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TO: The Honorable Detroit City Council

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: January 27, 2023

RE: **RESOLUTION URGING THE DDA TO PAY A SUBSIDY TO THE DETROIT PUBLIC LIBRARY IN THE AMOUNT OF \$3.5 MILLION**

Council member Whitfield-Calloway requested that the Legislative Policy Division (LPD) draft a RESOLUTION URGING THE DDA TO PAY A SUBSIDY TO THE DETROIT PUBLIC LIBRARY IN THE AMOUNT OF \$3.5 MILLION.

Please contact us if we can be of any further assistance.

BY COUNCIL MEMBER ANGELA WHITFIELD-CALLOWAY

RESOLUTION URGING THE DDA TO PAY A SUBSIDY TO THE DETROIT PUBLIC LIBRARY IN THE AMOUNT OF \$3.5 MILLION

WHEREAS, The mission of the Detroit City Council is to promote the economic, cultural and physical welfare of Detroit’s citizens through Charter-mandated legislative functions; and

WHEREAS, Within the tenets of its mission, the Detroit Public Library (DPL) enlightens and empowers people by providing diverse and dynamic pathways to literacy and learning. The DPL website also states, “No matter what changes, the library continues to adapt with the city to ensure that Detroiters' needs are met with diverse collections, engaging programs, and enriching classes;” and

WHEREAS, Despite their best efforts, DPL has struggled financially to fulfill its mission, given its heavy reliance on local property tax revenue, which has not kept pace with its operational and capital needs. DPL requires an additional stable and reliable revenue source, to adequately fund its operations, so it may accomplish the missions for which it was established; and

WHEREAS, During its budget deliberations for Fiscal Year (FY) 2023, in the face of the COVID-19 pandemic, DPL planned to reopen 11 additional library branches in FY 2023, beginning July 1, 2022. DPL determined it would need to use \$3.1 million of its unassigned general fund balance to accomplish this goal; and

WHEREAS, In addition, with the reopening of the 11 Library branches, DPL’s administration anticipates funding shortfalls of \$3.0 million in FY 2024, \$3.0 million in FY 2025, and \$3.5 million in FY 2026; and

WHEREAS, According to a recent Legislative Policy Division report, if future funding shortfalls at this rate are covered by DPL’s unassigned general fund balance to maintain balanced budgets, the unassigned general fund balance (i.e., rainy-day fund) of \$26 million, will be depleted in almost nine years; and

WHEREAS, The Downtown Development Authority (DDA) was established pursuant to Michigan Public Act 197 of 1975, as amended, which has been recodified into Michigan Public Act 57 of 2018. Detroit’s DDA, which was founded by Mayor Coleman A. Young, receives funding for its programs from a number of sources such as grants, contracts, interest on loans and captured tax increments – increases in property taxes that result from new investments – on approved developments. These support private investments and business growth through loans, sponsorships and grants, capital improvements to public infrastructure and additional programs designed to increase economic activity in its designated area; and

WHEREAS, A portion of the DDA’s resources are lawfully derived from the capture of tax revenue that would otherwise go to DPL’s general fund finances. The DDA in providing grants and capital improvement funding could provide much needed financial assistance to the DPL, particularly where DPL assets are physically located within DDA’s jurisdictional area; **NOW THEREFORE BE IT**

RESOLVED, That the Detroit City Council urges the Downtown Development Authority (DDA), whose mission is to design and implement innovative solutions that drive investment, create jobs, and advance the economy of Detroit through public private collaborations, to provide a subsidy to the Detroit Public Library in the amount of \$3.5 million annually; **THEREFORE, BE IT FINALLY**

RESOLVED, Copies of this resolution shall be provided to Detroit Mayor Mike Duggan, Kevin D. Johnson, the President and Chief Executive Officer for the Detroit Economic Growth Corporation (DEGC), and the Board of Directors of the DDA.