



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

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February 6, 2023

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

Re: Fiscal Year 2022-2023 Supplemental Appropriations and Transfers

Honorable Detroit City Council Members:

The Administration is requesting Fiscal Year 2022-2023 supplemental appropriations and transfers to address immediate additional needs and to implement projects during the upcoming construction season, as follows:

Supplemental Appropriations - General Fund	
Source:	
Unassigned Fund Balance (Prior Year Surplus)	156,500,000
Uses:	
Risk Management Fund	60,000,000
Retiree Protection Fund	10,000,000
Capital Projects - Sidewalk Replacement Program	20,500,000
Capital Projects - Public Transit	19,900,000
Capital Projects - Parks and Recreation	16,225,000
Capital Projects - Public Safety	2,404,000
Capital Projects - Elections	1,570,000
Capital Projects - Fleet Electrification	901,000
Total Capital Projects	61,500,000
Emergency Demolitions and Orders to Demolish	13,000,000
Dangerous Tree Removal	5,000,000
Detroit Land Bank Authority - Citywide Blight Survey	2,000,000
Covid-19 Response	5,000,000
Total Uses	156,500,000

The supplemental appropriations above totaling \$156.5 million will be supported by the City's \$229.6 million unassigned fund balance (i.e., prior year surplus) from the fiscal year ending June 30, 2022. Additional details are discussed below.

The City utilizes its Risk Management Fund (RMF) to pay workers' compensation and legal claims and judgments payable each fiscal year. Over the last two fiscal years and fiscal year-to-date, RMF expenses have drawn down the reserve balance by approximately \$60 million. The

proposed one-time \$60 million contribution will replenish the City’s RMF reserve closer to prior year levels to manage our near-term liabilities.

The Retiree Protection Fund (RPF) was established to build up reserves to help the City gradually phase in the General Fund’s share of annual legacy pension contributions that resume in FY24. The proposed \$10 million additional contribution will help the City make the annual legacy pension contributions in the forthcoming FY24-FY27 Four-Year Financial Plan.

The proposed \$61.5 million in capital projects will allow the City to proceed with various projects during the upcoming construction season, including a new Sidewalk Replacement Program expansion (\$20.5 million), additional needs for State Fair Transit Center and grant match for new People Mover rail cars (\$19.9 million), the next phase of parks and recreation improvements (\$16.2 million), scheduled bulletproof vests and body armor replacements (\$2.4 million), elections facilities and equipment improvements in advance of the 2024 election cycle (\$1.6 million), and infrastructure needed for the first round of EV fleet transition, including the Municipal Parking Department (\$0.9 million).

The proposed \$13 million for emergency demolitions and orders to demolish will backfill funding reduced during last year’s budget cycle and ensure adequate funding for timely contracting for these needs. The City uses its Proposal N bond proceeds for land bank houses and ARPA funds for commercial and industrial blight. Thus, the General Fund must be used to support demolitions of private structures deemed unsafe, whether by emergency order or orders to demolish through the Dangerous Buildings process. In addition, the City will launch a new \$5 million effort to address dangerous trees on private property and a new \$2 million citywide survey of all blighted properties.

Lastly, the proposed \$5 million for Covid-19 response will support ongoing vaccination, testing, and other pandemic response activities through June 30, 2024, which are not otherwise supported by grants, and which may be eligible for partial FEMA reimbursement.

Supplemental Appropriations - General Fund	
Sources:	
Surplus FY23 Revenue (Sept 2022 Revenue Conference)	19,400,000
Uses:	
Fire Department - Dual Certification Transition	18,100,000
Elections Department - 2022 Midterm Election	1,000,000
Public Lighting Department - Utilities	300,000
Total Uses	19,400,000

The supplemental appropriations above will be supported by estimated revenues in excess of the adopted fiscal year 2023 budget approved at the September 2022 Revenue Estimating Conference. That surplus revenue totaled \$42 million, and the first \$22.6 million was utilized for the police officer pay raises City Council approved in November 2022. The remaining \$19.4 million will support additional Fire Department payroll expenses as the department continues to transition to its dual Fire Fighter/Emergency Medical Services certification staffing structure, additional elections expenses incurred during the 2022 midterm election, and additional public lighting expenses for streetlight utility costs.

Supplemental Appropriations - Bond Fund	
Sources:	
Remaining convention center bond proceeds	138,000
Uses:	
Continue Hart Plaza Improvements	138,000
Transfers - General Fund	
Sources:	
GSD Recreation operations surplus from facilities under renovation	1,500,000
Uses:	
GSD Fleet Management for vehicle leases	1,500,000
Transfers - Homeland Security Grant Fund	
Sources:	
Incorrect UASI Grant Appropriation No. 20901	615,824
Uses:	
Correct UASI Grant Appropriation No. 21062	615,824

The supplemental appropriations and transfers above address additional needs and technical corrections. First, there is an additional \$138,000 in convention center bond proceeds available for Hart Plaza improvements, which were inadvertently left out of a prior year appropriation that totaled approximately \$1.4 million. Second, additional budget authority is required for vehicle leases, which can be supported by an operating surplus from closed recreation centers that were undergoing renovations this fiscal year. The ongoing lease expense will be built into the fiscal year 2024 budget. Lastly, there is a technical correction to the appropriation number for the annual Urban Areas Security Initiative grant in the Office of Homeland Security.

We respectfully request your approval of the attached resolution, with a waiver of reconsideration, to authorize these supplemental appropriations and transfers.

Best regards,



Steven Watson
Deputy CFO / Budget Director

Att: Fiscal Year 2022-2023 Supplemental Appropriations and Transfers Resolution

Cc: Jay B. Rising, Chief Financial Officer
John Naglick, Jr., Chief Deputy CFO/Finance Director
Tanya Stoudemire, Chief Deputy CFO/Policy & Administration Director
Regina Greear, Deputy CFO/Departmental Financial Services
Janani Ramachandran Yates, Deputy Budget Director
Malik Washington, City Council Liaison

RESOLUTION

BY COUNCIL MEMBER _____

WHEREAS, Section 17(1) of State of Michigan Public Act 2 of 1968 (the “Uniform Budgeting and Accounting Act”) states that a deviation from the original general appropriations act shall not be made without amending the general appropriations act; and

WHEREAS, Section 8-210 of the 2012 Detroit City Charter authorizes that if during the fiscal year the Mayor advises the City Council that there are available for appropriation revenues in excess of those estimated in the budget, the City Council may make supplemental appropriations for the year up to the amount of the excess; and

WHEREAS, Section 8-211 of the 2012 Detroit City Charter authorizes that any time during the fiscal year upon written request by the Mayor, the City Council may, by resolution, transfer all or part of any unencumbered appropriation balance among the programs, services or activities within an agency or from one agency to another; and

WHEREAS, the OCFO-Office of Budget, on behalf of the Mayor, has submitted recommended supplemental appropriations and transfers to the Detroit City Council, as provided in this resolution and the attached Schedule A.

NOW, THEREFORE, BE IT RESOLVED, that the Detroit City Council hereby approves amending the Fiscal Year 2022-2023 Budget by increasing and decreasing Revenue and Expenditure Appropriations as outlined in the attached Schedule A; **AND BE IT FINALLY**

RESOLVED, that the Chief Financial Officer, or their designee, is hereby authorized and shall take all appropriate actions necessary to implement the foregoing provisions and actions authorized by this resolution.

Schedule A: Fiscal Year 2022-2023 Supplemental Appropriations and Transfers

Fund	Type	Approp. No. and Name	Change
1000-General Fund	Revenue	20255 Prior Year Activity	77,000,000
1000-General Fund	Expenditure	29350 Citywide Overhead (for Risk Management Fund)	60,000,000
1000-General Fund	Expenditure	29351 Pension-Related Payments (for Retiree Protection Fund)	10,000,000
1000-General Fund	Expenditure	20785 Covid-19 Response	5,000,000
1000-General Fund	Expenditure	26351 Blight Remediation Projects (for Land Bank Operations)	2,000,000
	Expenditure	Subtotal	77,000,000
1003-Blight Remediation Fund	Revenue	20255 Prior Year Activity	18,000,000
1003-Blight Remediation Fund	Expenditure	21200 Detroit Demolition	13,000,000
1003-Blight Remediation Fund	Expenditure	20253 Blight Remediation Projects	5,000,000
	Expenditure	Subtotal	18,000,000
4533-Capital Projects Fund	Revenue	20255 Prior Year Activity	61,500,000
4533-Capital Projects Fund	Expenditure	20507 Cod Capital Projects	61,500,000
1000-General Fund	Revenue	29352 - Major Taxes and Other Revenues	19,400,000
1000-General Fund	Expenditure	25242 Fire Fighting And Response	18,100,000
1000-General Fund	Expenditure	28710 Effective Governance - City Elections	1,000,000
1000-General Fund	Expenditure	29380 Public Lighting - Administration	300,000
	Expenditure	Subtotal	19,400,000
1000-General Fund	Expenditure	27470 Recreation - Gsd	(1,500,000)
1000-General Fund	Expenditure	29470 Gsd Shared Services	1,500,000
	Expenditure	Subtotal	-
2105-Homeland Security Grants Fund	Expenditure	20901 Homeland Security Grant Program	(615,824)
2105-Homeland Security Grants Fund	Expenditure	21062 Homeland Security Grant Program	615,824
2105-Homeland Security Grants Fund	Revenue	20901 Homeland Security Grant Program	(615,824)
2105-Homeland Security Grants Fund	Revenue	21062 Homeland Security Grant Program	615,824
		Subtotal	-
4502-Gen Public Imp-Tax, Rev & Grant	Expenditure	11452 Cobo Acquisition Fund 2003	138,000
4502-Gen Public Imp-Tax, Rev & Grant	Revenue	11452 Cobo Acquisition Fund 2003	138,000