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TO: The Honorable Detroit City Council

FROM: David Whitaker, Director 
Legislative Policy Division

DATE: January 8, 2025

RE: Fiscal Review of the Proposed Capital Agenda FY 2025-2026 through 2029-2030

On November 1, 2024, in accordance with the 2012 Detroit City Charter, the Administration presented to City Council the Proposed Capital Agenda for the fiscal years 2026 through 2030. This report is the Legislative Policy Division's (LPD) fiscal review of the proposed Capital Agenda.

This document's submission to Council is in compliance with the current Detroit City Charter, section 8-202, "Capital Agenda", that states on or before November 1 in each even numbered year, the mayor shall submit a proposed capital agenda for the next five fiscal years to the City Council. All of the charter-outlined tasks and review of the capital agenda must be completed and authorized by March 1 of the following year. If Council fails to act by March 1, the capital agenda as proposed shall be deemed approved.

The Government Finance Officers Association (GFOA) recommends a multi-year capital planning policy that includes such items as: a clear definition of capital projects, the role of the various stakeholders in the process, financing policies (debt options versus pay as you go), funding sources, multi-year requirements, legal requirements, and monitoring oversight. Some key elements of GFOA Best Practices in capital planning are discussed later in this document.

This proposed Capital Agenda includes the details of many capital improvements in the city planned by city agencies as well as those planned through the Development Financing Programs that fall under the Detroit Economic Growth Corporation. Also, in this document are capital accomplishments and plans of agencies that have been spun off through both state legislation and City-created/Council approved authorities such as Eastern Market, the Historical Museum, the Zoo, and the Public Lighting Authority. While the City in most cases, continues to own the assets, they are managed by other entities through either contract, memorandums of understanding or legislation. There is information provided about completed capital projects, and out-year projects, as well as other relevant projects.

Best Practices in Capital Planning

GFOA recommends that governments prepare and adopt comprehensive, fiscally sustainable, and multiyear capital plans to ensure effective management of capital assets¹. A prudent multi-year capital plan identifies and prioritizes expected needs based on a strategic plan, establishes project scope and cost, details estimated amounts of funding from various sources, and projects future operating and maintenance costs. A capital plan should cover a period of at least three years, preferably five or more and contain the following components: 1. **Identify needs:** a capital asset life cycle should be developed for major capital assets; 2. **Determine financial impacts:** the full extent of the capital project/asset and the associated life cycle costs should be determined when developing the multi-year capital plan; 3. **Prioritize capital requests:** GFOA recommends that, when evaluating capital requests, governments should first prioritize based on health and safety considerations, service, and asset preservation; 4. **Develop a comprehensive financial plan:** governments should develop a viable overall multi-year financing plan covering the period of the capital program to ensure that the proposed projects are achievable within expected available resources. To sustain the financial health of the governmental entity, capital financing strategies should align with expected capital project requirements.

A key element in developing a comprehensive capital financial plan is to ensure the reliability and stability of identified funding sources. This provides transparency for citizens in the city's capital planning process and promotes confidence that future capital projects will come to fruition. To maintain credibility, information should be transparent and accurate, setting clear expectations for citizens.² The use of vague terminology or acronyms limits a citizen's understanding of the city's capital program. Public participation and stakeholder involvement during the planning, design, and construction of capital projects is extremely important.³

Capital Agenda as a Planning Tool

It is important to review this Capital Agenda in the proper context. It is a planning document prepared every two years for a five-year timeframe per City Charter requirements. The stated project prioritization can shift at any point in time as it often has in past cycles due to new priorities. Once Council authorizes the Agenda, the city have no legal authority to carry out any of the projects. Requests for funding as well as contracts for the project work must still come before Council for authorization.

There are no secured appropriations as a consequence of approval of this document. Appropriations must first be budgeted and authorized in the annual budget process or intermittently through the fiscal year as funds are made available from other entities and then an actual contract and specific financing plan must be created and brought before Council for authorization.

Proposed Capital Agenda Comparison to Previous Agenda

The proposed 5-Year Capital Agenda totals \$2,350,613,000, which is a decrease of \$121,737,469, or -4.9%, from the previous 5-Year Capital Agenda of \$2,472,350,469. See pages 7 and 8 in the proposed Capital Agenda for cost estimates for projects by category and by department.

In comparing the two Capital Agenda's estimated costs by category, we observed a significant increase in Technology & Government Infrastructure and significant decreases in all other categories. This proposed Capital Agenda reflects the tightening of funding for capital projects as all Unlimited Tax General Obligation (UTGO) voter authorized bonds have been sold and no additional authorization is under consideration; new American Rescue Plan Act (ARPA, also known as COVID-19 stimulus package) funding is closed for new projects, and uncertainty exists in state/federal grant programs.

¹ <https://www.gfoa.org/materials/multi-year-capital-planning>. Last updated September 2022

² <https://www.gfoa.org/materials/communicating-capital-improvement-strategies>. February 2014

³ Ibid

Although the Proposed Capital Agenda is smaller, dollar-wise, than the previous Capital Agenda it may not represent a lowering of priorities for certain capital activity. As noted by the Office of Budget, the Capital Agenda is fluid- it “ebbs and flows” according to the city’s capital needs and funding availability. As explained by the Office of Budget, some capital projects were expedited with the availability of ARPA and other federal/state funds and no longer require additional, or significant funding in this proposed Capital Agenda. In addition to this report herein, the Legislative Policy Division will submit a complete analysis on the proposed Capital Agenda in January 2025 that will include an in-depth discussion of the capital improvement projects proposed.

Categories	Previous 5-Year Capital Agenda 2024-2028	Proposed Capital Agenda 2026-2030	Variance	Variance %
Health & Public Safety	\$119,735,000	\$87,670,000	(\$32,065,000)	(26.8%)
Housing & Economic Development	189,804,469	107,907,000	(81,897,469)	(43.1%)
Open Spaces & Recreation	513,230,000	354,691,000	(158,539,000)	(30.9%)
Technology & Government Infrastructure	821,738,000	1,131,452,000	309,714,000	37.7%
Transportation	809,183,000	651,348,000	(157,835,000)	(19.5%)
Affiliated Entities	18,660,000	17,545,000	(1,115,000)	(6.0%)
Total	\$2,472,350,469	\$2,350,613,000	(\$121,737,469)	(4.9%)

Capital Agenda-Five Year Plan Adopted budget⁴ **\$2,472,350,469** **\$2,350,613,000** **(\$121,737,469)** **(4.9%)**

- **Health & Public Safety** (-26.8%) decline is due to decreases in the Fire Dept (-\$4.4M), Health (-\$6.6M) and Police (-\$21.1M) capital programs.
- **Housing & Economic Development** category decreased by (-43.1%) led primarily by Planning & Development Department (PDD) (-\$99.2M) due to the reduction in Neighborhood Framework plans implementation (lack of funding) offset by an increase in Housing & Revitalization Department (HRD) (+\$17.4M) capital program.
- The **Open Spaces & Recreation** program decreased by (-30.9%), led by a decline in General Services Department (GSD) - Parks Division (-\$117.6M), Detroit Zoo (-\$23.7M) and the Eastern Market (-\$18.2M), offset by an increase in the Charles Wright Museum of African American History (MAAH) (\$2.7M) capital program.
- **Technology & Government Infrastructure** capital program increased by 37.7% due to an increase in the Detroit Water & Sewage Department (DWSD) (+\$252M) capital program and the addition of the Office of Sustainability capital program (\$44.2M) (new).
- The **Transportation** category decreased by(-19.5%) due to Detroit Department of Transportation (DDOT) capital plans (-\$164.4M) and Detroit Transportation Corporation (DTC)- People Mover) (-\$51.8M) due to the elimination of train car replacement project, offset by an increase in Airport (\$82.6M) capital plans. Completed, on-going and revised capital projects account for DDOT reduction in capital projects. New construction and rehabilitation projects for Airport contribute to the increase in Airport’s 5-year capital plan.
- **Affiliated Entities** declined slightly due to the Detroit Public Library (DPL) capital program and no capital projects reported in the five-year period for the Detroit Wayne Port Authority.

A comparison between the previous and proposed capital agenda by city agencies/component agencies is presented below.

#	Agency	Agency Name	Previous 5-Year Capital Agenda by Dept	Proposed 5-Year Capital Agenda by Dept	Variance	Variance %
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⁴ Note: The Adopted Budget for FY 2023 and the current FY 2025 included \$70,982,259 and \$49,777,827, respectively, for capital improvements. The -\$21.2 million variance represents primarily a larger amount of capital improvement projects being financed using general fund surplus dollars in the adopted FY 2023 than in FY 2025.

10	Coleman A Young International Airport	\$28,545,000	\$111,143,000	\$82,598,000	289.4%
16	Construction and Demolition Dept	-	-	-	-
	Construction and Demolition Dept- Facilities	-	16,550,000	16,550,000	100%
19	Dept of Public Works	374,740,000	361,173,000	(13,567,000)	(3.6%)
20	Dept of Transportation	312,948,000	148,471,000	(164,477,000)	(52.6%)
24	Fire Dept	43,785,000	39,380,000	(4,405,000)	(10.1%)
25	Health Dept	6,600,000	-	(6,600,000)	(100%)
31	Dept of Innovation Technology	42,600,000	56,200,000	13,600,000	31.9%
33	Office of Sustainability	-	44,233,000	44,233,000	100%
34	Municipal Parking	27,750,000	21,458,000	(6,292,000)	(22.7%)
36	Housing & Revitalization	69,554,469	86,907,000	17,352,531	24.9%
37	Police Dept	69,350,000	48,290,000	(21,060,000)	(30.4%)
38	Public Lighting Dept	5,900,000	34,093,000	28,193,000	477.8%
43	Planning & Development Dept	120,250,000	21,000,000	(99,250,000)	(82.5%)
47	General Services Dept- Facilities	91,650,000	16,550,000	(75,100,000)	(81.9%)
	General Services Dept- Fleet	143,620,000	211,410,000	67,790,000	47.2%
	General Services Dept- Parks	382,455,000	264,815,000	(117,640,000)	(30.8%)
48/49	Detroit Water & Sewerage	510,348,000	762,330,000	251,982,000	49.4%
60	36th District Court	-	-	-	-
71	Elections	1,170,000	589,000	(581,000)	(.50%)
72	Detroit Public Library	18,460,000	17,545,000	(915,000)	(.50%)
Component Units					
	Charles H. Wright Museum	11,730,000	14,420,000	2,690,000	22.9%
	Detroit Land Bank Authority	-	-	-	-
	Detroit Riverfront Conservancy	-	-	-	-
	Detroit Transportation Corp	65,200,000	13,350,000	(51,850,000)	(79.5%)
	Detroit/Wayne Port Authority	200,000	-	(200,000)	(100%)
	Detroit Zoological Society	55,000,000	31,250,000	(23,750,000)	(43.2%)
	Eastern Market Corp	62,100,000	43,900,000	(18,200,000)	(29.3%)
	Historical Society	1,945,000	306,000	(1,639,000)	(84.3%)
	Public Lighting Authority	26,450,000	1,800,000	(24,650,000)	(93.2%)
Capital Agenda - 5- Year Plan		\$2,472,350,469	\$2,350,613,000	(\$121,737,469)	(4.9%)
Adopted budget ⁵					

⁵ Note: The Adopted Budget for FY 2023 and the current FY 2025 included \$70,982,259 and \$49,777,827, respectively, for capital improvements. The -\$21.2 million variance represents primarily a larger amount of capital improvement projects being financed using general fund surplus dollars in the adopted FY 2023 than in FY 2025

Of the \$2.35 billion that is recommended in the Proposed Five-year plan, four agencies account for \$1.75 billion 74.4% (up from the previous Capital Agenda). The five capital programs are DWSD, GSD- Parks, DPW- Streets, DDOT, and GSD- Fleet (vehicle management).

Agency	Previous 5-Year Capital Agenda 2024-2028	Proposed Capital Agenda 2026-2030	Variance	Variance %
Detroit Water & Sewerage	\$510,348,000	\$762,330,000	\$251,982,000	49.4%
General Services Dept- Parks	382,455,000	264,815,000	(117,640,000)	(30.8%)
Dept of Public Works – Street Fund	374,740,000	361,173,000	(13,567,000)	(3.6%)
Dept of Transportation	312,948,000	148,471,000	(164,477,000)	(52.6%)
General Services Dept- Fleet	143,620,000	211,410,000	67,790,000	47.2%
Total Top Five Agency Plans	\$1,724,111,000	\$1,748,199,000	\$24,088,000	1.4%
Total 5-Year Capital Agenda	\$2,472,350,469	\$2,350,613,000	(\$121,737,469)	(4.9%)
Percent of Total	70.0%	74.4%		

This proposed Capital Agenda anticipates funding from multiple sources, some well-established and additional new sources due to recent federal and state legislation. This capital plan assumes funding, such as DWSD Bonds, Federal Grants and State Formula Funds – will be accessible at the necessary times as planned. Federal and State legislation as well as the bond markets could potentially alter these plans. Since the \$250 million Neighborhood Improvement Bonds have been sold for blight removal- demolition and housing rehabilitation purposes, these bonds were not included in the previous nor the proposed capital plan.

The amount of annual funding received through state and federal grants has a significant impact on the city’s ability to fund capital projects. In addition, the city’s ability to sell bonds provides an essential financial tool to address our capital needs. Therefore, it is important that we properly identify each potential funding source by project. This proposed capital agenda combines multiple funding sources by project which makes it difficult to ascertain the amount each source contributes to the overall capital program.

The table below shows the funding sources for the 2026-2030 proposed Capital Agenda as compared to the previous Capital Agenda. As can be seen in the table below, the proposed Capital Agenda uses a number of new funding source categories. The new funding source categories identified in the table below include (please note that some of the sources are described in the glossary section of the proposed capital agenda document):

- AHDPF (Affordable Housing Development and Preservation Fund)-described in glossary
- ARPA (American Rescue Plan Act)-described in glossary
- Installment Purchase Agreement-described in glossary
- Public Lighting Authority (PLA) Strategic Reserve-The PLA’s Board of Directors adopted a Long-Term Planned Maintenance Program (the “Plan”) in 2022, dedicating existing invested funds into a strategic reserve for reinvestment in the street lighting system.⁶
- Public Lighting Department (PLD) Utility Conversion Fund-represents funds set aside for decommissioning of PLD substation and Mistersky Power Plant assets.⁷

⁶ Source: PLA annual financial statements as of June 30, 2024, page 10.

⁷ Source: Proposed 2026-2030 capital agenda, page 136.

Funding Source	Proposed Capital	Proposed Capital	Difference	Related Capital Program
	Agenda	Agenda		
	Y 2024 - FY 2028	FY 2026 - FY 2030		
AHDPF	-	0.08	0.08	Unknown
AHDPF, CDBG, Home	-	7.62	7.62	Unknown
ARPA - Various	-	264.91	264.91	Multiple agencies
Blight Fund	1.10	0.93	(0.17)	General Services Dept
Bonds	8.90	155.71	146.81	Multiple agencies
Bonds I&E	5.70	-	(5.70)	Detroit Water & Sewerage
Bonds, PAYGO	6.60	27.58	20.98	Dept of Public Works (DPW)
Bonds, PAYGO, Street Fund, Private, State & Federal Grants	71.60	-	(71.60)	Dept of Public Works (DPW)
CDBG, Home	16.92	35.39	18.47	Planning & Development
Decommissioning Fund	5.90	-	(5.90)	Public Lighting
DWSRF	49.15	129.20	80.05	Detroit Water & Sewerage
Federal Grants	4.80	-	(4.80)	Multiple agencies
Federal Grants, Philanthropy	11.50	-	(11.50)	Multiple agencies
FTA, Discretionary	6.00	-	(6.00)	Detroit Transportation Corp (People Mover)
FTA, Discretionary, FTA Formula	50.00	-	(50.00)	Detroit Transportation Corp (People Mover)
FTA, Formula	6.00	-	(6.00)	Detroit Transportation Corp (People Mover)
FTA, Formula Operating Funds	0.20	-	(0.20)	Detroit Transportation Corp (People Mover)
FTA, Formula, State Grants	3.00	-	(3.00)	Detroit Transportation Corp (People Mover)
HOME - various	46.64	24.86	(21.78)	Housing & Revitalization Dept (HRD)
I&E	274.50	227.20	(47.30)	Detroit Water & Sewerage
I&E Bonds	-	20.00	20.00	Detroit Water & Sewerage
I&E Bonds, DWSRF, State & Federal Grants	-	181.94	181.94	Detroit Water & Sewerage
Installment Purchase Agreement	-	177.98	177.98	DPW - Vehicles
METRO Fund	15.00	16.52	1.52	Dept of Public Works (DPW)
PAYGO	396.81	270.67	(126.14)	Multiple agencies
PAYGO, Bonds, State & Federal Grants	178.79	-	(178.79)	Multiple agencies
Philanthropy, State & Federal Grants	305.65	-	(305.65)	Multiple agencies
PLA Operations	24.45	-	(24.45)	Public Lighting Authority
PLA Strategic Reserve	-	22.26	22.26	Public Lighting Authority
Police Towing Fund	1.10	1.07	(0.03)	General Services Dept, GSD - Fleet
Solid Waste Fund	12.67	-	(12.67)	Dept of Public Works (DPW)
State & Federal Grants	311.32	373.06	61.74	Multiple agencies
State & Federal Grants, ARPA	53.60	-	(53.60)	Detroit Water & Sewerage
State & Federal Grants, Bonds	12.00	17.00	5.00	Multiple agencies
State & Federal Grants, I&E	96.28	-	(96.28)	Detroit Water & Sewerage
State & Federal Grants, PAYGO	57.10	311.40	254.30	Multiple agencies
State & Federal Grants, Street Fund	147.23	-	(147.23)	Dept of Public Works (DPW)
State & Federal Grants, Other	21.12	-	(21.12)	Multiple agencies
State & Federal Grants, Philanthropy	-	35.00	35.00	Multiple agencies
Street Fund	30.50	31.15	0.65	Dept of Public Works (DPW)
Street Fund, State & Federal Grants, Private	108.02	-	(108.02)	Dept of Public Works (DPW)
Utility Conversion Fund	-	5.81	5.81	Public Lighting Dept (PLD)
Utility Conversion Fund, PAYGO	-	13.22	13.22	Public Lighting Dept (PLD)
Funding Source Not Identified	132.15	-	(132.15)	Unknown
Grand Total	2,472.30 *	2,350.56 *	(121.74) *	
	* Rounding	* Rounding	* Rounding	

Debt Financing

The city adheres to an established debt management policy that specifies the conditions in which debt can be issued. In essence, long-term debt cannot be used to finance current operations. This proposed capital agenda includes information on the city's multiple debt sources used for capital and operating purposes.

Repayment schedules are included for: the Unlimited Tax General Obligation Bonds⁸ (UTGO)- primarily used for capital purposes; the Limited Tax General Obligation Bonds⁹ (LTGO) primarily used for General Fund (Plan of Adjustment); Michigan Transportation Fund (MTF) bonds used for street improvements; and the Housing and Urban Development (HUD) Notes used for development. Detroit Water & Sewerage and the Public Lighting Authority debt service are reported separately; the repayment schedules are not included in this proposed capital agenda.

Focusing on the UTGO debt, the repayment schedule is declining from \$71.8 million in principal and interest repaid in FY 2025 to \$45.9 million projected payment in FY 2030. The LTGO debt service payment also decreases during this period with total payments of \$79.3 million for FY 2025 with level payments of \$77.5 million from FY 2027 through FY 2030 (a small dip in payments is shown for FY 2026).

The city sold in July 2024, \$46.3 million in UTGO bonds for various capital purposes, which are reflected in the debt repayment schedule. In FY 2023, the city sold the remaining \$75 million in Neighborhood Improvement bonds for blight remediation, demolition and neighborhood rehabilitation. UTGO bonds are repaid through a dedicated debt service millage on property taxes. A future UTGO bond sale may have a negligible impact on the current debt service millage based on the most recent repayment schedule. The Proposed Capital Agenda does not include a future bond sale for capital purposes during this five-year period. Since all voter authorization has been utilized for the city’s on-going capital improvement program, the city will need to place ballot proposals before the residents before any additional UTGO bonds can be sold.

Concluding Remarks and Questions for the Administration

Section 8-202 of the Detroit City Charter mandate the following information to be included in the Capital Agenda document. *The Capital Agenda shall state: All physical improvements and related studies and surveys, all property of a permanent nature, and all equipment for any improvement when first erected or acquired, to be financed during the next five (5) fiscal years in whole or in part from funds subject to control or appropriation by the city, along with information as to the necessity for these facilities...*(emphasis added).

On page 18 of the Proposed Capital Agenda it states, “The first task of a Capital Agenda is to identify the capital needs of the City”. The Administration has made an effort to list capital projects in-progress and anticipate capital projects for the next five years. However, in reporting projects in this summary format, much needed details of proposed projects are missing. As the Capital Agenda is a tool to assist city leaders in determining future capital expenditures in an environment of scarce capital funding, information is critical to the process. For the FY 2025 budget, City Council approved \$17.95 million in General Fund surplus spending for capital projects based on the need for such capital funding expressed by various city agencies, Council and the community. Transparency not only requires full disclosure of relevant information on a subject matter, but also regular updates on outstanding issues. Each phase of a multi-year capital project should be adequately discussed and noted in the related Capital Agenda.

The Administration committed to making the following revisions to the 2024- 2028 Proposed Capital Agenda and/or propose future consideration of the following issues:

ISSUE	PROPOSED REVISIONS to the Previous Capital Agenda/ FUTURE CONSIDERATION	REVISION MADE IN THE PROPOSED CAPITAL AGENDA 2026-2030 (YES/NO)
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⁸ Unlimited tax general obligation (UTGO) bonds are voter-authorized bonds paid off from property tax revenue based on the City of Detroit’s property tax debt millage.

⁹ In contrast to UTGO bonds, limited tax general obligation (LTGO) bonds are non-voter bonds and paid for out of the City’s general fund and are repaid from property tax revenues based on the General City Operating property tax debt millage.

Lack of Transparency	<i>The Administration is proposing an organizational change that will consolidate capital project reporting under one entity.</i> <i>OCFO may revise the Proposed Capital Agenda with additional language included in their responses to LPD/CPC/Council questions.</i>	Yes. Organizational change made, incorporated in this Capital Agenda. Some outstanding issues remain. Yes, revisions made in the previous Capital Agenda and continued in the Proposed Capital Agenda.
Omitted Agencies	<i>OCFO will add the Demolition and Detroit Public Library capital plans to the Proposed Capital Agenda.</i>	Yes, both agencies were included in the Proposed Capital Agenda.
Organizing Projects in Priority Order	<i>OCFO will align capital projects shown in the Department/Agency Narrative with the accompanying spreadsheets.</i> <i>OCFO indicated that prioritizing projects should be considered for the next Capital Agenda.</i>	Yes, Previous Capital Agenda revised. Item for discussion for the Proposed Capital Agenda. Undetermined
Identify Individual Funding Sources	<i>OCFO will include a Summary Chart of Funding Sources.</i> <i>A Description of Funding Sources will be included in this Proposed Capital Agenda.</i>	Yes Yes, included in Glossary; however, multiple funding sources are still shown together in the agency capital plans.
Request for Additional Information		
Historic Fort Wayne	<i>Future discussions required for Fort Wayne since oversight recently returned to the city.</i>	No
Joe Louis Greenway	<i>OCFO will include in the Executive Summary an overview of the project with district and funding information.</i>	Partial. Need more details.
Neighborhood Framework Plans	<i>OCFO to provide updates to the Neighborhood Framework Plans and possible amendments to the Master Plan.</i>	Partial. Neighborhood Framework Plans and Master Plan activity underway. Not fully discussed in this document.
Q-Line	<i>OCFO acknowledges that the Q-line does not receive city funding but will include a brief history of the Q-Line including funding sources in the Proposed Capital Agenda.</i>	Yes. Need more details.
Glossary of terms (to describe each of the anticipated funding sources given the numerous uses of acronyms/abbreviations in this document).	<i>OCFO committed to include a Glossary of terms.</i>	Yes

Other issues present in this 2026- 2030 Proposed Capital Agenda that LPD would like for the Administration to address are as follows:

- 1) As in the previous Capital Agenda funding Sources were omitted for the following agencies. Knowledge of future capital requests from affiliated agencies and documenting it in the Capital Agenda is valuable to the process and in some cases are legally required under authorized Operating Agreements.
 - a. Charles H. Wright Museum (page 39); Total proposed project costs \$14.42 million.
 - b. Eastern Market (page 45); Total project costs \$43.90 million.
 - c. Historical Society (page 61); Total project costs \$306,000.
 - d. Detroit Zoo (page 68); Total project costs \$31.25 million.
 - e. Detroit /Wayne Port Authority (page 159); Total project costs \$0.
 - f. In addition, the Detroit Riverfront Conservancy- West Riverfront project lacks project costs and project period; no funding sources were identified (page 163).
 - g. Detroit Public Library (DPL) (page 168). Total project cost is \$25.5 million, proposed 5-year plan cost is \$17.5 million; no funding sources identified.
 - h. Capital plans for the 36th District Court are not included in this document. City Council appropriated \$3 million for elevator rehabilitation in FY 2025. Other capital needs were also expressed during the FY 2025 City Council budget discussions.
- 2) Capital project funding sources are not individually identified. Certain funding sources require greater scrutiny because of its discretionary basis. Of great interest to the City Council and the community is the allocation of ARPA funds and the use of General Fund balances (surplus funds) for capital purposes. Also, the use of “Pay-as-you-go” defined as the use of General Fund accumulated balances (surplus funding) does not incorporate the use of funds from (General Fund) operations. This use of operating funds (operating millage) is the primary source of capital funding utilized by the Detroit Public Library. To expand on this definition, the annual budget identifies revenues and appropriations as one-time (utilizing General Fund surplus and or fund balance) or recurring (utilizing funds generated from on-going sources). The use of vague or generic terminology reduces transparency in the city’s capital program and hinders the reader’s ability to determine the viability/quality of the funding source and its ability to achieve expected results. Where possible, the Administration should specifically name the funding source applicable for each individual capital project. Multiple unrelated funding sources should not be combined. Each distinct funding source should be identified and quantified for each project
- 3) Capital project priorities are not clearly defined. The agency presentation is formatted in a manner that the reader cannot readily discern the priorities of the agency. One must assume that Projects in Progress take priority over future projects. In addition, significant change in direction of some agency capital plans requires more detailed discussion than what has been presented in this document (for example, the implementation of Neighborhood Framework Plans in Planning & Development).
- 4) The proposed Capital Agenda does not include future operating or maintenance costs that may result from the proposed capital improvements. The 2012 City Charter states the Capital Agenda should include “the estimated annual cost of operating the facilities to be constructed or acquired, and other information pertinent to the evaluation of the capital agenda.”. In addition, as noted on page 9, estimating future operating and maintenance costs is considered a best practice for capital planning by the GFOA.
- 5) The 2012 City Charter also states: “there shall be shown the amount and the source of any money that has been spent or encumbered or is intended to be spent or encumbered before the beginning of the next fiscal year and also the amount and the source of any money that is intended to be spent during each of the next five (5) years”. The proposed Capital Agenda includes a new column showing the amount allocated through the current fiscal year, replacing the current fiscal year adopted budget, as previously shown. This information is useful, although it still may be helpful to have the amount appropriated in the current budget.
- 6) New in this proposed Capital Agenda are projects characterized as existing, identified funding sources and no existing, identified funding sources. Please explain these designations.

We ask that the Administration to provide to Council written responses to the following questions –

- a. For all projects included in the proposed 5-year plan, please identify a funding source and the estimated cost and year expected (list separately).
- b. It is not clear if projects are shown in priority order due to the list of projects in progress. What is the assumption used to determine the priority for on-going multi-year projects?
- c. What are the Administration plans regarding future Unlimited Tax General Obligation Obligations (UTGO) Bonds sales? Not considering seeking voter authorization for future bond sales has limited the outlook for future capital projects.
- d. UTGO scheduled principal and interest payments are projected to decrease and Limited Tax General Obligation Bonds (LTGO) remain flat for much of this Capital Agenda period. Please describe the implications to the city's ability to handle more debt service for capital projects and how future sales factor into this discussion?
- e. As noted in the previous Capital Agenda, many projects have multiple funding sources combined. Please breakdown the various sources (e.g., federal/state grants, bonds, private funds/philanthropy) by department and project. It is imperative that PAYGO and other discretionary funding be shown separately.
- f. Please describe for each project how it was determined that sufficient general fund appropriations/surpluses or other operating funds will be available during this Capital Agenda period. If PAYGO is use for cash match purposes, please indicate in the description.
- g. For capital projects identified as utilizing bond funds, please specify the bond source (prior year's UTGO/LTGO bonds, new UTGO/LTGO bonds, Neighborhood Improvement bonds, revenue bonds, etc.).
- h. Please provide an update on the city's compliance with the American with Disabilities Act. If we are not in compliance, please provide a condensed outline of those areas requiring capital work and a projection of costs to bring us into compliance.
- i. Has the Detroit Riverfront Conservancy requested funding from the city for capital or operating purposes? What federal grants does the Conservancy expect for the West Riverfront project?

Thank you in advance for your responses to our questions!

Attachment – Proposed Capital Agenda 2026 through 2030

cc: Auditor General's Office
Jay Rising, Chief Financial Officer
John Naglick, Chief Deputy CFO-Finance Director
Tanya Stoudemire, Chief Deputy CFO-Policy & Administration – Interim Budget Director
Donnie Johnson, Deputy Budget Director
Gail Fulton, Mayor's Office
Malik Washington, Mayor's Office