



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

Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 1106
Detroit, Michigan 48226

Phone 313•224•6260
www.detroitmi.gov

July 14, 2022

Honorable Detroit City Council
Coleman A. Young Municipal Center
2 Woodward Avenue
Detroit, MI 48226

Re: Fiscal Impact of a Proposed Ordinance to Amend Chapter 8 of the 2019 Detroit City Code, *Building Construction and Maintenance*, Article XV, *Property Maintenance Code*, Division 4, Subdivision A, Part I, *General Requirements*, by adding Section 8-15-114, *Geotechnical report required for businesses that have loading over 360 psf*

Dear Honorable Council Members:

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. 2022-110-009

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



Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 1100
Detroit, Michigan 48226

Phone: 313 -628-2535
Fax: 313 -224-2135
www.detroitmi.gov

CFO FISCAL IMPACT STATEMENT NO. 2022-110-009

SUBJECT: Fiscal Impact of a Proposed Ordinance to Amend Chapter 8 of the 2019 Detroit City Code, *Building Construction and Maintenance*, Article XV, *Property Maintenance Code*, Division 4, Subdivision A, Part I, *General Requirements*, by adding Section 8-15-114, *Geotechnical report required for businesses that have loading over 360 psf*

PREPARED BY: Office of the CFO – Office of Budget

DATE: July 14, 2022

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 for all items requiring fiscal impact statements, as defined in that Directive, 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 a proposed ordinance on geotechnical reporting.

3. OBJECTIVE

- 3.1. This Memorandum serves as the report on the fiscal impact of the proposed ordinance in relation to the City's annual budget for FY 2023 and four-year financial plan for FY 2023 – FY 2026 (the "City budget").

4. SCOPE

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

5. STATEMENT

- 5.1. Conclusion: The proposed ordinance would have **no material fiscal impact** on the City budget.

- 5.2. Background: The proposed ordinance would require businesses whose operations involve loads in excess of 360 pounds per square foot to submit a Geotechnical Evaluation Report to BSEED. Submitted reports must demonstrate that the businesses operations are safe and will not result in catastrophic failures. The reports must be conducted by a licensed engineer.
- 5.3. Fiscal Impact: The Geotechnical Reporting ordinance would have **no material fiscal impact** on the City budget. BSEED employees currently monitor, inspect and administer rules related to property, the environment and infrastructure. Additional rules create additional administrative burdens for the department. To comply with the regulations in the ordinance, most importantly those regarding inspection, certification, and monitoring, BSEED may need to hire an additional Environmental Specialist III beginning in FY 2024. There is sufficient flexibility in the Construction Code Fund to absorb this additional cost.

APPROVED



Steven Watson, Deputy CFO / Budget Director