



**CITY OF DETROIT
FOUR-YEAR FINANCIAL PLAN
FY 2018-2021**



TABLE OF CONTENTS

OVERVIEW

Discussion.....A1

Budget Development Calendar.....A5

Financial Plan Requirements... ..A6

City of Detroit Consensus Revenue Estimating ConferenceA9

Budget Reserve ScheduleA26

General Fund 5-Year Cash Flow ForecastA27

City of Detroit 2018-2021 Financial Plan

Appropriations and Revenues by AgencyA28

Appropriations and Revenues by Major Classifications – All Funds.....A30

Appropriations and Revenues by Major Classifications – General Fund.....A31

Budgeted Positions.....A32

Capital Commitments.....A33

ResolutionsA40

DEPARTMENTAL BUDGET INFORMATION

Agency No. Department Name

(10) Airport B10-1

(13) Buildings, Safety Engineering and Environmental Department..... B13-1

(18) Sinking Interest and Redemption (Debt Service) B18-1

(19) Department of Public Works B19-1

(20) Department of Transportation B20-1

(23) Office of Chief Financial Officer..... B23-1

(24) Fire Department B24-1

(25) Department of Health and Wellness Promotion B25-1

(28) Human Resources Department..... B28-1

(29) Civil Rights Inclusion & Opportunity B29-1

| | | |
|------|---|-------|
| (31) | Department of Innovation & Technology | B31-1 |
| (32) | Law Department | B32-1 |
| (33) | Mayor's Office | B33-1 |
| (34) | Municipal Parking Department | B34-1 |
| (35) | Non-Departmental (Board of Ethics, Detroit Building Authority, Financial Advisory Board, Media Services and Communications, Pension) . | B35-1 |
| (36) | Housing and Revitalization Department | B36-1 |
| (37) | Police Department..... | B37-1 |
| (38) | Public Lighting Department | B38-1 |
| (39) | Recreation Department | B39-1 |
| (43) | Planning Department..... | B43-1 |
| (45) | Department of Administrative Hearings | B45-1 |
| (47) | General Services | B47-1 |
| (48) | Water Retail..... | B48-1 |
| (49) | Sewerage Retail | B49-1 |
| (50) | Auditor General | B50-1 |
| (51) | Zoning Appeals Board..... | B51-1 |
| (52) | City Council | B52-1 |
| (53) | Ombudsperson..... | B53-1 |
| (54) | Office of Inspector General | B54-1 |
| (60) | 36 th District Court..... | B60-1 |
| (70) | City Clerk..... | B70-1 |
| (71) | Department of Elections | B71-1 |
| (72) | Detroit Public Library | B72-1 |

LEGAL BUDGET C1

OVERVIEW

Founded in 1701 and incorporated in 1806, Detroit is a political subdivision of the State of Michigan and is its largest city. Detroit is located on an international waterway, which is linked via the St. Lawrence Seaway to seaports around the world. As of July 2015, the city had a population of approximately 685,000 (down from a peak population of nearly 2 million in 1950). However, Detroit remains the 18th most populated city in the United States of America.

Detroit is a home rule city and body corporate organized under Michigan Public Act 279 of 1909 (as amended), the Home Rule City Act, MCL §§ 117.1 *et seq.* (the "Home Rule City Act"). Detroit has comprehensive home rule power under the Michigan Constitution, the Home Rule City Act and the 2012 Charter of the City of Detroit (the "City Charter"), subject to the limitations on the exercise of that power contained in the Michigan Constitution, the City Charter or applicable Michigan statutes. The City of Detroit is managed by an executive branch and a legislative branch.

The Mayor heads the executive branch. The citizens of Detroit elect the Mayor to a four-year term. On November 5, 2013 Mike Duggan was elected Mayor. The City Charter grants the Mayor broad managerial powers including the authority to appoint department directors, deputy directors and other executive branch officials. The responsibility to implement most programs, provide services and manage day-to-day operations is delegated by the City Charter to the executive branch. The legislative branch is comprised of the City Council and its agencies. The nine members of City

Council also are elected to four-year terms. Starting with the election in 2013 in accordance with Detroit's new charter, seven council members are elected by districts (one each per district) and two at-large. Many significant decisions, including budget appropriations, procurement of goods and services and certain policy matters must be approved by the City Council.

On March 1, 2013, the Governor of the State of Michigan determined that a financial emergency existed within the City of Detroit pursuant to the Local Government Fiscal Responsibility Act, Act 72, Public Acts of Michigan, 1990, as amended. On March 14, 2013, the Governor confirmed that a financial emergency existed within the City and, pursuant to Act 72, assigned to the Local Emergency Financial Assistance Loan Board established pursuant to the Emergency Municipal Loan Act, Act 243 Public Acts of Michigan, 1980, as amended the responsibility for managing the financial emergency. On March 14, 2013, pursuant to Act 72, the Board appointed Kevyn D. Orr as Emergency Financial Manager for the City. On July 18, 2013, in accordance with Act 436 and the approval of the Governor, the Emergency Manager filed on behalf of the City a petition for relief pursuant to Chapter 9 of Title 11 of the United States Code, 11 U.S.C. Sections 101-1532 in the United States Bankruptcy Court for the Eastern District of Michigan. The Emergency Manager filed on behalf of the City a Plan for the Adjustment in the Bankruptcy Court to provide for the adjustment of the debts of the City pursuant to and in accordance with Chapter 9 of the Bankruptcy Code.

On September 25, 2014, in accordance with Section 9(6)c) of PA 436, the City Council voted unanimously to remove the EM as of the Effective Date of the Plan of Adjustment.

By a letter to the Governor, the Mayor approved of the Council's vote on the same day. On November 12, 2014, the United States Bankruptcy Court for the Eastern District of Michigan Southern Division entered an order confirming the Eighth Amended Plan for the Adjustment of Debts of the City of Detroit. The effective date of the Bankruptcy Order was December 10, 2014. Kevyn Orr resigned as Emergency Manager the same day and this returned the City to local control.

As required in PA 436, Sec 21(1 and 2) the emergency manager shall adopt and implement a 2-year budget, including all contractual and employment agreements, for the local government commencing with the termination of receivership. After the completion of the emergency manager's term and the termination of receivership, the governing body of the local government shall not amend the 2-year budget adopted under Subsection (1) without the approval of the state treasurer, and shall not revise any order or ordinance implemented by the emergency manager during his or her term prior to 1 year after the termination of receivership.

Public Act 181 established a Financial Review Commission (FRC) that provides oversight over of the city beginning on the effective date of the Plan of Adjustment, which was December 19, 2014. The FRC consists of 9 members. The FRC shall review and approve the City's 4-year financial plan under Section 4t of the Home Rule City Act. The Home Rule City Act Section 117.4t(b) states:

“For each fiscal year beginning after the effective date of the amendatory act that added this section, the city shall adopt a financial plan covering that fiscal year and the next 3 fiscal years. If a 2-year budget is in effect for the city under section 21, the local financial stability and choice act, 2012 PA 436, MCL 141.1561, the financial plan must be consistent with the 2-year budget. The financial plan shall be proposed by the mayor and approved by the governing body of the city. If applicable, a financial plan must be adopted by the financial review commission created in the Michigan finance review commission act before it takes effect.”

This Financial Plan includes Mayor Duggan’s budget for FY 2018 and 3 forecasted years- FY 2019, FY 2020, and FY 2021.

BUDGET CALENDAR

| OCTOBER 2016 | NOVEMBER 2016 | DECEMBER 2016 | JANUARY 2017 | FEBRUARY 2017 |
|--|--|--|--|---|
| <ul style="list-style-type: none"> • Budget Instructions to Departments (10/25/16) • Public Budget Meeting (10/26/16) | <ul style="list-style-type: none"> • Training on Planning & Budgeting Cloud Service Module (11/04-11/10/16) | <ul style="list-style-type: none"> • Departments Submit Budget Requests (12/09/16) | <ul style="list-style-type: none"> • Issue Revenue Estimating Conference Directive (01/05/17) • Budget Director's Hearings on Budget (01/18-02/03/17) • Internal Consensus for Revenue Conference (01/27/17) • Mayor Meets with Department Directors of Budget (01/30-02/03/17) • Finalize Revenue Estimates (01/31/17) | <ul style="list-style-type: none"> • Finalize Recommended Budget with CFO (02/13/17) • Mayor's Meetings and Approval of Budget (02/16/17) • Mayor's Approval of Budget (02/17/17) • Mayor's Budget Address (02/23/16) • City Council Budget Hearings (02/23 -03/07/17) |
| MARCH 2017 | APRIL 2017 | MAY 2017 | JUNE 2017 | JULY 2017 |
| <ul style="list-style-type: none"> • Public Budget Hearing (03/07/17) • City Council Votes on Budget (03/10/17) • Mayor's Veto, if Applicable (03/14/17) • City Council Veto Override, if Applicable (03/17/17) • Submit Budget to Financial Review Commission (FRC) (03/23/17) | <ul style="list-style-type: none"> • FRC approves or disapproves Budget (4/2017) | <ul style="list-style-type: none"> • If disapproved, City submits revision to Budget (05/09/17) | <ul style="list-style-type: none"> • Tax Statement Approved (06/2017) | <ul style="list-style-type: none"> • Fiscal Year Begins (07/01/17) |

FINANCIAL PLAN REQUIREMENTS

| HOME RULE CITY ACT 279 OF 1909 -117.4t | | RESPONSE |
|---|---|---|
| (l)(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 FY 2018-2021 including debt service. Debt service is reflected in Agency 18 and 35. |
| (l)(b)(ii) | Projection of cash flow for each fiscal year | The Financial Plan includes cash flows for each fiscal year. |
| (l)(b)(iii) | A schedule of projected capital commitments for each fiscal year | A schedule of projected capital commitments is included in the Financial Plan. |
| (l)(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. |
| (l)(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. |
| (l)(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 this document. |
| (l)(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. |
| (l)(b)(viii) | Any other information the mayor, governing body, or chief financial officer of the city considers appropriate | The Financial Plan includes the February 2017 Revenue Consensus Estimating Conference report. |

| | | |
|-------------|---|--|
| (I)(c)(i) | <p>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</p> | <p>The Financial Plan reflects a balanced budget using generally accepted accounting principles and is in compliance with Uniform Budgeting and Accounting Act.</p> |
| (I)(c)(ii) | <p>Include contributions necessary to assure that pension systems for employees and retirees of the city are adequately funded</p> | <p>Funding for the pension system is reflected in Financial Plan for each year in accordance with the Plan of Adjustment (POA). In addition to the POA required funding, the Financial Plan includes funding for the Retiree Protection Trust Fund as part of an overall strategy to address the increased pension liability that must be paid starting in Fiscal Year 2024.</p> |
| (I)(c)(iii) | <p>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</p> | <p>The Financial Plan does not include issuance of debt.</p> |
| (I)(c)(iv) | <p>Provide for the payment in full of debt service on all debt issue or incurred by or on behalf of the city</p> | <p>The Financial Plan includes funding for full debt service on all debt issues.</p> |
| (I)(c)(v) | <p>Provide for operations of the city to be conducted with projected cash resources based upon projected cash flow for each fiscal year</p> | <p>Cash flow is monitored daily and reviewed weekly. Monthly reports are submitted to the CFO and Mayor for review.</p> |
| (I)(c)(vi) | <p>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</p> | <p>The City maintains a 5% cash reserve and 5% budget reserve to provide for mandated and essential programs to cover potential reductions in projected revenues and increases in projected expenditures.</p> |

| | | |
|--------------|--|--|
| (I)(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. |
| (I)(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 result of the Revenue Consensus Estimating Conference held February 16, 2017. The participants determined the revenues were reasonable and conservative.</p> <p>Expenditure projections are based on the trend information and projections included in the plan of adjustments and departmental projections.</p> |
| (I)(c)(ix) | Rely upon cash flow projections based upon reasonable and appropriate assumptions as to sources and uses of cash, including timing | The City is relying on the projections in the cash flow which were based on the information in the budget, current trends, and required payments including the timing of all payments. |

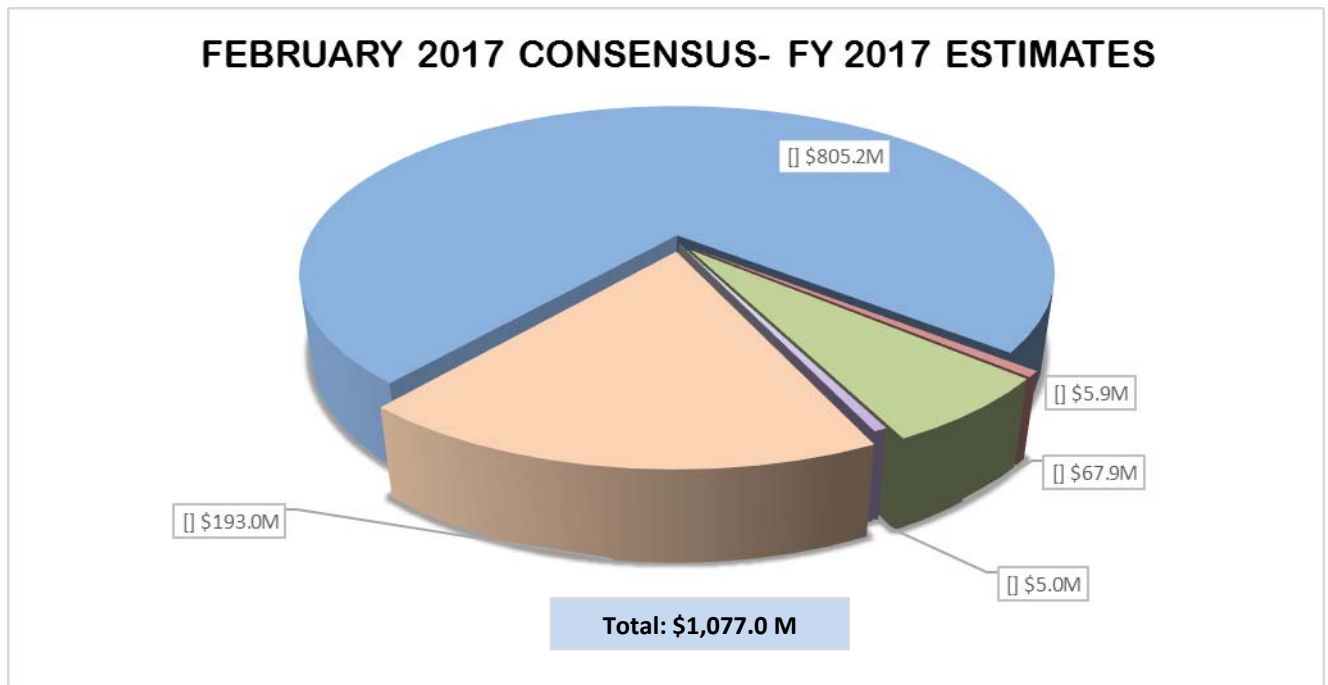
REVENUES

The budget reflects revenue consistent with the Detroit February 2017 Consensus Revenue Estimating Conference. Below is the report from the FY 2017 Consensus Revenue Estimating Conference which outlines assumptions, forecast and estimates used to determine General Fund revenues.

The Directors of the City of Detroit Office of the Chief Financial Officer-Office of Budget, Office of the Auditor General and City Council Legislative Policy Division met during the month of January 2017 to discuss the City’s revenue collections for the Fiscal Year ended June 30, 2016, current Fiscal Year 2017 and estimate collections for the next four fiscal years. The participants reviewed and recommended revenue estimates/projections for Fiscal Year 2017 through Fiscal Year 2021. Discussions included a forecast of economic conditions that may impact the City of Detroit revenues presented by Mr. Robert Kleine, Interim Director of Michigan State University Extension Center for Local Government Finance and Policy.

OVERVIEW OF CONFERENCE RESULTS

The February 2017 consensus estimate for General Fund revenues for FY 2017 is \$1,077.0 million. The vast majority of the General Fund revenues, 75%, are from the Major Revenues: Taxes and State Revenue Sharing.



The FY 2017 General Fund Adopted Budget is \$1,077.2 million. This represents a \$.2 million variance between the February 2017 consensus estimate and the FY 2017 General Fund Adopted Budget. This variance is due to an increase in the major revenues of \$13.5 million, offset by a decrease in the reinvestment initiatives of \$6.7 million and a decline in the City’s departmental revenues (including asset sales) of \$7.0 million.

| <i>FY 2017 BUDGET</i> <i>General Fund</i> <i>(in millions)</i> | | | | | | | |
|--|-------------------------------|--|----------------------------|--|---|--|---|
| | FY 2017 Baseline Budget | One Time/ Reinvestment Initiatives | FY 2017 Total Budget | 2016 September Consensus Estimate | 2017 February Consensus Estimate | Variance (February Consensus to Budget) | Variance (February Consensus to September) |
| <i>Major Revenues (Taxes and State Revenue Sharing)</i> | \$ 791.7 | | \$ 791.7 | \$ 796.6 | 805.2 | \$ 13.5 | \$ 8.6 |
| <i>Reinvestment Initiatives</i> | | 12.6 | 12.6 | 3.6 | 5.9 | (6.7) | 2.3 |
| <i>Use of surplus funds</i> | | 67.9 | 67.9 | 67.9 | 67.9 | 0.0 | 0.0 |
| <i>Asset Sales (real and equipment)</i> | 12.4 | | 12.4 | 5.5 | 5.0 | (7.4) | (.5) |
| <i>Other revenues (less asset sales and reserve)</i> | 192.6 | | 192.6 | 202.5 | 193.0 | .4 | (9.5) |
| <i>Total</i> | \$ 996.7 | \$ 80.5 | \$ 1,077.2 | \$ 1,076.1 | \$ 1,077.0 | \$ (.2) | \$.9 |

There is no significant change between the February 2017 consensus estimate of \$1,077.0 million and the September 2016 consensus estimate of \$1,076.1 million. The variance (\$.9 million (0%) decrease) between the September and February consensus estimates is due to an increase in the major revenues of \$8.6 million, offset by an increase in the reinvestment initiatives of \$2.3 million and a decline in the City’s departmental revenues (including asset sales) of \$10.0 million.

FEBRUARY 2017 REVENUE CONSENSUS RESULTS

The February 2017 conference includes a consensus estimate for Fiscal Year-End 2017 and determined revenue projections for Fiscal Years 2018 and 2019. The conference developed a trend line forecast of General Fund Revenues for Fiscal Years 2020 and 2021.

| | Income Tax | Property Tax | Utility Users | Wagering Tax | State Rev Sharing | Other Revenues | Total General Fund Revenues |
|--|------------|--------------|---------------|--------------|-------------------|----------------|-----------------------------|
| FY 2017 * | | | | | | | |
| Feb 2017 Consensus | \$ 275.0 | \$ 124.0 | \$ 35.0 | \$ 176.0 | \$ 195.2 | \$ 203.9 | \$ 1,009.1 |
| Sept 2016 Consensus | 266.6 | 117.0 | 37.0 | 175.2 | 195.9 | 218.1 | 1009.8 |
| Variance Feb over Sept | 3.2% | 6.0% | -5.4% | 0.5% | -0.4% | -6.5% | -0.1% |
| * (Total excludes budget surplus of \$67.9 million) | | | | | | | |
| FY 2018 | | | | | | | |
| Feb 2017 Consensus | \$ 283.3 | \$ 124.0 | \$ 35.0 | \$ 177.8 | \$ 196.1 | \$ 207.7 | \$ 1,023.9 |
| Sept 2016 Consensus | 269.3 | 117.6 | 37.0 | 177.0 | 196.9 | 220.9 | 1018.7 |
| Variance Feb over Sept | 5.2% | 5.4% | -5.4% | 0.4% | -0.4% | -6.0% | 0.5% |
| FY 2019 | | | | | | | |
| Feb 2017 Consensus | \$ 291.7 | \$ 124.0 | \$ 35.0 | \$ 179.6 | \$ 196.5 | \$ 208.3 | \$ 1,035.1 |
| Sept 2016 Consensus | 272.0 | 118.2 | 37.0 | 178.8 | 197.9 | 222.6 | 1,026.5 |
| Variance Feb over Sept | 7.2% | 4.9% | -5.4% | 0.4% | -0.7% | -6.4% | 0.8% |
| Long Term Trend | | | | | | | |
| FY 2020 | \$ 300.5 | \$ 124.0 | \$ 35.0 | \$ 181.4 | \$ 196.9 | \$ 208.5 | \$ 1,046.3 |
| | 3.0% | 0.0% | 0.0% | 1.0% | 0.2% | 0.1% | 1.1% |
| FY 2021 | \$ 309.5 | \$ 124.0 | \$ 35.0 | \$ 183.2 | \$ 197.3 | \$ 210.1 | \$ 1,059.1 |
| | 3.0% | 0.0% | 0.0% | 1.0% | 0.2% | 0.8% | 1.2% |

MAJOR REVENUES DISCUSSION

The City of Detroit has five major revenues that represent 75% of General Fund revenues per the Fiscal Year 2016 results: Income Tax, Property Tax, State Revenue Sharing, Wagering Tax (Casinos) and Utility Users’ Tax. This year, the City’s internal participants began the process with an in-depth review of department revenues followed by a discussion of the City’s major revenues and current economic climate. The task was to estimate General Fund major revenues and department revenues for the Fiscal Year-End 2017, and project revenues for the current Fiscal Year 2018 through Fiscal Year 2021. Using financial system reports, department sub-ledger reports, current operational analysis and local economic data, the participants individually determined their forecasts. Department- “Other revenues” of the General Fund were discussed in terms of baseline- on-going revenues, one-time activity and reinvestment initiatives. Revenues from all City funds were also considered as required by Public Act 182 of 2014.

Municipal Income Tax

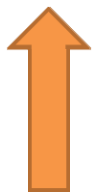
As authorized under Public Act 284 of 1964, as amended by PA 56 of 2011 and again in 2012, the City of Detroit levies an Income Tax on income from all sources with minimum exemptions. Income Tax revenue includes withholding- annual and quarterly payments. More than 85% of income tax actual collections are derived from withholdings. The current Municipal Income tax rate is 2.4% for residents, 1.2% for non-residents and 2.0% for corporations. Public Act 394 of 2012 designated income tax revenues of .2% of resident individual tax collections and .1% of non-resident individual tax collections for Police operations. This public act also fixed income tax rates at 2.4% (residents, 1/2 – non-residents) until the repayment of any debt issued by the Public Lighting Authority.

In January 2016, the State of Michigan began phasing in the processing of the City’s income taxes.

| | Calendar Year 2016 | Calendar Year 2017 and 2018 |
|--|---|---|
| Individual returns: resident and non-resident | MI Processing Start 1/1/2016; estimated 100,000 new returns filed, 304,000 returns in total. Total refunds processed \$17.2 million | Refunds estimated as \$21 million for FY 2017; in the range of \$15 to \$19 million for FY 2018 |
| Corporate returns | | MI Processing Start 1/1/2017 |
| Withholdings | 725 new entities are now withholding: 80% voluntary registered, 20% city compliance efforts. | MI Processing Start 1/1/2017 |
| Electronic Filing, Pay and Refunds | Start 1/1/2016 for e-filing; 77% e-filed in 2016 | MI Processing Start 1/1/2017 for e-pay MI Processing Start 1/1/2018 for e-refunds |

| Income Tax Collections Five Year History | | | | | |
|---|----------------|----------------|----------------|----------------|--------------------------------|
| (In millions) | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 (unaudited) |
| Actuals (per CAFR) | \$233.0 | \$248.0 | \$253.8 | \$263.4 | \$268.0 |
| % change | 2.1% | 6.4% | 2.3% | 3.9% | 1.7% |

The February 2017 consensus revised upward the estimate for FY 2017 to \$275 million from \$268 million actual collections. Anticipated increased refund activity from the State tempered overall collections in FY 2016. Income tax collections for FY 2018 continue its upward trend with growth estimated at 3%. Projections for FY 2019 through FY 2021 maintain a growth rate of 3%.



- The February 2017 consensus estimate includes reinvestment initiatives to increase delinquent income tax collections: outside collection agency; staff to perform field audits; enhanced taxpayer outreach and communications.
- The February 2017 consensus conference considered improved local economic conditions based upon blue chip economic forecasts as presented by Mr. Robert Kleine, Michigan State University.

Current Property Taxes

Article IX of the State Constitution, Sections 3 and 6 (General Property Tax) authorize the levy of taxes on real and personal property not otherwise exempt. The City currently levies the maximum tax permitted by law.

| Property Tax Collections Five Year History | | | | | |
|---|------------|------------|------------|------------|---------------------------|
| (In millions) | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 (unaudited) |
| Actuals (per CAFR) | \$147.8 | \$132.8 | \$129.4 | \$126.4 | \$132.1 |
| % change | (19.1%) | (10.1%) | (2.6%) | (2.3%) | 4.5% |

- Property Tax collections for FY 2016 benefited from internal process changes in check handling and other policy changes. In addition, the City received auction proceeds of \$11 million from Wayne County.



- The FY 2017 Adopted Budget of \$117 million assumed a smaller decline in collections than the previous budget due to taxable valuations declining at a lower rate. FY 2016 year-end results are estimated at \$132.1 million; this is a 4.5% increase over FY 2015’s actual collections. Previous estimates were based on a continued decline in the City’s property taxable values due to required citywide reassessments and foreclosure activity. Improvement in the City’s collection rate from 50% to over 70% is also a factor in increased collections.
- The February 2017 consensus raised property tax revenues for FY 2017 to \$124.0 million from the previous budget estimates. This is a 6.0% increase over the Adopted Budget/September 2016 consensus; however, it is still 6.1% lower than FY 2016 year-end collections of \$132.1 million, which continues the City’s conservative approach in projecting property tax collections.
- Personal property tax valuations for FY 2017 were reduced by 13% (Industrial Facilities Personal Property taxes declined by 55%). In 2016, the City received \$9.1 million from the State in personal property tax reimbursements (to be distributed to the City’s taxing entities) under the Local Community Stabilization Authority (LCSA) Public Act 86 of 2014.
- Consensus projections remain flat for property tax revenues for FY 2018 and includes no growth for FY 2019 through FY 2021.
- The City Assessor’s outlook on the Ad Valorem valuations for Fiscal Year 2018 indicates a much lower decline in assessed values than previously estimated. Of note, the City is experiencing growth in property values in certain areas of the city that may eventually lead to increased taxable valuation for the city. Completion of the citywide reassessment of residential properties in 2016 will not significantly impact the FY 2018 Budget. Commercial reassessments are scheduled to be completed in calendar year 2017 impacting collections for the FY 2019 Budget.

Utility Users’ Tax

The City of Detroit levies a Utility Users’ Tax as permitted under Public Act 100 of 1990 and as amended in 2012. The tax is based on consumption of electricity, gas, steam and telephone (land lines) in the city of Detroit. The City currently levies the maximum tax rate of 5%. Revenues are budgeted in the Police Department per the public act and have a restricted purpose to retain or hire police officers. In 2012, the law was amended to provide \$12.5 million annually for the Public Lighting Authority for the repayment of debt proceeds used for street lighting infrastructure improvements in the city. To offset the loss of Utility Users’ tax revenue to the Police Department, state law (Public Act 394 of 2012) authorized the payment of income tax revenues for police officers (to hire/retain).

| Utility Users' Tax Collections Five Year History | | | | | |
|---|---------|---------|---------|---------|------------------------|
| (In millions) | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 (unaudited) |
| Actuals (per CAFR) | \$39.8 | \$35.3 | \$42.4 | \$37.9 | \$36.5 |
| % change | (10.8%) | (11.3%) | 20.1% | (10.6%) | (3.7%) |



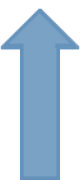
continues the \$35 million estimate for FY 2018. Factors considered were lower natural gas prices; lower utility consumption; and the prior year's actual collections. We estimate similar collections for FY 2019 through FY 2021 with no growth projected for this period. Estimates/projections were determined on a gross basis, inclusive of the \$12.5 million Public Lighting transfer.

- The February 2017 consensus estimate for FY 2017 continues at \$35 million; this was a \$2 million decline over the adopted budget. Fiscal Year-end 2016 results were better than estimated in September 2016.
- The February 2017 consensus also

Wagering Taxes (Casino Revenues)

The City is authorized to levy a tax on the adjusted gross receipts of a gaming licensee under Initiated Law 1 of 1996, as Amended by Public Act 306 of 2004. The current tax rate in effect is 10.9% for the three casinos operating in Detroit. The City receives additional revenues from the casinos as specified in the casinos' operating agreements that increases the total percentage to 11.9%. The city is also permitted to assess a municipal service fee of 1.25% of adjusted gross receipts for public safety services provided to the casinos.

| Wagering-Casino Tax Collections Five Year History | | | | | |
|--|---------|---------|---------|---------|------------------------|
| (In millions) | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 (unaudited) |
| Actuals (per CAFR) | \$181.4 | \$174.6 | \$167.9 | \$172.5 | \$174.3 |
| % change | 2.5% | (3.7%) | (3.8%) | 2.7% | 1.0% |



- The long-term forecast for Fiscal Years 2020 through 2021 continues a growth factor of 1.0%.
- Detroit casinos have rebounded from declining revenues realized with the opening of casinos in Ohio. Any new casinos/gaming operations located within a 50 to 150 mile radius of the city will exert negative pressure on Detroit casino revenues, as shown with the opening of the Ohio casinos.

- February 2017 consensus estimate revised the previous consensus estimate for FY 2017 upward due to higher year-to-date actuals and higher actual collections in FY 2016. The consensus estimate for FY 2017 was increased to \$176 million, a 0.5% increase over the adopted budget. The forecast for Fiscal Years 2018 through 2019 includes a growth factor of 1.0%

State Revenue Sharing

Revenue Sharing payments from the State are derived from two components: constitutional and statutory. Constitutional payments are guaranteed under the State Constitution and are calculated as 15% of 4% of the State Sales Tax gross collections. Statutory payments are based upon municipalities meeting the requirements of the City, Village and Township Revenue Sharing (CVTRS). For FY 2016 and FY 2017, the maximum amount available is 78.51044% of the FY 2010 total statutory payment (if a municipality complies with all requirements).

| State Revenue Sharing Collections Five Year History | | | | | |
|--|---------|---------|---------|---------|------------------------|
| (In millions) | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 (unaudited) |
| Actuals (per CAFR) | \$172.3 | \$182.4 | \$189.8 | \$194.8 | \$194.7 |
| % change | (28%) | 5.9% | 4.1% | 2.6% | .0% |

- Consensus estimates are based on the current State Revenue Sharing payments projected by the Michigan Department of Treasury and revised Sales Tax revenue projections. Treasury payments are based on the State of Michigan January 2017 Consensus Revenue Estimates and FY 2017 appropriation.



- The February 2017 consensus estimate for FY 2017 is \$195.2; \$0.7 million lower than the Adopted Budget of \$195.9 million and .2% lower than FY 2016 actuals.
- FY 2018 through FY 2021 includes growth in Constitutional payments from MI Sales Tax revenues and assumes statutory payments to remain flat. The growth rates range from 0.5% in FY 2018 to 0.2% thereafter.
- Economic risks from potential federal fiscal policies with the election of a new administration; forecasts for lower national/local sales tax revenues; in addition to challenges to the state budget due to crises in local finances may exert downward pressure on this revenue source.

All Other General Fund Revenues

The following is a brief description of the types and sources of revenue that are included in each category shown in departmental budgets:

1. **Sales and Charges for Services** – Inter-fund revenue generated from maintenance and construction, Casino Municipal Service fees, Cable Franchise fees, recreation fees, property tax administrative fees, inter-fund reimbursements including personal services reimbursements, Emergency Medical Services billings, and other minor sales and service fees.
2. **Revenue from Use of Assets** - Earnings on investments, various interest earnings, building rentals, marina rentals, concessions, equipment rentals and sales of real property.
3. **Other Taxes, Assessments, and Interest** - Special assessments, Industrial Facilities Taxes, other miscellaneous property taxes and interest paid on delinquent property taxes.
4. **Fines, Forfeits, and Penalties** - Ordinance, court and parking fines, property tax penalties, and various fines, forfeits, and penalties.
5. **Licenses, Permits and Inspection Charges** - Various permits and licenses, safety inspection charges, and business licenses charges.
6. **Contributions, Transfers, and Miscellaneous** – Various revenues and contributions due to/or due from one fund resulting in revenues to one fund and an expenditure for another, other miscellaneous revenues and receipts, and sale of equipment.

Departmental Revenue Analysis

The consensus for Other General Fund department revenues was developed after discussions with the OCFO-Office of Departmental Financial Services on the individual department revenues including departments with General Fund operations or departments receiving General Fund assistance. Our departmental analysis began with discussions on baseline assumptions for each department as presented in the Four-Year Financial Plan and any adjustments to the baseline. Revenue initiatives are included in the consensus numbers presented in this conference if deemed achievable within the period under review.

Internal participants convened and discussed individual calculations by staff of the City Council, Auditor General and OCFO-Office of Budget. Upon review, the total revenue estimate differed among the three estimators mainly due to a difference in assumptions of reinvestment initiatives and non-recurring budget items.

The varying methodologies were utilized by the participants, which included analysis of historical collection patterns, trend line fitting, moving averages, major revenue category analysis, individual agency revenue account analyses, and the utilization of run rates. All participants considered and accounted for other known items that impact collections. Participants used a conservative approach in projecting future revenues; speculative revenues were not considered in the consensus numbers, but outlined as potential upward adjustments to revenues discussed later in this report.

| FEBRUARY 2017 CONSENSUS ESTIMATES | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| (In millions) | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
| Baseline (on-going) revenues | \$ 198.0 | \$ 194.5 | \$ 194.6 | \$ 194.6 | \$ 196.2 |
| One Time Activity | 67.9 | | | | |
| Reinvestment Initiatives | 5.9 | 13.2 | 13.7 | 13.9 | 13.9 |
| Total | \$ 271.8 | \$ 207.7 | \$ 208.3 | \$ 208.5 | \$ 210.1 |

- Other Revenues forecasts for FY 2017 include \$198.0 million from on-going sources, \$67.9 million of prior years' surplus used to fund capital projects, and reinvestment initiatives of \$5.9 million. This forecast represents a decrease of \$13.7 million from the Adopted Budget, primarily due to reductions in on-going, baseline revenues of (\$7.0) million and a decrease in reinvestment initiatives of (\$6.7) million.
- Projections for on-going, baseline revenues remain primarily flat for FY 2018 and FY 2019, with reinvestment initiatives ranging from \$13.2 to 13.9 million. FY 2020 and FY 2021 forecast includes no growth on baseline and reinvestment revenues. Revenues for FY 2021 include reimbursement for the Presidential Primary Election of \$1.6 million.

- Noteworthy changes to Departmental Revenues:
 1. Consensus estimates for sales of equipment and real property sales were reduced for lower than expected revenues in FY 2016 and FY 2017. The lower estimates for this activity were included in the forecast for Fiscal Years 2018 through 2021.
 2. Interagency billings for services provided by the Human Resources, Law and Office of Chief Finance Officer to other Non-General Fund City departments were reduced for a lower volume of reimbursable activity.
 3. Restructuring initiatives were deleted or reduced for the following agencies:
 - *Fire Department*- lower than estimated revenues over baseline.
 - *Municipal Parking* - certain revenue initiatives still under implementation- reduced to \$2.57 million in FY 2016, increasing to \$3.1 million by FY 2021.
 - *Office of the Chief Financial Officer*- revenue reductions in FY 2017 due to lower reimbursements from staff billings.
 - *Law*- initiative deleted, not expected to be realized.
 - *Police*- certain initiatives reclassified to grant funds; other initiatives not expected to be realized.
 - *General Services*- restructuring initiatives eliminated in FY 2017, not expected to be realized. Revenues from restructuring initiatives of \$2.85 million is included in the forecast for FY 2018 to FY 2021.
 4. Restructuring initiatives for Civil Rights Inclusion and Opportunity Agency (formerly known as Human Rights) and 36th District Court are expected to generate \$1.0 million and \$1.4 million, respectively, in FY 2017. A gradual increase in revenues is projected for the forecast period FY 2018 through FY 2021. Revenues received for additional compliance activity generated by the Civil Rights Inclusion and Opportunity Agency will be recorded in a special revenue account to fund workforce training activity.
 5. Reimbursement for the 2016 Presidential Primary Election was received in October 2016 for the Elections Department. The February 2017 consensus also includes this revenue in the FY 2021 projections for the next election cycle.

Other General Fund Activity

Risk Management Fund

The City is exposed to various types of risk of loss including torts; theft of, damage to, or destruction of assets; loss due to errors or omissions; job-related illnesses or injuries to employees; natural disasters; and environmental occurrences. The City is self-insured against certain third-party claims. The City currently reports the risk management activities (excluding health and dental) of non-Enterprise Funds and the Transportation Fund (an Enterprise Fund) in its General Fund. The General Fund and DDOT pay insurance premiums into the Risk Management Fund based on past claim activities. Because the Transportation Fund is included in the General Fund's risk management activities, it does not record a liability in its financial statements. Risk management activities for the other Enterprise Funds are recorded and reported separately in those funds. Contributions to the Risk Management Fund in the form of insurance payments total \$24.2 to \$50.9 million for Fiscal Year-end 2017 through FY 2021.

The City also has a Budget Reserve Fund and a Public Lighting Department (PLD) Decommissioning Fund recorded in the General Fund Class. The Budget Reserve Fund received \$111.3 million in FY 2015 as a condition of its mandatory reserve requirement; \$49 million was appropriated in FY 2016 for operating purposes.

Other City Funds (Non-General Fund)

Public Act 279 of 1909, as amended in 2014 (The Home Rule City Act), requires the City to forecast anticipated revenues of the City for the current fiscal year and the succeeding two fiscal years. The chart shown below lists all of the City’s Special Revenue Funds and Enterprise Funds; funds shown but not forecasted are the Trustee and Fiduciary (Retirement System) Funds. The revenue projections presented for these funds were based on historical data, trend lines and/or current department estimates

| CITY OF DETROIT FUNDS (EXCLUDES GENERAL FUND CLASS) | | | | | |
|---|------------------------|-----------------------------|----------------------------|------------------------------|------------------------------|
| (In millions) | | | | | |
| FUND NAME | FY 2017 | | | FY 2018 Consensus Projection | FY 2019 Consensus Projection |
| | Revised Adopted Budget | FY 2016 September Consensus | FY 2017 February Consensus | | |
| Community Dev Block Grant | \$ 30.00 | \$ 29.93 | \$ 32.60 | \$ 32.60 | \$ 32.00 |
| Emergency Shelter Grants | 2.60 | 8.00 | 3.30 | 2.70 | 2.70 |
| Sec 108 Loans - Development | | | | | |
| Neighborhood Stabilization Program I/III (Note 1) | | | | | |
| Department Grant Funds (Note 2): | | | | | |
| - Airport Grants | | | | | |
| - Fire SAFER -Other Fire Grants | 2.00 | 2.00 | 2.00 | 2.00 | 14.40 |
| - General Services Dept. Grants | | | | | |
| - Health Grants | 23.70 | 25.70 | 21.70 | 21.70 | 21.70 |
| - Homeland Security Grants | 0.80 | 0.20 | 0.80 | 0.80 | 0.80 |
| - Mayor's Office Grants | 0.09 | 0.07 | 0.09 | 0.11 | 0.09 |
| - Police Grants | 5.47 | 5.47 | 4.81 | 4.81 | 4.81 |
| - Dept. of Public Works (General) Grants | | | 0.05 | 0.05 | 0.05 |
| - Recreation | 0.47 | 0.41 | 0.40 | 0.40 | 0.40 |
| - Elections Grants (Voter Ed) | 0.00 | | 0.00 | 0.00 | 0.00 |
| - Environmental Affairs Grants | | | | | |
| Construction Code Fund | 21.60 | 21.50 | 21.00 | 25.00 | 25.00 |
| - Fire Recovery Fund (Fire Escrow) | | | | | |
| Civil Rights,Inclusion&Opportunity Revolving Fund | | | 0.90 | 0.45 | 0.35 |
| Drug Law Enforcement Fund | 1.60 | 1.80 | 2.00 | 2.00 | 2.00 |
| - Federal Forfeiture Funds | | | | | |
| Library Funds | 33.10 | 33.20 | 33.00 | 33.00 | 33.00 |
| Quality of Life - Special Revenue (Note 3) | | | | | |
| Major and Local Streets Fund | 67.50 | 67.50 | 68.00 | 77.21 | 82.10 |
| PA 48 2002 Fund | 2.20 | 2.20 | 2.50 | 2.90 | 2.90 |
| Solid Waste Management | 44.10 | 47.00 | 47.00 | 44.00 | 42.70 |
| General Grants (Phase out to Dept Grants) | | | | | |
| Sinking Interest & Redemption | 68.00 | 68.00 | 63.00 | 60.00 | 60.00 |
| Special Hsg Rehab programs (HRD Dept) | 4.20 | 4.20 | 4.22 | 4.01 | 4.01 |
| Airport Funds * | 1.50 | 1.10 | 1.67 | 1.67 | 1.67 |
| Municipal Parking Funds | 8.20 | 9.00 | 11.30 | 8.13 | 8.13 |
| Transportation Funds (DDOT) ** | 149.90 | 133.10 | 126.90 | 133.00 | 133.00 |
| Sewage Disposal Funds | | | | | |
| Water Funds | | | | | |
| Detroit Water & Sewerage Department- Retail | 383.80 | 667.30 | 398.48 | 398.48 | 412.86 |
| Retirement Systems | | | | | |
| Trust Funds | | | | | |
| TOTAL | \$ 850.8 | \$ 1,127.7 | \$ 845.7 | \$ 855.0 | \$ 884.7 |

Note 1: NSP I and III Federal funding closed; no allocations expected. The City has permission to expend existing allocation.

Note 2: City Department’s Grant Funds represent the reorganization of grants previously recorded in the General Grants Fund 3601; not all departments will receive annual grant awards. Grants are budgeted upon receipt of award.

Note 3: Quality of Life Fund records the proceeds of a one-time sale of bond for reinvestment initiatives in FY 2015.

* Totals include Contributions from the General Fund: Airport FY 2017, \$889,209, and FY 2018 - \$900,000.

** Totals include Contributions from the General Fund: DDOT: FY 2017 and FY 2018- \$61.5 million

FUNDS WITH GENERAL FUND IMPACT

Airport

The [Coleman A. Young International Airport](#) is an Enterprise Agency of the City of Detroit. Revenues from landing fees, rentals, fuel concessions and Federal/State grants maintain the operations of the Airport. In addition, the Airport FY 2017 Budget includes a General Fund contribution of \$889,209 which is expected to be paid. Consensus projections for FY 2018 and FY 2019 continues the contribution at \$900,000 recognizing the most likely level of support from the General Fund based on historical trends. Enterprise revenues of \$1.7 million are expected for FY 2017 through FY 2019.

Buildings & Safety

The [Buildings & Safety Engineering & Environmental Department \(BSEED\)](#) is an Enterprise Agency of the City of Detroit as mandated by State law. BSEED's mission is to safeguard public health, safety and welfare by enforcing construction, property maintenance, environmental compliance and zoning codes. Revenues from the Construction Code Fund include civil infraction fines, safety inspection charges, construction inspections and other licenses, permits and inspection charges. Revenues generated in support of the General Fund operations are from the business licensing activity. General Fund revenues are expected to remain at their current levels (\$1.8 to \$2.1 million) for FY 2017 through FY 2019. Revenues from the enterprise activity are projected at \$21 million in FY 2017 and increase to \$25 million thereafter.

Transportation

The [Detroit Department of Transportation \(DDOT\)](#) is an Enterprise Agency that provides transit services to the city of Detroit. Revenues are generated from fare boxes, State operating assistance, State and Federal grants, contribution from the General Fund and other miscellaneous revenues. The General Fund contribution for DDOT for FY 2016 was \$63.3 million. The consensus for FY 2017 and FY 2018 estimates the General Fund contribution to remain at \$61.5 million. Without additional restructuring efforts, this level of General Fund support will continue for the foreseeable future. Revenue from State operating assistance declined in FY 2014 due to a shift in the distribution formula. This shift resulted in a \$7 million decline in grant revenues in FY 2014. FY 2017 revenues are estimated to decrease \$6.1 million due to the repayment of ineligible costs. Increased Transportation funding is included in the road funding bills passed by the State Legislature in 2014- 2015. This legislation provides additional funding for DDOT, at the discretion of the City's Administration, by authorizing a city that meets specific criteria to allocate some of its Michigan Transportation Fund (MTF) revenues for public transit purposes. Enterprise revenues of \$133 million are forecasted for FY 2018 and FY 2019.

Municipal Parking

The [Municipal Parking Department](#) is organized into two operations: the Parking Violation Bureau and the Automobile Parking and Area System. The Parking Violations Bureau is a General Fund operation responsible for enforcing on-street and off-street ordinances in the city of Detroit and the processing and collection of parking violation notices. The Auto Parking and Area System revenues are currently assigned to pay debt service for post-bankruptcy loans. The future of the revenue stream for this division is uncertain as additional bankruptcy settlement items may further dilute revenues. In addition, certain parking structures have been transferred or optioned for future purchase under terms of the bankruptcy settlement. Parking Violation revenues for FY 2017 is estimated as \$14.0 million; for FY 2018 and FY 2019 the projection is \$11.1 million from on-going, baseline operations and one-half- \$3.1 million from budgeted reinvestment initiatives of \$6.8 million. Total agency revenues estimates for FY 2017 is \$25.3 million; \$22.6 million is projected for FY 2018 and FY 2019.

Solid Waste Fund

The [Solid Waste Management Fund](#) is a Special Revenue Fund. The City of Detroit uses the Solid Waste Management Fund to account for local revenue collected for curbside rubbish pick-up and discard. The majority of Solid Waste Management Fund revenues comes from a residential Solid Waste Fee that is assessed to every home whether or not currently occupied. The solid waste service fee replaced the 3-mill tax for solid waste collection that was eliminated in 2006. The solid waste fee is assessed annually at \$240 for single family homes, and an additional \$100 for multi-family dwellings. Commercial fees are \$1,000.

A change in processing of delinquent tax bills in FY 2015-16 resulted in improved collections of solid waste fees. The February 2017 consensus estimated total revenues of \$47 million in FY 2017, which includes \$3 million in delinquent collections. The consensus assumed collection levels of \$44.0 million for FY 2018 and \$42.7 million for FY 2019.

The City privatized the solid waste activity in FY 2014. Contracts were awarded to two companies to service the east and west side of the City on February 21, 2014. The outsourcing of this activity is expected to be revenue/cost neutral. However, service is anticipated to greatly improve under this arrangement.

OTHER CITY FUNDS

Grants

The City receives various Federal and State Grants for various activities administered by City departments. Some of the city's largest programs are noted below.

The Fire Department received revenues from the Staffing for Adequate Fire & Emergency Response (SAFER) grant, a Federal grant sponsored by Federal Emergency Management Agency (FEMA).

The Health Department administers grants from Federal and State sources for HIV/AIDS, Housing Opportunities for Persons with Aids (HOPA) grants, Immunization, Women, Infants and Children (WIC) and Essential Local Public Health Services (ELPHS) grants.

The Housing and Revitalization Department administers programs and contracts funded by the Community Development Block Grant (CDBG), the Emergency Solutions Grant, Hardest Hit funds for demolition and HOME funds.

The Police Department receives grants from various State and Federal sources including the Department of Justice-Justice Assistance grants (JAG), Community Oriented Policing (COPS) grants, Auto Theft and Victim's Assistance grants.

Library

The Library Fund records the operations of the Detroit Public Library (DPL). DPL is an enterprise agency of the City of Detroit. It is Michigan's largest public library system consisting of a Main Library and 21 neighborhood branches. DPL has a collection of 6.6 million items that includes books, journals, photographs, government documents, and DVDs. A bookmobile makes weekly visits to schools and community centers, and the Library for the Blind & Physically Handicapped serves those with various physical challenges. The February 2017 consensus projects revenues of \$33 million for this fund for the forecast period.

Major and Local Street Funds

Activity recorded in Major and Local Street Funds provide for the construction and maintenance of streets, bridges, traffic signals and non- motorized improvements. These funds account for State Gas and Weight Tax revenue that support various projects and accounts for State and Federal grants on a project basis. The Department of Public Works staff manages the Street Fund. The following three divisions are wholly or partially funded through the Street Fund: Street Maintenance Division, City Engineering Division and the Traffic Engineering Division. An increase in road funding was enacted with the passage of State legislation amending various public acts in 2014- 2015. The City projects receiving \$10-15 million in additional Gas & Weight Taxes for the forecast period. Revenues from this source are projected to range from \$68.0 to \$82.1 million for Fiscal Year-end 2017 through FY 2019. This projection corrects the previous consensus that excluded local street fund activity.

Sinking and Interest Funds

The Sinking (bond) and Interest Redemption Fund provides for the scheduled retirement of principal and interest on long-term City debt. This debt derives from the issuance of un-limited tax general obligation bonds. The debt service on Enterprise Funds appears in the Enterprise Agency Sections. The revenues for the Sinking and Interest (Debt Service) Fund are generated from a separate debt service millage on real and personal property located in the city of Detroit. Budgeted debt service schedules require funding of \$47.2 to \$53.6 million for the forecast period as revised by the August 2016 refinancing transaction that lowered principal and interest requirements for this fund.

Detroit Water & Sewerage- Retail

The Department was reorganized into two separate entities: the regional Great Lakes Water Authority (GLWA) and the Detroit Department of Water and Sewage Disposal- Retail (DWSD-Retail), effective January 1, 2016. Projections presented for the forecast period are for DWSD-Retail only. Revenues of \$398.5 million are projected for FY 2017 and FY 2018, increasing to \$412.86 million in 2019.

Under the reorganization, Detroit maintains its own local system. Detroit keeps exclusive control of the local water and sewer system in DWSD – under authority of Mayor and City Council. The Detroit local system is made up of approximately 3,000 miles of local sewer pipe and 3,400 miles of local water mains serving the neighborhoods of Detroit. Detroit has full authority to repair and rebuild the local system.

Great Lakes Water Authority (GLWA) is an authority formed to operate the regional system. GLWA operates the regional water and sewer assets. The GLWA Board is made up of 6 members: 2 appointed by the Mayor of Detroit, 1 each by Wayne, Oakland and Macomb Counties, and 1 by the Governor from the service area outside the three counties. The Authority provides services to communities in Oakland, Wayne and Macomb counties, estimated as 4 million customers from 127 communities.

The Authority sets the rates for all water and sewerage services. Rate increases are capped at 4% annually per agreement. GLWA entered into a long-term 40-year lease of the water and sewer assets owned by the Detroit Water and Sewerage Department. Lease terms provide for the payment of \$50 million per year for the next 40 years to the City of Detroit for water and sewer infrastructure improvements. This will allow Detroit to finance up to \$500-\$800 million in bonds to rebuild the city's aged water and sewer system.

SET ASIDES

The FY 2015 Budget included a reserve of \$111.3 million, which more than satisfied the State's budget reserve requirement of 5% of expenditures. In FY 2016, \$49 million of the excess Budget Reserve is designated for use in General Fund operations leaving a remaining balance of \$62.3 million in reserves for FY 2016. This represents 5.8% of estimated General Fund appropriations for FY 2016. The Plan of Adjustment allows for surplus funding to be used for reinvestment projects. The FY 2017 Budget includes \$67.85 million in surplus for capital spending. It is the city's policy to fund future capital projects with budget surpluses.

RISKS TO FORECAST

These estimates take into account the expected real revenue to the City subject to certain inherent risks outlined below:

- Potential change to federal fiscal policy due to new administration may negatively impact federal entitlement programs resulting in a loss of funds to state and local municipalities.
- Trigger of a Headlee roll-back in property tax millage assessed due to possible loss in the personal property tax base.
- Risks to estimated property tax collections due to the impact of Wayne County chargebacks netted against the delinquent accounts revolving fund payment.
- Property valuation declines and foreclosure activity negatively impacts taxable valuations.
- Loss to personal property tax collections not fully reimbursed by the state.
- Decline in property tax collections due to city-wide reassessments and adjustments to the rolls.
- Challenges to State budget from declining local finances and other critical issues.
- Lower consumer confidence depresses spending and reduces sales tax revenues.
- Rising interest rates resulting in lower consumer spending.
- Rising inflation
- Declines in Michigan Sales Tax revenues negatively impacts local government share.
- Lower gas prices impacts MI Sales Tax revenues and negatively impacts local government share.

POTENTIAL UPWARD ADJUSTMENTS TO FORECAST

- Ongoing improvements to collection efforts in FY 2017 results in additional tax revenues not currently reflected in the consensus estimates.
- The potential for increased economic development to increase the city's tax base and generate additional revenues for the city.
- State of Michigan processing of the City's income tax and subsequent withholding collections results in increased compliance and generate additional revenues for the city. E-pay payment option should improve collection activity.
- Passage of State legislation requiring non-Detroit businesses to withhold income taxes of employees residing in Detroit should significantly increase income tax collections.
- Revenue initiatives in the Four-Year Financial Plan, but not included in the consensus estimates/projections may result in additional revenues if timely and successfully implemented.
- Sales tax on internet purchases may increase state local share distributions to city/villages/townships.

Conference Participants

John W. Hill, Chief Financial Officer
John Naglick, Jr., Chief Deputy Chief Financial Officer / Finance Director
John H. Hageman, Chief of Staff to the Chief Financial Officer
Tanya Stoudemire, OCFO-Deputy CFO, Budget Director
Tina Tolliver, OCFO-Office of Budget, Deputy Budget Director
Steve Watson, OCFO, Director of Special Projects
Irvin Corley, Jr., City Council Legislative Policy Division, Executive Policy Manager
Anne Marie Langan, City Council Legislative Policy Division, Fiscal Analyst
Richard Drumb, City Council Legislative Policy Division, Fiscal Analyst
Mark Lockridge, Auditor General
Jeffrey Vedua, Office of the Auditor General, Deputy Auditor General
Vivian Slaughter, Office of Auditor General
Jill Kilbourn, Office of the Auditor General
Walter Griggs, Office of Auditor General
Renee Short, OCFO-Office of Budget
Sneha Patel, OCFO-Office of Budget
Janice Butler, OCFO-Office of Budget
Pamela Scales, OCFO-Deputy CFO, Office of Departmental Services
Mike Jamison, OCFO-Deputy CFO, Financial Planning and Analysis
Alvin Horhn, OCFO-Deputy CFO, Office of the Assessor
James Chubb, OCFO-Deputy CFO-Deputy Treasurer-Operations
Debra Pospiech, OCFO-Deputy Treasurer-Tax
Rhonda McKay, OCFO-Treasury
Justin Bahri, OCFO- Treasury
Felix O'aku, OCFO, Agency CFO
James George, OCFO, Agency CFO
Lisa Jones, OCFO, Agency CFO
Steven Morris, OCFO, Agency CFO
Angela Taylor, OCFO, Agency CFO
Eunice Williams, OCFO, Agency CFO
John Wallace, OCFO, Agency CFO
Kim Williams, OCFO, Office of Departmental Financial Services
Shawn Woodard, OCFO-Office of Departmental Financial Services
Robert Kleine, Michigan State University
Shavi Sarna, Ernst & Young

The following economic forecast was provided by Jay Wortley, Chief Economist and Director, Office of Revenue and Tax Analysis, State of Michigan Department of Treasury, and approved by the Detroit February 2017 Revenue Estimating Conference participants.

| | January 2017 | | | | | | | | |
|---|----------------------------|------------------------------|---|------------------------------|---|------------------------------|---|------------------------------|---|
| | Calendar 2015 Actual | Calendar 2016 Forecast | Percent Change from Prior Year | Calendar 2017 Forecast | Percent Change from Prior Year | Calendar 2018 Forecast | Percent Change from Prior Year | Calendar 2019 Forecast | Percent Change from Prior Year |
| United States | | | | | | | | | |
| Real Gross Domestic Product (Billions of Chained 2009 Dollars) | \$16,397 | \$16,660 | 1.6% | \$16,993 | 2.0% | \$17,316 | 1.9% | \$17,680 | 2.1% |
| Implicit Price Deflator GDP (2009 = 100) | 110.0 | 111.4 | 1.3% | 113.4 | 1.8% | 115.6 | 1.9% | 117.9 | 2.0% |
| Consumer Price Index (1982-84 = 100) | 237.017 | 239.925 | 1.2% | 244.879 | 2.1% | 249.777 | 2.0% | 255.504 | 2.3% |
| Consumer Price Index - Fiscal Year (1982-84 = 100) | 236.742 | 238.939 | 0.9% | 243.767 | 2.0% | 248.490 | 1.9% | 254.017 | 2.2% |
| Personal Consumption Deflator (2009 = 100) | 109.5 | 110.7 | 1.1% | 112.6 | 1.7% | 114.6 | 1.8% | 116.9 | 2.0% |
| 3-month Treasury Bills Interest Rate (percent) | 0.05 | 0.3 | | 0.8 | | 1.4 | | 2.1 | |
| Aaa Corporate Bonds Interest Rate (percent) | 3.9 | 3.6 | | 3.9 | | 4.1 | | 4.3 | |
| Unemployment Rate - Civilian (percent) | 5.3 | 4.9 | | 4.7 | | 4.7 | | 4.7 | |
| Wage and Salary Employment (millions) | 141.865 | 144.319 | 1.7% | 146.200 | 1.3% | 147.520 | 0.9% | 148.850 | 0.9% |
| Housing Starts (millions of starts) | 1.112 | 1.164 | 4.7% | 1.226 | 5.3% | 1.270 | 3.6% | 1.335 | 5.1% |
| Light Vehicle Sales (millions of units) | 17.4 | 17.5 | 0.4% | 17.2 | -1.5% | 17.0 | -1.2% | 16.9 | -0.6% |
| Passenger Car Sales (millions of units) | 7.5 | 6.9 | -8.2% | 6.5 | -5.8% | 6.4 | -1.5% | 6.3 | -1.6% |
| Light Truck Sales (millions of units) | 9.9 | 10.6 | 6.9% | 10.7 | 1.3% | 10.6 | -0.9% | 10.6 | 0.0% |
| Big 3 Share of Light Vehicles (percent) | 43.6 | 42.9 | | 43.0 | | 43.2 | | 43.0 | |
| Michigan | | | | | | | | | |
| Wage and Salary Employment (thousands) | 4,244 | 4,329 | 2.0% | 4,376 | 1.1% | 4,420 | 1.0% | 4,464 | 1.0% |
| Unemployment Rate (percent) | 5.4 | 4.6 | | 4.6 | | 4.8 | | 4.7 | |
| Personal Income (millions of dollars) | \$424,807 | \$440,101 | 3.6% | \$457,265 | 3.9% | \$474,183 | 3.7% | \$493,625 | 4.1% |
| Real Personal Income (millions of 1982-84 dollars) | \$194,237 | \$198,076 | 2.0% | \$201,330 | 1.6% | \$204,870 | 1.8% | \$208,937 | 2.0% |
| Wages and Salaries (millions of dollars) | \$214,703 | \$224,580 | 4.6% | \$232,215 | 3.4% | \$239,414 | 3.1% | \$247,793 | 3.5% |
| Detroit Consumer Price Index (1982-84 = 100) | 218.706 | 222.188 | 1.6% | 227.122 | 2.2% | 231.456 | 1.9% | 236.255 | 2.1% |

BUDGET RESERVE SCHEDULE

| City of Detroit Budget Reserve Schedule | | | | | | | |
|--|----------------|----------------|---------------|---------------|---------------|---------------|---------------|
| | FY 2014-2015 | FY 2015-2016 | FY 2016-2017 | FY 2017-2018 | FY 2018-2019 | FY 2019-2020 | FY 2020-2021 |
| Beginning Balance | \$ - | \$ 111,264,397 | \$ 62,280,192 | \$ 62,280,192 | \$ 62,280,192 | \$ 62,280,192 | \$ 62,280,192 |
| Transfer In/ (Out) | \$ 111,264,397 | (48,984,205) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Ending Balance | \$ 111,264,397 | \$ 62,280,192 | \$ 62,280,192 | \$ 62,280,192 | \$ 62,280,192 | \$ 62,280,192 | \$ 62,280,192 |
| | | | | | | | |
| | | | | | | | |
| Minimum Balance (5% of appropriations) | \$ 62,280,192 | \$ 53,573,311 | \$ 53,884,029 | \$ 53,695,770 | \$ 51,757,385 | \$ 52,315,585 | \$ 52,955,835 |
| Cushion above 5% | \$ 48,984,205 | \$ 8,706,881 | \$ 8,396,163 | \$ 8,584,422 | \$ 10,522,807 | \$ 9,964,607 | \$ 9,324,357 |
| | | | | | | | |
| | | | | | | | |
| PA 182 Sec 4t (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 projected expenditures for the fiscal year | | | | | | | |

GENERAL FUND FIVE-YEAR CASH FLOW

City of Detroit

General Fund 5 Year Cash Flow Forecast - FY 2017 to FY 2021

\$ in millions

| | Actual FY 2016 | Forecast | | | | | Forecast 5 Year |
|--|-------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| | | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | |
| Receipts | | | | | | | |
| Property Taxes | \$ 496.7 | \$ 511.6 | \$ 513.5 | \$ 513.0 | \$ 513.0 | \$ 513.0 | \$ 2,564.1 |
| Municipal Income Taxes | 289.6 | 295.9 | 303.4 | 312.1 | 321.6 | 331.1 | 1,564.1 |
| Utility Users Tax (1) | 35.2 | 35.5 | 35.5 | 35.7 | 35.9 | 36.1 | 178.7 |
| Wagering Taxes | 174.2 | 175.5 | 179.6 | 181.4 | 183.2 | 183.2 | 902.9 |
| Municipal service fee to Casinos | 17.0 | 17.3 | 17.1 | 17.1 | 17.2 | 17.2 | 85.9 |
| State Revenue Sharing | 194.1 | 195.3 | 195.8 | 196.4 | 196.9 | 197.4 | 981.8 |
| Other | 176.7 | 200.6 | 225.7 | 240.2 | 248.1 | 248.1 | 1,162.7 |
| Financing / Escrow proceeds (2) | 157.9 | 25.0 | 23.0 | - | - | - | 48.0 |
| Total Receipts (3) | 1,541.4 | 1,456.7 | 1,493.6 | 1,495.9 | 1,515.9 | 1,526.1 | 7,488.2 |
| Disbursements | | | | | | | |
| Payroll, Taxes & Deductions | (364.0) | (387.3) | (390.8) | (393.2) | (391.5) | (389.7) | (1,952.5) |
| Benefits (4) | (66.5) | (157.4) | (168.2) | (179.5) | (199.9) | (205.1) | (910.1) |
| Pension Contributions - Legacy (5) | (21.2) | (22.5) | (23.9) | (25.2) | (3.7) | (3.7) | (79.0) |
| Subsidy Payments | (71.1) | (78.2) | (79.6) | (82.4) | (91.8) | (93.9) | (425.9) |
| Property Tax Distributions | (388.4) | (389.3) | (389.3) | (390.9) | (393.3) | (393.3) | (1,956.1) |
| Income Tax Refunds | (17.8) | (19.5) | (20.1) | (20.3) | (23.5) | (23.9) | (107.3) |
| A/P Vendors & Other | (249.7) | (319.3) | (320.8) | (322.3) | (319.2) | (318.4) | (1,600.0) |
| Non-recurring Professional Fees | (8.2) | (0.2) | - | - | - | - | (0.2) |
| Sub-Total Operating Disbursements | (1,186.9) | (1,373.7) | (1,392.7) | (1,413.8) | (1,422.9) | (1,428.0) | (7,031.1) |
| Debt-related payments | (118.4) | (58.5) | (61.2) | (82.1) | (93.0) | (98.1) | (392.9) |
| Total Disbursements (3) | (1,305.3) | (1,432.2) | (1,453.9) | (1,495.9) | (1,515.9) | (1,526.1) | (7,424.0) |
| Net Cash Flow | 236.1 | 24.5 | 39.7 | - | - | - | 64.2 |
| Beginning Cash Balance | 211.0 | 447.1 | 471.6 | 511.3 | 511.3 | 511.3 | 447.1 |
| Net Cash Flow | 236.1 | 24.5 | 39.7 | - | - | - | 64.2 |
| Cash before required distributions | 447.1 | 471.6 | 511.3 | 511.3 | 511.3 | 511.3 | 511.3 |
| Accumulated property tax distributions | (75.0) | (43.5) | (43.5) | (43.5) | (43.5) | (43.5) | (43.5) |
| Cash Net of Distributions | 372.1 | 428.1 | 467.8 | 467.8 | 467.8 | 467.8 | 467.8 |
| Memo: | | | | | | | |
| Exit proceeds in Escrow | 91.9 | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 |

Note:

- (1) FY16 and forward include \$12.5m PLA debt portion of Utility Users Tax.
- (2) FY16, FY17 and FY18 reflect proceeds from Exit Financing and \$86.9m from refunding bonds/self-insurance.
- (3) FY16 through FY21 activity includes General Fund (Fund 1000 and 3100).
- (4) FY17 includes \$30m legacy pension set aside. Discretionary pension contributions are included beginning FY17 and increase annually.
- (5) For FY20 and FY21 the previously required payments under the POA move to the benefits discretionary pension account. There were no POA contributions in FY20 & FY21.

DRAFT: Subject to Material Modification

FY 2018-FY 2021 APPROPRIATION AND REVENUE BY AGENCY TABLE

CITY OF DETROIT 2018- 2021 FINANCIAL PLAN Appropriations and Revenues by Agency

| | 2015-16 | | | 2016-17 | | | 2017-18 | | |
|--|----------------|----------------|------------------|----------------|----------------|--------------|----------------|----------------|--------------|
| | EXP | REV | NTC | EXP | REV | NTC | EXP | REV | NTC |
| GENERAL CITY AGENCIES | | | | | | | | | |
| EXECUTIVE AGENCIES | | | | | | | | | |
| A12000 Budget..... | 1.7 | - | 1.7 | - | - | - | - | - | - |
| A19000 Department of Public Works..... | 136.7 | 155.0 | (18.2) | 116.0 | 117.5 | (1.5) | 126.1 | 127.8 | (1.7) |
| A23000 Office of the Chief Financial Officer | 35.3 | 3.0 | 32.3 | 55.0 | 8.0 | 47.0 | 57.0 | 7.5 | 49.5 |
| A24000 Fire..... | 107.6 | 29.6 | 78.0 | 124.7 | 24.7 | 100.0 | 134.6 | 22.0 | 112.6 |
| A25000 Dept of Health and Wellness Promotion..... | 22.9 | 22.8 | 0.1 | 28.9 | 23.8 | 5.2 | 29.7 | 21.8 | 7.9 |
| A28000 Human Resources..... | 7.6 | 1.3 | 6.3 | 10.8 | 1.9 | 8.9 | 14.0 | 1.1 | 12.9 |
| A29000 Human Rights..... | 0.5 | 0.4 | 0.1 | 1.3 | 0.4 | 0.9 | 1.9 | 0.8 | 1.1 |
| A31000 Dept of Innovation Technology | 13.8 | 0.2 | 13.6 | 31.3 | 0.1 | 31.2 | 34.5 | 0.0 | 34.5 |
| A32000 Law..... | 11.6 | 1.8 | 9.8 | 15.5 | 0.9 | 14.6 | 15.7 | 1.4 | 14.3 |
| A33000 Mayor's Office..... | 8.0 | 0.8 | 7.2 | 10.2 | 0.9 | 9.3 | 10.4 | 1.0 | 9.3 |
| A36000 Housing and Revitalization..... | 57.6 | 69.9 | (12.3) | 43.5 | 43.3 | 0.2 | 48.1 | 42.7 | 5.4 |
| A37000 Police..... | 257.7 | 43.9 | 213.8 | 310.2 | 60.7 | 249.6 | 312.8 | 60.4 | 252.4 |
| A38000 Public Lighting..... | 28.1 | 15.6 | 12.5 | 31.3 | 14.6 | 16.7 | 32.0 | 14.8 | 17.2 |
| A39000 Recreation..... | 17.3 | 5.5 | 11.9 | 20.8 | 1.5 | 19.3 | 24.0 | 1.2 | 22.8 |
| A43000 Planning & Development..... | 1.4 | - | 1.4 | 6.1 | 4.1 | 2.0 | 7.2 | 4.2 | 3.0 |
| A45000 Department of Administrative Hearings | 1.0 | 0.9 | 0.0 | 1.0 | 0.9 | 0.2 | 1.0 | 1.1 | (0.1) |
| A47000 General Services | 47.5 | 8.7 | 38.8 | 64.0 | 12.2 | 51.8 | 70.5 | 13.3 | 57.2 |
| LEGISLATIVE AGENCIES | | | | | | | | | |
| A50000 Auditor General..... | 3.3 | 0.0 | 3.3 | 3.2 | - | 3.2 | 3.4 | - | 3.4 |
| A51000 Board of Zoning Appeals | 0.5 | 0.1 | 0.4 | 0.6 | 0.1 | 0.5 | 0.6 | 0.1 | 0.5 |
| A52000 City Council..... | 7.1 | 0.0 | 7.1 | 9.1 | - | 9.1 | 10.6 | - | 10.6 |
| A53000 Ombudsperson..... | 0.7 | - | 0.7 | 0.8 | - | 0.8 | 0.9 | - | 0.9 |
| A54000 Inspector General..... | 0.8 | - | 0.8 | 1.1 | - | 1.1 | 1.2 | - | 1.2 |
| A70000 City Clerk..... | 1.3 | 0.0 | 1.3 | 2.0 | 0.0 | 2.0 | 2.2 | 0.0 | 2.2 |
| A71000 Department of Elections..... | 4.4 | 0.1 | 4.4 | 11.1 | 0.0 | 11.1 | 8.9 | 0.0 | 8.9 |
| JUDICIAL AGENCY | | | | | | | | | |
| A60000 36th District Court..... | 31.2 | 18.2 | 13.0 | 33.5 | 17.5 | 16.0 | 35.3 | 18.3 | 17.0 |
| A35000 Non-Departmental..... | 799.0 | 1,384.5 | (585.5) | 321.0 | 910.3 | (589.4) | 279.9 | 914.2 | (634.3) |
| TOTAL GENERAL CITY AGENCIES..... | 1,605.0 | 1,762.4 | (157.4) | 1,253.2 | 1,243.3 | 9.9 | 1,262.3 | 1,253.6 | 8.7 |
| A18000 Debt Service..... | 60.8 | 67.3 | (6.5) | 68.0 | 68.0 | - | 59.7 | 59.7 | - |
| ENTERPRISE AGENCIES | | | | | | | | | |
| A10000 Airport..... | 1.1 | 1.2 | (0.1) | 1.5 | 1.5 | - | 1.7 | 1.7 | - |
| A13000 Buildings and Safety..... | 16.1 | 24.5 | (8.4) | 21.8 | 22.9 | (1.1) | 26.4 | 27.1 | (0.8) |
| A20000 Department of Transportation..... | 145.8 | 146.7 | (1.0) | 134.2 | 134.2 | - | 133.0 | 133.0 | - |
| A34000 Municipal Parking..... | 13.7 | 26.3 | (12.6) | 14.3 | 23.1 | (8.8) | 14.7 | 22.6 | (7.9) |
| A41000 Water..... | 95.2 | 186.1 | (90.9) | - | - | - | - | - | - |
| A42000 Sewerage..... | 106.5 | 235.5 | (129.0) | - | - | - | - | - | - |
| A48000 Water - Retail..... | 30.9 | 270.6 | (239.7) | 115.3 | 115.3 | - | 119.8 | 119.8 | - |
| A42000 Sewerage - Retail..... | 23.4 | 380.1 | (356.7) | 268.5 | 268.5 | - | 278.6 | 278.6 | - |
| A72000 Library..... | 28.0 | 36.8 | (8.9) | 33.1 | 33.1 | - | 33.0 | 33.0 | - |
| TOTAL ENTERPRISE AGENCIES..... | 460.7 | 1,307.8 | (847.2) | 588.8 | 598.7 | (9.9) | 607.2 | 615.9 | (8.7) |
| GRAND TOTAL..... | 2,126.5 | 3,137.6 | (1,011.1) | 1,910.0 | 1,910.0 | (0.0) | 1,929.2 | 1,929.2 | 0.0 |

**CITY OF DETROIT
2018- 2021 FINANCIAL PLAN
Appropriations and Revenues by Agency**

| | 2018-19 | | | 2019-20 | | | 2020-21 | | |
|--|----------------|----------------|--------------|----------------|----------------|--------------|----------------|----------------|--------------|
| | EXP | REV | NTC | EXP | REV | NTC | EXP | REV | NTC |
| GENERAL CITY AGENCIES | | | | | | | | | |
| EXECUTIVE AGENCIES | | | | | | | | | |
| A12000 Budget..... | - | - | - | - | - | - | - | - | - |
| A19000 Department of Public Works..... | 129.7 | 131.4 | (1.6) | 135.6 | 137.3 | (1.7) | 144.3 | 146.0 | (1.7) |
| A23000 Office of the Chief Financial Officer | 56.9 | 8.0 | 48.9 | 54.8 | 8.0 | 46.8 | 54.5 | 8.0 | 46.5 |
| A24000 Fire..... | 146.6 | 34.4 | 112.2 | 126.3 | 20.0 | 106.3 | 126.1 | 20.0 | 106.1 |
| A25000 Dept of Health and Wellness Promotion..... | 29.7 | 21.8 | 7.9 | 29.4 | 21.8 | 7.6 | 29.3 | 21.8 | 7.5 |
| A28000 Human Resources..... | 14.0 | 1.1 | 12.9 | 13.6 | 1.1 | 12.5 | 13.4 | 1.1 | 12.3 |
| A29000 Human Rights..... | 1.7 | 0.7 | 1.1 | 1.7 | 0.7 | 1.0 | 1.6 | 0.7 | 1.0 |
| A31000 Dept of Innovation Technology | 34.1 | 0.0 | 34.1 | 32.8 | 0.0 | 32.8 | 32.3 | 0.0 | 32.2 |
| A32000 Law..... | 15.6 | 1.4 | 14.2 | 15.1 | 1.4 | 13.7 | 14.9 | 1.4 | 13.5 |
| A33000 Mayor's Office..... | 10.3 | 1.0 | 9.3 | 10.0 | 1.0 | 9.0 | 9.9 | 1.0 | 8.9 |
| A36000 Housing and Revitalization..... | 46.9 | 42.1 | 4.9 | 46.6 | 42.1 | 4.6 | 46.6 | 42.1 | 4.5 |
| A37000 Police..... | 312.5 | 60.4 | 252.1 | 302.5 | 60.4 | 242.1 | 300.3 | 60.4 | 239.9 |
| A38000 Public Lighting..... | 31.8 | 14.8 | 17.0 | 31.6 | 14.8 | 16.8 | 31.5 | 14.8 | 16.7 |
| A39000 Recreation..... | 23.9 | 1.2 | 22.7 | 23.4 | 1.2 | 22.2 | 23.3 | 1.2 | 22.1 |
| A43000 Planning & Development..... | 7.1 | 4.2 | 3.0 | 7.0 | 4.2 | 2.9 | 7.0 | 4.2 | 2.9 |
| A45000 Department of Administrative Hearings | 1.0 | 1.2 | (0.2) | 0.9 | 1.2 | (0.3) | 0.9 | 1.2 | (0.3) |
| A47000 General Services | 69.0 | 13.3 | 55.8 | 66.1 | 13.3 | 52.9 | 64.3 | 13.3 | 51.1 |
| LEGISLATIVE AGENCIES | | | | | | | | | |
| A50000 Auditor General..... | 3.3 | - | 3.3 | 3.2 | - | 3.2 | 3.1 | - | 3.1 |
| A51000 Board of Zoning Appeals | 0.6 | 0.1 | 0.5 | 0.6 | 0.1 | 0.5 | 0.6 | 0.1 | 0.5 |
| A52000 City Council..... | 9.8 | - | 9.8 | 8.9 | - | 8.9 | 8.8 | - | 8.8 |
| A53000 Ombudsperson..... | 0.9 | - | 0.9 | 0.9 | - | 0.9 | 0.9 | - | 0.9 |
| A54000 Inspector General..... | 1.2 | - | 1.2 | 1.2 | - | 1.2 | 1.2 | - | 1.2 |
| A70000 City Clerk..... | 2.2 | 0.0 | 2.2 | 2.1 | 0.0 | 2.1 | 2.1 | 0.0 | 2.1 |
| A71000 Department of Elections..... | 8.8 | 0.0 | 8.8 | 8.4 | 0.0 | 8.4 | 8.2 | 1.6 | 6.6 |
| JUDICIAL AGENCY | | | | | | | | | |
| A60000 36th District Court..... | 35.2 | 18.3 | 16.9 | 34.0 | 18.5 | 15.5 | 33.5 | 18.5 | 15.0 |
| A35000 Non-Departmental..... | 246.1 | 874.8 | (628.7) | 285.4 | 885.8 | (600.4) | 305.1 | 897.0 | (591.9) |
| TOTAL GENERAL CITY AGENCIES..... | 1,238.9 | 1,230.1 | 8.8 | 1,241.9 | 1,232.7 | 9.2 | 1,263.6 | 1,254.2 | 9.4 |
| A18000 Debt Service..... | 60.0 | 60.0 | - | 60.0 | 60.0 | - | 60.0 | 60.0 | - |
| ENTERPRISE AGENCIES | | | | | | | | | |
| A10000 Airport..... | 1.7 | 1.7 | - | 1.7 | 1.7 | - | 1.7 | 1.7 | - |
| A13000 Buildings and Safety..... | 26.4 | 27.1 | (0.8) | 26.3 | 27.1 | (0.8) | 26.3 | 27.1 | (0.8) |
| A20000 Department of Transportation..... | 133.0 | 133.0 | - | 133.0 | 133.0 | - | 133.0 | 133.0 | - |
| A34000 Municipal Parking..... | 14.6 | 22.6 | (8.1) | 14.3 | 22.6 | (8.4) | 14.1 | 22.6 | (8.6) |
| A41000 Water..... | - | - | - | - | - | - | - | - | - |
| A42000 Sewerage..... | - | - | - | - | - | - | - | - | - |
| A48000 Water - Retail..... | 124.6 | 124.6 | - | 129.6 | 129.6 | - | 129.6 | 129.6 | - |
| A42000 Sewerage - Retail..... | 289.1 | 289.1 | - | 299.9 | 299.9 | - | 299.9 | 299.9 | - |
| A72000 Library..... | 33.0 | 33.0 | - | 33.0 | 33.0 | - | 33.0 | 33.0 | - |
| TOTAL ENTERPRISE AGENCIES..... | 622.3 | 631.1 | (8.8) | 637.7 | 646.9 | (9.2) | 637.5 | 646.9 | (9.4) |
| GRAND TOTAL..... | 1,921.2 | 1,921.2 | 0.0 | 1,939.6 | 1,939.6 | 0.0 | 1,961.1 | 1,961.1 | 0.0 |

APPROPRIATIONS AND REVENUES BY MAJOR CLASSIFICATIONS

CITY OF DETROIT

BUDGET DEVELOPMENT

APPROPRIATIONS AND REVENUES BY MAJOR CLASSIFICATIONS - ALL FUNDS

| | 2015-16 Actuals | 2016-17 Adopted | 2017-18 Recommended | 2018-19 Forecast | 2019-20 Forecast | 2020-21 Forecast |
|---|----------------------|----------------------|------------------------|----------------------|----------------------|----------------------|
| EXPENDITURES - Recurring | | | | | | |
| Salaries and Wages | 460,919,415 | 523,321,253 | 553,447,035 | 565,434,202 | 542,324,438 | 539,626,535 |
| Employee Benefits | 312,750,836 | 241,691,569 | 243,266,064 | 253,235,674 | 249,924,750 | 254,330,251 |
| Professional and Contractual Services | 294,397,875 | 170,979,729 | 175,825,473 | 172,978,414 | 170,550,275 | 167,931,646 |
| Operating Supplies | 67,646,176 | 73,580,167 | 94,995,661 | 95,415,983 | 96,036,129 | 97,638,945 |
| Operating Services | 184,567,191 | 187,061,094 | 167,639,514 | 168,085,134 | 184,919,625 | 195,301,483 |
| Other Expenses | 315,236,220 | 299,287,426 | 296,326,844 | 307,795,165 | 310,350,841 | 313,190,185 |
| Capital Outlays | 29,396,431 | 21,234,247 | 25,543,640 | 26,920,385 | 28,518,184 | 30,900,868 |
| Capital Equipment | 26,843,965 | 14,722,909 | 26,446,041 | 15,793,344 | 15,911,488 | 16,086,338 |
| Fixed Charges | 434,674,848 | 310,245,902 | 295,709,935 | 315,540,641 | 341,074,379 | 346,108,858 |
| Total Expenditures | 2,126,432,956 | 1,842,124,296 | 1,879,200,206 | 1,921,198,942 | 1,939,610,110 | 1,961,115,110 |
| REVENUES - Recurring | | | | | | |
| Grants, Shared Taxes, and Revenues | 331,145,617 | 275,927,257 | 279,585,106 | 292,953,161 | 278,948,161 | 279,333,161 |
| Revenues from Use of Assets | 473,922,256 | 36,855,113 | 39,673,640 | 40,773,226 | 41,907,435 | 41,907,435 |
| Sales of Assets and Compensation for Losses | 3,907,953 | 14,442,300 | 5,553,309 | 5,695,309 | 5,695,309 | 5,695,309 |
| Miscellaneous | 328,185,581 | 21,461,830 | 23,922,321 | 25,152,686 | 25,566,589 | 25,548,989 |
| Sales and Charges for Services | 796,879,715 | 569,270,471 | 580,258,219 | 591,077,950 | 605,514,634 | 607,422,234 |
| Fines, Forfeits and Penalties | 32,106,256 | 29,243,124 | 32,746,671 | 32,865,711 | 33,056,073 | 33,006,073 |
| Licenses, Permits, and Inspection Charges | 33,488,820 | 31,998,917 | 33,902,418 | 33,906,236 | 33,906,486 | 33,906,486 |
| Taxes, Assessments, and Interest | 805,062,437 | 767,398,025 | 791,123,116 | 806,545,000 | 822,789,000 | 842,119,000 |
| Contributions and Transfers | 332,889,533 | 95,527,259 | 92,435,406 | 92,229,663 | 92,226,423 | 92,176,423 |
| Total Revenues | 3,137,588,169 | 1,842,124,296 | 1,879,200,206 | 1,921,198,942 | 1,939,610,110 | 1,961,115,110 |
| EXPENDITURES - Surplus Funded | | | | | | |
| Blight Reduction | | 40,000,000 | 30,000,000 | | | |
| Capital Projects | | 27,851,803 | 10,704,174 | | | |
| Capital Equipment | | | 9,295,826 | | | |
| Surplus Funded Expenditures | | 67,851,803 | 50,000,000 | | | |
| REVENUES - Prior Year Surplus | | | | | | |
| Prior Year Surplus/(Deficit) | | 67,851,803 | 50,000,000 | | | |
| Prior Year Surplus | | 67,851,803 | 50,000,000 | | | |

APPROPRIATIONS AND REVENUES BY MAJOR CLASSIFICATIONS—GENERAL FUND

CITY OF DETROIT
 BUDGET DEVELOPMENT
 APPROPRIATIONS AND REVENUES BY MAJOR CLASSIFICATIONS - GENERAL FUND

| | 2015-16 Actuals | 2016-17 Adopted | 2017-18 Recommended | 2018-19 Forecast | 2019-20 Forecast | 2020-21 Forecast |
|---|----------------------|----------------------|------------------------|----------------------|----------------------|----------------------|
| EXPENDITURES | | | | | | |
| Salaries and Wages | 319,446,746 | 404,489,652 | 427,998,012 | 427,990,559 | 413,033,977 | 408,979,653 |
| Employee Benefits | 181,543,253 | 186,900,765 | 192,131,913 | 197,301,775 | 197,302,112 | 201,223,543 |
| Professional and Contractual Services | 74,968,975 | 65,980,862 | 75,756,089 | 72,475,671 | 68,660,533 | 65,798,375 |
| Operating Supplies | 20,604,831 | 28,309,698 | 39,055,291 | 37,512,687 | 35,835,044 | 34,420,339 |
| Operating Services | 95,640,826 | 108,729,148 | 85,461,991 | 85,124,984 | 100,697,045 | 110,334,037 |
| Other Expenses | 166,359,691 | 130,658,959 | 122,959,120 | 131,784,140 | 129,142,650 | 131,686,032 |
| Capital Outlays | 1,487,119 | 504,047 | 372,000 | 372,000 | 372,000 | 372,000 |
| Capital Equipment | 2,130,591 | 8,851,098 | 19,417,198 | 8,711,563 | 8,710,172 | 8,710,075 |
| Fixed Charges | 345,893,374 | 75,404,541 | 61,260,791 | 74,371,319 | 93,055,165 | 98,089,644 |
| Total Expenditures | 1,208,075,406 | 1,009,828,770 | 1,024,412,405 | 1,035,644,698 | 1,046,808,698 | 1,059,613,698 |
| REVENUES | | | | | | |
| Grants, Shared Taxes, and Revenues | 194,981,371 | 196,618,700 | 196,964,658 | 197,357,452 | 197,752,452 | 198,137,452 |
| Revenues from Use of Assets | (6,779,083) | 1,345,043 | 3,299,000 | 3,299,000 | 3,299,000 | 3,299,000 |
| Sales of Assets and Compensation for Losses | 3,544,435 | 14,442,300 | 5,553,309 | 5,695,309 | 5,695,309 | 5,695,309 |
| Miscellaneous | 325,841,102 | 10,565,230 | 12,756,195 | 13,488,468 | 13,489,068 | 13,471,468 |
| Sales and Charges for Services | 97,254,934 | 123,385,075 | 121,051,728 | 121,006,879 | 121,234,269 | 122,941,869 |
| Fines, Forfeits and Penalties | 25,871,118 | 22,212,235 | 25,290,100 | 25,226,100 | 25,226,100 | 25,176,100 |
| Licenses, Permits, and Inspection Charges | 10,772,240 | 11,203,192 | 10,143,432 | 10,147,250 | 10,147,500 | 10,147,500 |
| Taxes, Assessments, and Interest | 630,279,520 | 604,863,041 | 627,299,000 | 637,575,000 | 648,119,000 | 658,949,000 |
| Contributions and Transfers | 53,890,633 | 25,193,954 | 22,054,983 | 21,849,240 | 21,846,000 | 21,796,000 |
| Total Revenues | 1,335,656,270 | 1,009,828,770 | 1,024,412,405 | 1,035,644,698 | 1,046,808,698 | 1,059,613,698 |
| EXPENDITURES - Surplus Funded | | | | | | |
| Blight Reduction | | 40,000,000 | 30,000,000 | | | |
| Capital Projects | | 27,851,803 | 10,704,174 | | | |
| Capital Equipment | | | 9,295,826 | | | |
| Surplus Funded Expenditures | | 67,851,803 | 50,000,000 | | | |
| REVENUES - Prior Year Surplus | | | | | | |
| Contributions and Transfers | | 67,851,803 | 50,000,000 | | | |
| Prior Year Surplus | | 67,851,803 | 50,000,000 | | | |

**CITY OF DETROIT
BUDGETED POSITIONS**

| | FY 2016-17 Budget | FY 2017-18 Recommend | Budget vs Rec Variance | FY 2018-19 Forecast | FY 2019-20 Forecast | FY 2020-21 Forecast |
|--|----------------------|-------------------------|---------------------------|------------------------|------------------------|------------------------|
| GENERAL CITY AGENCIES | | | | | | |
| EXECUTIVE AGENCIES | | | | | | |
| 19 Department of Public Works | 376 | 419 | 43 | 419 | 419 | 419 |
| 23 Office of the Chief Financial Officer..... | 453 | 482 | 29 | 461 | 455 | 455 |
| 24 Fire - Civilian | 350 | 352 | 2 | 352 | 352 | 352 |
| 24 Fire - Uniform | 982 | 922 | (60) | 922 | 922 | 922 |
| Total 24 Fire..... | 1,332 | 1,274 | (58) | 1,274 | 1,274 | 1,274 |
| 25 Dept. of Health and Wellness Promotion..... | 51 | 76 | 25 | 76 | 76 | 76 |
| 28 Human Resources | 70 | 108 | 38 | 108 | 108 | 108 |
| 29 Civil Rights, Inclusion and Opportunity..... | 7 | 8 | 1 | 8 | 8 | 8 |
| 31 Dept. of Innovation & Technology | 134 | 134 | 0 | 134 | 134 | 134 |
| 32 Law | 108 | 118 | 10 | 118 | 118 | 118 |
| 33 Mayor's Office | 72 | 70 | (2) | 70 | 70 | 70 |
| 36 Housing and Revitalization Department | 59 | 81 | 22 | 81 | 81 | 81 |
| 37 Police - Civilian | 563 | 629 | 66 | 629 | 629 | 629 |
| 37 Police - Uniform | 2,564 | 2,552 | (12) | 2,552 | 2,552 | 2,552 |
| Total 37 Police..... | 3,127 | 3,181 | 54 | 3,181 | 3,181 | 3,181 |
| 38 Public Lighting | 6 | 6 | 0 | 6 | 6 | 6 |
| 39 Recreation | 219 | 326 | 107 | 326 | 326 | 326 |
| 43 Planning Department | 22 | 41 | 19 | 41 | 41 | 41 |
| 45 Department of Administrative Hearings | 6 | 7 | 1 | 7 | 7 | 7 |
| 47 General Services | 453 | 454 | 1 | 454 | 454 | 454 |
| LEGISLATIVE AGENCIES | | | | | | |
| 50 Auditor General | 12 | 12 | 0 | 12 | 12 | 12 |
| 51 Board of Zoning Appeals | 5 | 5 | 0 | 5 | 5 | 5 |
| 52 City Council | 69 | 66 | (3) | 66 | 66 | 66 |
| 53 Ombudsperson | 6 | 7 | 1 | 7 | 7 | 7 |
| 54 Inspector General | 7 | 8 | 1 | 8 | 8 | 8 |
| 70 City Clerk | 14 | 18 | 4 | 18 | 18 | 18 |
| 71 Department of Elections | 56 | 71 | 15 | 71 | 71 | 71 |
| JUDICIAL AGENCY | | | | | | |
| 60 36th District Court | 326 | 331 | 5 | 331 | 331 | 331 |
| OTHER AGENCIES | | | | | | |
| 35 Non - Departmental | 56 | 68 | 12 | 68 | 68 | 68 |
| Appm. 13637 Elected Officials' Compensation | 11 | 11 | 0 | 11 | 11 | 11 |
| Total 35 Non - Departmental..... | 67 | 79 | 12 | 79 | 79 | 79 |
| TOTAL GENERAL CITY AGENCIES | 7,057 | 7,382 | 325 | 7,361 | 7,355 | 7,355 |
| ENTERPRISE AGENCIES | | | | | | |
| 10 Airport | 4 | 4 | 0 | 4 | 4 | 4 |
| 13 Buildings, Safety Environmental & Engineering Dept | 204 | 231 | 27 | 231 | 231 | 231 |
| 20 Department of Transportation | 900 | 927 | 27 | 927 | 927 | 927 |
| 34 Municipal Parking | 89 | 95 | 6 | 95 | 95 | 95 |
| 48 Water Retail..... | 488 | 468 | (20) | 468 | 468 | 468 |
| 49 Sewerage Retail (Positions budgeted in Water Retail)..... | 0 | 0 | 0 | 0 | 0 | 0 |
| 72 Library | 325 | 332 | 7 | 332 | 332 | 332 |
| TOTAL ENTERPRISE AGENCIES | 2,010 | 2,057 | 47 | 2,057 | 2,057 | 2,057 |
| GRAND TOTAL | 9,067 | 9,439 | 372 | 9,418 | 9,412 | 9,412 |

CITY OF DETROIT CAPITAL POLICY

The City of Detroit launched a new capital planning process in 2016 to ensure effective management of our infrastructure over its life-cycle – from planning, to acquisition, to operation, and to disposition. The purpose of the capital plan is to help the City of Detroit to:

- Move beyond the short-term needs/emergencies dominating recent expenditures
- Assess current and project future adequacy of facilities
- Project changing service needs city-wide as population and economy changes
- Improve information used to make decisions
- Reward cost-saving collaborations and co-locations of agency activities
- Best leverage private sector development in different parts of the city

The City's capital policy is strategic, laying out a vision and roadmap. City assets are the focus.

Capital assets, tangible or intangible, are long-lived, and acquired or constructed over many years. They range across land and parks, buildings, vehicles, facilities, information technology, equipment, streets, sidewalks, bridges, parking garages, parks, buses, traffic control systems, public lighting, parking meters and garages, etc. The strategic framework integrates modernization and safety.

This capital strategy will require reinforcement as the future unfolds, and timing and details of execution will be fleshed out accordingly. The City of Detroit's five-year capital improvement plan, known as the Capital Agenda will be revised every other year and translated annually into a capital budget and financial plan for the next four fiscal years.¹ The intention is a plan that is updated as conditions and aspirations change – informed by more robust tracking and management. *Eventually*, this new tracking and strategic analysis will result in a 10 year scope. There will be more rigorous analysis of operational impacts, and there will also be a focus on public input and choices about the City's public capital priorities. The City's capital plan will respond to changing needs.

¹ The City's five-year capital improvement plan- the Capital Agenda was submitted to City Council for approval on November 1, 2016. These pages are excerpted from the City's Capital Agenda.

FINANCING SUMMARY

The City of Detroit operates under a set of constraints and expectations set out in the bankruptcy Plan of Adjustment (POA) that guide the annual budget and financial plan. The bankruptcy eliminated billions of dollars of long-term obligations, such as payments of future debt service, pensions and Other Post-Employment Benefits totaling \$7.2 billion. The POA also proposed investments in City service delivery and infrastructure of about \$1.7 billion through the end of FY2023 through a series of initiatives: blight removal; public safety improvements; transportation and other service improvements; business attraction improvements; IT modernization and management initiatives. Of this total, about \$550 million may be categorized as capital spending.²

Also, through debt, the POA provided the initial funding for a program of Restructuring and Reinvestment Initiatives (RRI) totaling \$233 million. Given the evident deterioration in the assets and service provision, the City began *Quality of Life* improvement projects under the Emergency Manager in early 2013, prior to bankruptcy filing in July 2013. These have been combined with others and are part of the POA RRI, all of which have been or will be subjected to benefit/cost examination in a formal OCFO's *Business Case* process. \$86 million more funding for RRI came as part of the Bankruptcy *Exit Financing* in December 2014.³ The *Business Case* process has resulted in numerous investment projects: some have been completed; some are ongoing. The POA anticipates all RRI will be funded from savings or additional revenues.

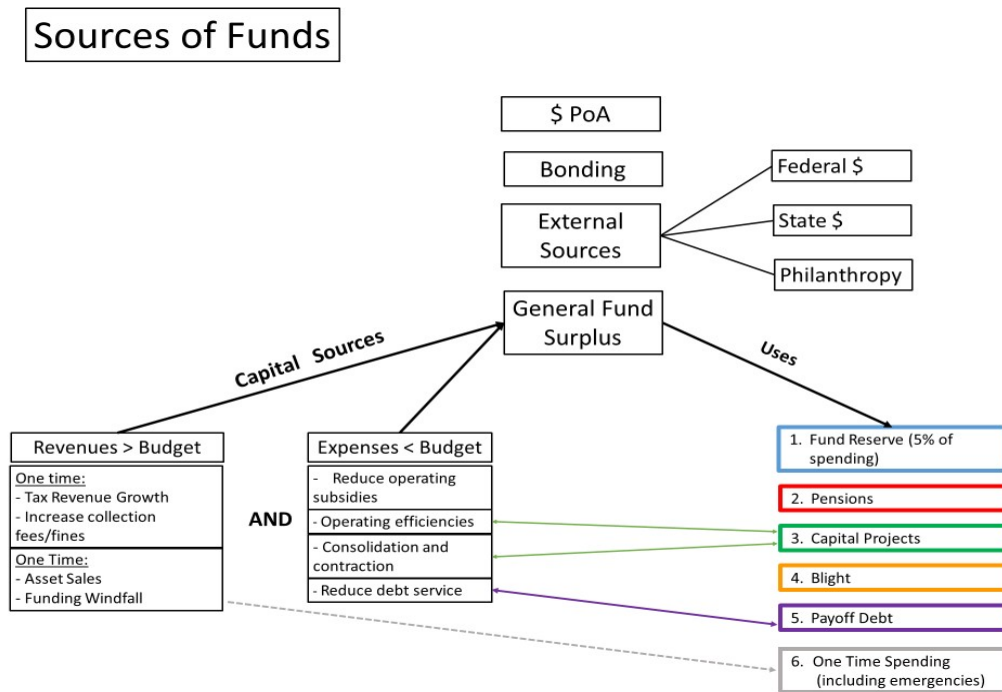
The POA does not anticipate additional borrowing by the city of Detroit beyond the bankruptcy's exit financing. As such, any additional funding for capital investments beyond the POA has to be generated by the City from budget surpluses: surpluses are generated from spending efficiencies, cost savings, additional revenues or some combination of these. (See Figure 1 below). Funding capital investments competes with other priorities for the use of any budget surpluses.

Prominent among such other needs is the scheduled increase in City pension contributions beginning in 2024. The POA relieved the City of actuarial funding for the legacy pension systems during the first ten years after bankruptcy and substituted a schedule of contributions, from a number of parties, including the City, State, Detroit Institute of Arts and private donors, commonly known as the "Grand Bargain." In 2024 the payments to achieve full actuarial funding are reset; the City's contributions will have to ensure that both of the closed plans (parts of the General Retirement System and the Police and Fire Retirement System) receive the funding to pay their required benefits.

² See Table i, Summary of Reinvestment Initiatives (p.8), Expert Report of Charles M. Moore to US Bankruptcy Court, ED Michigan, in re: City of Detroit, Mich. Case number 13-53846.

³ Total Exit Financing was \$275 million.

Figure 1:



Since exiting bankruptcy, the City of Detroit has budgeted and managed rigorously to meet this new reality: **the need to generate annual budget surpluses** to fund new spending needs, including capital investment (modernization, new technology, neighborhood quality of life improvements) and pension payments. The City’s approach to generating these budget surpluses has been, and will continue to be, using conservative revenue estimates and controlled expenditure growth. The revenue estimating process is supported by semi-annual consensus forecasting meetings in place since 2014, where outside experts have validated this conservative approach.⁴

The City has not been budgeting the annual surplus in the same year it is realized, but rather, waiting until it is recognized, via the annual audit, and treating it as unallocated fund balance to be allocated among the competing one-time spending needs. For example, the City already has set aside surpluses to support capital projects and blight removal in FY 2017 and to increase support for its long-term pension obligations.

During FY 2016, the City conducted a comprehensive review of its General Obligation Bond accounts, evaluating and realigning approximately \$50 million of existing appropriations to current priorities. The City is in the process of reviewing business case proposals for use of these bond proceeds at this time.

⁴ PA 182 of 2014.

Debt Financing

Several city-related entities have active debt issuance programs anticipated in this Capital Strategy. The Public Lighting Authority (PLA) is one. In June 2014, the Michigan Finance Authority sold \$185.7 million in revenue bonds, secured by a first lien on certain utility tax revenues, on behalf of the PLA. These were 30 year bonds at 4.53% that included the payment of \$60 million of interim financing that had been sold in the prior year.⁵ The PLA earned investment grade ratings of A-minus from Standard and Poor's and BBB-plus from Fitch Ratings. The PLA expects to use the remaining \$21 million of their bond proceeds for improvements in FY2017. Their ability to issue more bonds for additional capital projects is currently under review and evaluation.

The Detroit Water and Sewage Department (DWSD) will use debt financing, repaid by revenues from rate payers, to support its growing capital improvement program. The DWSD Capital Improvement Plan is subject to approval by the Board of Water Commissioners. The Great Lakes Water Authority issues bonds to cover the DWSD capital program.

The City currently has \$1.8 billion in outstanding bonded debt; debt service is about 15% of the general fund budget, annually. Detroit has access to the credit markets through the Michigan Financing Authority, as evidenced by both the exit financing and the recent refinancing of a limited State-revenue supported bonds (a limited type of credit). The city of Detroit will face hard testing in the bond market; today's bond ratings indicate a wariness toward The City's credit, given the bankruptcy haircuts.⁶ ***The binding constraint on future City of Detroit bonding is the ability to repay the debt given the large obligations facing the City by 2024.*** As Moody's has pointed out, sustained economic expansion and revenue growth are necessary for the City to meet its requirements.

External Sources

As is the case with other cities, Detroit receives revenue transfers, through grants and aid, from the Federal and State government. Often that money compensates for required investments, improvements and regulations imposed or mandated by them. Detroit's bankruptcy adds, fortunately, another set of players contributing financing: philanthropies and non-profit foundations.

Philanthropy

Foundations and private donors committed \$445.4 million over 20 years as part of the POA, along with the State, to minimize pension cuts to City government retirees and safeguard the artwork at the Detroit Institute of Arts. Since the exit from bankruptcy, foundations have invested an additional \$80 million into joint initiatives with the city of Detroit. These public- private partnerships include neighborhood revitalization, economic development, housing, planning, transit, public safety, health, and workforce initiatives.

⁵ The debt sale consisted of \$92 million of serial bonds due in 2015-2034, \$41 million of term bonds due in 2039 and \$53 million due in 2044.

⁶ S&P & Moody's give Detroit GO bonds a 'B' credit rating. Standard & Poor's Ratings Direct. Michigan Finance Authority Detroit, Michigan; General Obligation; Miscellaneous Tax. July 21, 2016. [S&P] Moody's Investor Service. *Credit Opinion* City of Detroit, MI: Update – Moody's Affirms Detroit's (MI) B2 Issuer Rating; Revises Outlook to Stable from Positive. July 14, 2016 [Moody's].

Intergovernmental Grants & Aid

The City receives more than \$230 million annually in Federal and State grants. State of Michigan General Revenue Sharing is the City's second largest general fund revenue. There are numerous 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.

Conclusion

The first task of a Capital Strategy is to identify the capital needs of the city. The second task is to identify, to the extent possible, the potential financing sources. For a program stretching into the future, not all funding sources can be fully identified today. The City's capital improvement plan-Capital Agenda prioritized the identified needs to fit within currently identified funding sources, which means that Detroit has identified infrastructure needs that this program does not yet fund. Federal and State programs and funding may not exist today; if and when the Federal and State governments raise the priority for funding infrastructure needs, Detroit should be prepared with "shovel ready" plans for them.

CITY OF DETROIT 2018-2021 FOUR-YEAR FINANCIAL PLAN CAPITAL IMPROVEMENTS

| APPROPRIATIONS: | FY 2017-18 Recommended | FY 2018-19 Forecast | FY 2019-20 Forecast | FY 2020-21 Forecast | TOTAL |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|
| AIRPORT | | | | | |
| Aviation FAA-Engineering Study | \$ 80,000 | \$ - | \$ - | \$ - | 80,000 |
| BUILDING SAFETY ENGINEERING & ENVIRONMENTAL | | | | | |
| Build-out for Development Resource Center- One Stop Shop | \$ 633,266 | \$ - | \$ - | \$ - | 633,266 |
| DETROIT DEPARTMENT OF TRANSPORTATION | | | | | |
| Fixed-Route Vehicle Replacemen/Expansion | \$ 22,680,000 | \$ 19,055,000 | \$ 19,055,000 | \$ 36,070,000 | \$ 96,860,000 |
| Non-Revenue Vehicle Replacement/Expansion | 150,000 | 150,000 | 150,000 | 150,000 | 600,000 |
| Mid-life Vehicle Acquisition- Overhaul | 4,600,000 | 4,800,000 | 4,800,000 | 6,200,000 | 20,400,000 |
| Facility Improvements | 4,685,000 | 2,385,000 | 2,385,000 | 2,010,000 | 11,465,000 |
| Information Technology | 5,010,000 | 2,190,000 | 2,130,000 | 1,325,000 | 10,655,000 |
| Operations Equipment | 1,000,000 | 1,000,000 | 1,000,000 | - | 3,000,000 |
| Security | 270,000 | 270,000 | 270,000 | 270,000 | 1,080,000 |
| Total DDOT ¹ | <u>\$ 38,395,000</u> | <u>\$ 29,850,000</u> | <u>\$ 29,790,000</u> | <u>\$ 46,025,000</u> | <u>\$ 144,060,000</u> |
| DEPARTMENT OF PUBLIC WORKS- STREET FUND | | | | | |
| Equipment | \$ 1,516,000 | \$ - | \$ - | \$ - | 1,516,000 |
| Highway Bridges | 2,530,700 | 453,750 | - | - | 2,984,450 |
| Roads and Bridges, Operation | 500,000 | 500,000 | 500,000 | 500,000 | 2,000,000 |
| Street Resurfacing | 9,635,474 | 19,287,371 | 25,008,472 | 28,572,493 | 82,503,810 |
| Traffic Control Improvements | 3,307,000 | 2,050,000 | 2,050,000 | 2,050,000 | 9,457,000 |
| Traffic Control Improvements- State | 1,120,000 | 149,500 | - | 4,297,000 | 5,566,500 |
| Traffic Control Roadways (Fed Aid) | 4,550,000 | 3,350,000 | 3,350,000 | 3,350,000 | 14,600,000 |
| Total DPW | <u>\$ 23,159,174</u> | <u>\$ 25,790,621</u> | <u>\$ 30,908,472</u> | <u>\$ 38,769,493</u> | <u>\$ 118,627,760</u> |
| DEPARTMENT OF INNOVATION & TECHNOLOGY | | | | | |
| Acquisition- Computer Equipment-Server-Workstations | \$ 5,036,008 | - | - | - | 5,036,008 |
| Upgrades | 1,777,924 | - | - | - | 1,777,924 |
| Network infrastructure update | 1,740,242 | - | - | - | 1,740,242 |
| Technology upgrades | 2,150,000 | - | - | - | 2,150,000 |
| Acquisition- Public Safety technology equipment | 10,704,174 | - | - | - | 10,704,174 |
| Total DOTT | <u>\$ 10,704,174</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>\$ 10,704,174</u> |
| EASTERN MARKET | | | | | |
| Infrastructure Improvements- CBDG | \$ 240,000 | - | - | - | 240,000 |
| FLEET MANAGEMENT | | | | | |
| Fleet Acquisitions | \$ 9,295,826 | - | - | - | 9,295,826 |
| GENERAL SERVICES DEPARTMENT | | | | | |
| Median Renovations | \$ 593,000 | \$ 593,000 | \$ 593,000 | \$ 593,000 | \$ 2,372,000 |
| Total GSD- Street Fund | <u>\$ 593,000</u> | <u>\$ 593,000</u> | <u>\$ 593,000</u> | <u>\$ 593,000</u> | <u>\$ 2,372,000</u> |
| PLANNING & DEVELOPMENT | | | | | |
| Architectual-Planning- Design Studies | \$ 1,150,000 | - | - | - | 1,150,000 |
| Livernois- McNichols | 1,150,000 | - | - | - | 1,150,000 |
| Total Planning & Development- CBDG | <u>\$ 1,150,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,150,000</u> |
| POLICE | | | | | |
| Acquisition- Information Technology | \$ 2,111,531 | \$ - | \$ - | \$ - | 2,111,531 |
| APPROPRIATION TOTALS | <u>\$ 86,361,971</u> | <u>\$ 56,233,621</u> | <u>\$ 61,291,472</u> | <u>\$ 85,387,493</u> | <u>\$ 289,274,557</u> |
| REVENUES: | | | | | |
| Community Development Block Grant Funds | \$ 1,390,000 | \$ - | \$ - | \$ - | 1,390,000 |
| Federal and State Grant Funds | 38,395,000 | 29,850,000 | 29,790,000 | 46,025,000 | 144,060,000 |
| Funds from Operations- Enterprise | 713,266 | - | - | - | 713,266 |
| Funds from Operations- General Fund | 2,111,531 | - | - | - | 2,111,531 |
| Prior Year's Surplus- General Fund | 20,000,000 | - | - | - | 20,000,000 |
| Street Fund Reimbursement - Gas & Weight Taxes | 23,752,174 | 26,383,621 | 31,501,472 | 39,362,493 | 120,999,760 |
| REVENUE TOTALS | <u>\$ 86,361,971</u> | <u>\$ 56,233,621</u> | <u>\$ 61,291,472</u> | <u>\$ 85,387,493</u> | <u>\$ 289,274,557</u> |

Note: ¹ DDOT Grants are awarded after the city's budget development period. Capital projects for the current and proposed fiscal year are submitted as a budget amendment upon receipt of the grant award.
DWSD excluded pending receipt of approved budget by the Board of Water Commissioners

CITY OF DETROIT 2018-2021 FOUR-YEAR FINANCIAL PLAN STREET FUND SUMMARY

| Activity | 2017-18 Recommended | 2018-19 Forecast | 2019-20 Forecast | 2020-21 Forecast |
|---|------------------------|----------------------|----------------------|----------------------|
| Operation and Maintenance | | | | |
| Civic Center- Municipal Parking | \$ 30,045 | \$ 30,045 | \$ 30,045 | \$ 30,045 |
| City Engineering | 3,545,884 | 3,559,961 | 3,621,726 | 3,684,475 |
| General Services- Non-Park Ground Maintenance | \$ 10,195,000 | \$ 10,195,000 | \$ 10,195,000 | \$ 10,195,000 |
| Street and Alley Maintenance | 22,345,270 | 22,973,461 | 23,306,790 | 23,656,693 |
| Snow and Ice Control –Personnel | 3,250,000 | 3,250,000 | 3,250,000 | 3,250,000 |
| Snow and Ice Control – Salt | 2,038,000 | 2,250,000 | 2,400,000 | 2,500,000 |
| Traffic Signal Maintenance | 1,720,000 | 2,039,000 | 2,039,000 | 2,039,000 |
| Transportation Engineering | 4,631,236 | 4,827,552 | 4,904,607 | 4,984,934 |
| | ***** | ***** | ***** | ***** |
| Sub-Total | \$ 47,755,435 | \$ 49,125,019 | \$ 49,747,168 | \$ 50,340,147 |
| Capital | | | | |
| Equipment | \$ 1,516,000 | \$ - | \$ - | \$ - |
| Highway Bridges | 2,530,700 | 453,750 | - | - |
| Roads and Bridges, Operation | 500,000 | 500,000 | 500,000 | 500,000 |
| Street Resurfacing | 9,635,474 | 19,287,371 | 25,008,472 | 28,572,493 |
| Traffic Control Improvements | 3,307,000 | 2,050,000 | 2,050,000 | 2,050,000 |
| Traffic Control Improvements- State | 1,120,000 | 149,500 | - | 4,297,000 |
| Traffic Control Roadways (Fed Aid) | 4,550,000 | 3,350,000 | 3,350,000 | 3,350,000 |
| | ***** | ***** | ***** | ***** |
| Sub-Total | \$ 23,159,174 | \$ 25,790,621 | \$ 30,908,472 | \$ 38,769,493 |
| Construction and Maintenance | | | | |
| City Contribution In-Kind | \$ 2,000,000 | \$ 2,000,000 | \$ 2,000,000 | \$ 2,000,000 |
| Administration | 4,295,391 | 5,185,360 | 5,185,360 | 5,185,360 |
| | ***** | ***** | ***** | ***** |
| Sub-Total | \$ 6,295,391 | \$ 7,185,360 | \$ 7,185,360 | \$ 7,185,360 |
| GRAND TOTAL-APPROPRIATIONS | \$ 77,210,000 | \$ 82,101,000 | \$ 87,841,000 | \$ 96,295,000 |
| Revenues | | | | |
| Gas and Weight Tax | \$ 74,353,000 | \$ 79,350,000 | \$ 85,090,000 | \$ 93,544,000 |
| City Contribution In-Kind | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| City and State Salt Reimbursement | 1,000 | 1,000 | 1,000 | 1,000 |
| Earnings on Investments | 59,000 | - | - | - |
| Federal CMAQ Funds for TMC O&M | 797,000 | 750,000 | 750,000 | 750,000 |
| | ***** | ***** | ***** | ***** |
| GRAND TOTAL-REVENUES | \$ 77,210,000 | \$ 82,101,000 | \$ 87,841,000 | \$ 96,295,000 |
| Net Tax Cost | \$ - | \$ - | \$ - | \$ - |

THIS PAGE LEFT BLANK INTENTIONALLY

Correction of Errors to the 2018-2021 Four-Year Financial Plan

TRUE COPY CERTIFICATE

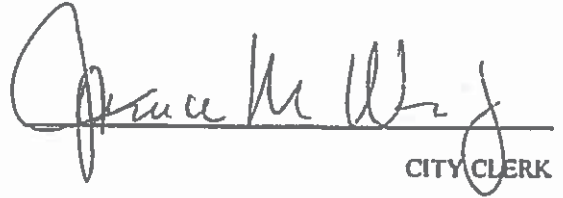
STATE OF MICHIGAN }
City of Detroit } SS

CITY CLERK'S OFFICE, DETROIT

I, Janice M. Winfrey, City Clerk of the City of Detroit, in said State, do hereby certify that the annexed paper is a TRUE COPY OF RESOLUTION adopted (passed) by the City Council at session of Friday, March 10, 2017 and approved by Mayor Monday, March 20, 2017 as appears from the Journal of said City Council in the office of the City Clerk of Detroit, aforesaid; that I have compared the same with the original, and the same is a correct transcript therefrom, and of the whole of such original.

In Witness Whereof, I have hereunto set my hand and affixed the corporate seal of said City, at

Detroit, this 23rd day of March A.D. 2017


CITY CLERK

Andre Spivey,

(1)

**RESOLUTION TO ADOPT THE 2017 - 2018 CITY OF DETROIT BUDGET,
AS AMENDED BY THE CORRECTION OF ERRORS TO THE 2018 - 2021 FOUR
YEAR FINANCIAL PLAN**

Honorable City Council:

Expanded Committee of the Budget, Finance and Audit Standing Comm.
~~Your Committee of the Whole~~ has had under consideration the proposed Budget of the City of Detroit for the fiscal year 2017-2018 as submitted by his Honor, the Mayor, and having completed its consideration of same, herein submits the following resolution and recommends its adoption.

Respectfully submitted,

Chairperson

2017 A - Res at table



March 10, 2017

HONORABLE CITY COUNCIL

Re: Correction of Errors to the 2018 – 2021 Four Year Financial Plan (Revised)

After further review of the 2018 – 2021 Four Year Financial Plan presented on February 23, 2017, errors have been discovered which should be corrected. There are two categories of corrections. First, there are “substantive” errors, which must be corrected as an amendment to the Recommended Budget. Second, there are typographic and/or date entry errors, which do not affect appropriation totals or budget balancing.

2018 – 2021 Four Year Financial Plan - Amendments

Buildings, Safety, Engineering and Environmental Departments (13)

| | P&H | Appro. # / Name | Description | Current Recommendation | Proposed Recommendation | Variance |
|-----|-----|--|-------------------------------|------------------------|-------------------------|-----------|
| Rev | C81 | Appro. 13161 - BSEED Environmental Affairs | Cost Center 138370 Correction | 35,000 | 60,000 | 25,000 |
| | C82 | Appro. 13162 - BSEED Construction | | 13,936,653 | 13,911,653 | (25,000) |
| | | | BSEED Net Change | | | 50 |

Department of Public Works (19)

| | | Appro. # / Name | Description | Current Recommendation | Proposed Recommendation | Variance |
|-----|----|--------------------------------------|---------------------------------|------------------------|-------------------------|--------------------|
| Exp | C3 | Appro. 06424 - DPW Major Street Fund | To correct appropriation amount | 53,229,585 | 52,050,826 | (1,178,759) |
| | | | Appro. 06424 Net Change | | | (1,178,759) |
| Exp | C3 | Appro. 04189 - DPW Major Street Fund | To correct appropriation amount | 21,990,415 | 23,159,174 | 1,178,759 |
| | | | Appro. 04189 Net Change | | | 1,178,759 |
| | | | DPW Net Change | | | \$0 |

Fire Department (24)

| | | Appro. # / Name | Description | Current Recommendation | Proposed Recommendation | Variance |
|-----|-----|--|---------------------------------|------------------------|-------------------------|-------------------|
| Exp | C17 | Appro. 00965 - Fire Environmental Response | To correct appropriation amount | 470,000 | 189,000 | (281,000) |
| | | Net Tax Cost | Fire Net Change | 5470,000 | \$189,000 | (5281,000) |



Human Resources (28)

| | Appro. # / Name | Description | Current Recommendation | Proposed Recommendation | Variance |
|----------|--|-------------------------------------|------------------------|-------------------------|-----------------|
| Exp. C24 | Appro. 00105 - IIR Administration | To correct appropriation amount | 2,420,832 | 6,297,502 | 3,876,670 |
| | | Appro. 00105 Net Change | | | 3,876,670 |
| Exp. C25 | Appro. 00833 - HR Employee Services | To correct appropriation amount | 2,985,106 | 2,938,833 | (46,273) |
| | | Appro. 00833 Net Change | | | (46,273) |
| Exp. C25 | Appro. 00107 - IIR Supportive Services | To correct appropriation amount | 3,830,397 | 0 | (3,830,397) |
| | | Appro. 00107 Net Change | | | (3,830,397) |
| Exp. C25 | Appro. 00108 - IIR Labor Relations | To correct appropriation amount | 2,179,778 | 2,767,759 | 587,981 |
| | | Appro. 00108 Net Change | | | 587,981 |
| Exp. C25 | Appro. 00106 - IIR Personnel Selection | To correct appropriation amount | 2,229,402 | 1,641,421 | (587,981) |
| | | Appro. 00106 Net Change | | | (587,981) |
| Exp. C25 | Appro. 00108 - IIR Labor Relations | To correct contr. services account | 2,179,778 | 2,555,778 | 376,000 |
| | | Appro. 00108 Net Change | | | 376,000 |
| | | Human Resources Total Change | | | 5376,000 |

CRIO (29)

| | Pr.# | Appro. # / Name | Description | Current Recommendation | Proposed Recommendation | Variance |
|----------|------|------------------------------------|--------------------------|------------------------|-------------------------|-----------|
| Rev. C26 | | Appro. 20303 - IISP Underage | To correct appropriation | 450,000 | 0 | (450,000) |
| | | Appro. 20388 - Non Compliance Fees | | 0 | 450,000 | 450,000 |
| | | | CRIO Net Change | | | \$0 |

Non-Departmental (35)

| | Appro. # / Name | Description | Current Recommendation | Proposed Recommendation | Variance |
|----------|---|--------------------------------------|------------------------|-------------------------|-------------------|
| Exp. C31 | Appro. 10397 - Board of Ethics | To correct appropriation amount | 196,639 | 249,240 | 52,601 |
| | | Appro. 10397 Net Change | | | 52,601 |
| Exp. C29 | Appro. 00204 - Organizations For Cities | To adjust appropriation | 1,363,981 | 1,016,380 | (147,601) |
| | | Appro. 00204 Net Change | | | (147,601) |
| | | Non-Departmental Total Change | | | (\$95,000) |

Housing & Revitalization (36)

| | Appro. # / Name | Description | Current Recommendation | Proposed Recommendation | Variance |
|----------|--------------------------------------|---------------------------------|------------------------|-------------------------|-------------|
| Rev. C99 | Appro. 06040 - Administration BG | To correct appropriation amount | 0 | 1,300,000 | 1,300,000 |
| | | Appro. 06040 Net Change | | | 1,300,000 |
| Rev. C99 | Appro. 13529 - HRD Section 108 Loans | To correct appropriation amount | 1,300,000 | 0 | (1,300,000) |
| | | Appro. 13529 Net Change | | | (1,300,000) |
| | | HRD Net Change | | | 50 |



Recreation (39)

| | | Appr. # / Name | Description | Current Recommendation | Proposed Recommendation | Variance |
|------|------|--|---------------------------------|------------------------|-------------------------|----------|
| Rev. | C105 | Appr. 13729 - Recreation 2017 National Arts Prog. | To correct appropriation amount | (53,772) | 0 | 53,772 |
| | | | Appr. 13729 Net Change | | | 53,772 |
| Rev. | C105 | Appr. 20249 - Recreation 2016 - 2017 Summer Food Prog. | To correct appropriation amount | (2,400) | 0 | 2,400 |
| | | | Appr. 20249 Net Change | | | 2,400 |
| Rev. | C105 | Appr. 13174 - Recreation Strategic Planning & Grants | To correct appropriation amount | 56,172 | 0 | (56,172) |
| | | | Appr. 13174 Net Change | | | (56,172) |
| | | | Recreation Net Change | | | \$0 |

General Services Department (47)

| | | Appr. # / Name | Description | Current Recommendation | Proposed Recommendation | Variance |
|------|------|----------------------------------|---------------------------------|------------------------|-------------------------|----------|
| Rev. | C109 | Appr. 12154 - General Services | To correct appropriation amount | 7,619,371 | 7,559,371 | (60,000) |
| | | | Appr. 12154 Net Change | | | (60,000) |
| Rev. | C109 | Appr. 13336 - Ground Maintenance | To correct appropriation amount | 493,000 | 553,000 | 60,000 |
| | | | Appr. 13336 Net Change | | | 60,000 |
| | | | GSD Net Change | | | \$0 |

36th District Court (60)

| | Pg. # | Appr. # / Name | Description | Current Recommendation | Proposed Recommendation | Variance |
|------|-------|---|--------------------------------|------------------------|-------------------------|-----------|
| Exp. | C76 | Appr. 11194 - Drug Court | To fund Drug Court activities | 0 | 220,000 | 220,000 |
| | | Appr. 05715 - State Transferred Functions | | 30,837,901 | 30,617,901 | (220,000) |
| | | | 36th District Court Net Change | | | \$0 |

2018 – 2021 Four Year Financial Plan – Corrections

Cost Center Name Changes

Fire (24)

| Appr. # | Pg. # | Cost Center # | | Cost Center Names |
|---------|-------|---------------|-------|--------------------|
| 13911 | C90 | 240070 | From: | Fire Fees |
| | | | To: | Fire Cost Recovery |

DoIT (31)

| Appr. # | Pg. # | Cost Center # | | Cost Center Names |
|---------|-------|---------------|-------|--|
| 00024 | C26 | 310050 | From: | Client Support Services |
| | | | To: | Transportation & Public Works Division |
| | | 310080 | From: | Legis and Indiv Agcy Ops. |
| | | | To: | Legis and Independent Agcy Ops. |



Police (37)

| Appr. # | Pg. # | Cost Center # | | Cost Center Names |
|---------|-----------------|---------------|-------|--------------------------------------|
| 10082 | B37-20 & B37-21 | 372028 | From: | Southwestern District - 3rd Precinct |
| | | | To: | Southwestern District - 4th Precinct |

OCFO (23)

| Appr. # | Pg. # | Cost Center # | | Cost Center Names |
|---------|---------------|---------------|-------|------------------------|
| 20294 | B23-8 & B23-9 | 230080 | From: | Purchasing |
| | | | To: | Procurement Management |

Position Report Changes

Department of Public Works (19)

| Pg. # | Appr. / Cost Center | Position Name | Current FTE Recommendation | Propose FTE Recommendation | Variance |
|-------|--|-------------------------------|----------------------------|----------------------------|----------|
| B19-6 | 00910- City Engineer / 191701 - General Inspection | Senior Construction Inspector | 5 | 6 | 1 |
| | | Head Construction Inspector | 2 | 1 | (1) |
| | | Net Change | | | 0 |

Office of the Chief Financial Officer (23)

| Pg. # | Appr. / Cost Center | Position Name | Current FTE Recommendation | Propose FTE Recommendation | Variance |
|--------|--|---------------------|----------------------------|----------------------------|----------|
| B23-15 | 20294 - Office of the Chief Financial Officer / 230135 - Office of Grants Management | Program Analyst III | 4 | 3 | (1) |
| | | Program Analyst II | 2 | 3 | 1 |
| | | Auditor II | 3 | 2 | (1) |
| | | Auditor I | 3 | 4 | 1 |
| | | Auditor III | 3 | 2 | (1) |
| | | Auditor IV | 0 | 1 | 1 |
| | | Net Change | | | 0 |

Housing & Revitalization (36)

| Pg. # | Appr. / Cost Center | Position Name | Current FTE Recommendation | Propose FTE Recommendation | Variance |
|-------|---|----------------|----------------------------|----------------------------|----------|
| N/A | 13171 - Home Administration / 363160 - Home Admin | Underwriter II | 0 | 1 | 1 |
| N/A | 13340 - Emergency Solutions Grant / 361307 - Emergency Solu | Underwriter I | 0 | 1 | 1 |
| | | Net Change | | | 2 |

City Clerk (70)

| Pg. # | Appr. / Cost Center | Position Name | Current FTE Recommendation | Propose FTE Recommendation | Variance |
|-------|--|------------------------|----------------------------|----------------------------|----------|
| B70-5 | 00265 - City Clerk Operations / 700010 - Office the City Clerk | Information Technician | 2 | 3 | 1 |
| | | Principal Clerk - Ex. | 1 | 0 | (1) |
| | | Net Change | | | 0 |



Position Title Corrections

Human Resources (28)

| Pr. # | Appro. / Cost Center | Shown as: | Should be: |
|--------|--|-----------|--|
| B28-11 | 00105 - HR Administration / 280008 - HRMS | Resources | 041977.Business Systems Support Specialist I - Human Resources |
| B28-12 | 00108 - HR Labor Relations / 280520 - HR Labor Relations | Resources | 041977.Business Systems Support Specialist I - Human Resources |
| B28-13 | 00833 - HR Employee Services / 280010 - Employee Services - Admin. | Resources | 041977.Business Systems Support Specialist I - Human Resources |

Non-Departmental (35)

| Pr. # | Appro. / Cost Center | Shown as: | Should be: |
|-------|--|------------------------|--|
| B35-5 | 00277 - Detroit Building Authority / 350310 - Detroit Building Authority | Finance Director | 932015.Executive Management Team - DBA |
| B35-5 | 10397 - Board of Ethics / 350165 - Board of Ethics | Eng. Serv. Coordinator | Delete / Error |
| B35-5 | 00833 - HR Employee Services / 280010 - Employee Services - Admin. | Resources | 041977.Business Systems Support Specialist I - Human Resources |

Sincerely,

Tanya Stoudemire, J.D.
Deputy CFO/Budget Director

Cc: Michael E. Duggan, Mayor
John Hill, Chief Financial Officer
David Whitaker, Legislative Policy Division
Irvin Corley, Legislative Policy Division



BY COUNCIL MEMBER _____

WHEREAS, the 2018-2021 Four Year Financial Plan submitted to the Detroit City Council on February 23, 2017 included errors with appropriations that must be corrected, **NOW BE IT FURTHER**

RESOLVED, that the Deputy CFO – Budget Director be and is hereby authorized to:

- Increase Revenue Appropriation No. 13161 – BSEED Environmental Affairs by \$25,000
- Decrease Revenue Appropriation No. 13162 – BSEED Construction by (\$25,000)
- Increase Appropriation No. 04189 – DPW Street Resurfacing by \$1,178,759
- Decrease Appropriation No. 06424 – DPW Major Street Fund by (\$1,178,759)
- Decrease Appropriation No. 00965 – Fire Environmental Response by (\$281,000)
- Increase Appropriation No. 00105 – HR Administration by \$3,876,670
- Decrease Appropriation No. 00833 – HR Employee Services by (\$46,273)
- Decrease Appropriation No. 00107 – HR Supportive Services by (\$3,830,397)
- Increase Appropriation No. 00108 – HR Labor Relations by \$587,981
- Decrease Appropriation No. 00106 – HR Personnel Selection by (\$587,981)
- Increase Appropriation No. 00108 – HR Labor Relations by \$376,000
- Increase Revenue Appropriation No. 20388 – Non Compliance Fees by \$450,000
- Decrease Revenue Appropriation No. 20303 – HSP Underage by (\$450,000)
- Increase Appropriation No. 10397 – Board of Ethics by \$52,601
- Decrease Appropriation No. 00204 – Organizations for Cities by (\$147,601)
- Increase Revenue Appropriation No. 06040 – Administration BG by \$1,300,000
- Decrease Revenue Appropriation No. 13529 – HRD Section 108 Loans (\$1,300,000)
- Increase Revenue Appropriation No. 13336 – Ground Maintenance by \$60,000
- Decrease Revenue Appropriation No. 12154 – General Services by (\$60,000)
- Increase Revenue Appropriation No. 13729 – Recreation 2017 National Arts Prog. by \$53,772
- Increase Revenue Appropriation No. 20249 – Recreation 2016 – 2017 Summer Food Prog. By \$2,400
- Decrease Revenue Appropriation No. 13174 – Recreation Strategic Planning & Grants by (\$56,172)
- Increase Appropriation No. 11194 – Drug Court by \$220,000
- Decrease Appropriation No. 05715 – State Transferred Functions by (\$220,000)

NOW BE IT FURTHER,

RESOLVED, that the 2018-2021 Four Year Financial Plan be and is hereby amended as outlined in the forgoing communication and; **NOW BE IT FURTHER,**

RESOLVED, that the Deputy CFO – Budget Director be and is hereby authorized to amend the Four Year Financial Plan in accordance with the resolution.

BY COUNCILMEMBER _____

RESOLVED, That this Body having completed as of March 10, 2017, its consideration of the proposed Budget of the City of Detroit for the fiscal year 2017-2018 as contemplated by the Charter and ordinances of the City of Detroit, by majority vote of all members elected thereto, adopts said Budget, as amended by the foregoing Correction of Errors to the 2018 – 2021 Four Year Financial Plan, and transmits same to the City Clerk for recompilation and submission to his Honor, the Mayor, in accordance with the Charter and ordinances of the City of Detroit.

Adopted as follows:

Yeas _____

Nays _____

Waiver of Reconsideration Requested

**ADOPTED AS FOLLOWS
COUNCIL MEMBERS**

| | YEAS | NAYS |
|---------------------------|------|------|
| Janee AYERS | | |
| Scott BENSON | | |
| Raquel CASTANEDA-LOPEZ | | |
| *George CUSHINGBERRY, JR. | | |
| Gabe LELAND | | |
| Mary SHEFFIELD | | |
| Andre SPIVEY | | |
| James TATE | | |
| Brenda PRESIDENT JONES | | |
| *PRESIDENT PRO TEM | | |
| | 9 | 0 |
| | | |
| | | |
| | | |

THIS PAGE LEFT BLANK INTENTIONALLY

Closing Resolution (Administration)

TRUE COPY CERTIFICATE

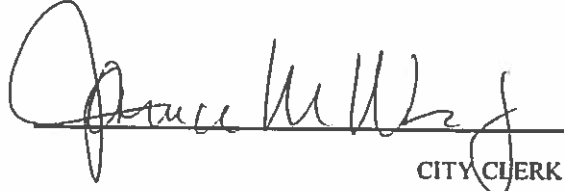
STATE OF MICHIGAN }
City of Detroit } SS

CITY CLERK'S OFFICE, DETROIT

I, Janice M. Wionfrey, City Clerk of the City of Detroit, in said State, do hereby certify that the annexed paper is a TRUE COPY OF RESOLUTION adopted (passed) by the City Council at session of Friday, March 10, 2017 and approved by Mayor Monday, March 20, 2017 as appears from the Journal of said City Council in the office of the City Clerk of Detroit, aforesaid; that I have compared the same with the original, and the same is a correct transcript therefrom, and of the whole of such original.

In Witness Whereof, I have hereunto set my hand and affixed the corporate seal of said City, at

Detroit, this 23rd day of March A.D. 2017


CITY CLERK



2018 – 2021 Four Year Plan
Closing Resolution
(Administration)

CLOSING RESOLUTION

BY COUNCIL MEMBER Janece Aupert :

WHEREAS, The Four Year Financial Plan provides appropriations to support operations of the City for the period July 1, 2017, through June 30, 2021, including salaries, wages, pension requirements, other employee benefits, debt service and other expenses, plus meets the requirements outlined in Home Rule City Act (Act 279 of 1909) 117.4t sec (b) (i-viii) and sec (c) (i-ix);

1. RESOLVED, That employee benefits and retirement provisions for non-union employees shall be in accordance with the City Council Resolution of October 2, 1974, J.C.C., p. 2142; November 16, 1977, J.C.C., p. 2538; August 6, 1980, J.C.C. p. 2057; August 5, 1981, J.C.C., p. 1957; January 6, 1984, J.C.C., p. 45; April 15, 1987, J.C.C., p. 813; November 15, 1989, J.C.C., p. 2627; August 4, 1999, J.C.C.; p. 2375; November 30, 2001, J.C.C. p. 3810; July 30, 2003, J.C.C. p. 2470; September 13, 2006, J.C.C., p. 2341; and February 11, 2010, J.C.C.; p. 292, and otherwise as authorized by City Council through the 2017- 2018 fiscal year; and be it further

2. RESOLVED, That the Finance Director and the Labor Relations Director continue the administration of salary and prevailing rates according to the rules as listed in the forthcoming 2017-2018 Official Compensation Schedule, and otherwise according to the City Council Resolution of July 13, 1954, J.C.C., p. 1713; and be it further

3. RESOLVED, That employee benefits contained in this Closing Resolution are permissive rather than mandatory for unionized employees; and be it further

4. RESOLVED, That all contracts covering unionized employees may, upon approval of the Director of Labor Relations, be extended beyond their expiration dates; and be it further

5. RESOLVED, That where no effective date is given in a resolution involving personnel procedures approved by the City Council of the City of Detroit, the effective date shall be the second Wednesday subsequent to passage of the resolution at the regular session, in accordance with the resolution of December 12, 1944, J.C.C., p. 2983; and be it further

6. RESOLVED, That the Finance Director is hereby authorized to honor payrolls for restoration of lost time by City employees as a result of a reduced or reversed suspension or discharge, provided such action is recommended by the Labor Relations Director, and otherwise in accordance with the resolution of March 11, 1969, J.C.C., p. 565; and be it further

7. RESOLVED, That employees be paid for out-of-class work according to negotiated agreements and in the absence of agreements upon recommendation of the department with approval of the Budget Director and the Civil Service Commission and otherwise in accordance with the resolution of September 17, 1968, J.C.C. p. 2269; and be it further

8. RESOLVED, That for inactive titles under the old Police and Fire pension system, changes shall apply proportionately with changes in the active titles according to the City Charter and the J.C.C. resolution of September 9, 1953, p. 2235; and be it further

9. RESOLVED, That rates of pay applied to positions in the 2017 – 2018 Budget be subject to maintenance charges as approved by the City Council for all employees furnished living accommodations; and be it further

10. RESOLVED, That the Finance Director is hereby authorized to provide reimbursement to employees to the extent that they are subject to additional expense for insurance at commercial rates exclusively by virtue of driving vehicles on City business and otherwise according to the City Council Resolution of November 12, 1968, J.C.C. p. 2728; and be it further

11. RESOLVED, That the Finance Director is hereby authorized to provide reimbursement of certain expenses to persons seeking or accepting employment with the City in accordance with the Resolution adopted by the City Council on February 7, 1996; and be it further

12. RESOLVED, That the Finance Director is hereby authorized to continue honoring payrolls for payment of unused sick leave to retirees, and others who separate from service in the required manner; all according to the City Council resolution of November 8, 1961; J.C.C. p. 2292, and July 20, 1971, p. 1686; August 5, 1981, p. 1957; and July 30, 2003, p. 2470; and be it further

13. RESOLVED, That the Finance Director is hereby authorized to honor payrolls for allied class titles substituted for existing titles according to City Council resolutions of April 28, 1942, and January 9, 1945; and be it further

14. RESOLVED, That overtime credit shall be granted to employees working under the Extra Service title of Election Service Worker for all hours worked under the Extra Service title beyond eight (8) hours in one day; and be it further

15. RESOLVED, That reimbursement of private car mileage for non-union employees is authorized in accordance with the City Council resolution of October 2, 1974, J.C.C. p. 2142 and January 6, 1984, J.C.C. p. 45; August 4, 1999, J.C.C., p. 2375; and July 30, 2003, J.C.C. p. 2740; and September 13, 2006, J.C.C., p. 2341; September 18, 2012, J.C.C. p. 1711 and, be it further

16. RESOLVED, That the Labor Relations Director is hereby authorized and directed to amend the Official Compensation Schedule to incorporate changes covering title eliminations, specialties, and substitutions, and code number changes through Human Resources Department action when such changes do not necessitate additional appropriations or base rate changes; and be it further

17. RESOLVED, That uniformed Police personnel and uniformed Fire personnel continue to be provided with uniforms and/or allowances and such accessories as provided by the applicable

collective bargaining agreements, approved by the departments and the Budget Director within appropriations provided therefore; and be it further

18. RESOLVED, That regular City employees with at least 90 days of service working in continuing assignments recommended for consideration by department heads may be reimbursed not to exceed the sum of either \$170 for a clothing allowance or \$350 for a uniform allowance in any fiscal year in accordance with the J.C.C. of June 21, 1966, p. 1908, the J.C.C. of October 2, 1974, p. 2142, and the J.C.C. of July 30, 2003, p. 2470 ; and bi-annually September 18, 2012 J.C.C. p. 1423, for expenses arising out of the purchase of necessary protective clothing and accessories as provided by the applicable collective bargaining agreements or City Employment Terms, as recommended by the departments and approved by the Labor Relations Director, provided finally that the above provisions and limitations shall not be applied to duplicate allowances or change existing policy or authorized practices with respect to other assignments or employees; and be it further

19. RESOLVED, That the Finance Director is hereby authorized to provide supplemental pay for the fiscal year as requested by departments for authorized encampments for City employees in the armed forces in accordance with the City Council resolutions of February 13, 1963 J.C.C., p. 344, November 1, 1966, J.C.C., p. 3010; and February 13, 1980, J.C.C. p. 407; with the provision that the City shall not offset military pay and allowances for days the employee is not regularly assigned to work; and be it further

20. RESOLVED, That in the event of a hardship occasioned by an unexpected or untimely separation from service, the Finance Director upon recommendation of the Budget Director and the Labor Relations Director, is hereby authorized to honor lump sum payments from available funds for vacation leave, compensatory time credit, and excused time credit, to which an employee is otherwise legally entitled; and be it further

21. RESOLVED, That the Finance Director is hereby authorized to honor payrolls for the induction of employees in classifications designated with Step Code "D", Step Code "K" and Step Code "R" at advanced step levels within the pay range according to a formula to be established by the Human Resources Director and approved by the Labor Relations Director; and be it further

22. RESOLVED, That upon request of the department and the recommendation of the Labor Relations Director and Budget Director, that the Finance Director be authorized to permit the payment of salaried employees on an hourly basis and hourly employees paid on a salaried basis and to withdraw such permission as requested by the department; and be it further

23. RESOLVED, That the Finance Director is hereby authorized to honor payrolls for employees affected by the change over from standard time to daylight savings time in accordance with the resolutions of April 24, 1973, p. 1073, provided that no overtime shall be paid to any employee affected until they shall actually have worked forty (40) hours per week; and be it further

24. RESOLVED, That the Finance Director is hereby authorized to pay employees their regular paycheck on the previous Thursday when a holiday is generally observed on Friday and on the preceding Wednesday when both Thursday and Friday of the same work week are holidays and otherwise in accordance with standard payroll procedures; and be it further

25. RESOLVED, That the Finance Director, upon recommendation of the Labor Relations Director is hereby authorized to continue reimbursement of employees for articles damaged in the course of employment according to the City Council resolutions of December 19, 1961, J.C.C., p. 2657, and November 21, 1972, J.C.C. p. 2829 and p. 2855 as implemented by rules established by the Finance Director; and be it further

26. RESOLVED, That contractors hired under titles with pay ranges may receive pay increments within the range in accordance with their contracts with approval of the Finance Director, provided funds are available; and be it further

27. RESOLVED, That the various departments are hereby authorized to hire and pay Special Service employees at any rate within the range based upon formula established by the Human Resources Director, and otherwise according to the resolution of August 20, 1963, J.C.C., p. 2190, with the provision that step increments for these employees may be granted by the department head with the approval of the Human Resources Director and Budget Director in accordance with rules established for general City employees; and be it further

28. RESOLVED, That Special Service employees upon approval of the Labor Relations Director and the Finance Director, be granted fringe benefits in accordance with the Charter, Ordinances, and the City Council resolution of August 23, 1966, J.C.C. p. 2433, provided that City Council reserves the right to adjust wages and fringes for Special Service employees during 2017-2018, and provided further that employees temporarily transferred to Special Service positions from the Regular Service shall continue to receive their regular service fringes; and be it further
29. RESOLVED, That upon interdepartmental transfer of employees, departments may make lump sum payments with supporting documentation within appropriations for unliquidated vacation time in excess of twenty days (20), provided that the time cannot be properly liquidated, prior to the following month of August but not later than September 30th. Approval may be granted by the Budget Director and Labor Relations Director; and be it further
30. RESOLVED, That unless specifically covered by labor contract, when an employee is called to work an unscheduled shift or overtime, he shall receive the overtime for the hours worked or a minimum of four (4) hours on a straight time basis, whichever is greater, and otherwise according to the resolution of the City Council of May 29, 1962, J.C.C., p. 1186; and be it further
31. RESOLVED, That City departments are hereby authorized to provide for mailing of paychecks to employees not assigned to work on paydays; provided employees affected

direct a written request to their department head or representative by noon two days prior to payday; and be it further

32. RESOLVED, That the Finance Director is hereby authorized to pay \$10,000 to the beneficiaries or estate of employees who are killed or who die as a result of injuries sustained in the actual performance of their duties or who are permanently disabled in the line of duty and otherwise in accordance with the City Council Resolutions of August 3, 1977, J.C.C. page 1638; and be it further

33. RESOLVED, That the Finance Director is hereby authorized and directed to continue funding for an Eye Care Program for non-union employees in accordance with the City Council Resolution of November 27, 1970, p. 2981; and be it further

34. RESOLVED, That apprentices will receive their designated pay increments every six (6) months upon recommendation of the department and approval of the Human Resources Department Training Division provided that they have been satisfactorily participating in related instruction and on-the-job training, in accordance with the standards established for that trade, during the six (6) month period immediately preceding the date of the increment, said increments will be paid effective on the date of the completion of the training period; and be it further

35. RESOLVED, That vacation time no matter how earned, shall not be allowed to accumulate in amounts exceeding twenty (20) days on any October 1st date, exclusive of any vacation

time earned between July 1 and the following September 30, and otherwise in accordance with the City Council Resolution of May 27, 1969, J.C.C. P. 1258 as amended; and be it further

36. RESOLVED, That an administrative fee of one percent (1%) of property taxes shall continue to be imposed, to be used to offset the costs incurred in assessing and collecting the property tax and in the review and appeal process; and be it further

37. RESOLVED, that as required by the provisions of Public Act 399 of 1984, a one-half of one percent (1/2%) per month interest charge on delinquent real and personal property taxes shall continue to be imposed from the time such property tax became due and payable until such tax is paid in full, all in accordance with Section 18-9- 89 through 18-9-100 of the Detroit City Code; and be it further

38. RESOLVED, That as required by the provisions of Public Act 399 of 1984, a one percent (1%) per month penalty on delinquent real and personal property taxes shall continue to be imposed from the time that the property tax became due and payable, until such tax is paid in full, and the penalty shall not exceed a total of twenty-five percent (25%) of the unpaid tax, all in accordance with Section 18-9-89 through 18-9-100 of the 1984 Detroit City Code; and be it further

39. RESOLVED, That as permitted by the provisions of Public Act 399 of 1984, interest and penalty from February 15 to the last day of February on a summer property tax which has

been deferred is hereby waived for the homestead property of a senior citizen, paraplegic, quadriplegic, eligible serviceman, eligible veteran, eligible widow, totally and permanently disabled person, or blind person as those persons are defined in Chapter 9 of Public Act 281 of 1967, as amended, if the person makes a claim before February 15 for a credit for such homestead property as provided by Chapter 9 of Public Act 281 of 1967, as amended, presents a copy of the form filed for that credit with the City Treasurer, and if the person has not received the credit before February 15; and be it further

40. RESOLVED, That the Finance Director, Deputy Finance Director, or his/her designee(s) is hereby authorized to continue making the necessary accrual adjustments for Compensated Employee Absences and Damage Claim Payments as a part of the 2016-2017 Fiscal Year closing process in compliance with the provisions of the National Council on Governmental Accounting Statement Number Four, "Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences" and Governmental Accounting Standards Board Statement No. 16 "Accounting for Compensated Absences"; and be it further

41. RESOLVED, That the Finance Director, or his/her designee(s), be and is hereby authorized and directed to purchase, sell or exchange securities representing investments of cash balances as permitted by law, and in accordance with written policies established by the Finance Director and placed on file with the Office of the City Clerk, and that the Treasurer be and is hereby authorized and directed to disburse or deposit funds accordingly and to accept receipts for holding securities in lieu of definitive certificates; and be it further

42. RESOLVED, That the Finance Director is hereby authorized to appropriate investment earnings on bond proceeds to fund the cost of bond issuance expenses; and be it further

43. RESOLVED, That the Finance Director is hereby authorized to disburse funds, allocate bond proceeds and make any and all necessary declarations for the purpose of complying with applicable law and specifically with the reimbursement rules and regulations of the U.S. Department of Treasury pursuant to the Internal Revenue Code of 1986, as amended, with respect to projects identified herein, which projects are to be permanently financed from proceeds of debt to be incurred by the City; and be it further

44. RESOLVED, That the following Department, in the specified maximum amounts be authorized, for the 2017-2018 Fiscal Year only, to contract for Personal Services Contractors, in accordance with the procedure previously approved by Council (J.C.C., 2-8-89):

| | |
|------------|-----------|
| Recreation | \$136,000 |
|------------|-----------|

The total compensation for any one contractor cannot exceed \$3,500 during the fiscal year without execution of a formal contract, individual rates shall not exceed established rates for the classification of Personal Services Contractor - Grade III, and standard City requirements for tax and budget clearances and residency will be honored. All previous standing authorizations for such contracting are hereby rescinded; and be it further

45. RESOLVED, That as actual collections are received through June 30, 2017 from Account No. 13-7512 - Fire Insurance Escrow - P.A. 495, they are hereby authorized to be appropriated in the proper general fund or block grant account; and be it further
46. RESOLVED, That the Finance Director is hereby authorized and directed to disburse the necessary funds as adopted and appropriated in the 2017-2018 Budget to the Charles H. Wright Museum of African American History, Zoological Institute, Detroit Institute of Arts, Detroit Port Authority, Historical Museum and the Eastern Market Corporation, be it further
47. RESOLVED, That the Budget Director is authorized and directed to establish processes, records, transfers and/or accounts necessary to implement and facilitate any reorganization of department functions or activities within the city budget; and be it finally
48. RESOLVED, That the Chief Financial Officer, Office of Budget and the Legislative Policy Division are authorized, subsequent to City Council's approval, to adjust the forecasted budgets as needed in order to balance by fund for FY 2018 – 2019, FY 2019 – 2020 and FY 2020 – 2021 so long as those adjustments are consistent with the FY 2017 – FY 2018 Budget and completed prior to the submission of the Four Year Financial Plan to the Financial Review Commission for approval, and therefore be it
49. RESOLVED, That the Finance Director is hereby authorized and directed to honor payrolls in accordance with this resolution.

**ADOPTED AS FOLLOWS
COUNCIL MEMBERS**

| | | | YEAS | NAYS |
|---------|-----------|--------------------|------|------|
| Janee | | AYERS | | |
| | | | | |
| Scott | | BENSON | | |
| | | | | |
| Raquel | | CASTANEDA-LOPEZ | | |
| | | | | |
| *George | | CUSHINGBERRY, JR. | | |
| | | | | |
| Gabe | | LELAND | | |
| | | | | |
| Mary | | SHEFFIELD | | |
| | | | | |
| Andre | | SPIVEY | | |
| | | | | |
| James | | TATE | | |
| | | | | |
| Brenda | PRESIDENT | JONES | | |
| | | | | |
| | | *PRESIDENT PRO TEM | | |
| | | | 9 | 0 |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

THIS PAGE LEFT BLANK INTENTIONALLY

**2017 – 2018 FINANCIAL AND BUDGETARY PRIORITIES,
PUBLIC POLICY, PLANNING AND ACTION RESOLUTION
(CITY COUNCIL)**

**THE DETROIT CITY COUNCIL
2017-2018 FINANCIAL AND BUDGETARY PRIORITIES,
PUBLIC POLICY, PLANNING AND ACTION RESOLUTION**

BY ALL COUNCIL MEMBERS:

WHEREAS, The Detroit City Council has held hearings and deliberations on the Executive Budget for FY 2017-2018 submitted by the Honorable Mayor Mike Duggan; and

WHEREAS, The City of Detroit's (City) recent emergence from bankruptcy has placed the City in a positive trajectory toward the future. This opportunity has also brought increased scrutiny on the operations and financial position of the City in an environment where reinvestment in the City's infrastructure is ongoing and fiscal restraint is paramount; and, the alignment of expenditures and revenues must be balanced with improvements in service delivery to residents.

WHEREAS, In accordance with the newly imposed timing requirements set forth in Public Act 181 of 2014, MCL 141.1636(4), the Mayor submitted the budget to City Council on February 23, 2017, and the Council conducted hearings with City departments within the truncated timeline required under the Act to determine if the proposed budget figures were sound and to consider where adjustments would be necessary or beneficial, and to identify and propose funding changes – prior to a March 10, 2017 deadline, a total of fifteen (15) calendar days to deliberate and vote. The newly compressed schedule, reduced from six weeks down to 15 days, is insufficient for effective consideration of our complex budget; and

WHEREAS, Pursuant to Sec. 8-213 of the 2012 City Charter and Public Act 181 of 2014, the City's Chief Financial Officer, Budget Director, Auditor General, and the City Council's Legislative Policy Division, along with other top officials held a revenue estimating conference which determined reasonable, agreed upon revenue projections for the major General Fund revenues for the upcoming fiscal year, of \$1.074 billion; and

WHEREAS, On this day, March 10, 2017, the Detroit City Council adopts a program budget that is based on sound and conservative budgetary principles for municipalities, as well as stated goals and projections for City departments, divisions and agencies, and in consideration of the dictates of the "Plan for the Adjustment of Debts of the City of Detroit" (POA); and

WHEREAS, The Administration has astutely determined that several key assumptions contained in the POA are questionable and have the retained services of Ernst and Young to create a 10-year forecasting model that will further refine the future projected revenues and financial obligations and as a result has set aside a total of \$30 million to date to address a projected future shortfall in the City's pension obligations. This 10-year forecast should allow for prudent financial planning sufficient to stabilize the City's financial future for many years to come; and

WHEREAS, In light of these factors the Detroit City Council, in adopting this budget, has incorporated the fiscal and public policy priorities outlined below in an effort to provide effective

government operations and service delivery to the residents, institutions and businesses of this City; and

WHEREAS, Aside from fiscal concerns, quality of life issues remain a challenge in some areas of the City, including environmental and safety concerns related to inappropriate heavy truck traffic continuously traversing residential neighborhoods. City Council urges the Department of Public Works and the Detroit Police Department to work collaboratively to increase enforcement of truck traffic on streets, particularly residential streets, not designated as truck routes; and

WHEREAS, The 2014 C Bonds bear an interest rate of 5%. City Council urges the Administration refinance the C Bonds if a more favorable interest rates may be achieved thereby reducing the burden on the General Fund; and

WHEREAS, The POA requires the City to use parking revenue to pay down existing obligations of the City. There is an effort underway to sell assets and refinance these obligations. At the earliest opportunity Council wishes the Administration to reinstate a reduced parking violation fine for individuals who pay their tickets within an abbreviated period. Such an incentive has been called for continuously by citizens of the City and visitors alike and would assuage businesses who rely on these patrons to frequent their business without fear of high parking tickets that cannot be reduced under any circumstance; and

WHEREAS, It is important that our community ensure the safety and well-being of our elderly residents, who have built the city and made sacrifices for younger generations, and deserve our respect. City Council urges the Buildings, Safety Engineering and Environmental Department to conduct regular inspections of senior housing communities to make certain poor living conditions, many of which may violate the Property Maintenance Code, are corrected and if not, appropriately ticketed; and

WHEREAS, When the City of Detroit disbanded its Human Services Department, Wayne Metro Community Action Agency became the community action agency for the City of Detroit. As such, all weatherization dollars for Detroit residents are managed by Wayne Metro. By all indications the agency is getting weatherization funding for the City of Detroit; however, despite the great need for these services the dollars are being channeled to other communities. We ask that this be corrected immediately and funds be utilized to provide weatherization services to deserving Detroit residents; and

WHEREAS, The City is currently in the process of replenishing its depleted workforce since exiting bankruptcy. To provide more opportunities for city residents to participate and improve the financial conditions of their families, the City should reinstitute the skilled trade apprenticeship programs throughout City government which would stimulate greatly needed employment opportunities for Detroiters in need of work that pays a living wage; and

WHEREAS, Over the years, the City has had to cut dollars for recreational pursuits, resulting in the closing of several recreational centers. However, the City has been successful in partnering with Detroit Public Schools and organizations to operate some recreation centers for the benefit of city residents. Despite this, some areas within the city still have no recreational

centers. The City Council encourages the Parks and Recreation Department to enter into additional partnerships so that all districts within the city have an operational recreational center; and

WHEREAS, A number of years ago, the City ceased to utilize the alleyways for garbage pickup in favor of the use of Courville containers that are serviced in the front yard. In the intervening period, the maintenance and lighting of alleyways have been deprioritized in favor of other critical services during this time of diminishing resources. Taking this into account, the Public Lighting Authority (“PLA”) made the decision to totally eliminate the lighting of alleyways requiring residents to seek commercial alternatives at the residents’ expense for lighting solutions. It is City Council’s belief, however, that any financial benefit that will be derived should be second to the safety concerns that are created by the lack of lighting in alleys open to the public, particularly in areas where the alleys are routinely used for ingress and egress to homes. Therefore, the City Council urges the PLA to reinstitute alley lighting and maintenance and to seek funding to undertake the effort; and

WHEREAS, The PLA’s plan for lighting that is currently in place needs to be evaluated to ensure that there is adequate lighting planned to safeguard the public’s health and safety throughout the City, including areas of the city where new lighting has been installed. Additionally, it should be determined if there is sufficient funding to achieve this objective and to meet the unique lighting needs of different neighborhoods which may be above and beyond the national standards; and

WHEREAS, With the resurgence of downtown, as well as some neighborhoods and commercial districts, it becomes ever more necessary to focus on overlooked neighborhood maintenance for the benefit of both long-term and new city residents. To that end, Council urges the Administration to seek out grant funds for cleaning and maintaining alleys on blocks where the alleys have not been vacated; and

WHEREAS, For a period of time the maintenance and upkeep of viaducts throughout the city has been deferred; therefore, a coordinated and comprehensive ongoing maintenance plan, that addresses clogged water basins and related drainage issues, brush and debris removal and graffiti and adequate lighting should be developed by the PLA, DPW, DWSD-R, GSD and all other impacted City departments in conjunction with the appropriate railway companies for the safety of our residents and others using our roadways; and

WHEREAS, The 2012 Charter of the City of Detroit adopted by the citizens of Detroit requires that a Risk Management Council (RMC) shall make recommendations to the Mayor and requires the RMC to implement the Mayor’s directives with respect to policies, programs and activities to minimize exposure to liability for claims and damages as prescribed by law; however, it has not met since 2011. City Council urges the Administration to reestablish the RMC and reinstitute the reporting requirements in accordance with the Charter; and

WHEREAS, In an ongoing effort to control risk of injury to citizens and employees, as well as to reduce liability lawsuits against the City, City Council urges the Administration to restructure the lawsuit settlement data it provides to the Council to list by incident and department, and

include the amount paid or reserved, and the aggregated number of incidents for the fiscal year to allow for more meaningful trend analysis; and

WHEREAS, To properly allocate charges and claims across the responsible City departments, City Council urges the Administration to ensure that legal claims, judgments, and worker's compensation claims are properly charged to the appropriate non-General Fund agencies, such as Solid Waste, Streets, and Grant Funds, to ensure payment is charged fairly to reduce the financial burden on the General Fund; and

WHEREAS, Major renovations have been planned for the Kemeny Recreation Center for the better part of a decade funded in part through an agreement with Marathon Petroleum Company to contribute twenty percent of the cost. Construction cost increases have resulted in a \$3 million shortfall for restoration of the swimming pool. City Council urges the Administration to develop a financial plan to restore the current sized pool; and

WHEREAS, Recognizing the increasing importance of efficient mass transit to the quality of life of Detroit residents and the vitality of the city, Council urges the Administration to develop a transit integration and connectivity plan to maximize passenger ridership and connections between Detroit Department of Transportation ("DDOT"), the People Mover, and the soon to be operational Q-Line, to better procure grants for future transportation improvement projects; and

WHEREAS, Over the years, there have been varying complaints about paratransit service. City Council requests DDOT to conduct an ongoing study of customer satisfaction of the paratransit services; and

WHEREAS, As the nation ages, the City's growing senior population needs the resources to remain active participants in the community, including access to suitable transit services. Council urges the Administration to explore the availability of federal or private funding to provide seniors with appropriate transit pickup services, currently only available to the disability community; and

WHEREAS, For the safety of our residents and visitors, City Council requests DPW and DDOT to coordinate to identify and develop a bus stop snow removal plan, prioritizing the stops more frequented by the disabled and seniors; and

WHEREAS, The closing of the mental health hospitals in the state during the 1990s marked an important time in history of public health. In the over two decades that have passed, mental health services have continued to decline. As such, City Council strongly implores the Detroit Health Department to work to develop a comprehensive review of mental health challenges and homelessness in the City of Detroit with recommendations to address this issue; and

WHEREAS, City Council urges the City Clerk's Office to develop a stronger plan for community outreach, and to evaluate its impact and success; and

WHEREAS, The restructuring of the City's Water Department as a semi-autonomous unit of the City, as well as the newly created and independent umbrella entity that is the Great Lakes

Water Authority, has resulted in many unanswered questions as to the working relationship between the corporation counsels of the City, DWSD, and GLWA in terms of dispute resolution. City Council requests that the Administration describe and explain the terms and limits of this relationships; and

WHEREAS, The budget as presented does not provide for the final appropriations and revenues of the DWSD, as approved by the Board of Water Commissioners (BOWC). The DWSD FY 2017-18 budget will not be approved by the BOWC until the end of March 2017. Before any budget amounts are presented to the Financial Review Commission for approval, the DWSD budget allocations must come back before the City Council for consideration as required of every other City department; and

WHEREAS, Adequate communication with the citizens of the city is likely the most significant means of informing the City's electorate by providing them with effective and direct access to government. Recognizing ongoing efforts to provide sign language interpretation for hearing impaired constituents in attendance at Council meetings, City Council urges Media Services to utilize closed captioning for the benefit of hearing impaired constituents watching the City's cable broadcasts; and

WHEREAS, Significant effort has been expended to increase the efficiency of the special events permit approval process. To further that effort, City Council urges Media Services to purchase available software that would aid in streamlining the special events process; and

WHEREAS, A thriving airport acts as a key economic driver to stimulate the local economy. The Coleman A. Young International Airport has great potential to improve commercial opportunities in the city. City Council requests that the Duggan Administration intensify efforts to seek funding to resume efforts to make requisite improvements to the airport to attract a commercial carrier to the airport, as well as engaging in discussions with the Detroit Public Schools Community District to relocate the Benjamin O. Davis Aerospace Technical High School to the airport for the benefit of Detroit students; and

WHEREAS, City Council urges the Administration to work with the Charles H. Wright Museum of African American History to develop strategies, including revenue sources, to help the museum strengthen its financial position; and

WHEREAS, Council urges the Administration to seek funding to restore the Police Department's Youth Citizen's Police Academy classes in FY 2017-18 and beyond; and

WHEREAS, City Council urges the Detroit Land Bank Authority and Planning and Development Department to develop a policy related to urban agriculture within the city within the next six months; and

WHEREAS, City Council is providing necessary fiscal checks and balances to maintain a balanced budget through this deliberative process. City Council strongly believes that through the implementation of its 2017-18 budget, coupled with the Plan of Adjustment, the City's current,

but resolving, financial dilemma will be appropriately addressed providing a brighter course toward future financial stability. **NOW THEREFORE BE IT**

RESOLVED, On this day, March 10, 2017, the Detroit City Council adopts a program budget for FY 2017-2018, as submitted by the Mayor, that is fiscally responsible and centered on sound and conservative budgetary principles for municipalities, well-reasoned financial outlooks and past performance, as well as stated goals and projections for departments, divisions and agencies, and in consideration of the City’s fiscal challenges; **BE IT FURTHER**

RESOLVED, THAT THE 2018 BUDGET OF THE CITY OF DETROIT INCLUDE THE FOLLOWING LEGISLATIVE BUDGET PRIORITIES, POLICY AND PLANNING ACTIONS:

That the Detroit City Council adopts the attached Schedule of City Council Changes to the 2017-2018 Budget Appropriation and Revenue Changes Summary by Agency, Appropriation and Fund; **BE IT FURTHER**

RESOLVED, That City Council has added \$71,395 to the Buildings, Safety Engineering and Environmental Department for two additional business licensing investigator positions, one as a full-time equivalent and one as a personal service contractor, so there will be at least one inspector per district; **BE IT FURTHER**

RESOLVED, That City Council has added \$68,700 to the Parks and Recreation Department to add two additional service hours during weekdays and eight hours of service on Saturdays; **BE IT FURTHER**

RESOLVED, The Senior Home Repair Grant Program has traditionally provided opportunities for the City’s senior citizens to obtain small but essential home repairs; however, no funding is allocated in the proposed budget. City Council is adding \$500,000 to the program. Based on the 2017 Reprogramming of CDBG funds to Section 108 Loan Defeasance, Housing and Revitalization Department will have additional unallocated budget authority of approximately \$2.7 million. The Administration has agreed to reprogram an additional \$500,000 from previous years’ unspent Community Development Block Grants which shall be a part of any reprogramming request that City Council is expected to approve; **BE IT FURTHER**

RESOLVED, The Legislative Policy Division (“LPD”) was created when City Council’s three divisions were consolidated into one unit. The 2017-2018 Official Compensation Schedule is hereby amended to add the following positions and pay ranges to reflect the new configuration, effective upon Council’s approval.

| Classification | Salary Range |
|---|----------------|
| City Council LPD Director | 95,500–158,371 |
| City Council LPD Deputy Director-Fiscal | 87,500-147,600 |
| City Council LPD Deputy Director-CPC/HDAB | 87,500-147,600 |
| City Council LPD Fiscal Analyst | 42,355-129,302 |

| | |
|---|----------------|
| City Council LPD Legal Analyst | 50,000-129,302 |
| City Council LPD Staff Analyst | 35,000-129,302 |
| City Council LPD Planner I | 35,000-49,686 |
| City Council LPD Planner II | 50,454-67,716 |
| City Council LPD Planner III | 63,937-82,410 |
| City Council LPD Planner IV | 69,954-91,749 |
| City Council LPD Planner V | 78,430-102,865 |
| City Council LPD Historic Planner II | 45,454-79,410 |
| City Council LPD Historic Planner III | 69,954-102,865 |
| City Council LPD Senior Historic Planner | 82,410-129,302 |
| City Council LPD Administrative Assistant I | 26,500-44,900 |
| City Council LPD Administrative Assistant II | 38,200-58,500 |
| City Council LPD Administrative Assistant III | 53,600-82,600 |
| City Council LPD Administrative Assistant IV | 56,900-86,400; |

BE IT FURTHER

RESOLVED, That City Council has added \$60,000 to assist in the payment of utility costs for the Eastern Market; **BE IT FURTHER**

RESOLVED, That City Council has added \$4,683 to City Council’s budget to provide the additional funds to adequately address the administrative services provided by Council President’s Office to the entire City Council; **BE IT FURTHER**

RESOLVED, That Council has added \$562,500 to City Council’s budget to fund the zoning study in its entirety rather than funding it over a four year period; **BE IT FURTHER**

RESOLVED, That City Council has added \$60,000 to the Parks and Recreation Department budget so that recreational services for senior citizens may be better advertised to increase usage; **BE IT FURTHER**

RESOLVED, That Council has added \$206,000 to the Media Services to convert 12 Administrative Special Services positions into full-time equivalent positions; **BE IT FURTHER**

RESOLVED, That Council has added \$8,744 to provide the Board of Review a general wage increase of 2.5%; **BE IT FURTHER**

RESOLVED, That Council has added \$1,855 to provide the Board of Zoning Appeals a general wage increase of 2.5%; **BE IT FURTHER**

RESOLVED, That the Council has added \$88,000 to the Clerk’s Office budget to delete on Junior Committee Clerk position and to add two Assistant Committee Clerk positions; **BE IT FURTHER**

RESOLVED, That City Council, in conjunction with the Legislative Policy Division, will provide Human Resources a list of titles in order to effectuate this change; **BE IT FURTHER**

RESOLVED, That City Council has added \$27,101 to the Civil Rights, Inclusion and Opportunity Department's budget to implement the Language Accessibility Plan to fund an interpreter for hearing impaired and translation for meetings of the City Council to comply with the American's with Disability Act; **BE IT FURTHER**

RESOLVED, That City Council has amended the budget to separate the Office of the Chief Financial Officer to reflect separate appropriations as is customary in the City's budget; **BE IT FURTHER**

RESOLVED, That the City Council urges the Mayor to submit budget amendments to Council as legally required by the Detroit City Charter and state law, that reflect any required budgetary changes including, but not limited to: 1) expected revenues that are lower than anticipated, 2) cost increases significantly beyond budgeted amounts, 3) revenues that are higher than expected, or 4) cost decreases significantly below those reflected in the adopted 2017-2018 Budget; **BE IT FINALLY**

RESOLVED, That the City Clerk is directed to provide a copy of this resolution to the Financial Review Commission, Governor and Treasurer of the State of Michigan, Mayor Mike Duggan of the City of Detroit, the Chief Financial Officer, the Finance Director, the Budget Director, Wayne County Executive Warren Evans and all agencies, departments and divisions of the City of Detroit.

THIS PAGE LEFT BLANK INTENTIONALLY