



City of Detroit

CITY COUNCIL

MARY SHEFFIELD
COUNCIL PRESIDENT
DISTRICT 5

Memorandum

To: John Naglick, Chief Deputy CFO-Finance and Director Steven Watson, Deputy CFO/
Budget Director OCFO-Office of Budget (Non-Departmental)

From: Council President Mary Sheffield

CC: Mayor Mike Duggan, OCFO, LPD, City Clerk

Date: 3/24/2023

Re: Questions for the Non-Departmental/Capital Budget/Debt Service FY 23-24
Budget Hearing

1. The Administration is budgeting for approximately \$85 million in Debt Repayment expenditures each year for the next 4 years.

What is the current total of debt associated with these repayments? Is any of the debt being carried by the City high interest debt and is it possible refinance the debt or pay off the debt sooner to save the City money by avoiding paying the high interest rates?

2. Debt service and legacy pension expenditures increase from \$145 million to \$187 million from the FY 2023 Adopted Budget to the Proposed FY 2024 Budget. A large portion of that increase appears to be attributable to Employee Benefits expenditures of \$125 million annually.

What is the City's plan to meet this additional debt service and legacy pension expense? What does the \$125 million Employee Benefits debt service expenditure represent?

3. The City issued UTGO Bonds for the Neighborhood Improvement Plan's demolition activity in accordance with the voter-approved Proposal N which authorized the sale of \$250 Million in bonds.

Is the City meeting its targets with respect to the timeline for spending these funds? How much have has the City expended in Proposal N funding to date and how much was spent with Detroit Headquartered and Detroit Resident businesses? What percentage of the jobs associated with Proposal N expenditures have gone to Detroiters?

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4. There was over \$42 million budgeted for Capital Projects in FY 2023 and for FY 2024 there is a little over \$18 million which represents Prior Year Surplus.

What is the source of the \$18 million prior year surplus and how will these funds be expended in FY 2024? Why is there an overall reduction in Capital Projects between the current fiscal year and the next budget cycle?

5. A number of city-owned facilities such as police stations, fire houses, general services workplaces and yards, parking lots and restrooms at parks, etc... housing our employees are in serious need of capital improvements.

Does the City currently have a work plan and timeline to address these capital needs? Has there been an assessment of the total need and if so, can the Administration provide that information to City Council?