



TO: Council President Mary Sheffield

FROM: Kevin Johnson, President & CEO
Detroit Economic Growth Corporation (DEGC)

DATE: March 28, 2025

RE: FY 2025-26 DEGC Budget Questions

This memo is in response to Council President Mary Sheffield's questions dated March 27, 2025.

1. Every year it is noted that the DEGC by-laws require its operating budget to be recommended by the Finance Committee and adopted by the DEGC Board.

○ **Has that action been taken?**

Not yet. We can't finalize the budget until we have more information on what funding will be coming from the City.

○ **If not, why is the DEGC not following their by-laws?**

The DEGC is following its by-laws, there is a sequence.

2. The DEGC website has listed an opening for District 5 Business Liaison for at least a year.

○ **How long has the job been vacant and what has been the challenge to filling this position?**

This position was not vacant for a year, but it has traditionally had higher than average turnover. There are challenges in D5 due to the volume and complexity of work and the size of the district that seem to burn out employees. The position is currently filled and the DBL team is fully staffed.

○ **Who has been working with D5 businesses during this period?**

When there is turnover, the DBL team and supervisor, as well as a DEGC contractor, coordinate together to cover the work in the district and ensure the needs of the businesses are addressed. In instances where more support is needed, other Small Business Services team members have assisted the DBL team.



- **What happened to the funds set aside for the D5 Business Liaison?**

The funds are used to cover the temporary labor fulfilling the DBL duties.

- 3. Please summarize any DEGC programs to attract and support minority-owned, LGBTQ+-owned, and small disadvantaged businesses.**

Motor City Match hosts a number of info sessions each round with a variety of partners, most recently: BUILD Institute, Mexicantown CDC, Detroit Public Library, Metro Detroit Black Business Alliance. In addition to partnering for info sessions we also participate in an NEI bi-weekly update call with all ecosystem partners (including the Detroit Regional LGBTQ+ Chamber of Commerce) to share our open round information and info session dates. It is our hope that through this outreach to a variety of partners we are getting the word out to minority-owned, LGBTQ+-owned, and small disadvantaged businesses.

- 4. Does the DEGC publish its annual budget on its website?**

- **If not, why not?**

The DEGC does not publish its annual budget on its website but as a private tax-exempt non-profit corporation, the DEGC conforms to all required filings and disclosures. The annual 990 tax form is publicly available.

- **Is the DEGC subject to transparency and open meeting laws required of public bodies?**

Each of the public authorities managed by the DEGC posts all required information in accordance with applicable state law and are subject to the Open Meetings Act and the Freedom of Information Request Act.

- 5. Please add an additional \$1 million to the Legacy Business Fund.**

- **How many businesses have applied for aid from the Legacy fund?**

The planning phase of the Detroit Legacy Business Project, we hosted a virtual townhall which drew participation and feedback from 111 self-identified legacy business owners.



In the pilot phase of the Detroit Legacy Business Project, 66 applications were received for the \$15,000 grant and 67 applications were received for the \$50,000 grant (133 total applications).

Since the launch of the Detroit Legacy Business Registry, we have approved 37 businesses and hope to significantly increase this ahead of the 2027 NCAA Men's Final Four tournament in Detroit.

We are planning to host Legacy Business technical assistance and training events in the spring and hope to reach up to 200 legacy businesses.

6. Does the DEGC have a Detroit Business Emergency Fund for businesses struck by events out of their control such as watermain breaks?

Currently, the DEGC doesn't have such a fund. However, during the COVID -19 pandemic, the DEGC managed a COVID Survival Grant for adversely impacted businesses. It is important to note that there have been significant requests for support from businesses impacted by infrastructure failure, environmental and climate related emergencies, and losses of revenue caused by streetscape improvement and prolonged roadway closures.

○ **How much would it cost to set up such a program?**

For comparison purposes, the COVID Survival Grant fund referenced earlier totaled \$4.5 million. Parameters for such another emergency program would need to be sorted out based on need, eligibility and other factors, but roughly speaking, after deducting for administrative expenses of approximately \$100,000 per year, a fund of \$4.5 Million could provide emergency assistance of up to \$20,000 per business to over 200 businesses over 2 years.

7. Please list and summarize any new programs or initiatives that are planned to be launched in FY 2026.

As always, the DEGC will rise up to meet new opportunities that may arise; while also continuing the same initiatives it has been working on for the City. This includes Industrial Land Assemblage, Business Attraction and Retention, the District Business Liaison program, Buy Detroit, Detroit Means Business, Motor City Match, NextUp 313, and Detroit Legacy Business. DEGC staff is always prepared to take on the challenges of rising costs due to the impact of high inflation over the last few years with new and innovative programs.



8. A frequent complaint from small business owners is that the City's online process for obtaining tax clearances is overly confusing and time-consuming.

- **Does the DEGC have a program to assist small businesses with the supplier registration and tax clearance process?**

The District Business Liaisons regularly assist small businesses that reach out to the DEGC regarding challenges navigating the clearance process. If the issues cannot be resolved directly by DEGC, we refer the small businesses to the designated individuals within the tax clearance division at the City.

- **If not, what resources exist to aid small businesses that may not have the experience and resources of established businesses?**

Not applicable.

9. What would be the result if schools located within the DDA boundaries were exempted from Tax Captures and other incentives?

- **What would be the estimated financial impact, and how would that affect DDA operations and programs?**

Those schools located within DDA's boundaries (e.g., Cass Tech, Grand Valley State University, future UM Center for Innovation) are exempt from property taxes and thus exempt from tax captures and other incentives.

cc: Hon. Detroit City Council
Hon. Janice Winfrey, City Clerk
Malik Washington, City Council Liaison
Douglas Ortiz, Budget
Hassan Beydoun, Jobs & Economy Team