City of Detroit

CITY COUNCIL

IRVIN CORLEY, JR.
FISCAL ANALYST
(313) 224-1076

FISCAL ANALYSIS DIVISION
Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 218
Detroit, Michigan 48226
FAX: (313) 224-2783
E-Mail: cc-fiscal@ci.detroit.mi.us

ANNE MARIE LANGAN
ASSISTANT FISCAL ANALYST
(313) 224-1078

TO: Alfred Jordan, Director
Department of Public Works

FROM: Irvin Corley, Jr., Fiscal Analysis Director *Jg.*

DATE: May 4, 2010

RE: 2010-2011 Budget Analysis

Attached is our budget analysis regarding your department's budget for the 2010-2011 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Friday, May 7, 2010 at 1:00 p.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Council members and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

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Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Norman White, Chief Financial Officer
Pam Scales, Budget Department Director
Alia Moss, Budget Department Team Leader
Kamau Marable, Mayor's Office

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Department of Public Works (19)

FY 2010-11 Budget Analysis by the Fiscal Analysis Division

Summary

The Public Works Department is a General Fund agency, and also includes the recently created Solid Waste Fund, Street Fund and Metro Fund activities. The department's structure includes the following five activities, Administration, Street Fund, Solid Waste, Snow and Ice Removal, City Engineering Services and Public Act 48.

On page B52 of the Executive Budget Summary 2010-11, the Mayor presents the City of Detroit Street Fund Summary, which reflects the fund supported with gas and weight taxes distributed to the city under Public Act 51. The summary shows how the street fund revenues are allocated to city departments for street fund eligible activities including operations and maintenance, capital projects involving street resurfacing, bridge repair, traffic control devices and equipment purchases. The city in-kind contribution is also reflected.

The street fund is presented as the Major and Local Street Funds in the city's Comprehensive Annual Financial Report.

2009-10 Surplus/(Deficit)

This Administration reports a net surplus of $215,489 for the Department of Public Works Department for fiscal year 2009-10. The net deficit is the combination of a $1.0 million surplus in appropriations and a revenue deficit of $0.8 million. The appropriation surplus is identified as resulting from vacancies. The revenue deficit is cause is not explained.

Overtime

The general fund overtime budget for the current fiscal year is $219,332. As of March 31, 2010, the department has spent $57,513 on overtime. This represents 26.2% of the overtime being spent over 75% of fiscal year period.

For all funds reporting to the department the overtime budget is $1.1 and the expenditures as of March 31, 2010 total $1.9 million, resulting in a deficit of $0.8 million currently, and if the pattern of spending continues, the year ending deficit could increase to $1.4 million for overtime.

The Mayor's 2010-11 Budget includes an overtime budget in all funds of $2.8 million. Based on the current year the funding of overtime should be adequate.

Personnel and Turnover Savings

Following is information by appropriation compares current FY 2009-10 budgeted positions, March 31, 2010 filled positions and FY 2010-11 Mayor's recommended positions.

Appropriation/Program	Redbook Positions FY 2009-10	Filled Positions 3/31/2010	Mayor's Budget Positions FY 2010-11	Over/(Under) Actual to 09/10 Budget
Municipal & Environmental Services Dept. (19)				
190100 Administration	6	5	4	(1)
00028 Administration	**6**	**5**	**4**	**(1)**
190106 Detroit-Wayne Joint Building Auth	32	3	0	(29)
00030 Building Operations	**32**	**3**	**0**	**(29)**
00039 Rodent Control	**3**	**2**	**2**	**(1)**
190702 Engineering Services	3	3	5	**0**
190703 Administrative Services	3	3	0	0
190705 Design Services	0	0	0	0
190706 Structure Design	3	0	0	(3)
190707 Street & Highway Freeway Design	5	2	4	(3)
190708 Survey Office	5	3	3	(2)
190709 Building & Bridge Inspection	8	5	0	(3)
190710 Permits	7	3	0	(4)
190711 Sidewalk Inspections	0	0	0	0
190712 Material Testing	1	1	0	0
190713 Survey Office	1	1	0	0
191701 General Inspection	5	1	16	(4)
00910 City Engineer	**41**	**22**	**28**	**(19)**
193822 DPW Street Maintenance	215	200	182	**(15)**
193825 Transportation Planning	20	15	23	**(5)**
193826 Transportation Signs & Markings	56	46	54	**(10)**
06424 Major Street Fund - Operations	**291**	**261**	**259**	**(30)**
190410 Divisional Administrative Services	2	2	3	0
190411 Production Data Center	7	6	7	(1)
12396 Solid Waste Management	**9**	**8**	**10**	**(1)**
190412 Supervision and Field Office	3	2	3	(1)
190414 Courville Bulk Collection	88	75	88	(13)
190415 Courville Refuse Collection (Residential)	154	138	154	(16)
190416 Business District Cleanup	17	15	17	(2)
190417 Container Services	11	8	11	(3)
190418 Yard Operations	22	12	22	(10)
00037 Street Cleaning	0	0	0	0
00038 Vacant Lot Clean-up	0	0	0	0
12397 Refuse Collection	**295**	**250**	**295**	**(45)**
190419 Disposal Activities	11	7	11	(4)
12398 Refuse Disposal	**11**	**7**	**11**	**(4)**
12698 Pilot Recycling Program	**9**	**9**	**9**	0
12943 Environmental Inspection Division	**32**	**29**	**32**	(3)
13143 Greater Detroit Res. Recovery Authority	**0**	**0**	**5**	0
19XXXX Leave of Absence	0	12	0	12

19XXXX Worker's Comp.	0	(13)	0	(13)
19XXXX Unmatched Positions	0	34	0	34
TOTAL	**729**	**629**	**655**	**(100)**

Position Changes by Cost Center

Appropriation/Cost Center	Title	Add / (Delete)	Total
00028 Administration			
190100 Administration			
	Executive Secretary II	(1)	
	Office Assistant II	(1)	
	Total		(2)
00030 Building Operations			
190106 Detroit-Wayne Joint Building Authority			
	General Manager - DWJBA	(1)	
	Assistant General Manager - DWJBA	(1)	
	Engineer of Building Maintenance & Operations	(1)	
	Principal Accountant	(1)	
	Building Service Supervisor	(1)	
	Assistant Building Services Supervisor	(1)	
	Staff Secretary - DWJBA	(3)	
	Building Maintenance Foreman	(1)	
	Finish Carpenter	(1)	
	Refrigeration Equipment Operator 1st Class	(5)	
	Refrigeration Equipment Operator 3rd Class - Gen	(4)	
	Supervising Building Attendant II	(1)	
	Supervising Building Attendant I	(4)	
	Building Trades Worker - General	(1)	
	Security Specialist	(1)	
	Delivery-Driver	(1)	
	Laborer A	(4)	
	Total		(32)
00039 Rodent Control			
190402 Rodent Control			
	Environmental Control Inspector	(1)	
	Total		(1)
00910 City Engineer			
190702 Engineering Services			
	Administrative Assistant Grade II - City Engineer	1	
	Head Clerk	1	
	Total		2
190703 Administrative Services			
	Administrative Assistant Grade II - City	(1)	

	Engineer		
	Head Clerk	(1)	
	Office Assistant III	(1)	
	Total		(3)
190706 Structure Design			
	Senior Associate Civil Engineer - Field	(1)	
	Senior Associate Structural Engineer - Design	(1)	
	Associate Civil Engineering - Design	(1)	
	Total		(3)
190707 Street and Highway Design			
	Associate Civil Engineer - Design	(1)	
	Drafting Technician III	(1)	
	Senior Associate Structural Engineer - Design	1	
	Total		(1)
190708 Survey Office			
	Senior Assistant Civil Engineer - Field	(1)	
	Drafting Technician III	(1)	
	Total		(2)
190709 Building and Bridge Inspection			
	Field Engineer	(1)	
	Senior Associate Civil Engineer - Field	(1)	
	Associate Civil Engineer - Field	(1)	
	Principal Construction Inspector - Paving	(2)	
	Senior Construction Inspector	(2)	
	Office Assistant II	(1)	
	Total		(8)
190710 Permits			
	Construction Permit Coordinator	(1)	
	Head Construction Inspector - Paving	(1)	
	Senior Construction Inspector	(4)	
	Office Assistant III	(1)	
	Total		(7)
190712 Material Testing			
	Materials Laboratory Technician	(1)	
	Total		(1)
190713 Survey Office			
	Supervising Survey Technician	(1)	
	Total		(1)
191701 General Inspection			
	Engineer of Inspection	(1)	
	Principal Construction Inspector - Paving	(1)	
	Senior Construction Inspector	4	
	Field Engineer	1	

	Senior Associate Civil Engineer - Field	1	
	Senior Assistant Civil Engineer - Field	1	
	Associate Surveyor	1	
	Supervising Survey Technician	1	
	Construction Permit Coordinator	1	
	Office Assistant III	1	
	Associate Civil Engineer - Field	1	
	Material Laboratory Technician	1	
	Total		11
06424 Major Street Fund - Operations			
193822 DPW Street Maintenance			
	Vehicle Operator III	(2)	
	Senior Supervisor of Mechanical Maintenance	(1)	
	Assistant Equipment Dispatch Field Construction	(1)	
	Auto Repair Foreman	(2)	
	Auto Repair Sub-Foreman	(1)	
	General Auto Mechanic	(16)	
	General Welder	(1)	
	Vehicle Operator I	(8)	
	Laborer A	(1)	
	Total		(33)
193825 Transportation Planning			
	Drafting Technician III	(1)	
	Administrative Assistant Grade II - Traffic Engineering	(1)	
	Traffic Signal Install & Maintenance	1	
	Electrical Worker Foreman	1	
	Engineering Support Specialist II	1	
	Senior Associate Electrical Engineer - Design	1	
	Senior Bookkeeper	1	
	Total		3
193826 Transportation-Signs & Maintenance			
	Project Traffic Adjuster	(1)	
	Traffic Investigator	(1)	
	Total		(2)
12396 Solid Waste Management			
190410 Divisional Administrative Services			
	Administrative Assistant Grade II - DPW	1	
	Total		1
13143 Greater Detroit Resource Recovery Authority			
190422 Greater Detroit Resource Recovery Authority			
	Administrative Assistant Grade III - GDRRA	1	
	Administrative Assistant Grade I - GDRRA	2	
	Head Accountant & Office Manager -	1	

GDRRA	
Director – GDRRA	1
Total	5
Grand Total	(74)

Professional and Contractual Services

Department of Public Works (19)

Budgeted Professional and Contractual Services by Activity	FY 2009-10 Budget	FY 2010-11 Recommended	Increase (Decrease)
Administration	$ 2,000	$ -	$ (2,000)
Street Fund	6,675,000	6,500,000	(175,000)
Snow and Ice Removal	-	-	-
Public Act 48	-	-	-
Solid Waste	445,600	125,150	(320,450)
Vacant Lot Clean-up	-	-	-
City Engineer	$ 190,000	$ 15,000	$ (175,000)
Total	**$ 7,312,600**	**$ 6,640,150**	**$ (672,450)**

Issues and Questions

1. When the Council staff was introduced to the Office of Restructuring or the "OR Room" initiative they were informed that over 700 different services were identified as being provided by the city to citizens. Provide to Council, in your priority order, the services performed by the Department of Public Works (DPW) that are included in the OR Room listing. Include the basis that DPW provides each listed service, such as, charter, state statute, etc., and what other options exist to provide the service if the DPW were to discontinue providing the service.

2. For the appointed positions included in the 2010-11 Mayor's Recommended Budget for the Department of Public Works indicate which positions have a city vehicle assigned, receive a vehicle stipend, or are paid mileage in the current fiscal year. What will be the situation during the 2010-11 fiscal year?

3. Explain the reason why the Detroit Wayne Joint Building Authority (DWJBA) staff positions are removed from the budget presentation. Will any DWJBA staff members be paid through the city systems? Will any operational costs of the DWJBA be processed using city systems? If so, what authority allows use of the city systems for this purpose but allows the activity not to be reflected in the budget? How does this comply with the charter that states:

   "1. The budget shall constitute a complete financial plan for the next fiscal year."

   "2. The budget shall set forth estimated revenues from all sources and all appropriations."

4. Explain how the presentation of the Greater Detroit Resource Recovery Authority (GDRRA) and DWJBA are similar or different in regard to the recommended presentation in the Mayor's Recommended Budget. That is, the GDRRA positions are included while the DWJBA positions have been removed.

5. The Department of Public Works collects the revenue from Public Act 48, the Metropolitan Extension Telecommunications Right-of-Way Oversight Act (METRO ACT). What part does the Detroit Cable Communications Commission (DCCC) play in the administrating, regulating or securing collection of the revenue under this act? What effect will the restructuring of the DCCC as proposed by the Mayor in the recommended budget have? If the DCCC were eliminated in total, would DPW be in the position to continue collection of this revenue? What, if anything would have to be changed in DPW?

6. In the Street Fund, 32 positions are being eliminated from Appropriation 06424, Major Street Fund-Operations, with only a very slight decrease in funding of $1.4 million. Explain the low savings the reduction in positions appears to be generating. How will services be changed due to the staffing reduction?

7. As of May 4, 2010 the total amount recorded in the financial system for tipping fees is $5.0 million. The current year budget for this fee is $23.0 million. Explain the difference. What is GDRRA using to meet its requirements if the city is not paying for service? What number of tons of solid waste has been delivered to GDRRA by DPW on a monthly basis in the current year? What is the cost per ton that the GDRRA is charging DPW in the current year? What is the per ton cost included in the 2010-11 recommended budget. If this amount is greater than $25 per ton, what is the justification for DPW to continue to use GDRRA for disposal service, as the cost per ton is not competitive? How long will DPW continue to pay a premium for disposal of solid waste services by using GDRRA? If GDRRA is not billing on a per ton basis, explain the method used.

8. At the Non-Departmental Budget Hearing, it was stated that GDRRA has a $40 million deficit, and that the city is required to pay the deficit created by GDRRA. What is the period of time this $40 million deficit relates to? What operational changes have been instituted since to ensure the GDRRA operation does not continue generating deficits of this magnitude? Whatever the amount of the GDRRA deficit, when was an appropriation approved by City Council that allows the general fund to cover the GDRRA deficit?

9. What happened to the $20 to $25 million in the bond fund reserve account when the final bond payments were made?

10. What is the status of negotiations relating to the $20 million DTE escrow account? Who is in possession of the actual cash? Who is receiving interest earnings? Since this item has been discussed for a few years, does DTE have access to, and the legal ability to be drawing funds from this escrow account?

11. The 2009-10 Budget includes a Pilot Recycling Program describe the progress on the implementation of the program. What if any special vehicles or equipment

will be necessary for the Pilot Recycling Program? What has the cost and revenue generation been compared to the estimates?

12. The Administration set up the Solid Waste Fund to capture all of the costs of collection and disposal of solid waste in the City including the solid waste fees, both residential and commercial that would cover the costs. After three years the fund is not capturing all of the costs, and the proposed fees do not cover the total costs of solid waste collection and disposal. What is the timetable for the administration to identify and charge all costs to the fund and set the fees to cover all costs? The current solid waste fund mirrors the situation in many of the enterprise funds that are not self-sufficient and continue to relay on general tax support. Considering the accumulated deficit in the general fund, why isn't the solid waste fee being increase in the recommended budget to ensure the general fund will not be required to subsidize the solid waste fund? What is your best estimate of the true cost of solid waste if all costs were properly captured, and what would the solid waste fees have to be set at to cover these costs?

13. On average how old are the vehicles in the solid waste collection fleet? What is the normal replacement cycle for this type of vehicle? What problems do you foresee and what alternative plans are you considering in light of the decision not to replace vehicles in the recommended budget? What is the lead-time required for the purchase of solid waste collection vehicles?

14. The recommended budget includes $3.8 million for the acquisition of vehicles, a decrease of $746,000. What vehicles are being purchased? Why are these vehicles being purchased through DPW, rather than the Internal Service Fund – Vehicle Acquisition process, and/or General Services?

15. The City Engineering Division is being reduced by 13 positions. The revenues in City Engineering in the recommendation are reduced by $2.4 million or 44% reduction, from $5.4 million to $2.9 million. Is there any relationship between the loss of these positions and the reduced revenues? Also identify any other factors that explain this revenue decrease. Also, the Administration's surplus/deficit for DPW indicates only a $.08 million revenue deficit for the agency therefore it appears current year collections are more in line with the current budget, than the recommendation.

16. Street Fund – Explain the $1.1 million reduction in Lighting, while Street and Alley Maintenance is increasing by $2.0 million.

17. Street Fund – Street Resurfacing – Contractual is being eliminated, from $4.0 million in the current year. However the Goals and Measures on page 19-8 of the Executive Budget indicate 59 miles of street resurfacing by contractors, and 52 miles of street resurfacing by city crews. Where are the funds in the recommended budget for street resurfacing?

18. Street Fund – Traffic Control Improvements - State is increasing from $5.8 million to 8.5 million, a $2.7 million increase, or 47% increase. What specific projects will this allocation be used for? Are there specific project(s) this relates to?

19. Is the department involved in any activities that are not recorded as part of the city's financial reporting system? If so, identify what the activities are, and what the department's involvement is. Is the department working with Finance to incorporate the systems into the Oracle based financial reporting system?

20. Has the creation of the General Services Department and the transfer of responsibilities from DPW to GDS improved the delivery of services to residents by your department. Explain how and identify any cost savings that has resulted in DPW.

21. In the current budget DPW acquired the enforcement division from the Department of Environmental Affairs. How has this transition progressed? Has the combining of these operations resulted in cost savings or operational efficiency? Identify and explain.

22. Now that GDRRA falls under the structure of the DPW, what steps will the DPW administration be allowed to take to prevent GDRRA from generating further operating deficits?

IC:JGP