



**OFFICE OF THE
CHIEF FINANCIAL OFFICER
OFFICE OF BUDGET**

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May 20, 2024

Honorable Gabriela Santiago-Romero, Council Member
Coleman A. Young Municipal Center
2 Woodward Avenue
Detroit, MI 48226

Re: Fiscal Impact of Proposed Fugitive Dust Ordinance

Dear Council Member Santiago-Romero:

Please see attached Fiscal Impact Statement prepared by the Office of Budget for the above referenced item, pursuant to CFO Directive 2018-101-029: Fiscal Impact Statements. Upon review, please do not hesitate to contact me to discuss further.

Best regards,

Steven Watson
Deputy CFO / Budget Director

Att: CFO Fiscal Impact Statement No. 2024-110-006

cc: Honorable Detroit City Council
Jay B. Rising, CFO
John Naglick, Jr., Chief Deputy CFO/Finance Director
Tanya Stoudemire, Chief Deputy CFO/Policy & Administration Director
Malik Washington, City Council Liaison
David Whitaker, Director-Legislative Policy Division



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CFO FISCAL IMPACT STATEMENT NO. 2024-110-006

SUBJECT: Fiscal Impact of Proposed Fugitive Dust Ordinance
PREPARED BY: Office of the CFO – Office of Budget
DATE ISSUED: May 20, 2024

1. AUTHORITY

- 1.1. State of Michigan Public Act 279 of 1909, Section 4s(2)(d), as amended by Public Act 182 of 2014, states the chief financial officer shall submit in writing to the Mayor and the governing body of the City his or her opinion on the effect that policy or budgetary decisions made by the Mayor or the governing body of the City will have on the City's annual budget and its four-year financial plan.
- 1.2. CFO Directive No. 2018-101-029 Fiscal Impact Statements states that the CFO shall issue Fiscal Impact Statements ("FIS") for pending or enacted decision items with a significant fiscal impact on the City, as determined by the CFO, to provide financial information to the Mayor and the City Council as they consider action on proposed local policy or budgetary decision items.

2. PURPOSE

- 2.1. To provide financial information to the Mayor and the Detroit City Council as they consider the effect of the proposed Fugitive Dust Ordinance.

3. OBJECTIVE

- 3.1. This FIS serves as the report on the fiscal impact of the proposed on the City's annual budget for FY 2025 and four-year financial plan for FY 2025 – FY 2028 (the "City budget").

4. SCOPE

- 4.1. This FIS is not intended to convey any statements nor opinions on the advisability of the proposal, except for those components that have or may have a fiscal impact on the City budget.
- 4.2. This fiscal impact analysis is based on the proposal as described below in Section 5 of this FIS. Should the proposal change prior to final approval, an updated FIS may be issued.

5. STATEMENT

- 5.1. Conclusion: The proposed ordinance would have a **negative net impact** on the City budget, as resources have not been budgeted to support the respective programmatic costs.
- 5.2. Background: The proposed ordinance establishes a Fugitive Dust Division within the Buildings, Safety Engineering, and Environmental Department (BSEED). The Division is responsible for regulating the prevention of off-site dust emission and inspection of all operations on the premises of applicable establishments within the City. Common

establishment activities subject to the ordinance include weed abatement, construction, demolition, landscaping, and storage and transporting operations. Establishments are required in advance to file a fugitive dust plan for any activity expected to generate dust at an opacity greater than 5% on-premises or greater than 0% off-premises.

Establishments found to be in violation of the ordinance will have 14 days to implement a fugitive dust plan and install or add control measures to remediate the issue, and all dust-generating activities will cease until BSEED approves the plan. BSEED can inspect establishments without notice to ensure that opacity levels aren’t exceeded. Businesses that exceed the opacity limits or refuse to comply with enforcement action will be subject to penalties, with the fine amount increasing for multiple violations.

5.3. Fiscal Impact: The proposed ordinance has a **negative net impact** on the City budget, as resources are not budgeted to cover the incremental cost of establishing a Fugitive Dust Division within BSEED. The ordinance would require hiring two (2) Senior Environmental Specialists within BSEED’s Environmental Affairs General Fund program at an annual cost of approximately \$200,000. The ordinance will also generate new fine revenue from those that violate the fugitive dust provisions. These fines will partially offset program costs, but they are not expected to fully cover them. The amount of fine revenue cannot be quantified at this time, as it will depend on future violations.

City of Detroit
FIS - Fugitive Dust Ordinance

	FY 2025	FY 2026	FY 2027	FY 2028
Salaries (2 Senior Environmental Specialists)	\$ 142,680	\$ 145,534	\$ 148,444	\$ 151,413
Fringe	45,401	46,309	47,235	48,180
Total, Personnel Costs	\$ 188,081	\$ 191,842	\$ 195,679	\$ 199,593
One-Time Operating ¹	\$ 10,000	\$ -	\$ -	\$ -
Recurring Operating Costs ²	5,000	5,000	5,000	5,000
Total, Operating Costs	\$ 15,000	\$ 5,000	\$ 5,000	\$ 5,000
Net impact on Four-Year Financial Plan³	\$ 203,081	\$ 196,842	\$ 200,679	\$ 204,593

Notes:

(1) Includes IT equipment and furniture

(2) Includes training and mileage reimbursement

(3) This cost will be partially offset by fine collections. However, fine activity is indeterminate as this is an entirely new enforcement component for BSEED.

APPROVED



Steven Watson, Deputy CFO / Budget Director