

CITY OF DETROIT



Four Year Financial Plan

FY 2016-2019



Michael E. Duggan, Mayor

OVERVIEW

Founded in 1701 and incorporated in 1806, Detroit is a political subdivision of the State of Michigan and is its largest city. Detroit is located on an international waterway, which is linked via the St. Lawrence Seaway to seaports around the world. As of December 2012, the City had a population of approximately 685,000 (down from a peak population of nearly 2 million in 1950).

The City is a home rule city and body corporate organized under Michigan Public Act 279 of 1909 (as amended), the Home Rule City Act, MCL §§ 117.1 *et seq.* (the "Home Rule City Act"). The City has comprehensive home rule power under the Michigan Constitution, the Home Rule City Act and the 2012 Charter of the City of Detroit (the "City Charter"), subject to the limitations on the exercise of that power contained in the Michigan Constitution, the City Charter or applicable Michigan statutes. Ordinarily, the City is managed by an executive branch and a legislative branch.

The Mayor heads the executive branch. The citizens of Detroit elect the Mayor to a four-year term. On November 5, 2013 Mike Duggan was elected Mayor. The City Charter grants the Mayor broad managerial powers including the authority to appoint department directors, deputy directors and other executive branch officials. The responsibility to implement most programs, provide services and manage day-to-day operations is delegated by the City Charter to the executive branch. The legislative branch is comprised of the City Council and its agencies. The nine members of City Council also are elected to four-year terms.

On September 25, 2014, in accordance with Section 9(6)(c) of PA 436, the City Council voted unanimously to remove the EM as of the Effective Date of the Plan of Adjustment. By a letter to the Governor, the Mayor approved of the Council's vote on the same day. On November 12, 2014, the United States Bankruptcy Court for the Eastern District of Michigan entered an order confirming the Eighth Amended Plan for the Adjustment of Debts of the City of Detroit. The effective date of the Bankruptcy Order was December 10, 2014. Kevyn Orr resigned as Emergency Manager the same day and this returned the city to local control. As required in PA 436 sec 21(1 and 2) the emergency manager shall adopt and implement a 2-year budget, including all contractual and employment agreements, for the local government commencing with the termination of receivership. After the completion of the emergency manager's term and the termination of receivership, the governing body of the local government shall not amend the 2-year budget adopted under subsection (1) without the approval of the state treasurer, and shall not revise any order or ordinance implemented by the emergency manager during his or her term prior to 1 year after the termination of receivership.

Public Act 181 established a Financial Review Commission (FRC) that provides oversight over the city beginning the effective date of the plan of adjustment, which was December 10, 2014. The FRC consists of 9 members. The FRC shall review and approve the city's 4-year financial plan established under section 4t of the home rule city act. The home rule city Act section 117.4t (b) states:

For each fiscal year beginning after the effective date of the amendatory act that added this section, the city shall adopt a financial plan covering that fiscal year and the next 3 fiscal years. If a 2 year budget is in effect for the city under section 21 of

FINANCIAL PLAN REQUIREMENTS

Home Rule City Act 279 of 1909 – 117.4t		Response
(1)(b)(i)	Projection of all revenues and expenditures of the city for each fiscal year, including debt service	The Financial Plan includes budget projections for FY 2016- 2019 including debt service. Debt service is reflected in Agency 18 and 35.
(1)(b)(ii)	Projection of cash flow for each fiscal year	Cash flows for each fiscal year is included in this document
(1)(b)(iii)	A schedule of projected capital commitments for each fiscal year	Capital projects are shown in the Restructuring Initiatives
(1)(b)(iv)	Measures to assure that projected employment levels, collective bargaining agreements, and other employee costs are consistent with projected expenditures and available revenue	The budget for each fiscal year includes funding for each budgeted positions and other employee costs consistent with the collective bargaining agreements and are based on current cost levels. These costs were allocated based on available revenues.
(1)(b)(v)	Measures to assure compliance with mandates under state and federal law consistent with projected expenditures and available revenue	The city continually reviews state and federal requirements to ensure compliance. The Financial Plan includes these requirements in the projections of revenues and expenditures.

(1)(c)(vi)	<p>Include a general reserve fund for each fiscal year to cover potential reductions in projected revenues or increases in projected expenditures equal to not less than 5% of the projected expenditures for the fiscal year</p>	<p>Budget Reserve Schedule is included in this document.</p>
(1)(c)(vii)	<p>For each fiscal year, provide for the elimination of any deficit incurred in the prior fiscal year according to generally accepted accounting principles</p>	<p>The Financial Plan does not include a deficit in any fiscal year.</p>
(1)(c)(viii)	<p>Rely upon revenue and expenditure projections based upon reasonable and appropriate assumptions and methods of estimation</p>	<p>The revenues included in the Financial Plan are based on the result of the Revenue Estimating Conference held February 20, 2014. The participants determined the revenues were reasonable and conservative. Expenditure projections are based on the trend information and projections included in the plan of adjustments and departmental projections.</p>
(1)(c)(ix)	<p>Rely upon cash flow projections based upon reasonable and appropriate assumptions as to sources and uses of cash, including timing</p>	<p>The city is relying on the projections in the cash flow which were based on the information in the budget, current trends, and required payments including the timing of all payments.</p>

- **Employee Benefits** – The City’s employee benefit package comprises of pension, hospitalization, social security, workers’ compensation, eye care, dental and life insurance. Average 5% inflation assumed annually for hospitalization cost. Reflects cost of healthcare plan designs being offered for 2014 enrollment. Other Benefits - Based on recent trends, projected by specific other benefit/fringe. FY 2016 includes bonus payment of 3% of salary to public safety and 2.5% of salary to non-public safety.
 - OPEB payments – future retirees reflects contribution of 1% of salary assumed for future police retirees; 2% assumed for non-public safety and fire
 - Active pension contributions reflects contribution of 11.25% of salary assumed for public safety employees; 5.00% assumed for non- public safety. 0.75% for long term disability
- **Professional and Contractual Services** – This category is mainly for compensating contractual or consultant employees who provide services that are not available internally. 1.0% cost inflation assumed beginning FY 2015. FY 2016 reduction reflects the elimination of advisor costs associated with bankruptcy.
- **Operating Supplies** – Essentially, this category is earmarked for purchasing offices supplies and all essential items and/or necessary tools to enable city employees to perform their respective tasks. For example, office supplies, janitorial supplies, automotive supplies for the mechanics, fuel, natural gas, electricity purchase, repair and maintenance of office equipment such

City of Detroit Consensus Revenue Estimating Conference - Draft Report

February 2015

The Directors of the City of Detroit Budget Department, Office of the Auditor General and City Council Legislative Policy Division (formerly Fiscal Analysis) met in January/February 2015 to discuss the City's revenue collections for the current fiscal year and estimate collections for the next four fiscal years. Participants reviewed and approved revenue estimates for the current Fiscal Year 2015 and projected revenues for FY 2016 through 2019.

The conference began with a discussion of economic conditions that impact the City of Detroit revenues presented by Dr. Eric Scorsone, of Michigan State University. The following economic discussion was provided by Dr. Carol O'Clairacain, City of Detroit Deputy Mayor for Economic Policy Planning and Strategy.

The Detroit Area Economy¹

Detroit is the central city of a larger regional economy, where goods, services and people cross jurisdictional boundaries daily. Most data are reported for the economic activity at this six-county metro level –Detroit-Warren-Livonia MSA.² For some purposes the MSA is further divided into two smaller divisions, one of which includes Detroit; this is Detroit-Livonia-Dearborn.

Detroit is tied more closely than many other American cities to the global economy. The region's concentration of transportation-related manufacturing places it among the nation's top metro areas for exports. Metro Detroit's ranking for 2012 in production for export (8th) exceeded its output rank (16th), reflecting specialization in highly-traded advanced industries.³ The high tech component of this manufacturing now constitutes 15 percent of the Detroit region's employment, making it 4th among metro areas, with implications for the science, technology, engineering and math (STEM) labor market.⁴

In the near term, export performance will be hampered by the strong dollar and any downward revisions in projections of global economic growth.⁵ The metro region is already closely linked to the economies of Canada and Mexico through the 1994 NAFTA. Currently, the U.S. is involved in two sets of major trade negotiations where the automobile and related industries figure prominently.⁶ While these negotiations are controversial and lengthy, an agreement in either would have a significant impact on economic activity in the Detroit region. Some effects are likely to occur even in advance of an agreement, if entrepreneurs anticipate a successful conclusion.

¹ This discussion draws heavily on the most recent regional reports by Moody's Analytics [October 2014]; PNC Financial Services Group [1st Quarter 2015 *Detroit Market Outlook*]; Comerica [Dec. 17, 2014 Regional Economic Update] and insights from meetings with regional and industry economists around Detroit and at the Federal Reserve.

² The six-county Detroit MSA covers Lapeer, Livingston, Macomb, Oakland, St. Clair, and Wayne. *The City of Detroit is entirely within Wayne County.*

³ For Detroit and Seattle this is transportation equipment; for San Jose it is computer and electronics. See *Export Nation 2013: Us Growth Post-Recession*, pp. 6-7. Brookings. Sept. 2013.
<http://www.brookings.edu/~media/research/files/reports/2013/09/17%20export%20nation/exportnation2013survey.pdf>

⁴ See *America's Advanced Industries: What they are, Where they are, and Why they matter*. Brookings. Feb. 2015.
<http://www.brookings.edu/research/reports/2015/02/03-advanced-industries#M10420>

⁵ In January 2015 the IMF lowered its projections of global growth in 2015 and 2016 slightly to 3.5% and 3.7% respectively. See <http://www.imf.org/external/pubs/ft/weo/2015/update/01/>

⁶ The proposed Transpacific Partnership encompassing NAFTA and nine Asia-Pacific countries (including Japan but not China) and the Transatlantic Trade and Investment Partnership with the 28 country European Union.

General Fund (in millions)	Baseline Budget	One Time Activity	Reinvestment Initiatives	Total FY 2015
Major Revenues (Taxes and State Revenue Sharing)	\$ 769.3			\$ 769.3
Bankruptcy Exit Financing Proceeds (net)		\$ 127.5		127.5
Reinvestment Initiatives			\$ 100.8	100.8
Litigation Settlements		25.0		25.0
Prior Year Surplus		151.3		151.3
Asset Sales	11.5			11.5
Other Departmental revenues (less asset sales)	205.9			205.9
Total	\$ 986.7	\$ 303.8	\$ 100.8	\$ 1,391.3

- FY 2015 reflects anticipated increased collections in, State Revenue Sharing and Other General Fund revenues with Income Taxes and Wagering Taxes remaining flat. Property Taxes and Utility Users' Taxes reflect a decline from FY 2014 year-end actual collections.
- Other General Fund revenues are generated from city departments and other miscellaneous sources. Other revenues are expected to decrease by \$27.0 million or 13.1% over FY 2014 actual collections.

The Consensus estimate for General Fund revenues from ongoing sources for FY 2016 is \$1,003.1 million, a \$16.4 million or 1.7% increase from the FY 2015 revised Consensus baseline estimate (from on-going sources). This estimate excludes a \$48.9 million Budget reserve for FY 2016, in addition to certain transfers between funds. This increase reflects small growth in the major revenues over the projection for FY 2015. FY 2016 Other General Fund revenues include on-going reinvestment initiatives structured to increase revenues and/or produce operational efficiencies.

State legislation established the Public Lighting Authority that provided funding of \$12.5 million in Utility Users' Taxes to the Authority and fixed income tax rates at 2.4% (residents) until the repayment of any debt issued by the Authority.

- FY 2014 revised Consensus estimate of \$250.0 million reflects a 1.5% growth rate over FY 2014 actual collections. Final 2014 year-end results were \$3.8 million over the FY 2014 consensus estimate.
- The FY 2015 revised Consensus estimate does not include reinvestment initiatives to increase income tax collections as implementation results are uncertain at this time. Reinvestment initiatives include external collection efforts, increased staffing and internal process changes.
- FY 2015 revised Consensus estimate incorporates no growth over FY 2014 year-end results and 1% growth for FY 2016 and FY 2017.
- The FY 2015 Consensus estimate considered improved local economic conditions based upon blue chip economic forecasts as presented by Dr. Eric Scorsone, Faculty Member and Workgroup Leader, Michigan State University Department of Agricultural, Food and Resource Economics and MSU Extension. The City of Detroit Deputy Mayor for Economic Policy Planning and Strategy, Dr. Carol O'Clairacain provided a Summary of the Detroit Area Economy. This forecast is tempered by lower than expected withholding activity and uncertainty over implementation of reinvestment initiatives.

Current Property Taxes

Article IX of the State Constitution, Sections 3 and 6 (General Property Tax) authorize the levy of taxes on real and personal property not otherwise exempt. The City currently levies the maximum tax permitted by law.

- The June 30, 2014 actual collections resulted in a 19.8% growth rate over FY 2014 revised Consensus estimate of \$110.2 million. Final 2014 year-end property tax revenues resulted in better than expected collections of \$132 million, \$21.8 million over the FY 2014 consensus estimate.
- The FY 2015 original consensus estimate assumed a 10% decline in collections compared to FY 2014 revised estimate. FY 2015 original estimate was based on continued decline in property taxable valuations due to required city-wide reassessments and foreclosure activity. Current collection activity is higher than anticipated due to smaller loss in taxable values and changes in internal City Treasury processes. FY 2015 revised consensus estimate of \$114.3 million reflects a continuation in increased collections from FY 2014. No growth is projected in property tax revenues for FY 2016 and FY 2017. A small .5% long- term growth trend is projected for FY 2018 through FY 2019
- Although FY 2014 collections ended \$21.8 million higher than the Consensus estimate, this represented a -1.6% year-over-year decline in property tax collections from FY 2013 results.
- Preliminary discussions on the Ad Valorem valuations for FY 2016 and FY 2017 indicate a continuing decline in assessed values but at a slower rate than previously estimated. This chronic state of decline in assessed values is expected to continue beyond 2016.

- FY 2014 collections resulted in a \$10.3 million increase or 32.1% over the 2014 revised consensus estimate.
- Revised Consensus estimate for FY 2015 Utility User's taxes reflect an increase of \$8.0 million or 27.1% from the previous consensus estimate based on current run rates and previous year-end results.
- We conservatively estimate similar collections for FY 2015 through FY 2017 with no growth rate for the period.
- Estimates/projections were determined exclusive of the \$12.5 million annual transfer to the Public Lighting Authority as mandated by state law, which represent proceeds used for street light infrastructure improvements in the City.

All Other General Fund Revenues

The following is a brief description of the types and sources of revenue that are included in each category shown in departmental budgets:

1. *Sales and Charges for Services* - Revenue generated from maintenance and construction, electrical, steam, solid waste, recreation, utilities, reimbursements, and other minor sales and service fees.
2. *Revenue From Use of Assets* - Earnings on investments, various interest earnings, building rentals, marina rentals, concessions, and equipment rentals.
3. *Other Taxes, Assessments, and Interest* - Special assessments, Industrial Facilities Taxes, other miscellaneous property taxes and interest paid on delinquent property taxes.
4. *Fines, Forfeits, and Penalties* - Ordinance, court and parking fines, property tax penalties, and various fines, forfeits, and penalties.
5. *Licenses, Permits and Inspection Charges* - Various permits and licenses, safety inspection charges, and business licenses charges.
6. *Contributions, Transfers, and Miscellaneous* - Various revenues and contributions due to/or due from one fund resulting in revenues to one fund and an expenditure for another.

Departmental Revenue Analysis

The consensus for Other Department Revenues was developed with a discussion of the individual department revenues including departments with General Fund operations or departments receiving General Fund assistance. Our departmental analysis involved discussions with Ernst & Young on the baseline assumptions for each department as presented in the Plan of Adjustment and any adjustments to the baseline for restructuring initiatives as determined by Conway MacKenzie. Revenue initiatives are included in the consensus numbers presented in this conference (estimates and projections for Other General Fund Revenues).

- Municipal Parking revenues for the Auto Parking System have been assigned to repay debt service under terms of the bankruptcy settlement. In addition certain parking structures have been transferred or optioned for future purchase under terms of the bankruptcy settlement.

The revenues projections presented for these funds were based on historical data, trend lines and/or current department estimates. Budget figures are presented for the Detroit Water and Sewerage Department in its original organization structure; however they are expected to complete a major restructuring within the near future.

REVENUE ESTIMATE COMPARISON & CONSENSUS AGREEMENT							
FY 2015 CONSENSUS REVENUE ESTIMATING CONFERENCE							
OTHER FUNDS (Non-General Fund)							
(in millions)	FY 2014 Actuals Unaudited	FY 2015 EM 2-Year Budget	FY 2016 EM 2- Year Budget	FY 2015 Revised Consensus Estimate	FY 2016 Revised Consensus Projection	FY 2017 Consensus Projection	
Community Development Block Grant Fund	\$ 36.9	\$ 35.9	\$ 33.0	\$ 47.7	\$ 47.7	\$ 47.7	
Construction Code Fund (Building & Safety)	20.0	19.1	19.5	20.2	20.2	20.5	
Drug Law Enforcement Fund	2.1	1.0	1.1	2.1	2.1	2.1	
Library Fund	35.5	30.1	30.5	30.1	30.5	30.5	
Quality of Life (loan funds)	—	200.0	—	—	—	—	
Major and Local Streets Fund	109.8	65.0	59.1	91.0	91.0	91.0	
Solid Waste Management Fund	53.4	40.9	40.6	40.0	40.0	40.0	
General Grants Fund	78.9	32.3	31.2	64.9	64.9	64.9	
Sinking & Interest (Debt Service) Fund	71.1	66.7	61.8	66.7	68.0	68.7	
Airport Fund *	2.9	1.6	1.5	1.5	1.5	1.5	
Municipal Parking Fund	31.8	17.4	17.5	10.5	10.5	6.0	
Transportation Fund *	155.9	138.2	141.8	138.2	141.0	139.3	
Sewage Fund	519.5	649.8	718.4	649.8	718.4	553.9	
Water Fund	362.4	399.6	570.6	399.6	570.6	561.2	

* Note: Totals include subsidies from the General Fund: Airport FY 2015- \$665,064; FY 2016-\$666,053 and FY 2017- \$675,433
 Fund: Transportation (DDOT): FY 2015- \$63.3 million; FY 2016-\$60.2 million and FY 2017- \$61.8 million
 Totals include subsidies from the General

- First-half collections compared to recent history indicate increased collections over the revised consensus estimates. Projections assume continued collections rates for FY 2015 through FY 2017.
- The City privatized the Solid Waste activity in FY 2014. Contracts were awarded to two companies to service the East and West side of the City on February 21, 2014. The outsourcing of this activity is expected to be revenue/cost neutral. However service is anticipated to greatly improve under this arrangement.

Set asides

The FY 2015 Budget includes a reserve of \$11.3 million, which satisfies the State's budget reserve requirement of 5% of expenditures. In FY 2016, \$49 million of the Budget Reserve is designated for use in General Fund Operations leaving a remaining balance of \$62.3 million in reserves for FY 2016. This represents 5.8% of estimated General Fund appropriations for FY 2016.

Risks to Forecast

These estimates take into account the expected real revenue to the City subject to certain inherent risks outlined below:

- Local economy contraction, increase in unemployment resulting in layoffs in major industries.
- Rising interest rates.
- Rising inflationary pressures (from fuel, utilities, food, housing etc.).
- Lower consumer confidence
- Long term forecast risks
- Michigan Sales Tax revenue declines impacting local government share.
- Risks to estimated Property Tax collections due to the impact of Wayne County chargebacks netted against the delinquent accounts revolving fund payment.
- Continued property valuation declines; increased foreclosure activity in the near term.
- Possible negative impact in reductions to Personal Property Tax collections due to state legislation.
- Decline in property tax collections due to cleansing of the tax rolls.
- Declines in Sales and Charges for Services due to economic factors.
- Implementation risks due to deferred-delayed results from restructuring efforts.

Budget Reserve Fund

	FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018	FY 2018-2019
Beginning Balance	\$ -	\$ 111,264,397	\$ 62,280,192	\$ 62,280,192	\$ 62,280,192
Transfers In / (Out)	111,264,397	(48,984,205)	-	-	-
Ending Balance	\$ 111,264,397	\$ 62,280,192	\$ 62,280,192	\$ 62,280,192	\$ 62,280,192
Minimum Balance (5% of appropriations)	\$ 62,280,192	\$ 53,392,402	\$ 52,795,621	\$ 52,795,621	\$ 52,430,621
Cushion above 5%	\$ 48,984,205	\$ 8,887,790	\$ 9,484,571	\$ 9,484,571	\$ 9,849,571

PA 182 Sec 4t (1) (c) (vi)

Include a general reserve fund for each fiscal year to cover potential reductions in projected revenues or increases in projected expenditures equal to not less than 5% of projected expenditures for the fiscal year

CITY OF DETROIT
2016-2019 FINANCIAL PLAN
Appropriations and Revenues by Agency

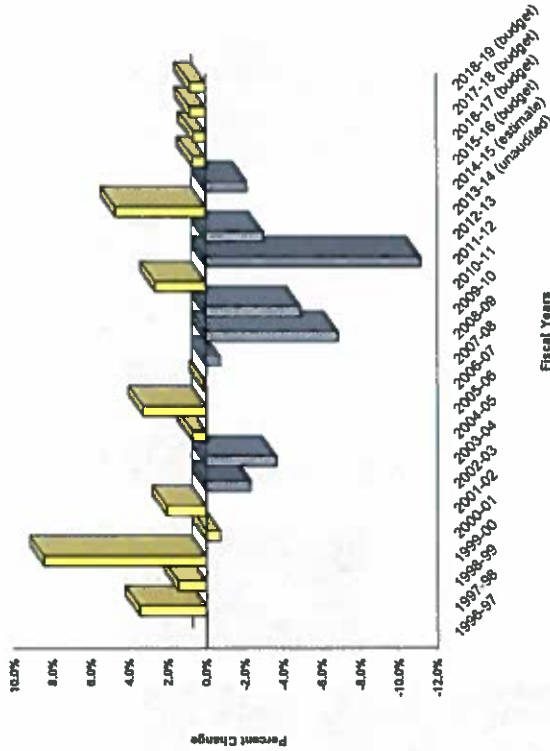
	FY 2016			FY 2016			FY 2017		
	TOTAL APPROPRIATIONS	TOTAL REVENUES	NET TAX COST	TOTAL APPROPRIATIONS	TOTAL REVENUES	NET TAX COST	TOTAL APPROPRIATIONS	TOTAL REVENUES	NET TAX COST
GENERAL CITY AGENCIES									
EXECUTIVE AGENCIES									
A12000 Budget.....	1.7	109.7	1.7	1.7	103.4	1.7	1.8	105.6	1.8
A19000 Department of Public Works.....	107.4	2.4	(2.3)	101.2	3.1	(2.2)	103.3	5.9	(2.3)
A23000 Finance.....	31.8	17.8	29.4	57.4	29.0	54.4	30.7	38.4	24.8
A24000 Fire.....	107.5	27.8	89.7	142.5	27.9	113.5	140.9	28.7	102.5
A25000 Dept of Health and Wellness Promolion.....	27.8	1.8	-	33.1	5.2	-	27.9	2.3	(0.8)
A28000 Human Resources.....	8.3	0.3	6.5	14.3	1.9	12.4	10.6	0.5	8.3
A29000 Human Rights.....	0.5	0.3	0.2	1.1	0.5	0.6	1.3	0.5	0.8
A31000 Information Technology Services.....	16.2	0.1	16.1	15.7	0.1	15.6	35.0	0.5	34.5
A32000 Law.....	12.2	1.8	10.4	13.9	2.2	11.7	14.8	2.3	12.5
A33000 Mayor's Office.....	7.9	0.1	7.8	10.4	0.1	10.3	10.0	0.0	10.0
A36000 Housing and Revitalization.....	54.3	48.2	6.1	46.9	49.3	(2.4)	46.7	50.3	(3.6)
A37000 Police.....	289.9	54.0	235.9	315.7	52.2	263.5	301.7	63.1	238.6
A38000 Public Lighting.....	41.3	28.7	12.6	38.8	26.1	12.7	48.1	36.6	11.5
A39000 Recreation.....	15.9	0.8	15.1	19.6	0.8	18.8	21.4	0.8	20.6
A43000 Planning.....	-	-	-	2.3	-	2.3	-	-	-
A45000 Department of Administrative Hearings.....	1.1	0.5	0.6	1.2	0.5	0.7	1.2	0.5	0.7
A47000 General Services.....	41.3	13.4	27.9	66.5	13.1	53.4	65.3	12.9	52.4
LEGISLATIVE AGENCIES									
A50000 Auditor General.....	3.3	0.8	2.5	3.8	0.8	3.0	3.0	0.8	2.2
A51000 Board of Zoning Appeals.....	0.5	0.1	0.4	0.5	0.1	0.4	0.5	0.1	0.4
A62000 City Council.....	7.1	-	7.1	7.3	-	7.3	7.7	-	7.7
A53000 Ombudsperson.....	0.7	-	0.7	0.8	-	0.8	0.8	-	0.8
A54000 Inspector General.....	0.9	-	0.9	0.9	-	0.9	1.0	-	1.0
A70000 City Clerk.....	1.9	0.0	1.9	2.1	0.0	2.1	1.8	0.0	1.8
A71000 Department of Elections.....	7.9	0.0	7.9	4.3	0.0	4.3	9.7	1.6	8.1
JUDICIAL AGENCY									
A60000 36th District Court.....	30.9	16.6	14.3	33.5	16.6	16.9	34.5	17.3	17.2
OTHER AGENCIES									
A35000 Non-Departmental.....	912.9	1,394.3	(481.4)	295.6	895.0	(599.4)	296.6	842.9	(546.3)
TOTAL GENERAL CITY AGENCIES.....	1,731.2	1,719.2	12.0	1,231.1	1,222.7	8.5	1,218.7	1,211.1	7.6
A18000 Debt Service.....	66.7	66.7	-	61.8	61.8	-	68.0	68.0	-
ENTERPRISE AGENCIES									
A10000 Airport.....	1.6	1.6	-	6.9	1.5	5.4	7.2	1.5	(1.4)
A13000 Buildings and Safety.....	20.0	21.5	(1.5)	20.4	21.8	(1.4)	20.9	22.3	-
A20000 Department of Transportation.....	138.2	138.2	-	141.8	141.8	-	139.4	139.4	-
A34000 Municipal Parking.....	23.9	34.4	(10.5)	23.3	35.7	(12.4)	21.1	33.0	(11.9)
A41000 Water.....	399.6	399.6	-	570.6	570.6	-	561.2	561.2	-
A42000 Sewerage.....	649.8	649.8	-	718.4	718.4	-	553.9	553.9	-
A72000 Library.....	30.1	30.1	-	30.5	30.5	-	30.5	30.5	-
TOTAL ENTERPRISE AGENCIES.....	1,263.2	1,275.2	(12.0)	1,511.9	1,520.3	(8.4)	1,334.2	1,341.8	(13.3)
GRAND TOTAL.....	3,061.1	3,061.1	0.0	2,804.8	2,804.8	0.0	2,620.9	2,620.9	0.0

CITY OF DETROIT
2015-2019 Budget
Appropriations and Revenues by Major Classification

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
REVENUE SOURCE					
Taxes, Assessments and Interest	\$ 708,188,272	\$ 705,434,660	\$ 744,469,028	\$ 747,899,942	\$ 750,014,255
Licenses, Permits and Inspection Charges	26,994,343	27,527,444	28,107,680	27,527,578	28,065,379
Fines, Forfeits and Penalties	26,056,507	27,419,118	27,531,553	27,567,399	27,565,175
Revenues from Use Of Assets	17,604,212	19,244,584	16,248,080	15,958,037	16,020,511
Grants, Shared Taxes and Revenues	328,651,340	285,814,366	289,613,931	223,215,831	225,161,091
Sales and Charges for Services	1,159,886,220	1,181,823,011	1,215,017,155	1,211,487,299	1,210,792,031
Sales of Assets and Compensation for Losses	35,919,507	11,565,003	6,171,600	6,294,201	5,894,201
Contributions and Transfers	360,408,573	169,507,829	108,203,855	104,620,944	102,805,086
Miscellaneous	397,429,383	376,478,538	185,602,565	182,447,407	169,870,355
TOTAL	\$ 3,061,138,357	\$ 2,804,814,553	\$ 2,620,965,447	\$ 2,547,018,638	\$ 2,536,188,084
MAJOR OBJECT					
Salaries and Wages	\$ 495,951,087	\$ 508,117,092	\$ 520,204,048	\$ 523,150,826	\$ 527,915,204
Employee Benefits	226,030,031	217,102,394	223,736,417	224,944,663	229,792,405
Professional and Contractual Services	362,544,689	232,909,726	239,418,944	217,528,347	217,667,853
Operating Supplies	100,870,157	106,081,653	108,776,470	106,503,294	106,478,901
Operating Services	291,529,437	310,502,406	316,677,291	315,471,342	315,625,491
Capital Equipment	274,391,153	485,604,227	309,020,082	307,507,683	307,286,115
Fixed Charges	678,108,241	593,933,410	600,089,677	608,196,155	605,742,001
Other Expenses	631,713,562	350,523,645	303,042,518	243,716,328	225,680,114
TOTAL	\$ 3,061,138,357	\$ 2,804,774,553	\$ 2,620,965,447	\$ 2,547,018,638	\$ 2,536,188,084

CITY OF DETROIT- GENERAL FUND

Percent Change in Major Revenue Sources



FISCAL YEAR	PROPERTY TAX	INCOME TAX	UTILITY USERS TAX	STATE REVENUE SHARING	CASINO WAGERING TAX	TOTAL	% Change
1996-97	\$ 140.4	\$ 332.9	\$ 54.8	\$ 328.5	\$	\$ 656.5	3.4%
1997-98	144.1	361.6	50.1	336.1		895.9	1.5%
1998-99	145.5	370.4	50.9	332.0		898.8	8.4%
1999-00	155.7	378.3	54.5	332.7	\$ 53.4	974.5	-0.6%
2000-01	152.8	341.0	54.3	333.3	\$ 85.8	967.2	2.0%
2001-02	189.7	323.5	52.1	332.0	109.5	996.8	-2.3%
2002-03	166.3	310.8	55.3	318.7	111.3	963.8	-3.9%
2003-04	184.8	290.6	50.5	286.5	116.1	928.5	0.7%
2004-05	179.0	282.5	52.9	282.9	138.0	933.3	3.2%
2005-06	185.3	284.1	60.0	279.5	156.5	965.3	0.1%
2006-07	183.8	278.3	53.8	271.1	179.8	963.7	-0.8%
2007-08	177.8	277.1	51.7	272.7	173.0	853.5	-8.9%
2008-09	163.7	240.8	48.9	266.0	173.0	849.5	-4.9%
2009-10	143.0	216.5	44.2	282.4	183.3	871.7	2.6%
2010-11	182.7	228.3	44.6	232.2	176.9	871.7	-11.2%
2011-12	147.8	233.0	39.8	172.3	181.4	774.4	-3.0%
2012-13	123.2	235.0	40.5	175.2	176.0	751.2	4.7%
2013-14 (unaudited)	132.0	253.8	42.4	188.8	168.3	766.3	-2.2%
2014-15 (estimate)	114.3	254.0	37.5	169.3	168.2	769.3	0.7%
2015-16 (budget)	114.3	256.5	37.5	197.4	163.0	778.8	0.7%
2016-17 (budget)	114.3	258.1	37.5	199.0	169.9	778.8	0.8%
2017-18 (budget)	114.9	281.7	37.5	200.7	171.6	766.4	0.5%
2018-19 (budget)	115.4	264.3	37.5	202.5	173.3	793.0	0.6%

Note: Data based on actual collections (audited), except where indicated.

- * Beginning with the 2003 taxes, the City transfers its current year real property delinquent tax roll to Wayne County for collection.
- * In December 2003 and each subsequent December, the City received approval to suspend its income tax rate reduction. The current suspension expires July 1, 2008.
- * FY2002-03 and FY2003-04 Casino Enhancement revenues received were \$55,250 million and \$48,750 million, respectively. The first Casino-MCMA opened in July 1999, followed by Motor City in December 1999 and Greenbloom in November 2000. As of September 1, 2004, the State increased the wagering tax for Detroit an additional 2%, to the current rate of 11.5%. As of January 1, 2006, the City began receiving an additional one percent (1% of adjusted gross receipts) payment as provided for in the operating agreements. The City will also receive \$4 million per casino upon the casino reaching \$400 million in adjusted gross receipts.
- * Property Tax garbage mills of 2,9928 were eliminated in FY 2007 for residential properties and replaced with a garbage fee.
- * For FY 2007-08 garbage mills are eliminated on all property.
- * FY 2013 Estimate and 2014 Budget are based on revenues approved at the January 2013 Consensus Revenue Estimating Conference (except State Revenue Sharing).

City of Detroit

Restructuring Projects

\$ in millions

Project Listing	FY '15	FY '16	FY '17	FY '18	FY '19
Revenue Initiatives					
<i>Fire:</i>					
Sale of closed facilities	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
DFD - Includes Fire Recovery USA billing for false alarms, vehicle fires, (multi-vehicle accident) MVAS	0.9	0.9	0.9	0.9	0.9
DFD - Assumes ability to receive SAFER grant funding in FY 2017 and FY 2018 and continued access to \$2.0MM annually from FEMA grants for equipment related training	3.5	2.0	13.7	14.4	2.0
DFD - Increased collections from additional EMS fleet (\$27.0MM) and increased FM inspectors (\$7.0MM)	3.6	3.6	3.6	3.6	3.6
Total Fire	\$ 8.1	\$ 6.6	\$ 18.3	\$ 19.0	\$ 6.7
<i>Blight (Non Departmental):</i>					
Blight Grant Revenue - Hardest Hit Funds	43.3	9.0	-	-	-
Blight - Fire Escrow Balance	20.0	-	-	-	-
Total Blight	\$ 63.3	\$ 9.0	\$ -	\$ -	\$ -
<i>Finance:</i>					
Finance - Revenue related to newly established Grant Administrative function	-	0.5	1.0	1.0	1.0
Finance Dept. Revenue Upside - incremental revenue for Treasury related to additional staffing	2.0	1.9	1.9	1.9	1.9
Finance - Collection of past due income tax receivables, net of 3rd party collection fees	3.0	3.0	2.5	-	-
Total Finance	\$ 5.0	\$ 5.4	\$ 5.4	\$ 2.9	\$ 2.9

City of Detroit

Restructuring Projects

\$ in millions

Project Listing

Expenditure Initiatives

Police

Fleet - Vehicle replacement
 New precincts and training facility
 Labor (Wages & Benefits) - Ramp up civilian positions. \$87.6 M in savings - attrition of senior to less experienced uniform personnel (\$47.9); efficiency gains following implementation of IT system (\$39.6).
 Labor Cost Savings - Net savings due to attrition of senior uniform personnel and hiring of less experienced uniform personnel
 Labor Cost Savings - Reduction of civilians through efficiency gains following implementation of fully integrated public safety IT system
 Purchased Services - Primarily related to promotional exams
 Existing precinct and other facility improvements
 Replacement of handheld radios
 Integrated Public Safety IT system
 Materials and Supplies - Replace tasers/cartridges, vests and body cameras, etc...
 Facility maintenance and security, increased helicopter maintenance and citizen patrol/reserve costs
 Reorganization Costs - IT positions to assist with the implementation of new public safety IT system
 Other department-wide improvements/projects
 Other IT related costs
 Training costs
 Total Police

Blight (Non Departmental):

Purchased Services - Estimated costs for residential blight removal efforts
 Additional cost of demolition related to the Hardest Hit fund
 Total Blight

	FY '15	FY '16	FY '17	FY '18	FY '19	Operating Projects	Cost Savings Projects	Capital Projects	Blight Projects
\$ (9.5) \$ (11.7) \$ (10.0) \$ (10.0) \$ (10.0)	(7.5)	(3.0)	-	-	-	\$ -	\$ -	\$ (51.2)	\$ -
(13.2)	(14.7)	(15.1)	(15.5)	(15.9)	(74.4)	-	-	(10.5)	-
2.4	10.1	7.2	6.7	5.8	-	32.3	-	-	-
-	-	2.4	4.6	5.6	-	-	12.7	-	-
(0.2)	(0.1)	(0.3)	(0.1)	(0.3)	(1.0)	-	-	-	-
(4.7)	(2.0)	(0.1)	(0.5)	(0.2)	-	-	-	(7.6)	-
(7.5)	(7.5)	(1.0)	(1.0)	(1.0)	-	-	-	(18.0)	-
(4.5)	(2.5)	(1.0)	(1.0)	(1.0)	-	-	-	(9.9)	-
(1.3)	(3.6)	(1.6)	(1.6)	(1.6)	(9.7)	-	-	-	-
(0.6)	(0.7)	(0.8)	(0.8)	(0.8)	(3.7)	-	-	-	-
(0.6)	(0.4)	-	-	-	-	-	-	(1.0)	-
(1.5)	(1.5)	-	-	-	-	-	-	(3.0)	-
(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	-	-	-	(0.9)	-
(0.6)	(1.1)	(0.8)	(0.7)	(0.7)	(3.8)	-	-	-	-
\$ (49.4) \$ (39.0) \$ (21.3) \$ (20.0) \$ (20.2)					\$ (92.6)	\$ 44.9	\$ (102.2)	\$ -	\$ -
(82.0)	(46.0)	(50.0)	(50.0)	(51.0)	-	-	-	-	(279.0)
(16.8)	(3.5)	-	-	-	(20.3)	-	-	-	-
\$ (98.8) \$ (49.5) \$ (50.0) \$ (50.0) \$ (51.0)					\$ (20.3)	\$ -	\$ -	\$ -	\$ (279.0)

City of Detroit
Restructuring Projects
\$ in millions

Project Listing	FY '15	FY '16	FY '17	FY '18	FY '19	Operating Projects	Cost Savings Projects	Capital Projects	Blight Projects
Finance:									
Labor (Wages & Benefits) - Additional employees for Grants Administration, Treasury, ITS, Accounting and Finance Admin., Workers' Compensation and Risk Management, Assessing, Income Tax, and Purchasing. \$19.6 M in savings - related to reorganization of positions within department.	(7.0)	(8.6)	(9.1)	(9.4)	(9.6)	(43.6)	-	-	-
Labor Cost Savings - Savings from headcount reductions in Treasury	0.0	0.0	0.4	0.4	0.5	-	1.4	-	-
Labor Cost Savings - Savings related to certain positions within Income Tax	0.1	0.1	0.1	0.1	0.1	-	0.5	-	-
Labor Cost Savings - Savings related to certain positions within Risk Management	0.0	0.0	0.0	0.1	0.1	-	0.2	-	-
Labor Cost Savings - Savings related to certain positions within Accounting	0.4	0.6	0.6	0.6	0.6	-	2.8	-	-
Labor Cost Savings - Savings related CityTax implementation	1.0	1.0	1.0	1.0	1.0	-	5.0	-	-
Reorganization Costs - Primarily related to Assessing Division Corrective Action Plan	(7.9)	(3.7)	(0.5)	(0.9)	(0.6)	-	-	(13.6)	-
New income tax software system (CityTax)	(1.7)	(0.4)	(0.4)	(0.4)	(0.4)	-	-	(3.4)	-
IT enhancements including Treasury work order tracking system, cashiering controls, call center technology, e-commerce, procurement software, grants hardware/software	(2.9)	(0.2)	(0.2)	(0.2)	(0.2)	-	-	(3.7)	-
Finance Materials and Supplies - Assumed \$20k per year	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	-	-	-
Materials & Supplies Savings - Savings generated from process related enhancements, consolidation of vendors, and other Purchasing Division restructuring initiatives	2.0	2.0	2.0	5.0	5.0	-	16.0	-	-
Utilities	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	-	-	-
Purchased services - Primarily related to savings from phasing out audit preparation consulting within accounting division. Partially offset by additional costs for benefit plan audits.	(0.3)	-	(0.3)	-	(0.3)	(0.8)	-	-	-
Purchased services savings - Savings related to phasing out 3rd party vendor	0.3	0.5	0.7	0.7	0.7	-	2.9	-	-
All Other	-	-	-	-	-	-	-	-	-
Training costs	(0.3)	(0.6)	(0.4)	(0.4)	(0.4)	(2.3)	-	-	-
Total Finance	(16.2)	(9.3)	(6.1)	(3.4)	(3.6)	\$ (46.9)	\$ 29.0	\$ (20.7)	\$ -
Budget:									
Training costs	-	-	(0.0)	(0.0)	(0.0)	(0.1)	-	-	-
Total Budget	-	-	(0.0)	(0.0)	(0.0)	\$ (0.1)	\$ -	\$ -	\$ -

City of Detroit

Restructuring Projects

\$ in millions

Project Listing

	FY '15	FY '16	FY '17	FY '18	FY '19	Operating Projects	Cost Savings Projects	Capital Projects	Blight Projects
Non-Departmental :									
36th DC - Capital Expenditures - Cost for building maintenance, repairs, and upgrades	(1.0)	(0.5)	(0.5)	(0.5)	(0.5)	-	-	(3.0)	-
36th DC - Reorganization Costs - Assumes addition of 7 contract employees in FY 2015; 3 contract employees remain in FY 2016 and beyond	(1.0)	(0.3)	(0.3)	(0.3)	(0.3)	-	-	(2.4)	-
36th DC - Technology Infrastructure - Investment in "paperless" cost initiatives (\$3.7MM); new telephone system (\$0.5MM)	(1.6)	(0.8)	(0.4)	(0.4)	(0.2)	-	-	(3.4)	-
Mayors Office - Reduction in PSCs	0.1	0.1	0.1	0.1	0.1	0.3	-	-	-
Mayors Office - Lean Team Savings	1.8	1.8	1.8	1.9	1.9	9.3	-	-	-
BSEED enterprise funding	(4.4)	(0.5)	2.3	2.7	3.5	-	3.5	-	-
Training costs	(0.5)	(0.4)	(0.4)	(0.4)	(0.4)	(2.2)	-	-	-
Total Non-Departmental	\$ (6.6)	\$ (0.7)	\$ 2.5	\$ 2.9	\$ 4.0	\$ 7.4	\$ 3.5	\$ (8.8)	\$ -
DHWP:									
DHWP Capital Expenditures - Herman Kiefer demolition costs	-	(5.1)	-	-	-	-	-	(5.1)	-
DHWP Purchased Services - Public Health Record management and storage fees	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.8)	-	-	-
Training costs	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	-	-	-
Total DHWP	\$ (0.2)	\$ (5.3)	\$ (0.2)	\$ (0.2)	\$ (0.2)	\$ (0.8)	\$ -	\$ (5.1)	\$ -
Auditor General (AG)/Inspector General (IG):									
AG - Labor and benefits - Addition of 4 employees to fill current vacancies and increase the frequency of the City's financial and operational audits	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)	(1.9)	-	-	-
AG - Electronic work-papers and incremental hardware / software investment	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	-	-	-
Training costs	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)	-	-	-
Total AG/IG	\$ (0.4)	\$ (0.4)	\$ (0.4)	\$ (0.4)	\$ (0.4)	\$ (2.1)	\$ -	\$ -	\$ -
BSEED:									
Labor Cost Savings - Labor efficiency savings as a result of space consolidation	(0.0)	0.0	0.0	0.0	0.0	-	0.2	-	-
BSEED All other	-	-	-	-	-	-	-	-	-
BSEED - Costs related to facility build-out to consolidate facilities and improve efficiencies	(0.4)	-	-	-	-	-	-	(0.4)	-
Training costs	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	-	-	-
Total BSEED	\$ (0.4)	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ (0.1)	\$ 0.2	\$ (0.4)	\$ -

City of Detroit

Restructuring Projects

\$ in millions

Project Listing

	FY '15	FY '16	FY '17	FY '18	FY '19	Operating Projects	Cost Savings Projects	Capital Projects	Blight Projects
Municipal Parking:									
Municipal Parking Capital Expenditures - Primarily related to upgrades to the Caniff Impound Lot	(0.7)	(0.1)	(0.1)	(0.1)	(0.2)	-	-	(1.2)	-
Municipal Parking Other Infrastructure - Primarily related to vehicle replacement for parking enforcement officers	(0.4)	(0.1)	(0.1)	(0.1)	(0.1)	-	-	(0.9)	-
Municipal Parking (Labor & Benefits) - Primarily additional parking enforcement officers to generate incremental ticket volumes (reference Restructuring Actions). \$3.8 M in savings - related to the elimination of non-productive parking enforcement officers.	(0.2)	(0.4)	(0.4)	(0.4)	(0.4)	(1.8)	-	-	-
Labor Cost Savings - Elimination of certain non-productive positions	-	0.4	0.5	0.5	0.5	-	1.8	-	-
Municipal Parking Professional & Contract Services - Parking expert to assist with monetization strategies	(0.1)	-	-	-	-	(0.1)	-	-	-
Municipal Parking Materials & Supplies - Primarily a result of additional parking enforcement officers in vehicles issuing tickets (reference Restructuring Actions)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)	-	-	-
Training costs	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)	-	-	-
Total Municipal Parking	\$ (1.5)	\$ (0.3)	\$ (0.2)	\$ (0.3)	\$ (0.4)	\$ (2.5)	\$ 1.8	\$ (2.0)	\$ -
City Clerk:									
City Clerk Materials & Supplies - Incremental costs related to blight remediation notifications and City Council hearings	(0.6)	(0.3)	-	-	-	(0.9)	-	-	-
City Clerk - Headcount reduction through efficiency improvements, incremental costs associated with blight remediation assumed to be funded by Blight Initiative, Hardest Hit funds, and other grants	-	-	-	(0.0)	0.0	(0.0)	-	-	-
Labor Cost Savings - Headcount reduction through efficiency improvements	0.2	0.2	0.2	0.2	0.2	-	1.2	-	-
City Clerk - Professional & Contract Services	(0.0)	-	-	-	-	(0.0)	-	-	-
Training costs	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	-	-	-
Total City Clerk	\$ (0.4)	\$ (0.1)	\$ 0.2	\$ 0.2	\$ 0.2	\$ (1.1)	\$ 1.2	\$ -	\$ -
Human Rights:									
Human Rights/ Board of Ethics (Wages & Benefits) - Addition of employees to increase compliance function and ethics responsibilities	(0.3)	(0.5)	(0.5)	(0.5)	(0.5)	(2.3)	-	-	-
Human Rights - Technology Infrastructure	(0.1)	-	-	-	-	-	-	(0.1)	-
Training costs	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	-	-	-
Total Human Rights	\$ (0.5)	\$ (0.6)	\$ (0.6)	\$ (0.6)	\$ (0.6)	\$ (2.8)	\$ -	\$ (0.1)	\$ -
Ombudsperson:									
Training costs	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	(0.2)	-	-	-
Total Ombudsperson	\$ (0.0)	\$ (0.1)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.2)	\$ -	\$ -	\$ -

City of Detroit
Restructuring Projects
\$ in millions

Project Listing

	FY '15	FY '16	FY '17	FY '18	FY '19	Operating Projects	Cost Savings Projects	Capital Projects	Blight Projects
Department of Administrative Hearings (DAH):									
DAH Technology Infrastructure- Investment in case tracking system	(0.5)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	-	(0.5)	-
Training costs	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	-	-	-
Total DAH	\$ (0.5)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ -	\$ (0.5)	\$ -
Board of Zoning Appeals (BZA):									
Training costs	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	-	-	-
Total BZA	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.1)	\$ -	\$ -	\$ -
Department of Public Works (DPW):									
Training costs	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	-	-	-
Total DPW	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.0)	\$ (0.1)	\$ -	\$ -	\$ -
TOTAL EXPENDITURE PROJECTS	\$ (261.5)	\$ (198.4)	\$ (154.5)	\$ (131.9)	\$ (124.5)	\$ (357.8)	\$ 137.3	\$ (371.4)	\$ (279.0)