (the "Charter"), the governance of the City is organized in two branches: the Executive Branch, which is headed by the Mayor, and the Legislative Branch, which is composed of the City Council and its agencies. The Mayor and the members of the City Council are elected every four years unless a special election is required, as provided for in the Charter.

The Mayor is the chief executive of the City and has control of and is accountable for the Executive Branch of City government. The Charter grants the Mayor broad managerial powers, including the authority to appoint all department directors and deputy directors. The Charter also delegates the responsibility for the implementation of most programs, services, and activities solely to the Executive Branch. The City Council, composed of seven members elected by district and two members elected at large for four-year terms, is the City's legislative body.

In addition to the Executive and Legislative Branches, the City also includes the 36th District Court, which is responsible for adjudicating certain legal matters that arise within the City, including state felony arraignments and preliminary examinations, state misdemeanor and City ordinance violations, civil litigation for claims of \$25,000 or less, and landlord/tenant disputes. The City is responsible for all funding of the 36th District Court in excess of fines collected by the Court, except for judicial salaries, which are funded by the State.

Michigan Public Act 181 of 2014 established the Financial Review Commission (the “FRC”) to monitor the City’s compliance with the Plan of Adjustment, as confirmed by the Bankruptcy Court on November 12, 2014, and to provide State oversight of the City’s financial activities. The FRC’s oversight of the City lasts no less than 13 years. However, once the City meets certain criteria, the nature of the oversight is scaled back. On April 30, 2018, the FRC granted the City its first waiver of active oversight. The FRC continues to monitor the City and reviews the waiver annually and, by July 1 of each year, makes a determination as to whether to renew the waiver for the subsequent year.

In 2014, the Home Rule City Act (Michigan Public Act 219 of 1909) was amended and established the Chief Financial Officer (the “CFO”) position in the City. The CFO is vested with authority over all financial and budget activities of the City. As a result, all finance, budget, procurement, property assessment, and grants management functions were restructured under a new centralized financial management organization called the Office of the Chief Financial Officer (the “OCFO”). All departmental financial functions are under the authority of the OCFO, which increases control over all City financial activities.

The City’s budget process is informed by a comprehensive planning process that includes departmental, procurement, grant, staffing, technology, capital, and long-term financial planning. The City adopts a budget annually for the next fiscal year, in accordance with the Uniform Budgeting and Accounting Act (Michigan Public Act 2 of 1968). Pursuant to Section 4t of the Home Rule City Act, the budget process also includes independent biannual revenue estimating conferences that establish the revenue estimates for the budget and an annually balanced four-year financial plan that includes the City’s adopted budget plus an additional three forecasted years. The total of expenditures cannot exceed the total of estimated revenue, so that the budget as adopted is a balanced budget. Through its four-year financial plan, the City ensures ongoing expenditures are supported by ongoing revenue.

On or before March 7, the Mayor submits to the City Council a proposed budget and four-year financial plan for the fiscal year beginning July 1. After public hearings, the City Council adopts the budget and four-year financial plan, with or without amendment, no later than April 7. The mayor can veto amendments made by the City Council, and the City Council can then override the veto with a two-thirds majority vote.

The City’s budget and four-year financial plan cannot exceed revenue certified by the independent Revenue Estimating Conference. The CFO must certify the budget is balanced and



complies with the Uniform Budgeting and Accounting Act. The City must transmit the adopted budget and four-year financial plan to the FRC by April 30. However, it is not subject to FRC approval while the City is under a waiver of active oversight.

The City's budget has been prepared in accordance with U.S. generally accepted accounting principles, except that transfers to/from other funds have been included in revenue and expenditures. Budgetary appropriations are made at the function level, the legal level of budgetary control. Expenditures for a specific function cannot exceed its appropriation.

In accordance with the requirements of the Home Rule City Act, this Four-Year Financial Plan includes Mayor Duggan's proposed budget for FY 2022 plus three forecasted years (FY 2023, FY 2024, and FY 2025).



## FINANCIAL PLAN REQUIREMENTS

Pursuant to Section 4t(1)(b) of the Home Rule City Act (Public Act 219 of 1909, as amended), the financial plan shall include, but not be limited to, all of the following information for each of the 4 fiscal years covered by the financial plan:

REQUIREMENT		RESPONSE
(1)(b)(i)	Projection of all revenues and expenditures of the city for each fiscal year, including debt service	The Financial Plan includes budget projections for each fiscal year, including debt service. Debt service is reflected in Sinking Interest and Redemption (18), Public Works (19), Non-Departmental (35), and Housing and Revitalization (36) Departments.
(1)(b)(ii)	Projection of cash flow for each fiscal year	The Financial Plan includes cash flows for each fiscal year.
(1)(b)(iii)	A schedule of projected capital commitments for each fiscal year	A schedule of projected capital commitments is included in the Financial Plan.
(1)(b)(iv)	Measures to assure that projected employment levels, collective bargaining agreements, and other employee costs are consistent with projected expenditures and available revenue	The budget for each fiscal year includes funding for each budgeted position and other employee costs consistent with the collective bargaining agreements and are based on current cost levels. These costs were allocated based on available revenues.
(1)(b)(v)	Measures to assure compliance with mandates under state and federal law consistent with projected expenditures and available revenue	The City continually reviews state and federal requirements to ensure compliance. The Financial Plan includes these requirements in the projections of revenues and expenditures.

REQUIREMENT		RESPONSE
(1)(b)(vi)	Measures to assure adequate reserves for mandated and other essential programs and activities in the event of an overestimation of revenue, an underestimation of expenditures, or both	Budget Reserve Schedule is included in the Financial Plan.
(1)(b)(vii)	A statement of significant assumptions and methods of estimation used for projections included in the financial plan	The Financial Plan includes statement of assumptions for revenues and expenditures.
(1)(b)(viii)	Any other information the mayor, governing body, or chief financial officer of the city considers appropriate	The Financial Plan includes summaries on the February Revenue Estimating Conference results, current debt service, and the Retiree Protection Fund.
(1)(c)(i)	Projected revenues and expenditures for each fiscal year covered by the financial plan shall result in a balanced budget according to generally accepted accounting principles, including compliance with uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a	The Financial Plan reflects a balanced budget using generally accepted accounting principles and is in compliance with Uniform Budgeting and Accounting Act.
(1)(c)(ii)	Include contributions necessary to assure that pension systems for employees and retirees of the city are adequately funded	Funding for the pension system is reflected in Financial Plan for each year in accordance with the Plan of Adjustment. The Financial Plan includes additional funding for the pension system to be deposited in the Retiree Protection Fund and held in trust for future pension system contributions. The Financial Plan reflects the resumption of legacy pension contributions in FY 2024.
(1)(c)(iii)	Provide for the issuance of or incurring of debt by the city only in compliance with the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, and the Michigan financial review commission act, if applicable	As new debt is issued, the proceeds are appropriated in accordance with the authorizing resolution and in compliance with applicable law. The Financial Plan includes this information in the Capital section.
(1)(c)(iv)	Provide for the payment in full of debt service on all debt issued or incurred by or on behalf of the city	The Financial Plan includes funding for all current and anticipated debt service.

REQUIREMENT		RESPONSE
(1)(c)(v)	Provide for operations of the city to be conducted with projected cash resources based upon projected cash flow for each fiscal year	Cash flow is monitored and reviewed daily. Monthly reports are submitted to the CFO, Mayor, and the City Council for review.
(1)(c)(vi)	Include a general reserve fund for each fiscal year to cover potential reductions in projected revenues or increases in projected expenditures equal to not less than 5% of the projected expenditures for the fiscal year	The City is maintaining a budget reserve not less than the 5% minimum requirement to provide for mandated and essential programs to cover potential reductions in projected revenues and increases in projected expenditures.
(1)(c)(vii)	For each fiscal year, provide for the elimination of any deficit incurred in the prior fiscal year according to generally accepted accounting principles	The Financial Plan does not include a deficit in any fiscal year.
(1)(c)(viii)	Rely upon revenue and expenditure projections based upon reasonable and appropriate assumptions and methods of estimation	<p>The revenues included in the Financial Plan are based on the estimates approved at the Revenue Estimating Conference held February 16, 2021. In approving the estimates, the conference principals determined the revenues were reasonable and conservative.</p> <p>Expenditure projections are based on review of historical trends, contractual obligations, and the comprehensive planning activities undertaken by the OCFO and City departments.</p>
(1)(c)(ix)	Rely upon cash flow projections based upon reasonable and appropriate assumptions as to sources and uses of cash, including timing	The City relies on cash flow projections prepared by the Office of the Treasury based on historical trends, payments schedules, and the changes proposed in this Financial Plan.

**FY 2022-2025 FOUR-YEAR FINANCIAL PLAN**  
**BUDGET DEVELOPMENT CALENDAR**  
*(Proposed)*

<b>SEPTEMBER</b> <sub>2020</sub>	<ul style="list-style-type: none"> <li>September Revenue Estimating Conference</li> </ul>	<ul style="list-style-type: none"> <li>09/10</li> </ul>
<b>OCTOBER</b> <sub>2020</sub>	<ul style="list-style-type: none"> <li>Budget Instructions Sent to Departments &amp; Agency CFOs</li> <li>Public Budget Meeting</li> </ul>	<ul style="list-style-type: none"> <li>10/19</li> <li>10/22</li> </ul>
<b>NOVEMBER</b> <sub>2020</sub>	<ul style="list-style-type: none"> <li>Access to Planning and Budgeting Cloud Service Module</li> </ul>	<ul style="list-style-type: none"> <li>11/09</li> </ul>
<b>DECEMBER</b> <sub>2020</sub>	<ul style="list-style-type: none"> <li>Departmental Budget Request Submissions Due</li> <li>Office of Budget Begins Review of Budget Requests</li> </ul>	<ul style="list-style-type: none"> <li>12/07</li> <li>12/07</li> </ul>
<b>JANUARY</b> <sub>2021</sub>	<ul style="list-style-type: none"> <li>Budget Director’s Hearings with Departments</li> <li>Council District Budget Priorities Meetings</li> </ul>	<ul style="list-style-type: none"> <li>01/14-2/3</li> <li>01/14-1/27</li> </ul>
<b>FEBRUARY</b> <sub>2021</sub>	<ul style="list-style-type: none"> <li>February Revenue Estimating Conference</li> <li>Budget Director &amp; CFO Make <u>Final</u> Recommendations to Mayor</li> <li>Mayor Finalizes Budget</li> </ul>	<ul style="list-style-type: none"> <li>02/16</li> <li>02/26</li> <li>02/26</li> </ul>
<b>MARCH</b> <sub>2021</sub>	<ul style="list-style-type: none"> <li>Mayor's Budget Address</li> <li>City Council Begins Budget Hearings</li> <li>City Council Begins Executive Sessions</li> <li>City Council Public Hearing on Budget</li> </ul>	<ul style="list-style-type: none"> <li>03/05</li> <li>03/08</li> <li>03/29</li> <li>03/29</li> </ul>
<b>APRIL</b> <sub>2021</sub>	<ul style="list-style-type: none"> <li>City Council Executive Sessions Continue</li> <li>City Council Votes on Budget</li> <li>City Clerk Transmits Budget to Mayor</li> <li>City Council Approves Tax and Bond Statement</li> <li>Mayor Approves or Vetoes Budget</li> <li>City Council Votes on Veto Override (if applicable)</li> <li>City Transmits Four-Year Financial Plan to FRC</li> </ul>	<ul style="list-style-type: none"> <li>04/01-04/06</li> <li>04/07</li> <li>04/08</li> <li>04/13</li> <li>04/13</li> <li>04/16</li> <li>04/30</li> </ul>
<b>MAY</b> <sub>2021</sub>	<ul style="list-style-type: none"> <li>OB Loads Budget in Oracle to Begin Encumbrances for FY 2022</li> </ul>	<ul style="list-style-type: none"> <li>05/15</li> </ul>
<b>JUNE</b> <sub>2021</sub>	<ul style="list-style-type: none"> <li>Fiscal Year 2021 Ends</li> </ul>	<ul style="list-style-type: none"> <li>06/30</li> </ul>
<b>JULY</b> <sub>2021</sub>	<ul style="list-style-type: none"> <li>Fiscal Year 2022 Begins</li> </ul>	<ul style="list-style-type: none"> <li>07/01</li> </ul>

## OUTCOME BUDGETING FRAMEWORK

The FY21 budget introduced a new method of resource planning, outcome budgeting, in the form of pilot analysis of GSD and DoIT budgets. In FY22, a strategic framework for the full catalog of city services is introduced across all agencies, in order to foster broader results-oriented decisions that can assure an effective budget and long-term City financial solvency.

Outcome budgets connect appropriations to the results that matter to Detroit and Detroiters. The system makes department service delivery models transparent so that resources are managed toward these results. Accounting for strategic outcomes, measuring performance and integrating public feedback will shift budget decisions from the traditional incremental line item basis, to broader results that can be anchored in national standards and best practices.

Outcome Budgeting was developed by the City of Baltimore in 2010. Other jurisdictions have followed, with strategic outcomes and measures; operating budget tied to other resource planning processes; “business line” services with results.

**Strategies.** The City, in FY2020-2021, engaged a dialogue about strategies within five major outcomes that guide the current budget.

- ***Safer Neighborhoods*** in which residents are and feel safe in homes, workplaces, and communities. Largely General Funded, safety includes law enforcement and fire safety, as well as crime prevention, safe streets, resiliency and response to health emergencies.
- ***Vibrant and Beautiful City*** characterized by city assets that are healthy and inclusive. Housing stabilization is a priority strategy, as is inclusive and walkable neighborhoods, a beautiful, sustainable physical environment, and access to cultural amenities.
- ***Economic Equity and Opportunity*** in which supports are provided to Detroiters so they can benefit from efforts to build a vital neighborhood business climate and a robust city economy. These activities are largely grant funded and operated under partnerships.
- ***Effective Governance*** occurs when the City works collaboratively with the community for equitably shared progress. This involves accountability of elected leadership and employees, and oversight agencies and outreach to all stakeholders.
- ***Efficient and Innovative Operations*** are those internal-faced activities that constitute the overhead of city government, such as finance, personnel, IT, facilities, fleet and Law. It involves containing costs of departmental administration and citywide appropriations (not assigned to one department), while supporting all other service delivery.

**Accounting for Services.** The Recommended FY22 budget reclassifies all agency appropriations, except for grants, capital, and DWSD and the Demolition Department. Renumbered appropriations link to the overall strategic outcome served and begin a process of

service level analysis within agencies – what costs drive our results? Cost Centers are preserved without change in FY22 to provide visibility under the new appropriations.

**Metrics and Dashboards.** To be effective, the outcome budgeting system will require measurements at the service delivery level as well as in the community broadly. The chart below illustrates a cascade of service delivery metrics included in the FY21 pilot narratives. In the coming year, agencies will further develop key service delivery models to better track these metrics in the future.

4-Year Strategy	Services	Key Target Outcomes (Budget metrics)	Management Metrics (sample)
Efficient & Innovative Operations	<ul style="list-style-type: none"> <li>Industry standard occupancy cost for Municipal Facilities</li> <li>Target vehicle count available daily for city services</li> <li>Security of enterprise technology assets</li> </ul>	<ul style="list-style-type: none"> <li>Occupancy \$ per sq ft of municipal space</li> <li>Daily vehicle needs met in industry avg \$ per vehicle</li> <li># breaches per year</li> </ul>	<ul style="list-style-type: none"> <li>Facilities Condition Index</li> <li>Cost per vehicle</li> <li>Service request turnaround time</li> </ul>

Broad community level indicators will be tracked on dashboards. Results measures for an Efficient & Innovative Operations dashboard might take the following form:

- Fiscal sustainability: cost of government per capita; reserves as % of budget; bond rating
- Employees equipped: % of city facilities “Good” condition
- Streamlined processes: Cost of support agencies as % of total city budget
- Economical department administration: Cost as % of budget managed

**Public Engagement System.** The City’s 2020 Community Outreach Ordinance requires, and best practices suggest, that the City should adopt “mechanisms to identify stakeholder concerns, needs, and priorities” (GFOA.org). Building on other tools, FY22 will feature:

- Public education about the budget and budget process
  - Simpler more accessible Exhibits explaining what is in the budget
  - Coordinated reporting of city planning initiatives using one strategic framework
- Public input on service delivery and priorities:
  - Interactives such as Citizen Priorities Survey or an exercise making own budgets
  - Annual Public Budget Meetings communication of major department priorities
  - Community Budget Priorities Forum and Meeting feedback on priorities

The impacts of outcome budgeting are beneficial for the public, for policymakers and for agency leaders. Once these systems are in place, City expenditures will be transparent, and the results focus will facilitate priority-setting that can chart for the City a sustainable course along all resource planning.

# REVENUES

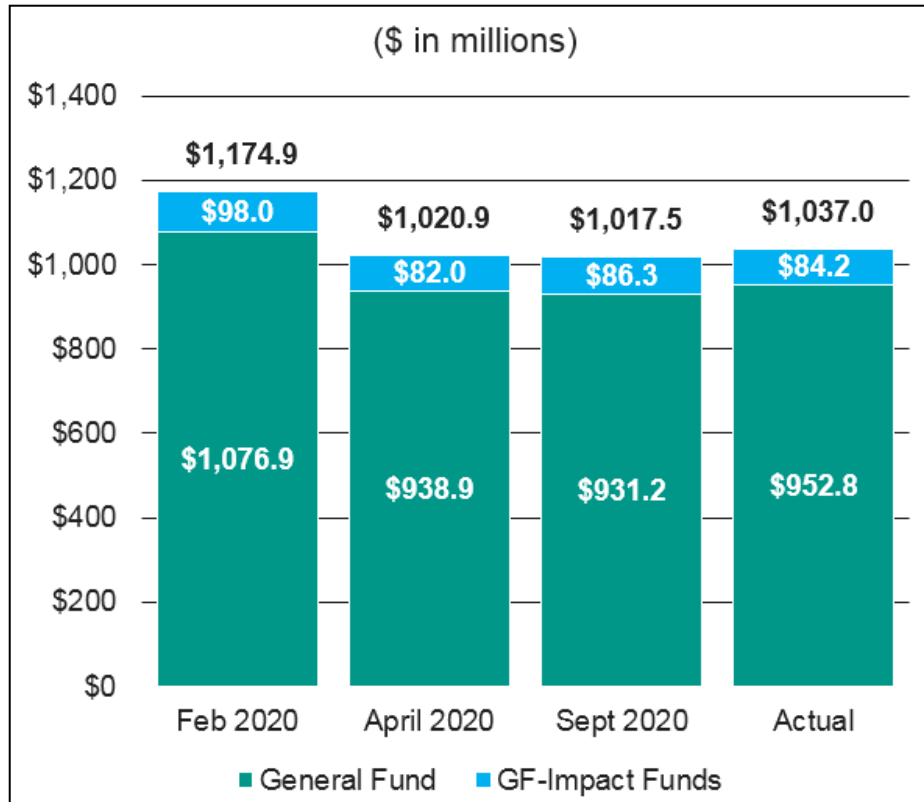
## February 2021 Revenue Estimating Conference

### Overview

- Michigan PA 279 of 1909, Section 117.4t(1)(d), as amended by PA 182 of 2014, states the City of Detroit shall hold independent biannual revenue estimating conferences (in September and February) that establish the official economic forecast and forecast of anticipated City revenues
  
- Revenue estimates must be approved by the voting principals:
  - **Jay B. Rising:** Acting Chief Financial Officer, City of Detroit
  - **Eric Bussis:** Chief Economist and Director, Office of Revenue and Tax Analysis, Michigan Department of Treasury
  - **George A. Fulton, PhD:** Director Emeritus, Research Professor Emeritus, Research Seminar In Quantitative Economics (RSQE), Department of Economics, University of Michigan
  
- The estimates include the current fiscal year (FY2021) and the next four years (FY2022–FY2025).
  
- They set the revenues for the City’s FY2022 budget and FY2022–FY2025 Four Year-Financial Plan



**FY 2020 Revenue Shortfall  
General Fund and Funds with GF-Impact**



Note: GF-Impact Funds include funds that may require General Fund contributions to offset revenue shortfalls (Construction Code, Transportation, and Airport).

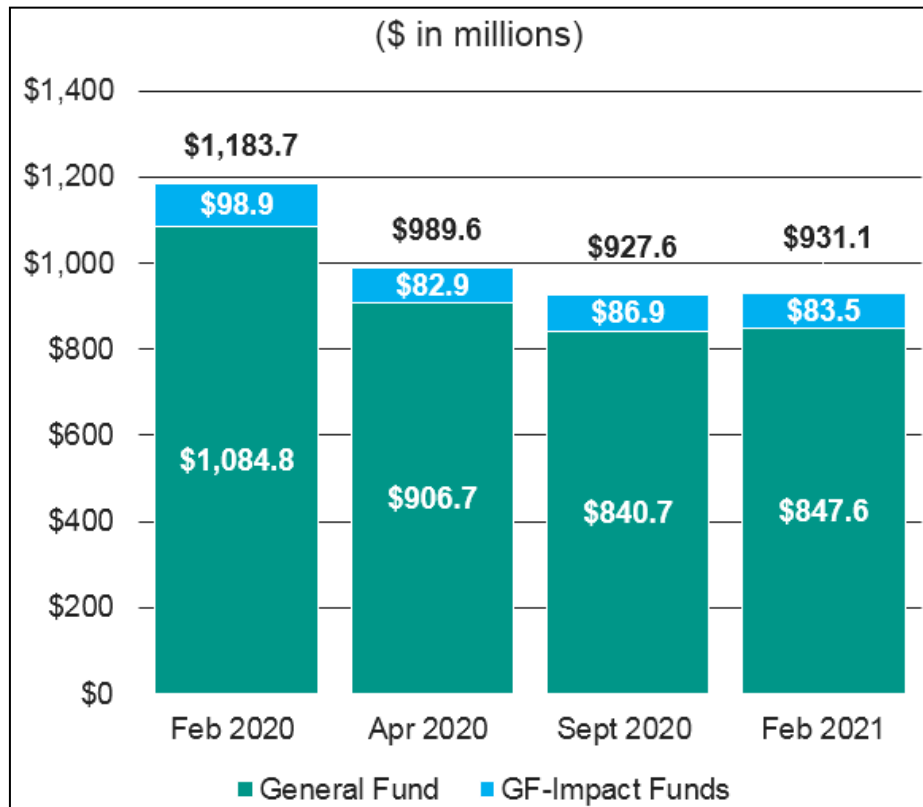
In April 2020, we projected a \$154M shortfall vs. our pre-pandemic Feb 2020 estimates

In Sept 2020, preliminary year-end results showed a shortfall of \$157.4M; our original estimate was very close

Final results improved by \$12M for a **total shortfall of \$145.5M**, driven by:

- Stronger income tax than expected after final accruals from tax filing extension
- Various one-time revenues

**FY 2021 Revenue Shortfall  
General Fund and Funds with GF-Impact**



Note: GF-Impact Funds include funds that may require General Fund contributions to offset revenue shortfalls (Construction Code, Transportation, and Airport).

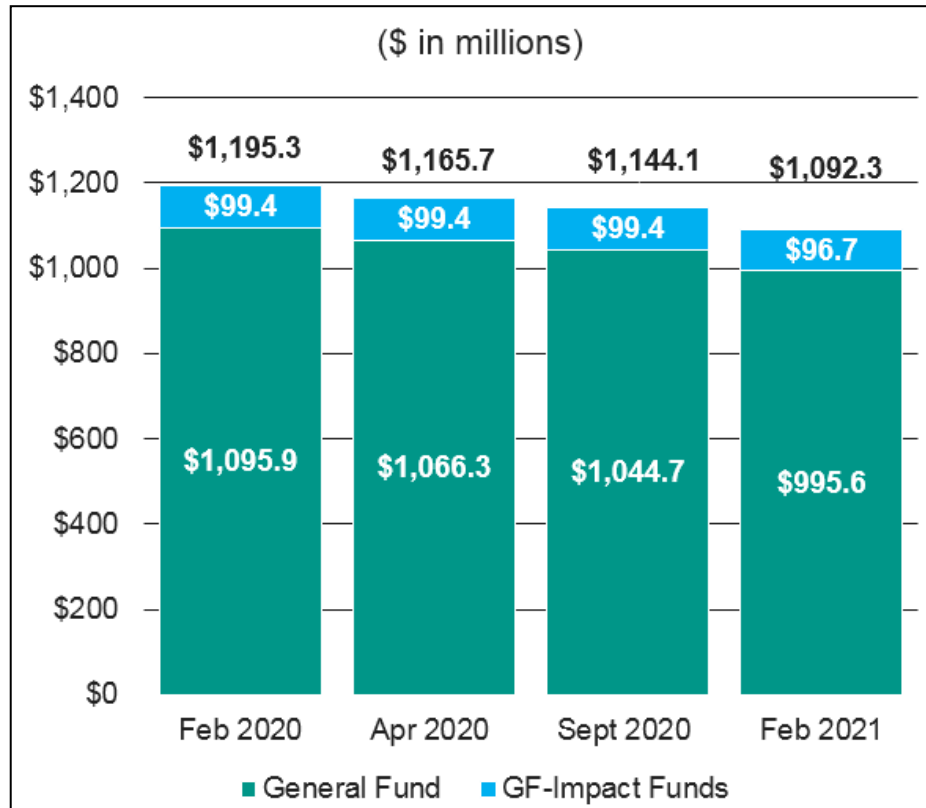
In April 2020, we projected a \$194M shortfall vs. our pre-pandemic Feb 2020 estimates

In Sept 2020, we projected the shortfall to increase \$62M to a total of \$256M, driven by slower casino reopening and at reduced capacity

We now project the shortfall to improve by \$3.5M to a **total of \$253M**, driven by the net effect of:

- Gains from stronger than expected casino performance when open under restrictions
- Losses from longer period of nonresident remote work (income tax)

**FY 2022 Revenue Shortfall  
General Fund and Funds with GF-Impact**



Note: GF-Impact Funds include funds that may require General Fund contributions to offset revenue shortfalls (Construction Code, Transportation, and Airport).

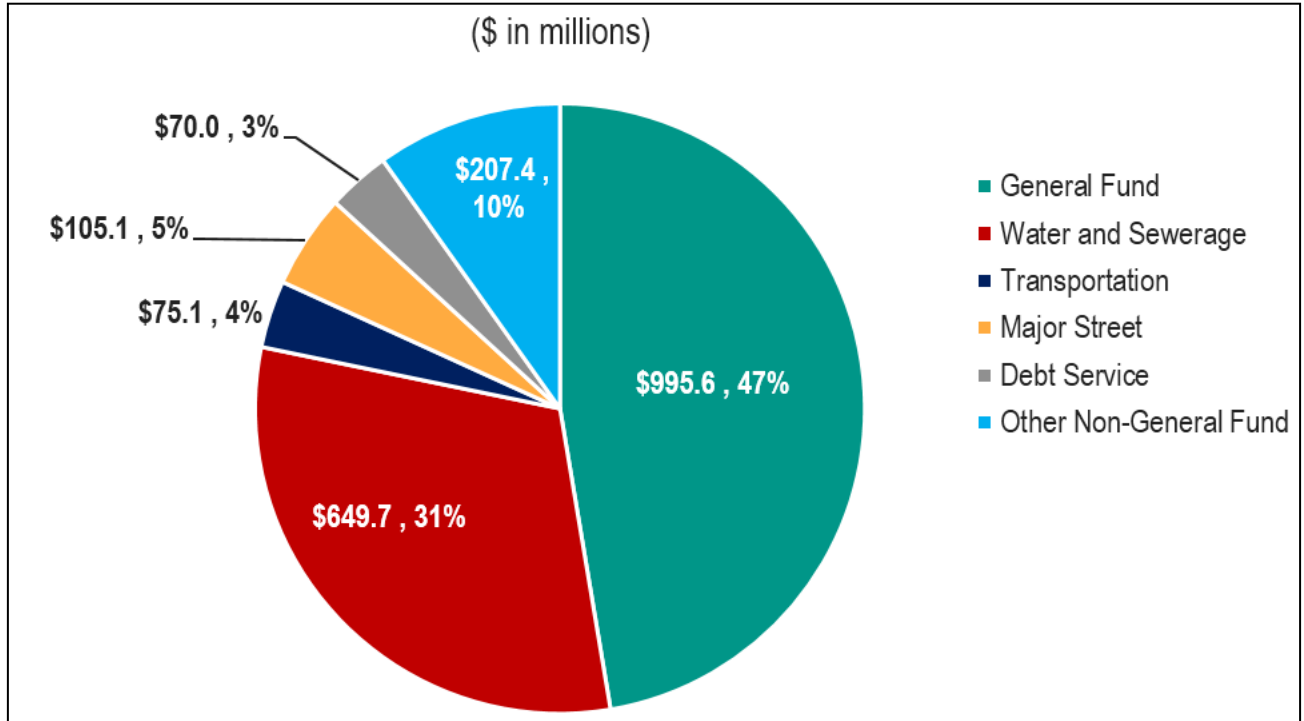
In April 2020, we projected a \$30M shortfall vs. our pre-pandemic Feb 2020 estimates

In Sept 2020, we projected the shortfall to increase \$21M to a total of \$51M, driven by various COVID impacts on revenue continuing longer than expected

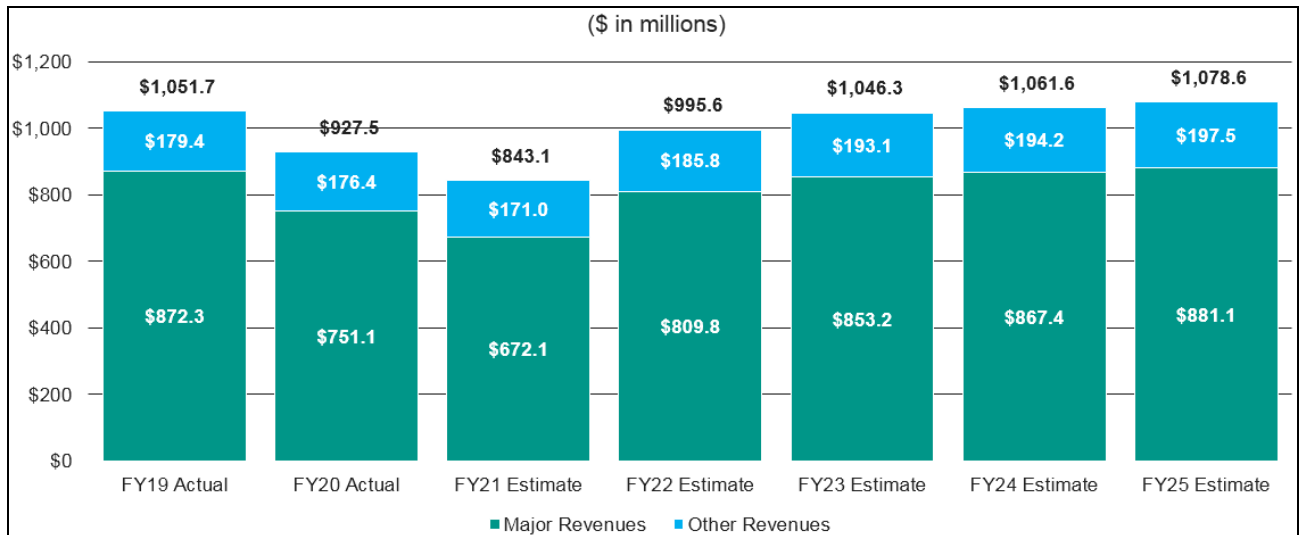
We now project the shortfall to increase by \$52M to a total of \$103M, driven by:

- Losses from longer period of nonresident remote work (income tax)
- Losses from longer period of casino capacity restrictions (wagering tax)

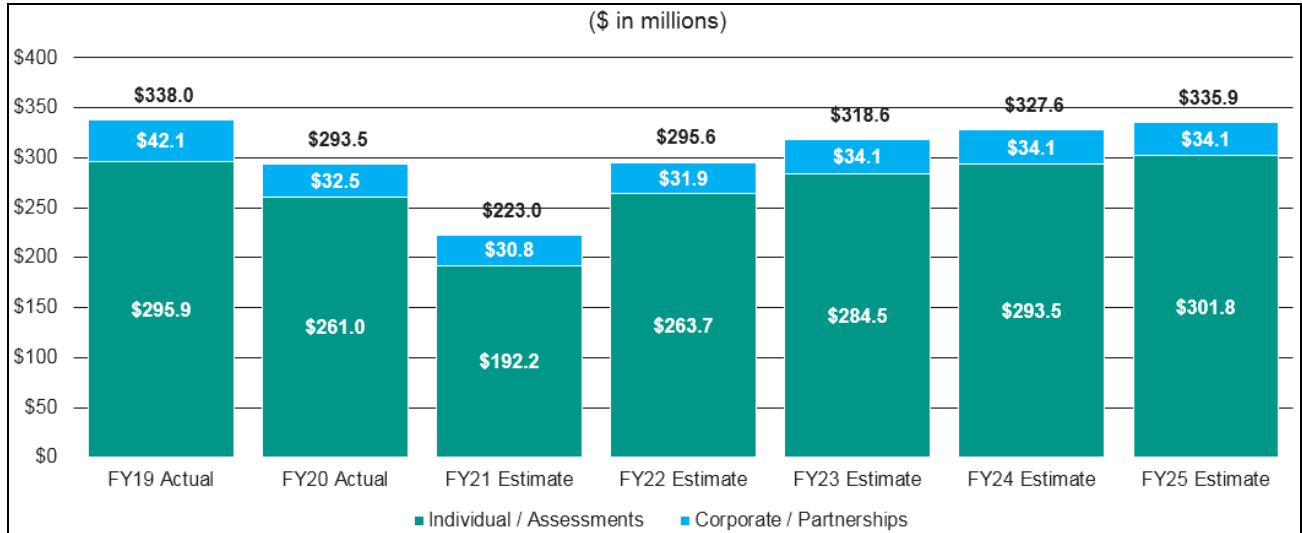
### FY 2022 Revenue Summary, All Funds



### Recurring General Fund Revenue

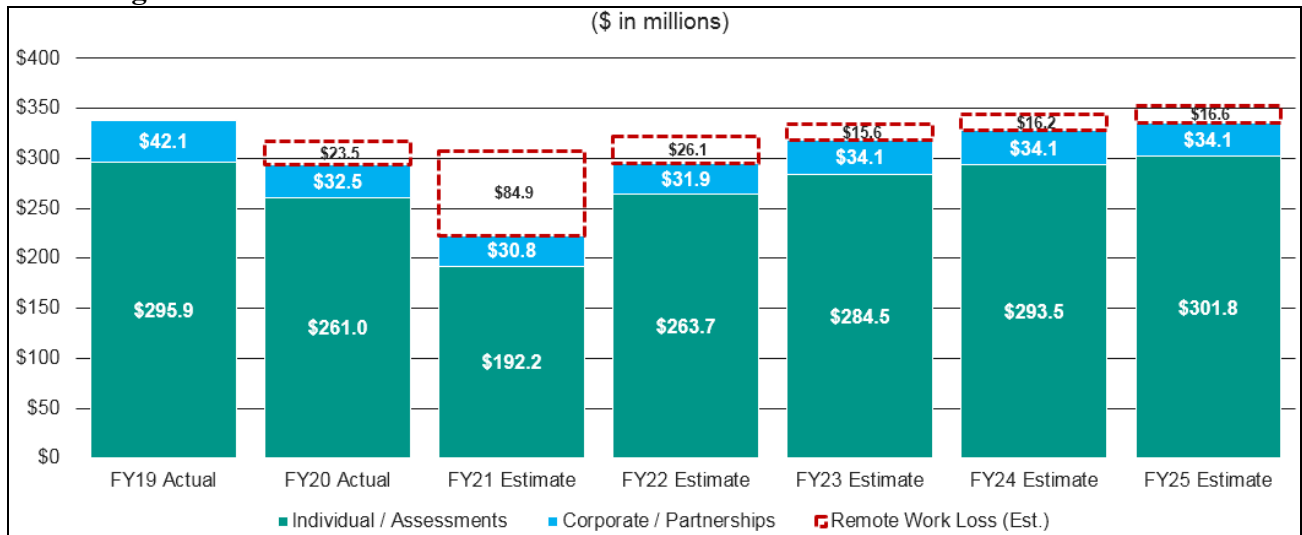


## Recurring Income Tax



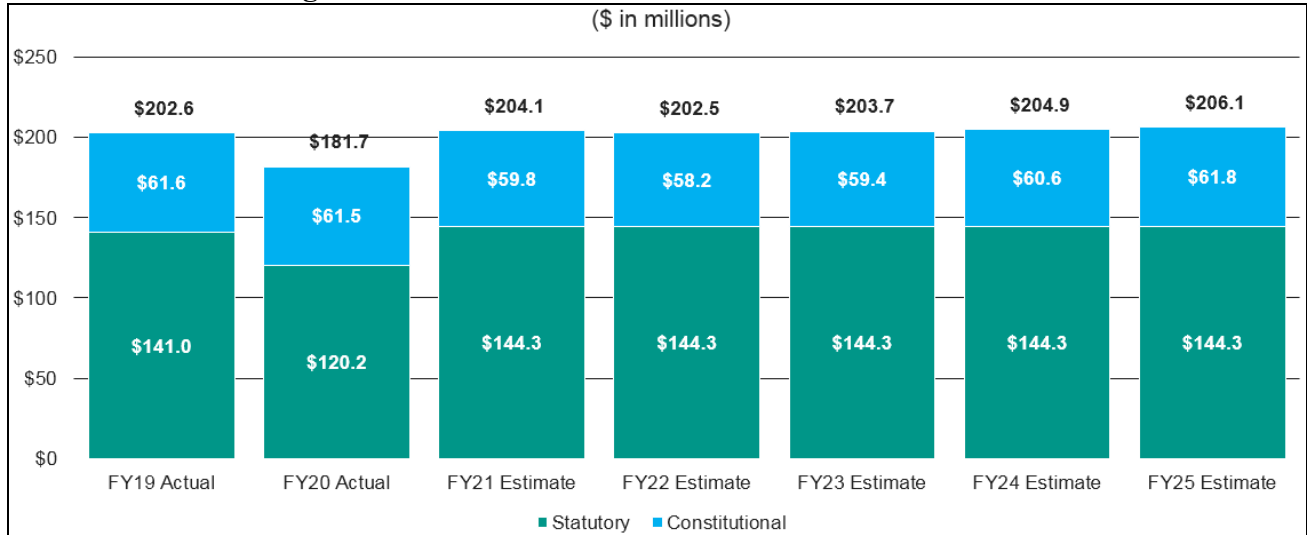
Note: FY19 Actual excludes \$23m one-time corporate collections. FY20 Actual excludes (\$3.5m) in one-time corporate refunds

## Recurring Income Tax with Remote Work Losses



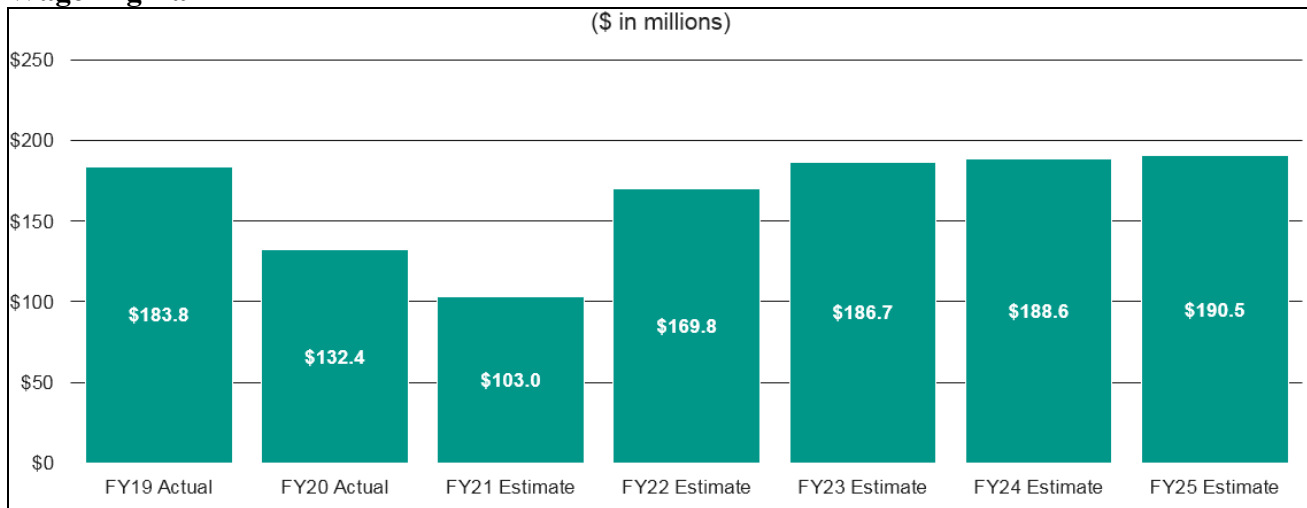
Note: FY19 Actual excludes \$23m one-time corporate collections. FY20 Actual excludes (\$3.5m) in one-time corporate refunds.

## State Revenue Sharing



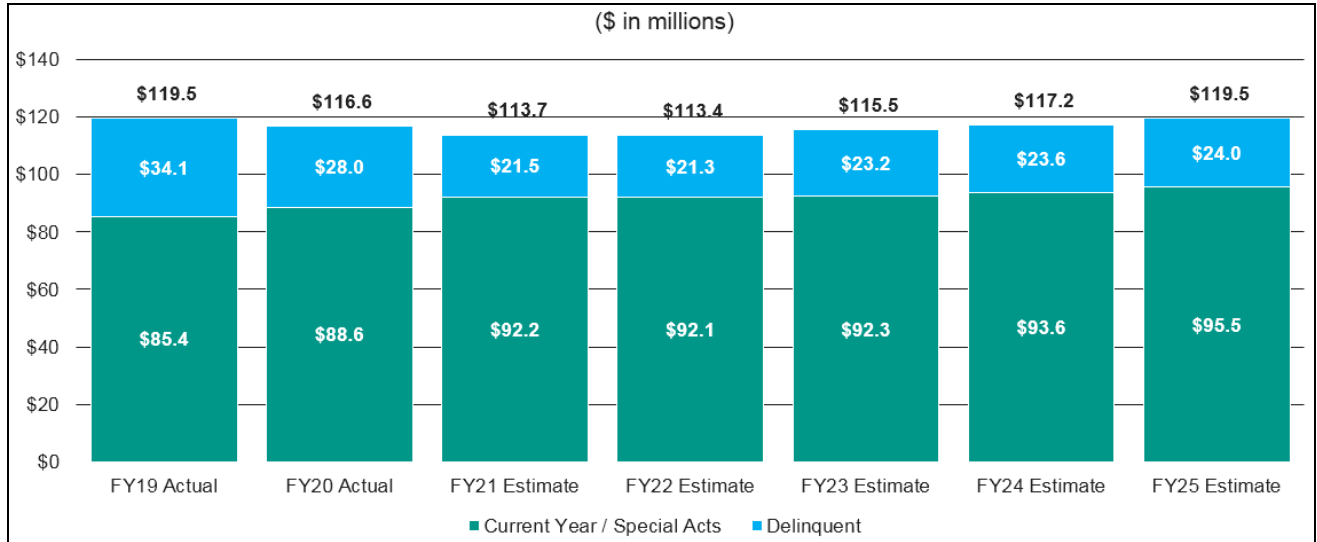
Note: FY20 Actual includes one-time \$24M reduction in statutory revenue sharing that the State replaced with a one-time Coronavirus Relief Fund grant outside the General Fund.

## Wagering Tax



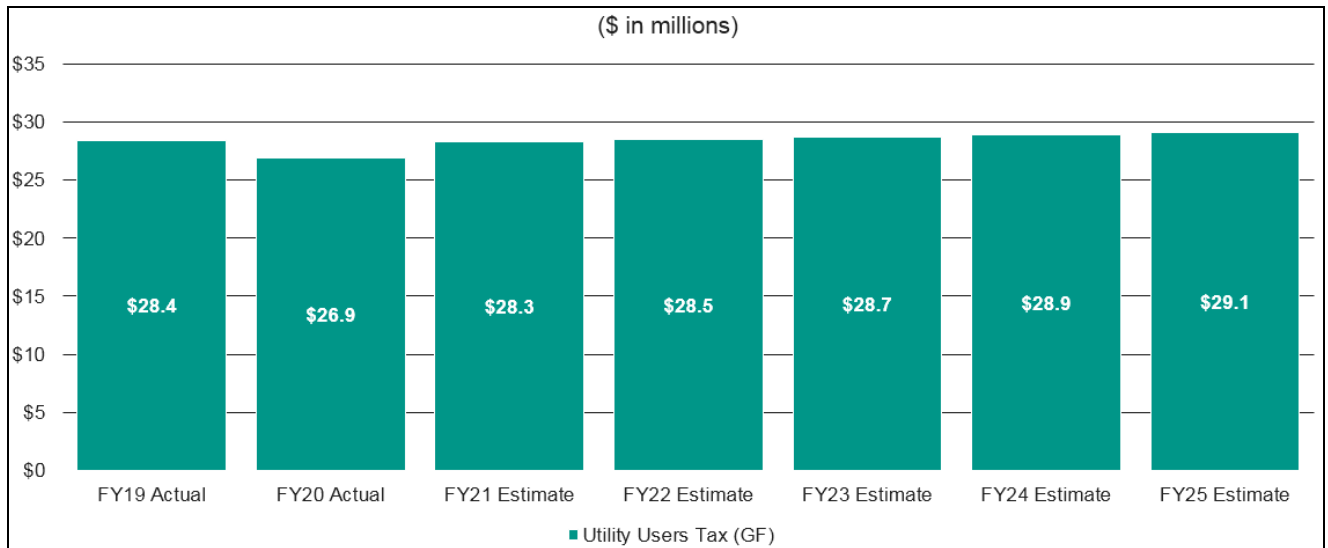
Note: FY20-FY22 impacted by casino closures and capacity restrictions due to COVID-19 pandemic. Does not include new revenues from internet gaming and sports betting.

## Property Tax



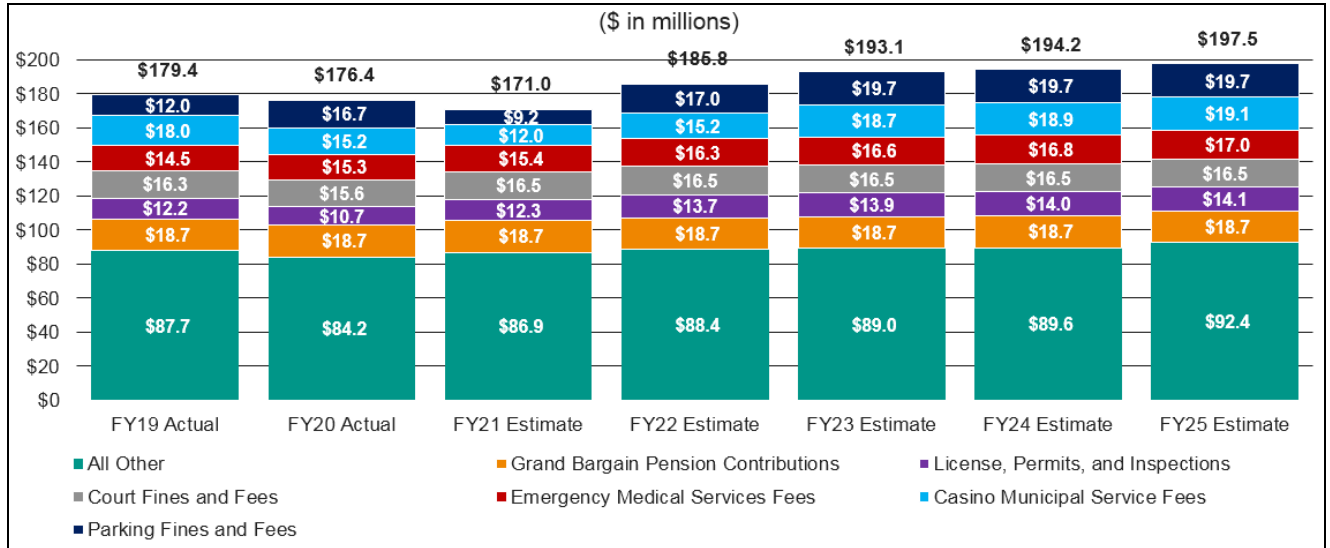
Note: Includes ad valorem taxes and special act taxes (e.g., Neighborhood Enterprise Zone, Industrial Facilities Exemption, and Obsolete Property Rehabilitation Act).

## Utility Users Tax



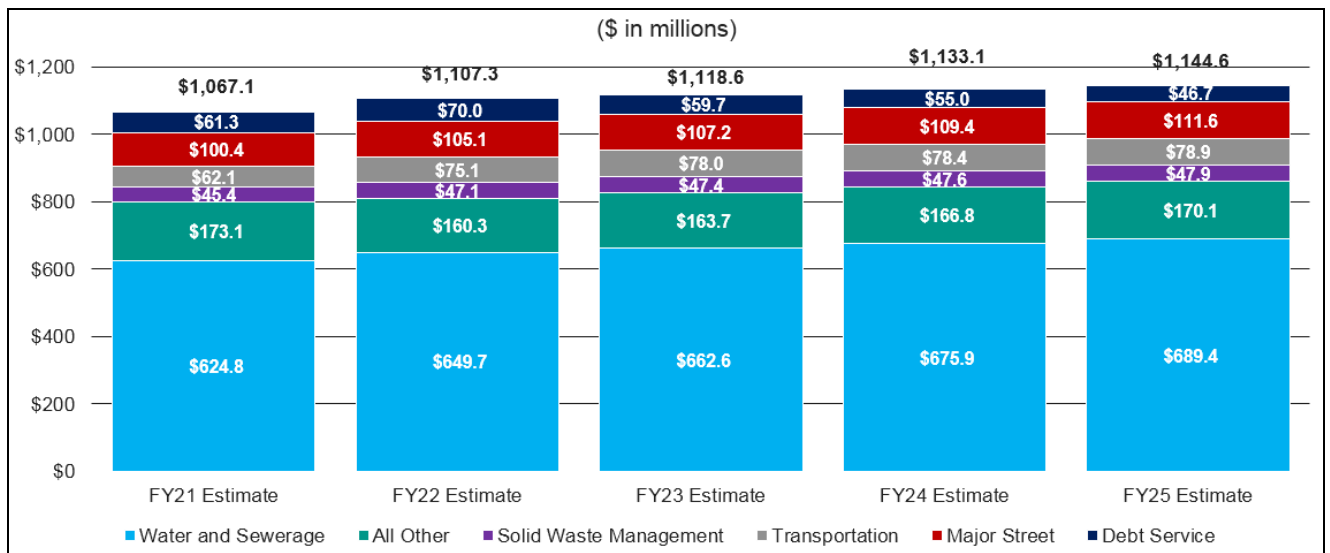
Note: Utility Users Tax for the General Fund is net of annual \$12.5M dedicated to Public Lighting Authority debt service.

## Recurring Other Revenues (General Fund)



Note: The Parking enterprise fund and its associated fees were consolidated into the General Fund in FY20. Recurring revenues exclude one-time items like asset sales and bond proceeds.

## Non-General Fund Revenues



Note: Does not include contributions and transfers across funds (e.g., General Fund contribution to Transportation).



## **Revenue Risks and Potential Upside**

### **Downside Risks**

- Slower casino recovery than expected
- Slower than anticipated recovery from recession
- Larger than anticipated nonresident remote work impact
- Longer lasting changes in economic activity due to workplace and behavior changes
- Future state and federal budget pressures causing reductions in local funding

### **Potential Upside (not counted in current revenue estimates)**

- Residential, commercial, and industrial development activity throughout the City
- Workforce development and labor force participation gains
- Internet gaming and sports betting taxes (launched Jan 2021)
- State-shared excise tax from adult-use marijuana (City authorized in Nov 2020, implementation underway)
- Additional federal fiscal relief and economic stimulus



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**CFO MEMORANDUM  
NO. 2021-103-002**

**TO:** Honorable Michael E. Duggan, Mayor; Honorable Detroit City Council

**FROM:** Steven Watson, Deputy CFO / Budget Director, City of Detroit

**SUBJECT:** Fiscal Year 2021-2022 Tax Statement

**DATE:** March 5, 2021

---

1. AUTHORITY

- 1.1. State of Michigan Public Act 279 of 1909, Section 117.4s(2), as amended by Public Act 182 of 2014, states the chief financial officer shall supervise all financial and budget activities of the city and coordinate the city's activities relating to budgets, financial plans, financial management, financial reporting, financial analysis, and compliance with the budget and financial plan of the city.
- 1.2. CFO Directive No. 2018-101-016 Budget Development, Execution & Monitoring states that the Deputy CFO / Budget Director shall be responsible for the City's budget processes.
- 1.3. The 2012 Charter of the City of Detroit, Article 8, Chapter 2, provides requirements for annual budget adoption. Specifically, Section 8-209 states adoption of the budget shall constitute a levy of the property tax specified therein.
- 1.4. The 2012 Charter of the City of Detroit, Article 8, Chapter 4, provides requirements for property taxation. Specifically, Section 8-401 authorizes the City to levy property taxes up to the rate of 2% (20 mills) of taxable value of all real and personal property in the city for General City purposes, consistent with State of Michigan Public Act 279 of 1909, Section 117.3(g). Pursuant to State of Michigan Public Acts 34 of 2001 and 164 of 1877, the City's levies for Debt Service purposes are not subject to the 2% limitation.
- 1.5. The 2019 Detroit City Code, Chapter 17, Article II, provides procedures for annual budget adoption. Specifically, Section 17-2-10 states after the budget is approved, the budget director shall make an itemized statement of amounts to be raised by taxation (the "Tax Statement"). The City Council shall cause to be levied and collected by general tax the amount of the Tax Statement so approved.

2. OBJECTIVE

- 2.1. To set forth the total number of mills of ad valorem property taxes to be levied and the purposes for which that millage is to be levied, as authorized by the adopted budget for Fiscal Year 2021-2022.

3. PURPOSE

- 3.1. To submit the annual Tax Statement to the Mayor and the City Council for consideration and approval.

#### 4. SCOPE

4.1. This Memorandum and the attached report are intended solely to fulfill the requirements for the annual Tax Statement.

#### 5. STATEMENT

5.1. The Office of Budget is submitting the attached Tax Statement of the amounts to be raised by taxation in Fiscal Year 2021-2022 and requesting its approval.

5.2. The Tax Statement represents amounts included in the proposed budget for Fiscal Year 2021-2022.

5.3. The Tax Statement was developed in coordination with the Offices of the Assessor and the Treasury.

5.4. The Tax Statement is based on the forecast of anticipated revenues approved by the Revenue Estimating Conference principals on February 16, 2020, in accordance with State of Michigan Public Act 279 of 1909, Section 117.4t(1)(d), as amended by Public Act 182 of 2014.

**City of Detroit**  
**Fiscal Year 2021-2022**  
**Tax Statement**

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**Taxable Value:**

**Ad Valorem Roll less Renaissance Zones**

Real Property	\$	4,835,361,116
Personal Property		1,400,938,364
<b>Total</b>	<b>\$</b>	<b>6,236,299,480</b>

**Renaissance Zones (RZ)<sup>(1)</sup>**

RZ - Real Property	\$	222,815,427
RZ - Real Property (75%)		1,252,154
RZ - Real Property (50%)		-
RZ - Real Property (25%)		-
RZ - Personal Property		42,794,110
RZ - Personal Property (75%)		1,231,583
RZ - Personal Property (50%)		-
RZ - Personal Property (25%)		-
RZ - Tool & Die - Real Property		-
RZ - Tool & Die - Personal Property		-
<b>Total</b>	<b>\$</b>	<b>268,093,274</b>

**Total Ad Valorem Roll**

Real Property	\$	5,059,428,697
Personal Property		1,444,964,056
<b>Total</b>	<b>\$</b>	<b>6,504,392,754</b>

**Tax Rates:**

General City	19.9520
Debt Service	9.0000
<b>Total</b>	<b>28.9520</b>

**Tax Levies:**

General City	\$	124,463,814
Debt Service		58,539,535
<b>Total Amount to be Raised by Taxation</b>	<b>\$</b>	<b>183,003,349</b>

**Notes:**

(1) Renaissance Zones are exempt from General City millage, except for designated percentage phase-out for applicable property.

# BUDGET RESERVE SCHEDULE

*City of Detroit*  
**Budget Reserve Schedule**

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<b>Beginning Balance</b>	<b>\$ 107,280,192</b>	<b>\$ 57,280,192</b>	<b>\$ 107,280,192</b>	<b>\$ 107,280,192</b>	<b>\$ 107,280,192</b>
Transfer In / Out	(50,000,000)	50,000,000			
<b>Ending Balance</b>	<b>\$ 57,280,192</b>	<b>\$ 107,280,192</b>	<b>\$ 107,280,192</b>	<b>\$ 107,280,192</b>	<b>\$ 107,280,192</b>
<i>% of Recurring Expenditures</i>	5.6%	10.2%	10.3%	9.1%	9.0%
<b>Minimum Balance (5% of Recurring Expenditures)</b>	<b>\$ 51,198,844</b>	<b>\$ 52,756,962</b>	<b>\$ 52,298,826</b>	<b>\$ 59,210,850</b>	<b>\$ 59,557,652</b>

PA 182 Sec 4t (1) (c) (vi) - Four-Year Financial Plan Requirement:  
 Include a general reserve fund for each fiscal year to cover potential reductions in projected revenues or increases in projected expenditures equal to not less than 5% of projected expenditures for the fiscal year.

## GENERAL FUND FIVE-YEAR CASH FLOW

### City of Detroit

\*Common Cash Pool 5 Year Cash Flow Forecast - FY 2021 to FY 2025

	Actual	Forecast				
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<b>Beginning Common Cash Pool Balance</b>	\$ 553.6	\$ 564.2	\$ 525.9	\$ 419.5	\$ 407.2	\$ 416.9
<b>Sources:</b>						
Receipts/Transfers	\$ 1,813.1	\$ 1,650.2	\$ 1,672.6	\$ 1,764.1	\$ 1,830.8	\$ 1,852.7
<b>Uses:</b>						
Disbursements	\$ (1,757.5)	\$ (1,638.5)	\$ (1,694.0)	\$ (1,716.4)	\$ (1,821.1)	\$ (1,836.9)
Retirement Protection Trust	(45.0)	(50.0)	(85.0)	(60.0)	0.0	0.0
<b>Total Uses:</b>	<b>(1,802.5)</b>	<b>(1,688.5)</b>	<b>(1,779.0)</b>	<b>(1,776.4)</b>	<b>(1,821.1)</b>	<b>(1,836.9)</b>
<b>Net Cash Flow</b>	<b>\$ 10.6</b>	<b>\$ (38.3)</b>	<b>\$ (106.4)</b>	<b>\$ (12.3)</b>	<b>\$ 9.7</b>	<b>\$ 15.8</b>
<b>Ending Common Cash Pool Balance</b>	<b>\$ 564.2</b>	<b>\$ 525.9</b>	<b>\$ 419.5</b>	<b>\$ 407.2</b>	<b>\$ 416.9</b>	<b>\$ 432.7</b>
Budget Reserve Fund	107.3	57.3	107.3	107.3	107.3	107.3
<b>Total Common and Reserve Balance</b>	<b>\$ 671.5</b>	<b>\$ 583.2</b>	<b>\$ 526.8</b>	<b>\$ 514.5</b>	<b>\$ 524.2</b>	<b>\$ 540.0</b>

*Note: The Common Cash Pool is a group of accounts that transact, hold and invest the majority of City's cash assets. The pooling of cash allows the City to maximize investment earning on available cash. Each contributing fund's balance is treated as equity in the pool.*

## FY2022 - FY2025 Expenditures & Revenues by Agency Table

City of Detroit  
 FY2022 - FY2025 Financial Plan  
 Expenditures & Revenues by Agency (in millions)

Category	Department	FY2022 Mayor			FY2023 Forecast			FY2024 Forecast			FY2025 Forecast		
		Exp	Rev	NTC	Exp	Rev	NTC	Exp	Rev	NTC	Exp	Rev	NTC
Executive Agencies	16 Demolition	8.0	8.0	-	-	-	-	-	-	-	-	-	-
	19 Public Works	149.2	165.2	(16.0)	151.1	167.4	(16.3)	153.7	170.0	(16.4)	156.1	172.8	(16.7)
	23 Chief Financial Officer	56.1	4.9	51.2	53.9	5.0	48.8	54.5	5.2	49.4	55.2	5.3	49.9
	24 Fire	128.6	23.6	105.0	128.7	24.0	104.7	130.3	24.4	105.9	132.0	24.8	107.2
	25 Health	42.8	33.1	9.7	42.9	33.7	9.3	43.7	34.3	9.4	44.5	35.0	9.5
	28 Human Resources	13.4	1.2	12.2	12.9	1.2	11.7	13.1	1.2	11.9	13.3	1.3	12.0
	29 Civil Rights, Inclusion, & Opportunity	5.7	3.4	2.3	5.1	3.5	1.6	5.2	3.5	1.7	5.3	3.6	1.7
	31 Innovation & Technology	22.6	-	22.6	21.9	-	21.9	22.2	-	22.2	22.4	-	22.4
	32 Law	18.2	2.1	16.1	17.2	2.1	15.1	17.4	2.2	15.3	17.6	2.2	15.4
	33 Mayor's Office	10.5	1.1	9.4	10.3	1.1	9.1	10.4	1.2	9.3	10.6	1.2	9.4
	34 Municipal Parking	10.1	17.0	(6.9)	9.6	19.6	(10.1)	9.6	19.6	(10.0)	9.7	19.6	(9.9)
	36 Housing & Revitalization	68.6	53.6	15.0	66.5	51.3	15.3	67.6	52.2	15.3	68.6	53.2	15.4
	37 Police	342.0	70.1	271.9	328.0	72.6	255.3	328.8	73.9	254.9	329.7	75.1	254.6
	38 Public Lighting	17.5	1.7	15.7	17.5	1.5	15.9	17.5	1.3	16.1	17.5	1.1	16.3
43 Planning & Development	5.2	2.1	3.1	5.1	2.2	3.0	5.2	2.2	3.0	5.3	2.3	3.0	
45 Appeals & Hearings	1.2	3.1	(2.0)	0.9	3.1	(2.2)	0.9	3.1	(2.2)	0.9	3.1	(2.2)	
47 General Services	116.4	19.7	96.7	103.1	19.7	83.4	103.8	19.8	84.0	99.0	14.1	84.9	
Legislative Agencies	50 Auditor General	3.7	-	3.7	3.8	-	3.8	3.8	-	3.8	3.8	-	3.8
	51 Zoning Appeals	0.6	0.1	0.5	0.6	0.1	0.5	0.6	0.1	0.5	0.6	0.1	0.5
	52 City Council	11.5	0.1	11.5	11.2	0.1	11.1	11.2	0.1	11.2	11.3	0.1	11.2
	53 Ombudsman	1.1	0.0	1.1	1.1	-	1.1	1.1	-	1.1	1.2	-	1.2
	54 Inspector General	1.3	-	1.3	1.3	-	1.3	1.3	-	1.3	1.4	-	1.4
	70 City Clerk	2.4	0.0	2.4	2.4	0.0	2.4	2.4	0.0	2.4	2.4	0.0	2.4
71 Elections	12.3	0.0	12.3	12.4	0.0	12.4	12.5	0.0	12.5	12.6	2.3	10.3	
Judicial Agency	60 36th District Court	31.1	18.3	12.8	31.4	18.3	13.1	31.8	18.3	13.5	32.2	18.3	13.9
Non-Departmental	35 Non-Departmental	349.6	1,002.7	(653.1)	282.6	896.3	(613.7)	415.8	1,033.2	(617.5)	417.6	1,036.7	(619.1)
Debt Service – UTGO	18 Debt Service	70.0	70.0	-	59.7	59.7	-	55.0	55.0	-	46.7	46.7	-
Enterprise Agencies	10 Airport	2.4	2.4	-	2.4	2.4	-	2.5	2.5	-	2.5	2.5	-
	13 BSE&ED	30.5	28.9	1.5	29.1	27.7	1.4	29.7	28.2	1.4	30.2	28.8	1.5
	20 Transportation	135.1	135.1	-	144.5	144.5	-	144.9	144.9	-	145.4	145.4	-
	48 Water – Retail	202.2	202.2	-	217.7	217.7	-	222.1	222.1	-	226.5	226.5	-
	49 Sewerage – Retail	441.0	441.0	-	445.1	445.1	-	454.0	454.0	-	463.0	463.0	-
72 Public Library	27.8	27.8	-	28.3	28.3	-	28.8	28.8	-	29.3	29.3	-	
<b>Total General City Agencies (Exec/Leg/Jud/Non-Dept)</b>		<b>1,429.5</b>	<b>1,431.1</b>	<b>(1.5)</b>	<b>1,321.5</b>	<b>1,322.8</b>	<b>(1.4)</b>	<b>1,464.5</b>	<b>1,465.9</b>	<b>(1.4)</b>	<b>1,470.6</b>	<b>1,472.1</b>	<b>(1.5)</b>
<b>Total Debt Service</b>		<b>70.0</b>	<b>70.0</b>	<b>-</b>	<b>59.7</b>	<b>59.7</b>	<b>-</b>	<b>55.0</b>	<b>55.0</b>	<b>-</b>	<b>46.7</b>	<b>46.7</b>	<b>-</b>
<b>Total Enterprise Agencies</b>		<b>838.9</b>	<b>837.4</b>	<b>1.5</b>	<b>867.1</b>	<b>865.8</b>	<b>1.4</b>	<b>881.8</b>	<b>880.4</b>	<b>1.4</b>	<b>896.9</b>	<b>895.5</b>	<b>1.5</b>
<b>Grand Total</b>		<b>2,338.5</b>	<b>2,338.5</b>	<b>-</b>	<b>2,248.4</b>	<b>2,248.4</b>	<b>-</b>	<b>2,401.3</b>	<b>2,401.3</b>	<b>-</b>	<b>2,414.2</b>	<b>2,414.2</b>	<b>-</b>

## Expenditures & Revenues by Major Classifications

City of Detroit  
Budget Development  
All Funds

Expenditures	FY2020 Actual	FY2021 Adopted	FY2022 Mayor	FY2023 Forecast	FY2024 Forecast	FY2025 Forecast
Salaries & Wages	603,058,501	574,407,164	616,860,520	605,379,881	613,231,933	620,930,793
Employee Benefits	230,254,118	300,119,463	304,607,575	309,913,269	451,930,839	451,697,402
Professional & Contractual Services	246,739,679	319,408,111	323,884,820	323,953,237	327,981,940	327,614,950
Operating Supplies	126,942,430	90,966,287	89,462,914	88,807,341	89,240,889	89,329,929
Operating Services	170,735,942	161,680,805	170,848,168	169,542,352	169,804,378	170,071,644
Equipment Acquisition	104,587,817	35,536,040	30,035,362	48,584,418	57,873,590	67,323,999
Capital Outlays	76,098,340	26,658,167	27,704,655	9,682,997	11,586,391	13,497,338
Fixed Charges	160,351,225	183,203,337	191,309,981	178,750,788	161,399,340	155,301,705
Other Expenses	630,995,614	484,793,808	480,483,490	513,747,297	518,251,834	518,468,732
<b>Total Expenditures - Recurring</b>	<b>2,349,763,665</b>	<b>2,176,773,181</b>	<b>2,235,197,485</b>	<b>2,248,361,580</b>	<b>2,401,301,134</b>	<b>2,414,236,492</b>
<b>Expenditures - Non-Recurring</b>						
Blight Remediation	-	10,000,000	14,500,000	-	-	-
Capital Improvements	-	-	5,500,000	-	-	-
Reserves	-	-	80,000,000	-	-	-
Other One-Time Expenditures	-	-	3,274,123	-	-	-
<b>Total Expenditures - Non-Recurring</b>	<b>-</b>	<b>10,000,000</b>	<b>103,274,123</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total Expenditures</b>	<b>2,349,763,665</b>	<b>2,186,773,181</b>	<b>2,338,471,608</b>	<b>2,248,361,580</b>	<b>2,401,301,134</b>	<b>2,414,236,492</b>

Revenues	FY2020 Actual	FY2021 Adopted	FY2022 Mayor	FY2023 Forecast	FY2024 Forecast	FY2025 Forecast
Grants, Shared Taxes, & Revenues	436,890,977	286,866,589	308,514,626	311,482,066	314,478,012	317,534,112
Revenues from Use of Assets	124,520,253	161,150,862	165,127,704	153,131,603	154,925,765	156,729,444
Sales of Assets & Compensation for Losses	24,987,873	62,000	62,000	62,000	62,000	62,000
Sales & Charges for Services	598,832,231	677,939,078	677,594,221	694,634,024	705,897,146	719,752,304
Fines, Forfeits, & Penalties	36,282,637	31,599,911	27,253,918	29,462,476	29,602,626	29,745,568
Licenses, Permits, & Inspection Charges	32,388,407	31,085,000	37,743,000	38,383,020	38,999,662	39,630,007
Taxes, Assessments, & Interest	768,508,757	718,636,122	809,172,596	843,916,480	854,660,075	861,320,214
Contributions & Transfers	207,426,267	79,148,661	85,570,820	89,969,124	90,206,285	84,775,049
Miscellaneous	56,575,453	72,903,300	64,158,600	87,320,787	89,469,563	91,687,794
<b>Total Revenues - Recurring</b>	<b>2,286,412,855</b>	<b>2,059,391,523</b>	<b>2,175,197,485</b>	<b>2,248,361,580</b>	<b>2,278,301,134</b>	<b>2,301,236,492</b>
<b>Revenues - Non-Recurring</b>						
Contributions and Transfers	-	127,381,658	163,274,123	-	123,000,000	113,000,000
<b>Total Revenues - Non-Recurring</b>	<b>-</b>	<b>127,381,658</b>	<b>163,274,123</b>	<b>-</b>	<b>123,000,000</b>	<b>113,000,000</b>
<b>Grand Total Revenues</b>	<b>2,286,412,855</b>	<b>2,186,773,181</b>	<b>2,338,471,608</b>	<b>2,248,361,580</b>	<b>2,401,301,134</b>	<b>2,414,236,492</b>



## Expenditures & Revenues by Major Classifications

City of Detroit  
Budget Development  
Fund 1000 - General Fund

Expenditures	FY2020 Actual	FY2021 Adopted	FY2022 Mayor	FY2023 Forecast	FY2024 Forecast	FY2025 Forecast
Salaries & Wages	386,333,466	446,180,656	455,075,200	439,042,994	444,257,277	449,575,849
Employee Benefits	113,027,890	201,267,084	216,398,685	221,418,080	363,435,075	363,452,408
Professional & Contractual Services	66,463,571	79,359,755	83,044,819	78,608,961	78,608,961	78,608,961
Operating Supplies	35,882,117	42,025,235	43,300,162	43,298,962	43,298,962	43,298,962
Operating Services	85,940,286	84,606,237	87,473,741	86,030,369	86,030,369	86,030,369
Equipment Acquisition	2,076,449	37,950	-	-	-	-
Capital Outlays	117,541	250,000	190,800	190,800	190,800	190,800
Fixed Charges	79,657,672	85,046,628	85,056,650	85,898,752	73,283,661	75,501,217
Other Expenses	237,720,838	85,203,334	84,599,174	91,487,597	95,111,900	94,494,481
<b>Total Expenditures - Recurring</b>	<b>1,007,219,830</b>	<b>1,023,976,879</b>	<b>1,055,139,231</b>	<b>1,045,976,515</b>	<b>1,184,217,005</b>	<b>1,191,153,047</b>
<b>Expenditures - Non-Recurring</b>						
Reserves	-	-	80,000,000	-	-	-
Other One-Time Expenditures	-	-	3,274,123	-	-	-
<b>Total Expenditures - Non-Recurring</b>	<b>-</b>	<b>-</b>	<b>83,274,123</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total Expenditures</b>	<b>1,007,219,830</b>	<b>1,023,976,879</b>	<b>1,138,413,354</b>	<b>1,045,976,515</b>	<b>1,184,217,005</b>	<b>1,191,153,047</b>

Revenues	FY2020 Actual	FY2021 Adopted	FY2022 Mayor	FY2023 Forecast	FY2024 Forecast	FY2025 Forecast
Grants, Shared Taxes, & Revenues	187,233,648	192,182,000	205,265,000	206,466,000	207,654,000	208,866,000
Revenues from Use of Assets	46,385,022	32,781,199	27,154,912	27,059,016	26,337,224	25,574,633
Sales of Assets & Compensation for Losses	11,769,515	62,000	62,000	62,000	62,000	62,000
Sales & Charges for Services	103,840,815	107,378,022	106,544,319	111,152,499	112,142,781	115,413,370
Fines, Forfeits, & Penalties	21,127,279	25,491,000	20,776,000	22,855,000	22,863,000	22,871,150
Licenses, Permits, & Inspection Charges	10,692,111	13,075,000	13,692,000	13,851,000	13,977,000	14,106,894
Taxes, Assessments, & Interest	573,495,129	522,959,000	613,656,000	656,003,000	669,077,000	681,541,000
Contributions & Transfers	61,132,716	5,100,000	-	-	-	-
Miscellaneous	8,099,723	7,567,000	7,989,000	8,528,000	9,104,000	9,718,000
<b>Total Revenues - Recurring</b>	<b>1,023,775,958</b>	<b>906,595,221</b>	<b>995,139,231</b>	<b>1,045,976,515</b>	<b>1,061,217,005</b>	<b>1,078,153,047</b>
<b>Revenues - Non-Recurring</b>						
Contributions and Transfers	-	117,381,658	143,274,123	-	123,000,000	113,000,000
<b>Total Revenues - Non-Recurring</b>	<b>-</b>	<b>117,381,658</b>	<b>143,274,123</b>	<b>-</b>	<b>123,000,000</b>	<b>113,000,000</b>
<b>Grand Total Revenues</b>	<b>1,023,775,958</b>	<b>1,023,976,879</b>	<b>1,138,413,354</b>	<b>1,045,976,515</b>	<b>1,184,217,005</b>	<b>1,191,153,047</b>

**FY2022 - FY2025 Expenditures & Revenues by Agency Table**

**City of Detroit  
FY2022 - FY2025 Financial Plan  
Expenditures & Revenues by Outcome Budgeting Category**

	FY2022 Mayor		FY2023 Forecast		FY2024 Forecast		FY2025 Forecast	
	Exp	Rev	Exp	Rev	Exp	Rev	Exp	Rev
Safer Neighborhoods	444,299,617	161,446,600	434,201,790	164,453,572	436,634,766	167,017,364	433,661,069	163,916,748
Vibrant and Beautiful City	108,709,296	61,303,601	105,133,482	57,952,730	105,346,250	58,355,028	105,451,463	58,865,425
Economic Equity and Opportunity	163,387,309	168,889,462	177,613,877	178,018,665	178,333,615	178,948,490	179,068,527	179,897,919
Effective Governance	55,807,711	7,893,362	54,079,065	7,932,349	54,474,705	7,982,317	54,878,255	10,294,282
Efficient and Innovative Operations	701,332,508	1,007,533,391	658,939,536	1,043,529,551	791,070,363	1,176,922,467	788,377,698	1,173,267,151
Not Yet Reclassified	864,935,167	931,405,192	818,393,830	796,474,713	835,441,435	812,075,468	852,799,480	827,994,967
	<b>2,338,471,608</b>	<b>2,338,471,608</b>	<b>2,248,361,580</b>	<b>2,248,361,580</b>	<b>2,401,301,134</b>	<b>2,401,301,134</b>	<b>2,414,236,492</b>	<b>2,414,236,492</b>

\*Not Yet Reclassified includes capital accounts mostly in DWSD, DPW, and for fleet; grant accounts mostly in DDOT, HRD, Police; and the Budget Reserve contribution

## FY2022 - FY2025 Expenditures & Revenues by Agency Table

### City of Detroit FY2022 - FY2025 Financial Plan Expenditures & Revenues by Outcome Budgeting Category

		FY2022 Mayor		FY2023 Forecast		FY2024 Forecast		FY2025 Forecast		
		Exp	Rev	Exp	Rev	Exp	Rev	Exp	Rev	
10	Airport	Economic Equity and Opportunity	2,381,711	2,381,711	2,447,434	2,447,434	2,462,875	2,462,875	2,478,623	2,478,623
		Safer Neighborhoods	8,061,239	7,427,000	7,979,423	7,575,540	8,103,030	7,727,052	8,229,109	7,881,591
13	BSEED	Vibrant and Beautiful City	2,974,518	303,000	2,993,274	303,000	3,038,155	303,000	3,083,932	303,000
		Economic Equity and Opportunity	11,123,720	21,021,700	11,083,764	19,682,980	11,252,167	20,038,940	11,423,937	20,402,018
		Efficient and Innovative Operations	8,299,529	166,000	7,038,194	169,320	7,266,028	172,706	7,498,416	176,161
16	Demolition	Not Yet Reclassified	7,974,130	7,974,130	-	-	-	-	-	-
18	Debt Service	Efficient and Innovative Operations	69,996,612	69,996,612	59,749,317	59,749,317	55,006,228	55,006,228	46,684,170	46,684,170
		Safer Neighborhoods	52,882,344	102,050,000	53,039,730	104,250,000	53,321,779	106,250,000	53,609,470	108,250,000
		Vibrant and Beautiful City	49,955,455	52,440,875	49,804,563	52,361,875	50,131,231	52,761,875	50,342,625	53,269,930
19	Public Works	Economic Equity and Opportunity	5,008,485	7,689,000	5,016,561	7,784,200	5,096,449	7,846,624	5,177,935	7,910,296
		Efficient and Innovative Operations	1,471,174	-	1,429,495	-	1,450,751	-	1,472,432	-
		Not Yet Reclassified	39,904,589	3,015,875	41,815,731	2,965,875	43,650,581	3,165,875	45,491,614	3,379,362
		Economic Equity and Opportunity	52,368,899	118,455,051	60,849,489	127,844,051	60,958,812	128,276,051	61,070,325	128,716,692
20	Transportation	Efficient and Innovative Operations	68,986,152	2,900,000	69,894,562	2,900,000	70,217,239	2,900,000	70,546,367	2,900,000
		Not Yet Reclassified	13,735,853	13,735,853	13,735,853	13,735,853	13,735,853	13,735,853	13,735,853	13,735,853
23	OCFO	Efficient and Innovative Operations	56,118,502	4,937,729	53,888,247	5,048,122	54,532,770	5,159,900	55,190,181	5,274,416
		Safer Neighborhoods	114,482,515	21,048,000	114,587,874	21,379,000	116,090,252	21,717,000	117,622,680	22,061,894
24	Fire	Effective Governance	542,288	-	542,288	-	549,513	-	556,883	-
		Efficient and Innovative Operations	11,047,210	18,000	10,918,226	18,000	11,014,723	18,000	11,113,151	18,000
		Not Yet Reclassified	2,553,742	2,553,742	2,604,817	2,604,817	2,656,913	2,656,913	2,710,051	2,710,051
		Safer Neighborhoods	4,903,811	2,815,000	4,794,791	2,847,000	4,849,336	2,878,000	4,904,971	2,911,000
25	Health	Economic Equity and Opportunity	3,428,861	13,000	3,347,184	13,000	3,388,839	13,000	3,431,327	13,000
		Efficient and Innovative Operations	4,198,898	-	3,970,317	-	4,017,320	-	4,065,263	-
		Not Yet Reclassified	30,225,969	30,225,969	30,830,489	30,830,489	31,447,099	31,447,099	32,076,041	32,076,041
28	Human Resources	Efficient and Innovative Operations	13,360,299	1,185,512	12,935,335	1,209,223	13,098,321	1,233,408	13,264,568	1,258,075
29	CRIO	Economic Equity and Opportunity	4,000,000	3,000,000	4,060,000	3,060,000	4,121,000	3,121,000	4,184,000	3,184,000
		Effective Governance	1,706,160	402,000	1,046,472	402,000	1,060,373	402,000	1,074,552	402,000
31	Innovation & Technology	Safer Neighborhoods	4,827,268	-	4,671,773	-	4,751,076	-	4,831,965	-
		Efficient and Innovative Operations	17,780,527	-	17,244,694	-	17,411,314	-	17,581,271	-
32	Law	Effective Governance	1,412,971	-	997,772	-	1,005,523	-	1,013,429	-
		Efficient and Innovative Operations	16,757,464	2,079,000	16,206,626	2,120,000	16,408,634	2,161,000	16,614,682	2,202,797
		Safer Neighborhoods	2,695,408	126,500	2,613,764	128,030	2,657,744	129,591	2,702,602	131,182
		Vibrant and Beautiful City	76,500	76,500	78,030	78,030	79,591	79,591	81,182	81,182
33	Mayor's Office	Economic Equity and Opportunity	540,896	-	421,383	-	429,909	-	438,605	-
		Effective Governance	5,712,494	-	5,652,725	-	5,735,307	-	5,819,541	-
		Efficient and Innovative Operations	555,557	-	558,857	-	567,492	-	576,300	-
		Not Yet Reclassified	909,253	909,253	927,438	927,438	945,987	945,987	964,907	964,907
34	Municipal Parking	Economic Equity and Opportunity	6,221,668	8,050,000	5,979,506	8,905,000	5,997,522	8,905,000	6,015,899	8,905,000
		Efficient and Innovative Operations	3,838,969	8,900,000	3,573,103	10,700,000	3,626,658	10,700,000	3,681,284	10,700,000

\*Not Yet Reclassified includes capital accounts mostly in DWSD, DPW, and for fleet; grant accounts mostly in DDOT, HRD, Police; and the Budget Reserve contribution

## FY2022 - FY2025 Expenditures & Revenues by Agency Table

### City of Detroit FY2022 - FY2025 Financial Plan Expenditures & Revenues by Outcome Budgeting Category

		FY2022 Mayor		FY2023 Forecast		FY2024 Forecast		FY2025 Forecast		
		Exp	Rev	Exp	Rev	Exp	Rev	Exp	Rev	
35	Non-Departmental									
	Safer Neighborhoods	3,622,374	-	3,666,635	-	3,711,781	-	3,757,830	-	
	Vibrant and Beautiful City	14,195,000	-	14,195,000	-	13,695,000	-	13,195,000	-	
	Economic Equity and Opportunity	42,579,306	-	49,079,306	-	49,079,306	-	49,079,306	-	
	Effective Governance	5,431,898	7,040,000	5,368,759	7,080,800	5,433,021	7,122,416	5,498,567	7,164,864	
	Efficient and Innovative Operations	233,746,077	828,456,980	210,258,526	870,460,160	343,850,625	1,007,187,687	346,035,306	1,010,427,391	
	Not Yet Reclassified	50,000,000	167,183,870	-	18,730,000	-	18,918,000	-	19,107,000	
36	Housing & Revitalization									
	Vibrant and Beautiful City	10,867,542	4,149,123	7,979,416	875,000	8,037,557	875,000	8,096,862	875,000	
	Economic Equity and Opportunity	7,279,489	-	7,279,489	-	7,279,489	-	7,279,489	-	
	Efficient and Innovative Operations	3,683,434	2,707,010	3,587,837	2,707,010	3,605,665	2,707,010	3,623,850	2,707,010	
	Not Yet Reclassified	46,766,490	46,766,490	47,701,819	47,701,819	48,655,856	48,655,856	49,628,975	49,628,975	
37	Police									
	Safer Neighborhoods	245,009,714	5,480,100	235,095,662	5,774,002	235,359,000	5,815,721	235,627,604	5,858,277	
	Effective Governance	8,602,390	406,302	8,318,651	414,428	8,334,155	422,717	8,349,968	431,171	
	Efficient and Innovative Operations	74,243,358	51,917,000	70,156,531	53,892,000	70,480,232	54,864,000	70,810,407	55,744,000	
	Not Yet Reclassified	14,139,732	12,290,471	14,385,542	12,536,281	14,632,241	12,782,980	14,883,876	13,034,615	
38	Public Lighting	Efficient and Innovative Operations	17,452,174	1,718,240	17,453,482	1,524,605	17,462,553	1,331,097	17,471,805	1,137,719
43	Planning & Development									
	Vibrant and Beautiful City	327,343	-	316,912	-	322,232	-	327,658	-	
	Efficient and Innovative Operations	2,736,738	-	2,634,692	-	2,675,705	-	2,717,538	-	
	Not Yet Reclassified	2,122,270	2,122,270	2,164,715	2,164,715	2,208,010	2,208,010	2,252,170	2,252,170	
45	Appeals & Hearings	Vibrant and Beautiful City	1,168,688	3,148,000	918,391	3,148,000	931,384	3,148,000	944,637	3,148,000
47	General Services									
	Safer Neighborhoods	7,814,944	10,000,000	7,752,138	10,000,000	7,790,768	10,000,000	2,374,838	4,322,804	
	Vibrant and Beautiful City	26,234,466	1,150,000	25,895,609	1,150,000	26,115,458	1,150,000	26,339,703	1,150,000	
	Economic Equity and Opportunity	22,556,150	3,708,000	22,074,434	3,711,000	22,213,174	3,714,000	22,354,689	3,717,290	
	Efficient and Innovative Operations	46,334,665	3,390,000	45,991,350	3,394,000	46,228,864	3,398,000	46,471,130	3,402,174	
	Not Yet Reclassified	13,425,870	1,450,000	1,428,000	1,478,000	1,456,560	1,506,560	1,485,691	1,535,691	
48	Water	Not Yet Reclassified	202,150,959	202,150,959	217,742,089	217,742,089	222,093,850	222,093,850	226,532,648	226,532,648
49	Sewerage	Not Yet Reclassified	441,026,310	441,026,310	445,057,337	445,057,337	453,958,485	453,958,485	463,037,654	463,037,654
50	Auditor General	Effective Governance	3,729,758	-	3,752,352	-	3,775,387	-	3,798,883	-
51	Zoning Appeals	Economic Equity and Opportunity	599,871	110,000	605,825	110,000	611,898	110,000	618,092	110,000
52	City Council									
	Vibrant and Beautiful City	36,103	36,103	36,825	36,825	37,562	37,562	38,313	38,313	
	Effective Governance	11,498,457	19,000	11,152,216	19,000	11,205,697	19,000	11,260,247	19,000	
53	Ombudsman	Effective Governance	1,131,528	10,000	1,131,155	-	1,146,080	-	1,161,304	-
54	Inspector General	Effective Governance	1,305,735	-	1,320,816	-	1,336,199	-	1,351,889	-
60	36th District Court									
	Safer Neighborhoods	-	12,500,000	-	12,500,000	-	12,500,000	-	12,500,000	
	Economic Equity and Opportunity	40,000	4,461,000	40,000	4,461,000	40,000	4,461,000	40,000	4,461,000	
	Efficient and Innovative Operations	31,021,795	1,326,000	31,383,315	1,326,000	31,752,065	1,326,000	32,128,190	1,326,000	
70	City Clerk	Effective Governance	2,419,003	8,000	2,403,994	8,000	2,423,211	8,000	2,442,813	8,000
71	Elections	Effective Governance	12,315,029	8,060	12,391,865	8,121	12,470,239	8,184	12,550,179	2,269,247
72	Library									
	Vibrant and Beautiful City	2,873,681	-	2,915,462	-	2,958,080	-	3,001,551	-	
	Economic Equity and Opportunity	5,258,253	-	5,329,502	-	5,402,175	-	5,476,300	-	
	Efficient and Innovative Operations	19,703,374	27,835,308	20,066,830	28,311,794	20,397,176	28,757,431	20,831,387	29,309,238	
		<b>2,338,471,608</b>	<b>2,338,471,608</b>	<b>2,248,361,580</b>	<b>2,248,361,580</b>	<b>2,401,301,134</b>	<b>2,401,301,134</b>	<b>2,414,236,492</b>	<b>2,414,236,492</b>	

\*Not Yet Reclassified includes capital accounts mostly in DWSD, DPW, and for fleet; grant accounts mostly in DDOT, HRD, Police; and the Budget Reserve contribution

## FY2022 - FY2025 Budgeted Positions by Department

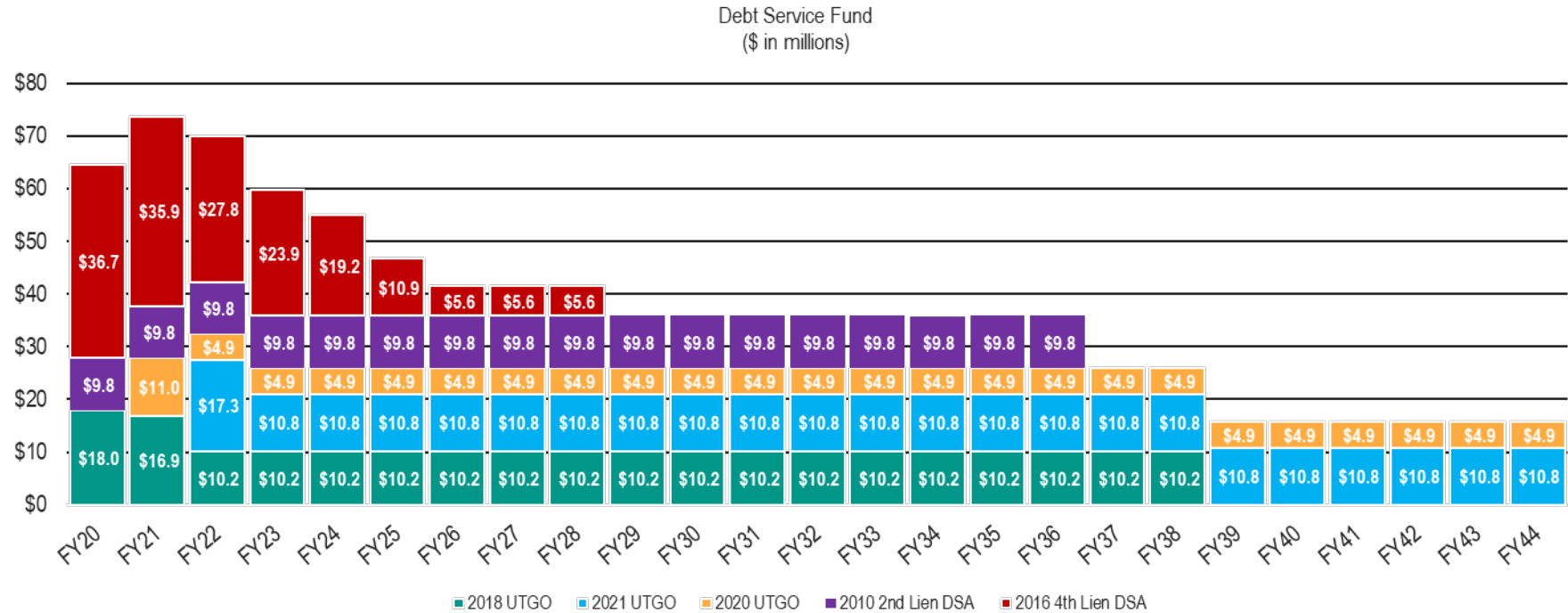
City of Detroit  
 FY2022 - FY2025 Financial Plan  
 Total Positions by FTE – All Funds

Category	Department	FY2021 Adopted	FY2022 Mayor	Variance FY20 vs FY21	FY2023 Forecast	FY2024 Forecast	FY2025 Forecast	
Executive Agencies	16 Demolition	35	73	38	73	73	73	
	19 Public Works	494	496	2	496	496	496	
	23 Chief Financial Officer	459	435	(24)	435	435	435	
	24 Fire – Uniform		939	934	(5)	934	934	934
		Fire – Civilian	332	337	5	337	337	337
	25 Health	138	165	27	165	165	165	
	28 Human Resources Dept	111	105	(6)	105	105	105	
	29 Civil Rights, Inclusion, & Opportunity	11	7	(4)	7	7	7	
	31 Innovation & Technology	144	147	3	147	147	147	
	32 Law	127	121	(6)	121	121	121	
	33 Mayor's Office	83	83	-	83	83	83	
	34 Municipal Parking	92	91	(1)	91	91	91	
	36 Housing & Revitalization	97	97	-	97	97	97	
	37 Police – Uniform		2,671	2,691	20	2,691	2,691	2,691
		Police – Civilian	742	750	8	750	750	750
	38 Public Lighting	4	3	(1)	3	3	3	
	43 Planning & Development	42	42	-	42	42	42	
45 Appeals & Hearings	9	9	-	9	9	9		
47 General Services	873	836	(37)	836	836	836		
Legislative Agencies	50 Auditor General	14	12	(2)	12	12	12	
	51 Zoning Appeals	4	4	-	4	4	4	
	52 City Council	70	62	(8)	62	62	62	
	53 Ombudsman	8	8	-	8	8	8	
	54 Inspector General	8	8	-	8	8	8	
	70 City Clerk	20	20	-	20	20	20	
71 Elections	110	102	(8)	102	102	102		
Judicial Agency	60 36th District Court	325	325	-	325	325	325	
Non-Departmental	35 Non-Departmental	128	124	(4)	124	124	124	
<b>Total General City Agencies</b>		<b>8,090</b>	<b>8,087</b>	<b>(3)</b>	<b>8,087</b>	<b>8,087</b>	<b>8,087</b>	
Enterprise Agencies	10 Airport	4	4	-	4	4	4	
	13 BSE&ED	305	304	(1)	304	304	304	
	20 Transportation	978	941	(37)	941	941	941	
	48 Water – Retail	633	634	1	634	634	634	
	49 Sewerage – Retail	17	25	8	25	25	25	
	72 Public Library	327	325	(2)	325	325	325	
<b>Total Enterprise Agencies</b>		<b>2,264</b>	<b>2,233</b>	<b>(31)</b>	<b>2,233</b>	<b>2,233</b>	<b>2,233</b>	
<b>Grand Total</b>		<b>10,354</b>	<b>10,320</b>	<b>(34)</b>	<b>10,320</b>	<b>10,320</b>	<b>10,320</b>	

# DEBT SERVICE

## Unlimited Tax General Obligation (UTGO) Debt Service

- UTGO bonds are authorized by voters and repaid from the City’s debt millage
- They support capital improvement projects throughout Detroit

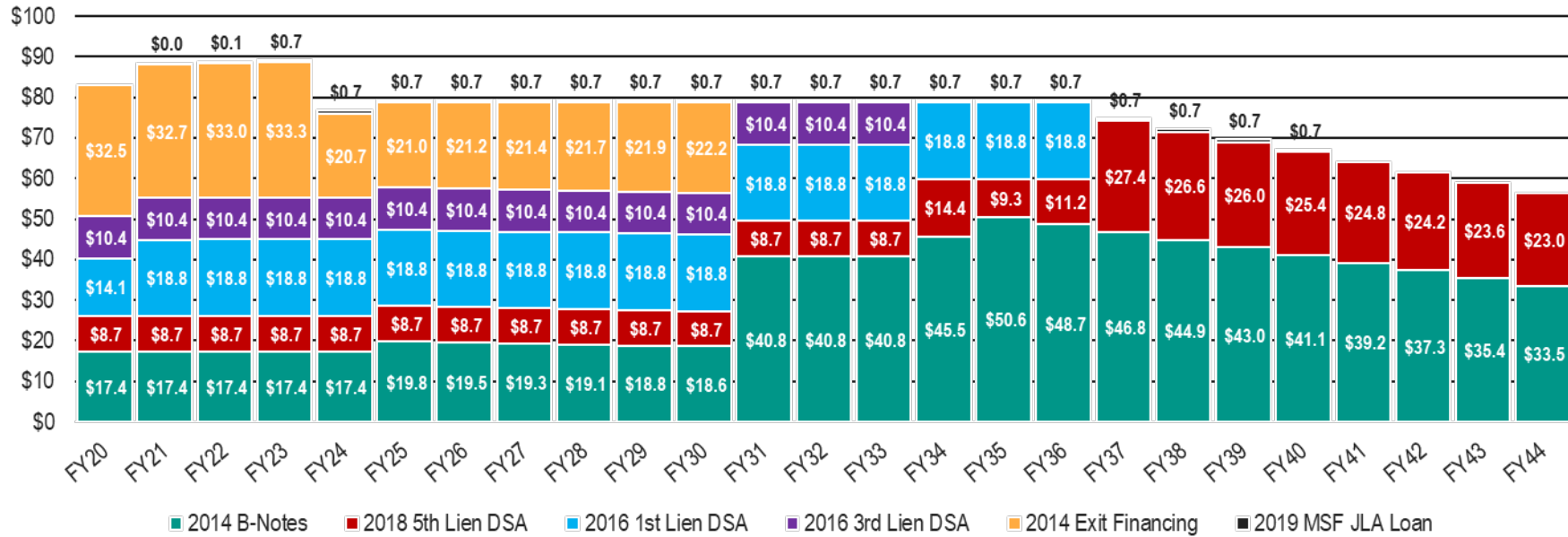


\* Does not include projected debt service for remaining authorizations for \$40M in Capital Improvement UTGO bonds and \$75M in Neighborhood Improvement Plan UTGO bonds.

## Limited Tax General Obligation (LTGO) Debt Service

- LTGO bonds are primarily repaid from the City’s General Fund revenues
- They supported settlements with creditors and reinvestment projects after the City’s bankruptcy

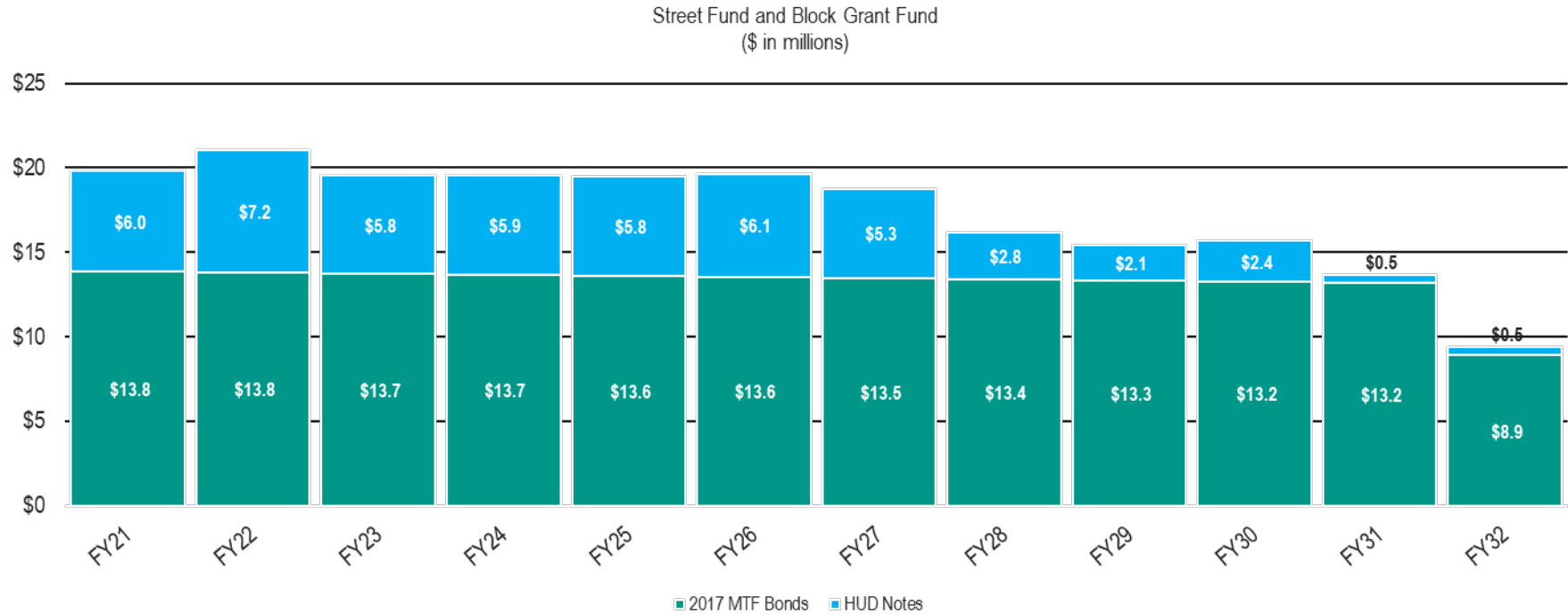
General Fund and Enterprise Funds\*  
(\$ in millions)



\* 2014 B-Notes are split approximately 80% General Fund and 20% Enterprise Funds.

## Michigan Transportation Fund Bonds and HUD Notes Debt Service

- MTF Bonds support streetscape improvement projects and are repaid from gas and weight taxes distributed to Detroit under Public Act 51 of 1951
- HUD Notes financed local development projects under the federal Section 108 Loan Guarantee Program and are secured by the City’s annual Community Development Block Grant





# **CITY OF DETROIT CAPITAL PLAN**

## **INTRODUCTION**

Since exiting bankruptcy, the City has made major capital investments to return City services to levels Detroiters expect and deserve. During this time, we have installed 65,000 new LED streetlights to relight the City, demolished over 21,000 dangerous vacant houses, replaced 120 buses to improve transportation service, replaced public safety vehicles to reduce Police and EMS response times, renovated over 155 parks, and continue to invest in our recreation centers.

Due to the financial impacts of the COVID-19 pandemic and reduced availability of cash capital, this City's capital plan relies primarily the City's bond funding on infrastructure investments that support critical services for Detroiters and neighborhood improvements that fundamentally advance Detroiters' lived environment without increasing taxes above current levels. This plan prioritizes projects that promote a state of good repair for essential facilities, vehicles, and IT equipment. It also continues the City's focus on improving our neighborhoods through residential rehab and demo, park improvements, greenways, and commercial corridors. Our strong public-private partnerships will continue to create unprecedented financial impact and investment opportunities, with programs like the Strategic Neighborhood Fund (SNF) and the Affordable Housing Leverage Fund (AHLF) creating over \$1 billion dollars in investments into our neighborhoods.

## **FY22-FY25 EXPENDITURES**

The City of Detroit is responsible for maintaining a large inventory of capital assets, including roads, parks, public safety facilities and municipal buildings, libraries, water and sewerage infrastructure, and a fleet of over 2,000 vehicles. Capital investments by the City enhance our neighborhoods, strengthen public safety, improve citizen mobility, and elevate the quality of life in our city. These investments are aligned with both the five-year Capital Agenda's specific goals and with its broad strategy of rebuilding population density in Detroit by increasing support for the existing population while also attracting new residents and businesses into thriving neighborhoods.

The City's capital plan has been categorized to reflect a coordinated approach to improving City services, revitalizing neighborhoods, and expanding economic growth and opportunity. These categories are:

- Neighborhood and Economic Development
- Open Spaces and Recreation
- Health and Public Safety
- Transportation
- Technology & Government Infrastructure

## **Neighborhood & Economic Development**

Revitalizing our neighborhoods and promoting continued economic development is one of the core focuses of the City’s capital planning process. The City is proposing and implementing strategies that touch every neighborhood from neighborhood plans to residential demolition and rehab to thriving commercial corridors to affordable housing. The City is also focused on economic development investments that bring jobs and employ Detroiters. The City is able to make these investments by leveraging the City’s bond funds to raise philanthropic, state, and federal grants.

The Neighborhood Improvement Bonds, issued in February 2021, will fund our comprehensive plan to address vacant houses in Detroit through rehabilitation or demolition. This plan would preserve and renovate homes and remove other blighted homes that make our neighborhoods unsafe and lower property values across the city.

Although much of the funding discussed in this section does not appear directly in the City’s budget or the table at the end of this section, it is held by fiduciary organizations for the exclusive use by the City to implement the Strategic Neighborhood Fund (SNF) and the Affordable Housing Leverage Fund (AHLF). These funds are a critical component of the Capital Plan. The exception to this is the funding provided by the sale of bonds under Proposition N authorization. This funding was appropriated in Fiscal Year 2020-2021 directly in the City’s budget and will balance forward until the program is completed.

SNF and AHLF neighborhoods will be marked by design excellence and a variety of choice—in housing, in recreational assets, and in amenities. The Housing & Revitalization Department, in partnership with the Michigan Local Initiatives Support Corporation (LISC) and Invest Detroit are revitalizing neighborhoods through the restoration of existing properties and with newly built single- and multi-family homes. The City is committed to preserving all regulated affordable housing units and to ensure that wherever growth occurs it increases inclusion and reduces segregation. There will be mixed income and affordable housing throughout the City, ensuring that those who have remained in Detroit benefit from its resurgence.

SNF Phase 1 funding commitments totaled \$42 million (\$26 million in public subsidy) for three Detroit neighborhoods: Islandview/Greater Villages, Vernor/Southwest and Livernois/McNichols. SNF Phase 2 is on track to raise \$130 million for projects across seven neighborhoods:

Grand River/Northwest, Warrendale/Cody Rouge, Russell Woods/Nardin Park, Campau/Banglatown, Gratiot/Seven Mile, East Warren/Cadieux, and Jefferson Chalmers. These philanthropic commitments will allow the Funds to leverage a total of \$1 billion dollars in neighborhood investments.

The AHLF was established to achieve the City's multifamily housing strategy to preserve 10,000 existing affordable housing units and create 2,000 new affordable housing units. The affordable housing investment identified in the plan is projected at \$765 million in private equity, conventional debt, low-income housing tax credits/Michigan State Housing Department Authority equity, and \$250 million from the AHLF itself.

The City's successful partnerships with private entities will continue to be a critical component of our neighborhood-focused economic development effort through the capital plan period. A notable accomplishment in this area is the redevelopment of the Michigan Central Station and its surrounding area by the Ford Motor Company for use as its tech innovation campus. The total investment in this development will be approximately \$740 million, as well as an additional \$10 million invested in the Corktown neighborhood through a Community Benefits Agreement. This \$10 million neighborhood investment by Ford will create an additional \$12.5 million in economic benefit, while the overall project is estimated to result in \$370 million in net fiscal benefits to the City. The project will create 2,500 direct, permanent jobs, 2,500 indirect jobs in Ford facilities, and 2,000 construction jobs. Since the 2018 Capital Agenda, the City has also completed economic development deals with FCA to build a new Assembly plant in Detroit to bring almost 5,000 jobs to Detroit, auto suppliers that will support the FCA plant, and with new developers of the former Michigan State Fairgrounds site for construction of an Amazon.com Inc. distribution center. As part of the Fairgrounds sale, the Detroit Building Authority and Detroit Department of Transportation will construct a replacement transit center on the fairgrounds property.

The City's SNF, AHLF, and other public-private economic development investment strategies build on our existing successes and creates new, unique advantages unseen in other urban labor markets to attract new jobs and talent.

### **Open Spaces & Recreation**

Our capital plan reflects the need to focus public infrastructure investment where it will create the greatest return: supporting the existing population and attracting new residents and businesses into revitalized neighborhoods. The City plans to continue developing and implementing projects that foster vibrant, inclusive neighborhoods across the City of Detroit.

The City will make transformative investments into recreational assets. Through the pandemic, Detroit residents have enjoyed the 155 parks that have been renovated with City bonds and other funds since 2015, a vast change from 2013 when only 26 City parks were actively maintained. Parks across the City will continue to receive improvements, and in some cases expansions, with

modern play equipment, safe walking paths, ample lighting, and inviting landscaping. Parks improvements will continue to be made with extensive consultation with the residents impacted by that park and its amenities. The City's commitment to open and inclusive spaces that meet the diverse needs of residents of all ages remains strong.

A number of recreation centers will also receive modernizations and improvements, ensuring they remain efficient and welcoming. Our recreation centers are the heart of many of our communities and provide not only recreational programming but also educational and skill development programs. They serve as a safe space either before or after school for many young Detroiters. So whether a resident seeks to use the internet to apply for a job, take a dance class, join a book club, or do all three, our recreation centers will continue to deliver when it is safe again to do so.

Through strong community involvement, the City has identified areas that can be transformed into greenways, including the Joe Louis Greenway, which would connect the City's neighborhoods to each other and to downtown and riverfront amenities. By providing many methods of mobility, especially non-motorized methods via greenways, trails, and protected bike lanes, barriers to access to all City amenities will be substantially lowered.

One of the strongest drivers of neighborhood success is the availability of inclusive, exciting, and safe parks, recreation centers, and open spaces. This capital plan continues to implement investments that will shape Detroit's recreational landscape for generations to come.

### **Health & Public Safety**

To continue promoting positive health outcomes in our community, the plan expands the City's mobile clinic fleet. The mobile clinic fleet will visit our neighborhoods and provide critical services like immunizations, STI testing and prevention, unintended pregnancy prevention, WIC enrollment, blood lead testing, needs assessments, and many other services in conjunction with community partners who work to help reduce infant mortality, drug abuse, and chronic disease.

In this plan, our Police and Fire Departments receive capital investments in vehicles, information technology, and facility improvements. The continuation of the City's fleet replacement plan will see the entire Police and Fire fleets completely replaced by the end of the plan period. A modernized and optimized public safety fleet will ensure that police officers and firefighters are able to swiftly and reliably protect the public. The replacement of the City's fire fighting fleet will ensure that we maintain our top-tier ISO certification and keep property insurance rates low.

Public safety information technology will continue undergoing an extensive modernization and replacement campaign. Everything from body cameras to servers, in-vehicle laptops to secured fiber optic cable between public safety facilities is targeted for investment. New atmospheric monitoring devices will allow our firefighters to work safely inside burning structures with reduced risk of exposure to noxious and harmful gases.

The City's firehouses will receive capital investment and repairs, allowing our first responders to operate effectively and safely within the buildings that often serve as second homes for many long shifts. Police precincts will continue to undergo the repairs and improvements that began at the start of FY2019. Additionally, the Police Department will complete its lease consolidation initiative that will see the department centralize a number of units into one new City-owned location at 1180 Oakman Avenue. This will allow the City to save funds on lease costs while simultaneously providing the Police Department sufficient new space to fully operate a number of policing units.

Finally, the City's Animal Care & Control building will receive investments to increase capacity and allow for the care of more animals in clean and humane conditions. The City remains committed to ensuring that all animals that come into its care receive quality, respectful attention.

### **Transportation**

Investment in roads, transit, and sidewalks is critical, especially in a city as large as Detroit. This capital plan continues our transformational investment into our roads and transportation infrastructure. We seek to create a reliable transportation system that connects our residents and neighborhoods, improves public safety, and creates economic opportunity.

Road quality reports and accident data will drive the investment into our road resurfacing and replacement program, along with investments into traffic control and calming efforts. City sidewalks will be replaced where needed and efforts to make our sidewalks and roadways fully ADA compliant will continue with the ongoing installation of ramps and curb cuts. The rollout of more protected bike lanes citywide will ensure sufficient access to safe, non-motorized forms of transportation.

Our public transit system is a critical component of our local economy, enabling thousands of people to move about the city every day. One of our biggest anticipated projects is the complete rebuild of the Department of Transportation's Coolidge facility which will serve as the new central repair and maintenance center for the City's fleet of buses. This will ensure that our buses are maintained in top condition and are running reliably around the clock.

The bus fleet will also continue to be modernized and expanded over the plan period, allowing for the continued establishment of more 24-hour routes and increased bus frequency. Technology improvements in the transit system will allow riders to enjoy Wi-Fi on our buses, check the status of the next bus, and easily engage with an online customer service portal. Finally, continued improvements to our bus shelters will provide lighting and phone charging plugs and will give riders a safe and comfortable place to wait for their next bus.

## **Technology & Government Infrastructure**

Technological advancement is continuous and the City of Detroit plans to stay at the forefront of technological innovations that will bring the most effective services to our residents and improve the efficiency of government. Investments in technology will include fundamentals like new computers and server hardware, faster network switches, and advanced cloud solutions. These technology investments will ensure that the City can continue to provide services and operate efficiently during this challenging time when many of our employees are working remotely.

Accessibility and equity will continue to be a driver of City capital planning processes, ensuring that as we improve City facilities and infrastructure, we make the necessary modifications to ensure access for persons with disabilities and persons with limited English proficiency.

Bringing assets critical to city government operations into a state of good repair remains a priority. Along with the public safety fleet, the general city fleet will be replaced and rightsized over the course of this capital plan period. City vehicles will be put into a standard operational life of five years with the goal of replacement at that time and not later. Revenues from the sale of these relatively newer vehicles will be used to continue the replacement cycle.

The Detroit Water and Sewerage Department (DWSD) will continue its robust capital investment campaign. These investments into the City's water and sewerage infrastructure will continue the City's goal of delivering safe and cost effective water and sewerage services. In furtherance of our mission to put health and safety in water delivery first, the water main replacement projects will also involve the replacement of lead service lines. Additional DWSD capital investments include water meter replacements citywide, replacement of fire hydrants, and the rehabilitation of the sewerage and storm water infrastructure.

Investments into the City service yards begun in FY2019 will continue through this capital plan. These service yards are the hubs of City service provision, with fleet repair facilities, salt domes, and storage of heavy equipment like salt trucks, plows, dump trucks, and construction equipment. The City is also beginning the process of studying the potential savings of consolidating a number of our service yards and garages into fewer locations.

Finally, the Public Lighting Department (PLD) will continue the process of transitioning customers to the DTE electrical grid while also decommissioning old power generation and transmission assets. The Public Lighting Authority will continue to partner with PLD and the City to maintain our system of street lights.

## **FINANCING THE FY21-24 CAPITAL PLAN**

The City annually implements its capital plan by appropriating funds for capital projects through either the budget development process or via midyear appropriations of funds received through the sale of bonds. The Plan is supplemented by prior years' surpluses, state and federal funds, and grants.

This capital plan relies primarily upon the City's issuance of bonds to fund its public capital investments. This shift back to issuing bonds is enabling the City to reprogram more of its General Fund surpluses previously dedicated to capital projects to other City funding priorities, including Coronavirus (COVID-19) pandemic response, increased contributions to the Retiree Protection Fund, and reserves to protect against any further pandemic driven revenue shortfalls.

### **Debt Financing**

The City adheres to a Debt Issuance and Management Policy that establishes the conditions for debt issuance and management (see Appendix A). In September 2020, the policy was strengthened by adding debt affordability limits and requiring the tracking of certain debt metrics to inform decision-making when considering the long-term impact of issuing new debt. The policy specifies that long-term debt can only be used for capital purchases, construction, demolition, rehabilitation and other legally-permitted uses and as identified through the City's capital improvement/budget processes. Long-term debt cannot be used to finance current operations.

In October 2018, the City Council authorized the issuance of \$255 million in Unlimited Tax General Obligation (UTGO) bonds. The voters authorized these bonds through the ballot proposal process in prior elections. Since then, the City has issued two series of bonds from this authorization, with the first being in December 2018 in the amount of \$135 million and the second in October 2020 in the amount of \$80 million. These bond proceeds have been and continue to be used to fund projects identified in the City's Capital Agenda. The City expects to issue the remaining \$40 million in authorization.

In November 2020, the residents of Detroit voted to approve Proposition N and authorized the City to issue up to \$250 million in UTGO bonds for the purpose of paying the costs of neighborhood improvements in the City through property rehabilitation, demolition, and other blight remediation activities. In February 2021, the City sold the Proposition N bonds and received proceeds of \$205.7 million, due to incredible demand for our bonds resulting in a sizeable bond premium.

UTGO bonds are an important method for funding our capital investment priorities, because they allow the City to fund projects that previously would have required the use of General Fund surpluses. It also allows the City to do long-term strategic capital planning. After exhausting remaining voter authorization, future capital projects will require the city to seek additional authorization.

UTGO debt is repaid from a dedicated debt service millage. State law allows the city to levy a debt service millage on certain real and personal property to meet annual interest and principal obligations.

DWSD uses separate debt financing, repaid by revenues from rate payers, to support its ongoing capital improvement program. The DWSD Capital Improvement Plan is subject to approval by the Board of Water Commissioners, and the Great Lakes Water Authority issues bonds to fund the DWSD projects in the plan.

## **External Sources**

As is the case with other cities, Detroit receives revenue transfers, through grants and aid, from the federal and state governments. Often that money compensates for required investments, improvements, and regulations imposed or mandated by them. Detroit also receives a substantial amount funding each year via grant awards from private sector entities such as foundations and corporations.

### *Intergovernmental Grants & Aid*

The City receives a number of categorical, matching and formula-driven grants; many are used for operating purposes, some are for capital projects. Federal aid can flow directly to the city of Detroit; some gets passed through various State of Michigan departments. Large capital grants coming to Detroit are for transportation, streets, roads and traffic signals, tree removal, private and public housing, safety and security equipment, and community development.

### *Philanthropy*

The City continues to be successful in seeking grant awards from a variety of foundations and corporate sources. These grants have funded park improvements and other open space initiatives. Additionally, public-private partnerships have been utilized for neighborhood revitalization, economic development, housing, planning, transit, public safety, health, and workforce development initiatives. In FY20, the City anticipates leveraging its new UTGO bond proceeds, General Fund surplus, and road bond funds to bring greater philanthropic investment into Detroit's neighborhoods.



## **CAPITAL PLANNING PROCESS**

The capital planning process begins with a project submission period during which all departments have an opportunity to identify their facility, equipment, infrastructure, and planning needs in a systematic, prioritized manner, and to submit their capital investment proposals for funding consideration. Departments may utilize both internal assessments and external constituent requests to develop their capital improvement projects. Project requests must include costs estimates, a description of the proposed scope of work, and any other requested information to help City officials conduct their respective evaluations. A final evaluation of the projects will be conducted by the Office of the Mayor to ensure alignment with administration priorities. At this time, departments may be required to submit additional information.

Project proposals must also account for any impacts on the City's operating budget. Such proposals are subject to additional review to determine the anticipated effect on personnel, maintenance, utilities, and supply costs, as well as expected changes in service demand or delivery of departmental programs. It is generally assumed that certain types of projects, such as HVAC system upgrades and window replacements, will provide operating budget savings as a result of improved energy efficiency.

To ensure regular review and supplementation as the future unfolds, the City established a Capital Projects Team in the Office of Budget, as well as a Facilities Steering Committee, a Vehicle Steering Committee, and an Infrastructure Coordinating Committee.

The Facilities Steering Committee will develop a Facilities Master Plan that will rightsize the city's total footprint; bring the City's facility inventory into a state of good repair; avoid investments into assets that the City is likely to vacate; and set the long-term strategic direction that helps to leverage other City resources.

The Vehicle Steering Committee has developed the City Fleet Rightsizing and Replacement Plan that guides the City's acquisitions of new vehicles and the replacement of existing vehicles that have reached the end of their useful life. Through this Committee, the City will ensure that the City fleet is sized appropriately based on true departmental and service provision need, as well as standardize the fleet to reduce operating costs.

The Infrastructure Coordinating Committee ensures that infrastructure investments are scheduled and implemented in ways that are complementary to other necessary infrastructure investments. For example, when the Department of Public Works intends to replace a stretch of roadway, it will work with the Detroit Water and Sewerage Department and the Public Lighting Authority to ensure that any investments planned by these respective entities are undertaken while the road surface is already removed.

**CITY OF DETROIT  
FY21 BUDGET AND FY22-25 FOUR-YEAR PLAN  
GENERAL CITY CAPITAL IMPROVEMENTS**

	FY2021 Adopted Budget	FY2021 Amended Budget with Bonds <sup>1</sup>	FY21-22 Recommend Budget	FY22-23 Forecast Budget	FY23-24 Forecast Budget	FY24-25 Forecast Budget	Four-Year Plan Total
<b>Charles H. Wright Museum</b>							
Capital Improvements to Museum	-	2,500,000	-	-	-	-	-
<b>Total Charles H. Wright Museum</b>	-	<b>2,500,000</b>	-	-	-	-	-
<b>Detroit Historical Museum</b>							
Capital Improvements to Museum	-	2,500,000	-	-	-	-	-
<b>Total City Clerk</b>	-	<b>2,500,000</b>	-	-	-	-	-
<b>Department of Innovation &amp; Technology</b>							
Technology Upgrades & Additions - Public Safety	-	7,174,255	-	-	-	-	-
<b>Total DoIT</b>	-	<b>7,174,255</b>	-	-	-	-	-
<b>Fire Department</b>							
Fire Facilities Capital Improvements	-	3,000,000	-	-	-	-	-
Fire Inventory Management System	-	500,000	-	-	-	-	-
<b>Total Fire</b>	-	<b>3,500,000</b>	-	-	-	-	-
<b>Fleet Management</b>							
General City Fleet Replacement	-	-	5,100,000	-	-	-	<b>5,100,000</b>
Health Fleet Replacement	-	220,000	-	-	-	-	-
Police Fleet Replacement	-	6,650,000	-	-	-	-	-
Fire Fleet Replacement	-	6,255,745	-	-	-	-	-
<b>Total Fleet Management</b>	-	<b>13,125,745</b>	<b>5,100,000</b>	-	-	-	<b>5,100,000</b>
<b>General Services Department</b>							
Recreation Facilities Improvements	-	8,900,000	-	-	-	-	-
City Park Improvements	-	11,700,000	-	-	-	-	-
Joe Louis Greenway - Segment 1	-	20,000,000	-	-	-	-	-
Park Preconstruction Costs	-	-	250,000	-	-	-	<b>250,000</b>
<b>Total GSD</b>	-	<b>40,600,000</b>	<b>250,000</b>	-	-	-	<b>250,000</b>
<b>Health Department</b>							
Medical Records Enterprise System	-	1,000,000	-	-	-	-	-
<b>Total Health</b>	-	<b>1,000,000</b>	-	-	-	-	-
<b>Municipal Parking Department</b>							
Commercial Corridor Parking Expansion	-	3,000,000	-	-	-	-	-
<b>Total Parking</b>	-	<b>3,000,000</b>	-	-	-	-	-
<b>Police</b>							
Police Lease Elimination Plan	-	3,200,000	-	-	-	-	-
Police Facilities Capital Improvements	-	7,700,000	-	-	-	-	-
Bulletproof Vest Replacement	-	700,000	-	-	-	-	-
<b>Total Police</b>	-	<b>11,600,000</b>	-	-	-	-	-
<b>Department of Public Works</b>							
Contribution to DDOT Operations			-	20,000,000	20,000,000	20,000,000	<b>60,000,000</b>
Road, Bridge, and Sidewalk Improvements <sup>2</sup>	43,001,598	43,001,598	26,119,032	8,030,174	9,865,024	11,706,057	<b>55,720,287</b>
<b>Total DPW</b>	<b>43,001,598</b>	<b>43,001,598</b>	<b>26,119,032</b>	<b>28,030,174</b>	<b>29,865,024</b>	<b>31,706,057</b>	<b>115,720,287</b>
<b>Total General City Agencies</b>	<b>43,001,598</b>	<b>128,001,598</b>	<b>31,469,032</b>	<b>28,030,174</b>	<b>29,865,024</b>	<b>31,706,057</b>	<b>121,070,287</b>

<sup>1</sup> Due to the coronavirus pandemic, the \$80 million in anticipated bonds from the second UTGO bond series were issued in Fall 2020.

<sup>2</sup> The fund balance of the Street Fund will likely be used to provide additional needed funds in the forecasted years if there is a weaker City revenue recovery.

**CITY OF DETROIT  
CITY OF DETROIT  
FY22 BUDGET AND FY23-25 FOUR-YEAR PLAN  
ENTERPRISE AGENCIES CAPITAL IMPROVEMENTS**

	FY2021 Adopted Budget	FY2021 Amended Budget with Bonds <sup>1</sup>	FY21-22 Recommend Budget	FY22-23 Forecast Budget	FY23-24 Forecast Budget	FY24-25 Forecast Budget	Four-Year Plan Total
<b>Department of Transportation</b>							
Coolidge Facility Rebuild - Federal/State Funding	25,000,000	-	27,000,000	30,000,000	8,000,000	-	65,000,000
Coolidge Facility Rebuild - City Funding	-	-	-	-	-	-	-
Fixed-Route Vehicle Replacement/Expansion	25,965,000	-	-	21,305,000	-	21,305,000	42,610,000
Non-Revenue Vehicle Replacement/Expansion	500,000	-	500,000	500,000	500,000	500,000	2,000,000
Mid-life Vehicle Acquisition/Overhaul	6,000,000	-	6,000,000	6,000,000	6,000,000	6,000,000	24,000,000
Facility Improvements	1,000,000	-	1,000,000	500,000	500,000	500,000	2,500,000
Information Technology	1,000,000	-	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
Operations Equipment	491,376	-	472,946	182,903	182,903	182,903	1,021,655
<b>Total DDoT</b>	<b>59,956,376</b>	<b>-</b>	<b>35,972,946</b>	<b>59,487,903</b>	<b>16,182,903</b>	<b>29,487,903</b>	<b>141,131,655</b>
<b>Water &amp; Sewerage Department - Retail</b>							
<b>Water</b>							
Water Field Services	52,219,000	-	41,984,000	15,238,000	14,000,000	-	71,222,000
Metering	12,000,000	-	12,000,000	4,000,000	4,000,000	-	20,000,000
General Purpose	6,695,000	-	4,140,000	2,795,000	-	-	6,935,000
Water Central Services: Fleet	2,432,000	-	2,000,000	2,000,000	2,000,000	-	6,000,000
Water Central Services: Facilities	4,602,000	-	2,000,000	2,000,000	2,000,000	-	6,000,000
Water Central Services: Information Technology	5,316,000	-	3,287,000	1,788,000	1,618,000	-	6,693,000
<b>Water Subtotal</b>	<b>83,264,000</b>	<b>-</b>	<b>65,411,000</b>	<b>27,821,000</b>	<b>23,618,000</b>	<b>-</b>	<b>116,850,000</b>
<b>Sewerage</b>							
Sewer Field Services	35,063,000	-	25,363,000	-	-	-	25,363,000
Green Infrastructure	10,195,000	-	12,880,000	10,373,000	3,933,000	-	27,186,000
General Purpose	6,695,000	-	4,140,000	2,795,000	-	-	6,935,000
Sewer Central Services: Fleet	2,432,000	-	2,000,000	2,000,000	2,000,000	-	6,000,000
Sewer Central Services: Facilities	4,602,000	-	2,000,000	2,000,000	2,000,000	-	6,000,000
Sewer Central Services: Information Technology	5,316,000	-	3,287,000	1,788,000	1,618,000	-	6,693,000
<b>Sewerage Subtotal</b>	<b>64,303,000</b>	<b>-</b>	<b>49,670,000</b>	<b>18,956,000</b>	<b>9,551,000</b>	<b>-</b>	<b>78,177,000</b>
<b>Water &amp; Sewerage Total</b>	<b>147,567,000</b>	<b>-</b>	<b>115,081,000</b>	<b>46,777,000</b>	<b>33,169,000</b>	<b>-</b>	<b>195,027,000</b>
<b>Total Enterprise Agencies</b>	<b>207,523,376</b>	<b>-</b>	<b>151,053,946</b>	<b>106,264,903</b>	<b>49,351,903</b>	<b>29,487,903</b>	<b>336,158,655</b>
<sup>1</sup> Due to the coronavirus pandemic, the \$80 million in anticipated bonds from the second UTGO bond series were issued in Fall 2020.							
<b>Grand Total - General City &amp; Enterprise Agencies</b>	<b>250,524,974</b>	<b>128,001,598</b>	<b>182,522,978</b>	<b>134,295,077</b>	<b>79,216,927</b>	<b>61,193,960</b>	<b>457,228,942</b>



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