

**Frequently Asked Questions:****City of Detroit FY 2013 Budget****Contents**

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The City of Detroit's Fiscal Year (FY) 2013 budget, beginning on July 1, 2012, marks a period of significant restructuring to restore financial stability. The Mayor presented a recommended budget to the City Council in April 2012 that eliminated 2,500 positions and reduced costs by \$250 million to align revenues with expenditures and make progress toward eliminating a significant general fund deficit. At the end of May 2012, the Council approved a budget with amendments to the Mayor's recommended budget, which he accepted. Despite the difficult decisions made during the budget process, the real challenge is now just beginning: successfully carrying out the budget plan.

This Question and Answer document explores issues that directly affect residents and taxpayers. A larger audience is interested as well. Detroit is representative of many older, industrial cities that have lost population and tax base while supporting a government organization and infrastructure built by previous generations. Detroit's successes and setbacks will provide important lessons for municipal leaders who are balancing fiscal constraints with providing reliable, quality services.

# Overview

The FY 2013 Budget reflects Mayor Dave Bing's strategy to regain financial stability. The plan was the subject of intensive public review by the City Council. The result is a budget that reflects city-wide reductions in personnel and fundamental changes in how several services will be provided.

## Why is FY 2013 Different?

### » **The City of Detroit faces budget challenges every year. Why is this year different?**

FY 2011 was the seventh consecutive year that the City of Detroit had an accumulated General Fund deficit. Expenditures have consistently exceeded revenues. That scenario was no longer an option for the City. In early 2011, the City became aware that it was in jeopardy of not having enough cash to provide even the most basic services. As the City adopts the FY 2013 budget, it faces an accumulated \$265 million General Fund deficit. To reset its financial course, the City's budget strategy required more than curtailing expenses. Instead, the challenge for FY 2013 was to restructure City operations, service levels, cost commitments, and re-examine revenue sources.

While city department heads and administration were preparing the FY 2013 budget, the Mayor and City Council negotiated a Financial Stability Agreement with the State of Michigan. The rationale for this agreement was based on the severity of the City's financial crisis as confirmed by a Financial Review Board pursuant to Michigan Public Act 4 of 2011. The resulting agreement, signed in April 2012, requires the City to address the financial turnaround with state oversight. While this agreement is an important backdrop to the FY 2013 budget process, this Q&A document focuses on the City's budget and related restructuring efforts. Further information about the Financial Stability Agreement can be found at <http://msue.anr.msu.edu/uploads/files/Greening/MSUE-FSA-FAQ-4-9-12.pdf>.

## Mayoral Budget Strategy

### » **For any city, the budget document reflects priorities set by the leadership within given constraints. What does the City of Detroit's FY 2013 budget tell us about the Mayor's priorities and long-term strategy?**

The Mayor's budget emphasizes delivering core services within available resources while reducing the accumulated deficit over three years. Core services as defined by the Mayor include public safety (police, fire, and emergency medical service), transportation (bus system and Detroit People Mover), public lighting, garbage collection, parks and recreation, streets, sidewalks and landscaping, and permits.

The Mayor presents a two-phase approach to addressing the budget. Phase 1 efforts generate between \$100 million and \$150 million annually from reductions in personnel costs (including wage, medical, pension, and work rule changes), and improving transportation service by rationalizing operations (i.e. maximizing efficiency with a reduced work force), and transferring public lighting to an independent authority with its own revenue stream. Phase 2 initiatives are expected to net approximately \$100 million annually by shrinking the size of city government. For non-core departments and services, including health and wellness promotion, human services, airport, and workforce development this means transitioning services to a third party or the consolidation into other departments. Administrative support functions (finance, budget, legal, information technology, human resources and payroll) will undergo a rationalization process based on size and need of core services.

## City Council's Priorities

### » **What changes did the City Council make to the Mayor's recommended budget?**

There are two primary categories of expenditures that the Detroit City Council added to the budget. The first category added was partial-year funding for departments that are scheduled for elimination in FY 2013. During budget deliberations it became evident that the legal, personnel, and/or funding source transition plans for the departments and services of workforce development, airport, health and wellness promotion, and human services would not be ready for a July 1, 2012 implementation date. For that reason, the City Council restored funding to allow for details to be resolved and to minimize the impact on service provision to residents. The second category was for expenditures that could impair the City's ability to conduct business which included the departments of law and

elections. Each of the items in these two categories is discussed in more detail later in this Q&A document.

## Personnel Costs

### » Is the City using an approach other than layoffs to reduce personnel costs?

Yes. The City has been working with its employee groups to reduce costs. The budget is based on elimination of furlough days and a 10 percent wage reduction for all employees. Fringe benefit costs will be rolled back by increasing employee medical cost sharing to 20 percent, adjusting plan benefits levels, and modifying pension plan provisions. Reduction of headcount in some departments comes from attrition, scheduled retirement, and/or offering early retirement incentive programs.

### » What about cost control by more efficiently utilizing staff?

There are two primary ways that the City is approaching efficiency. First, the City is working with its employee unions to amend work rules for the accumulation and use of sick pay and accrued compensation, as well as overtime management. Second, technology is increasingly being used to manage the deployment of human resources. This is most evident in the areas of police and transportation.

### » Hasn't the City already reduced staffing?

Yes. Last year's budget, FY 2012, began with 12,646 budgeted positions. As shown in **Table 1** (page 4), actual positions for FY 2012 are at 10,854 due to hiring freezes and mid-fiscal year cost control efforts. The Mayor's recommended FY 2013 budget reduced that further to 10,080. After the City Council deliberated on the proposed budget, it determined that some of the reductions to the city clerk, elections, and law departments were not feasible. In addition, for some departments slated for elimination, such as airport, workforce development, health and wellness promotion, and human services, a partial year of staffing was added back to the budget to allow for more time to develop transition plans while continuing to provide services. The end result is a workforce of 10,394,

which is an overall reduction from the prior year's budget plan by 2,252.

## General Fund Deficit

### » How does this budget address the City's general fund deficit and cash flow concerns?

Entering the budget process, the City's general fund deficit was \$265 million as identified by the Mayor in the annual budget message. His recommended budget, through cost controls and revenue projections, reflects a reduction of the deficit by \$75 million in FY 2013. The stated goal is eliminating the deficit over three years. The adjustments made by City Council affected revenue, as well as expenditures categories. However, these adjustments left the deficit reduction plan largely intact. Cash flow to preserve City operations will be stabilized with funding from bond restructuring and net proceeds of \$137 million during FY 2012 and FY 2013. While this amount will need to be repaid, it lessens cash flow concerns.

## 2011 Charter Amendments

### A new charter was adopted by the voters in November 2011. How does that impact the City's FY 2013 budget?

The provisions of the new Charter of the City of Detroit began to take effect on January 1, 2012. There are a number of agency budgets that are affected by new Charter provisions. This includes (a) increasing the number of Board of Police Commissioners from 5 to 11, with election of 7 commissioners from non at-large geographical districts; (b) increases the membership of the Advisory Fire Commission from 4 to 7; (c) increases the Public Lighting Commission from 5 to 7 members; (d) increases the Transportation Advisory Commission from 5 to 7 members; and (e) creates a new Office of the Inspector General. While the cumulative dollar amount of these changes is not significant to the City budget as a whole, these changes do reflect a common theme and platform for increased accountability, representation and civic engagement.

**Table 1: City Staffing**

Agency/Department	2011-12 Budget	2011-12 Actual	2012-13 Recommended	City Council Amendments	2012-13 Budget	Adopted Budget Decrease
<b>Executive Agencies</b>						
<b>Core General City Services</b>						
Police	3,309	2,974	2,954		2,954	355
Fire (includes EMS)	1,419	1,274	1,257		1,257	162
Public Lighting	136	113	129		129	7
Recreation	141	278	87		87	54
Department of Public Works	625	532	554		554	71
<b>Departments Budgeted for Elimination</b>						
Detroit Workforce Development, Health and Wellness Promotion, Human Rights, and Human Services	493	368	-	247	247	246
<b>Other General City Agencies</b>						
Planning and Development, Administrative Hearing, Law, Administrative Support, and General Services	1,189	1,083	854	48	902	287
<b>Legislative Agencies</b>						
Includes City Council, City Clerk , Elections, Auditor General, Inspector General, Ombudsman, and Zoning	164	168	104	14	118	46
<b>Judicial Agency (36th District Court)</b>						
	365	265	285		285	80
<b>Enterprise Agency</b>						
Airport (budgeted for elimination)	8	7	-	5	5	3
Buildings and Safety Engineering	244	216	212		212	32
Department of Transportation	1,216	1,046	916		916	300
Municipal Parking	102	97	97		97	5
Detroit Water and Sewer	2,767	2,084	2,244		2,244	523
Library	468	349	387		387	81
<b>City-wide total</b>	<b>12,646</b>	<b>10,854</b>	<b>10,080</b>	<b>314</b>	<b>10,394</b>	<b>2,252</b>

Source: 2013 Executive Summary Budget and City Council Fiscal Staff Memo dated May 24, 2012

**Table 2: Revenue Estimates**

	Income Tax	Property Tax	Utility Tax	Gaming Tax	Revenue Sharing	Misc.	Total
<b>Administration</b>	\$227.1	\$126.1	\$42.0	\$172.0	\$171.8	\$389.8	<b>\$1,128.8</b>
<b>Fiscal Staff</b>	225.0	103.8	42.0	174.0	172.0	361.8	<b>1,078.6</b>
<b>Auditor General</b>	221.0	126.1	42.0	167.0	172.0	380.3	<b>1,108.4</b>
<b>Consensus</b>	226.0	126.1	42.0	171.0	171.8	385.5	<b>1,122.4</b>

Source: City Council Fiscal Staff Memo dated April 30, 2012

# Revenues

## » Who sets the revenue estimate to be used in the budget?

For the first time, the City of Detroit engaged in a revenue consensus process. This process included the City Council fiscal staff, the finance and budget departments, and the auditor general. Each of the participants provided input to arrive at a revenue estimate. The revenue consensus process applies only to the general fund.

## » Was consensus reached?

Yes. The sides were able to reconcile their differences in the revenue estimates and commonly agree to a number for major and minor revenue categories.

## » What were the final revenue estimates?

The total proposed revenue for the City of Detroit in FY 2012-13 (July 1, 2012 through June 30, 2013) is \$2.54 billion. Of this amount, the revenue consensus of the general fund was \$1.13 billion. This amount consists of \$226 million from income tax, \$126.1 million from property tax, \$42.0 million from utility tax, \$171.0 million from gaming tax, and \$171.8 million from state aid. Other miscellaneous revenues were estimated to be \$385.5 million.

## » What were the differences among the revenue consensus participants?

The original administration (Mayoral) revenue estimate for the general fund was \$1.128 billion. Thus, the consensus represented a reduction of \$6.4 million for the original administration estimate of less than 1 percent — 0.6 percent to be exact.

## » Were there differences among the participants in the major revenue sources?

Yes. The auditor general was typically on the lower side of the revenue estimates (**Table 2**, page 4) in income and gaming taxes. The City Council fiscal staff brought a significantly lower revenue estimate

in the miscellaneous revenue category. In general, the administration's estimates appeared to carry the day in most cases.

## » What are some of the biggest challenges to the consensus forecast?

Income tax may be a challenge given the degree of continuing economic uncertainty. Some Michigan cities are seeing a downturn in local income tax revenues. Another area of concern is the property tax, which depends heavily on the nature and conditions of a housing market that has yet to recover from the recession. Finally, miscellaneous revenues are a collection of many taxes and fees. Given the wide disparity in original revenues estimates from the participants this revenue stream must be tracked closely to see where it is headed.

## » How accurate were revenue estimates in 2011?

The City initially estimated total FY 2011 general fund revenues at \$1.36 billion, but this estimate was revised upward to \$1.65 billion during the fiscal year. The actual total revenue came in at \$1.22 billion; hence, the City was off by nearly 10 percent from its original estimate. Taxes actually came in higher than expected, mostly because of better than expected income and property tax collections. However, these gains were more than offset by big declines in other revenue and sales and charges for services.

## » If these estimates are accurate, what kind of change would that amount to from last year?

Property tax collections would fall by \$60 million or one-third compared to last year. This reflects the weakness in the housing market. Income taxes would be flat. The wagering tax, state revenue sharing, and utility tax would be flat. Finally, miscellaneous revenue would be down slightly. Overall, total revenues would be down by \$90 million or 7 percent.

# Core Services

As defined by Mayor Dave Bing, the FY 2013 budget emphasizes delivery of core municipal services. These include: public safety (police, fire, and emergency medical service), transportation (bus system and Detroit People Mover), public lighting, garbage collection, parks and recreation, streets, sidewalks and landscaping, and permits.

## Police

- » **The FY 2013 budget reduces police personnel by 355 positions or 11 percent. What is the Detroit Police Department doing to address service delivery with reduced staffing?**

Detroit Police Chief Ralph Godbee, in his budget presentation to the City Council on May 10, 2012, identified numerous ways that the City's police department is addressing its fiscal realities.

1. The department is using Six Sigma principles to manage the workload more efficiently while improving quality. One example is dispatch and prioritization of calls for service. Implementation of the Telephone Crime Reporting Unit (TCRU) program in FY 2012 is projected to reduce annual calls for service by 275,000 with an average cost per call of \$378. This change in process directs appropriate calls to TCRU, thereby reallocating officer time for patrol activities. Also, in the past, residents may have had to wait hours to report crime to an officer in person. They sometimes gave up because of the wait time. The new process allows for quick and efficient crime reporting.
2. The Chief proposes a new reserve program. Potential new hires into the department will first be required to have been a reserve officer. This program would also allow retired officers to bring their years of experience back to the City while maintaining their state certification as a police officer.
3. The Chief is working with the police unions to address work rule changes that will provide flexibility in managing the department's needs.
4. The City is partnering with other agencies such as Wayne State University Police Department to coordinate policing efforts.
5. The department is focusing on areas of risk management to minimize litigation and error. New technology is being installed in police cars to

monitor vehicle speed. Additional microphones are being added to record interactions in the event of a dispute.

- » **Does the City's police department receive federal grants?**

The City expects to receive funding of \$5.9 million for 75 uniformed positions for FY 2013 from the U.S. Department of Justice's Community Oriented Policing Services (COPS) program. In addition, the City has received grants from the Justice Assistance Grant (JAG) Program and intends to apply for additional grants in the future. This program is expected to provide \$3.2 million of funding for FY 2013. Chief Godbee indicated law enforcement's support for the JAG Program because of the range of law enforcement needs it addresses, including personnel and technology. For example, a past grant provided funding for a cooperative effort by the Detroit Police Department, Wayne State University Police Department, and Detroit Public Schools Police Department that allowed for increased and focused patrols near targeted high schools to reduce crime and calls for service.

## Office of Homeland Security

- » **Why is there no longer a budget for the Office of Homeland Security?**

Homeland Security, including emergency management, will be consolidated with the police department. Its mission is to provide leadership in coordinating and developing a sustainable and all-hazard, regional approach to large-scale emergencies or disasters, emphasizing preventative measures. Funding comes from the federal government but has steadily decreased each year. The estimated revenue is \$2.5 million for FY 2013.

## Fire

- » **Does the City's fire department receive federal grants?**

Yes. The City has budgeted to receive a FEMA Staffing for Adequate Fire and Emergency Response (SAFER) grant to fund 100 firefighter positions (\$10.7 million). If this grant is not obtained, the Detroit Fire Department staffing would decrease by 262 positions rather than 162, which represents a potential additional 11.4 percent reduction. Personnel costs comprise 93.2 percent of the fire department's budget.

## » Are there other revenue sources?

The fire department provides hospital transport services. Increasing recovery of receivables for that service, and other services, is being explored for FY 2013 with the help of an outside vendor. In addition, on May 29, 2012 the City Council adopted a new ordinance in Chapter 19, Article III known as the Emergency Services Cost Recovery. This ordinance will enable the City to seek reimbursement of services provided by the fire department from parties who bear responsibility.

## » How has population loss affected the fire department?

The increase in vacant homes brings a significant service challenge to most City departments. For the fire department, this means an increase in fires. In an April 2012 Detroit Free Press report, Executive Fire Commissioner Donald Austin stated that vacant homes account for 40 to 60 percent of the fires in Detroit. These fires present a danger to nearby homes, residents and to personnel. Developing appropriate policies to address this issue will be a pressing concern for the City.

## Transportation

### » Will the budget cuts to the department of transportation affect bus schedules?

It is possible that the budget cuts will affect the frequency of bus service and the specific routes available. The department is trying to avoid such disturbances by eliminating positions other than bus drivers. It is also using an updated automated vehicle locator system that will make management of the current bus operations more efficient. However, the number of total miles operated in FY 2013 is expected to be 5.7 million fewer than in FY 2012 and the number of passengers carried is expected to decrease by 6.2 million.

### » Do bus system revenues offset the cost?

Although the Department of Transportation brings in between \$140 million to \$150 million in revenue each year, the department has been running a deficit for at least seven years as reported to the City Council by the Fiscal Analysis Division. The City of Detroit subsidizes the Transportation Department each year. In FY 2011, the City subsidy was \$80.5 million. In FY 2012 that amount decreased to \$43.3 million and in FY 2013 the recommended total City subsidy is \$52.3 million.

## Public Lighting

Will there be an overall reduction of lights in the City when the Public Lighting Department switches to a lighting authority?

The City's long-term plan is to transition street lighting operations to an independent authority and reconfigure the service area footprint. The authority will oversee installation of 46,000 light fixtures placed in more populated areas and areas with greater public safety needs (i.e. schools and intersections). While this is less than the current 88,000 fixtures, many of the existing fixtures do not work. The administration estimates that there will be more working lights than currently exists once the new system is in place.

### » Won't the City lose the revenues if the department is moved to a lighting authority?

The City does not receive revenue from street lighting. The City operates a small electricity grid serving about 200 customers. Those customers do pay a service fee. However, there are problems with revenue collection, need for system upgrades, and lack of economies of scale in the relatively small operation. As a result, the City is evaluating options to transition those customers to a third party who can provide more reliable service.

### » When will the street lighting changes take place?

The goal of the department is to begin rolling out the installation of new street lights in September 2012. This will be a three-year project. It should be noted, however, that transfer of this service to an authority depends on pending State of Michigan legislation (House Bill 5688 introduced May 29, 2012) to create a Municipal Lighting Authority. The proposed legislation would give the authority the ability to issue bonds for system improvements as well as raise revenues from special assessments and user fees. Additional proposed legislation (House Bill 5705 introduced May 30, 2012) provides for a city utility users tax.

## Garbage Collection

### » How will garbage collection be affected by reduced staffing?

No changes are planned. The number of residential refuse collection customers is expected to decrease

from 253,661 to 240,000. The department recently completed an audit of its refuse collection services to better manage deployment of personnel. This resulted in increasing the average route size by 200 occupied households and adjusting collection days to equalize vehicle and labor needs daily. As a result of this audit, daily truck and operator needs have been reduced by 13 per day.

## Parks and Recreation

### » How will the City provide recreation opportunities during the coming fiscal year?

The recreation department's core activities include recreational, social and educational/tutorial activities, aquatics, technology, arts and cultural enrichment, fitness and healthy lifestyles. The FY 2012 budget was approximately \$19 million with 141 employees. The Mayor's proposed budget will reduce the total allocation by \$7.4 million dollars. The Detroit City Council expects that the 38 percent reduction in funds will be restored through fundraising efforts of a newly created Detroit Recreation Conservancy. This new conservancy will operate as a nonprofit entity and will support

the operations of the City's 14 recreation centers. The City does not believe the new budget will require the closure of additional recreation centers.

## Streets, Sidewalks, and Landscaping

### » Will the budget cuts to the Department of Public Works affect services on my street?

Neighborhood street services will be affected. The total number of miles of road to be resurfaced is targeted to go from 77 miles in FY 2012 to 60 in FY 2013.

## Permits

### » Why is there an emphasis on permits as a core service?

The Department of Public Works City Engineering Division regulates work performed in the public right of way, monitors Americans with Disabilities Act (ADA) requirements, and provides plan and petition reviews for construction projects. Those reviews ensure compliance with State and City construction standards before construction permits are issued. Revenue generated from these activities is sufficient to pay for the seven remaining engineers.

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## Non-Core Services

Beginning with the FY 2013 Budget, Mayor Dave Bing has identified non-core departments and services for transition to a third party or consolidation into other departments. This includes the departments of health and wellness promotion, human services, airport, and workforce development.

## Department of Health and Wellness Promotion

### » Who will be responsible for disease control issues in the City under the new budget?

The Department of Health and Wellness Promotion is responsible for preventing and addressing diseases that threaten the health and well-being of Detroit residents. The Mayor's recommended budget eliminated all funding for this department. City Council inserted sufficient funds to allow a six-month transition. It is anticipated that public health services will be transferred to the Institute for Health and Human Services. The transfer will require two phases. The first phase

will allow health and wellness promotion to continue to operate using only grant funds and public health-generated revenues from July 1, 2012 until September 30, 2012. The second phase will move the majority of public health responsibility and liability from the City of Detroit to the Institute for Health and Human Services. Any services that will not be transferred to the institute will be combined with other City agencies.

## Department of Human Services

### » How will the City address the social service programs that are provided by the Department of Human Services?

The Department of Human Services provides a variety of services to income-eligible residents. Examples include programs such as Head Start and the emergency food program. Funding for this department consists of government grants from state and federal sources. The Mayor's FY 2013 budget proposed eliminating and outsourcing the functions of this department. The City Council proposed restoring \$7.47 million dollars of the

department's funding while the City explores the legal and process ramifications of contracting the services through a Request for Proposals (RFP) process. The functions of the department will be provided for City residents. It is possible, however, that the proposed transition might cause a disruption and/or delay in providing some services.

## Airport

» **Coleman A. Young International Airport (formerly Detroit City Airport) depends on an annual General Fund subsidy. Since the airport is not a core function, the recommended budget eliminates its funding. What will happen to the airport?**

The City Council added six months of funding back into the FY 2013 budget to give the City time to find a viable alternative. Options include various parties that could assume operations: an outside party as a carrier or vendor; the Wayne County Airport Authority; a new airport authority; or the State of Michigan Department of Transportation Aeronautics Division.

» **Why not shut down the airport altogether?**

It appears that the airport property was purchased with federal block grant program funds. Grant restrictions present a challenge when changing the use of property acquired with grants. The City will need to work with the Federal Aviation Administration and the State of Michigan Department of Transportation as it develops a transition plan.

## Workforce Development

» **How will the City help residents who need job training and employment services?**

The Detroit Workforce Development Department links qualified workers in the City with local employers and provides training, education, and employment services for City residents. In the FY 2012 budget, the department had a staff of 104 and a total budget of approximately \$53 million dollars. The majority of this department's funding is grant based. The proposed FY 2013 budget eliminates this department.

The transition plan requires the incorporation of the Detroit Workforce Board, and the hiring of staff to manage the activities and funds for the former department.

## Administrative Support Functions

Administrative support functions include finance, budget, legal, information technology, human resources and payroll. These departments will undergo a rationalization process to achieve efficiencies and to match size and need of core services with a reduced staff.

## Information Technology

» **How does the Information and Technology Services (IT) Department support the efficiency initiatives for other City departments?**

Many City departments note the importance of technology in improving efficiencies as well as in providing transparency and service to residents. In FY 2013, the IT department will play a key role in carrying reform initiatives identified by the Financial Stability Agreement. Specifically, this includes new payroll, grants management and financial reporting systems. Upgrading these systems is essential to providing accountability and information for federal- and state-grant revenues programs.

## Financial Advisory Board

» **Under the consent agreement, the City of Detroit shares expenditures with the State of Michigan for the Financial Advisory Board (FAB). Where is that shown in the budget?**

The budget for the FAB is in the "Non-Departmental" section of the general fund budget. This section of the budget accounts for all items not assigned to any specific department, such as tax revenue, debt proceeds, the Board of Ethics, the Detroit Building Authority and other activities. The FAB's budget is \$1.7 million, with the majority of the budget allocated to professional services and other fees to carry out its assigned duties.

# Other Governmental Services

There are many other City services not defined as core, non-core, or administrative. These departments and services also are affected by the City's overall rationalization process.

## Planning and Development

### » Will U.S. Department of Housing and Urban Development (HUD) dollars for the City be affected by proposed budget reductions for the Planning and Development Department?

The City of Detroit Planning and Development Department is responsible for fostering and expanding business and economic development opportunities in the City. It is also responsible for revitalizing the City's neighborhoods through a host of Community Development Block Grant (CDBG) programs. The proposed budget for the upcoming year will reduce the department's budget by 2 percent. This is less than other departments because the majority of the funding comes from HUD. This department should be able to continue to provide the same level of service as in the previous fiscal year.

## Human Rights Department

### » Will the City continue to have a department that addresses discrimination issues?

The Human Rights Department is charged with investigating complaints of unlawful discrimination. In the FY 2012 budget, the department had eight positions and a total budget of approximately \$936,000. Although this department was initially identified for elimination in the FY 2013 recommended budget, it was restored because the department is mandated by the City Charter. The FY 2013 budget is approximately \$871,000.

## Zoning Board of Appeals

### » Will the Zoning Board of Appeals (ZBA) lose its ability to carry out its primary functions in the new budget?

The FY 2013 City budget will eliminate one full-time position in this department. The Mayor's recommended budget reduced the department's budget by 15 percent or \$103,000. While only one position is slated for elimination, that position represents 25 percent

of the total positions funded by the department. The City Council restored \$50,000 to this budget.

## Buildings, Safety Engineering and Environmental Department

### » How will the City ensure safe buildings for its residents?

The Buildings, Safety Engineering and Environmental Department is responsible for enforcing the construction, property maintenance and zoning codes as well as addressing environmental issues. The Mayor's proposed FY 2013 budget would decrease the unit's funding by 12 percent, or \$3 million dollars. However, the majority of the funding for this department is generated through fees for service. This department will continue to provide enforcement services for the City.

## General Services

### » What is included in the General Services Department?

General Services supports general fund activities. This includes operating municipal facilities and grounds, urban forestry, fleet and inventory. This department states that it has implemented technology to manage its facilities, inventory and fleet more efficiently. As it moves into the next fiscal year, the department proposes to use its citywide perspective to expand consolidation of purchasing and related functions to obtain greater efficiencies.

### » What is a primary issue for this budget area?

The FY 2013 budget, like prior years, does not address what the General Services Department labels a "dangerous" tree backlog estimated at 5,000 citywide. The staff estimates that \$1 million per year is needed to cut down trees that are a threat to health and property.

## City Clerk

### » How has the City Clerk's office been affected by the 2011 Charter Amendment?

The City Clerk is coordinating the final phase of the Codification Project, which began as a major initiative during the FY 2012 budget cycle. The City Charter mandates re-codification of the City's Code of Ordinances for compliance with state and federal

standards. The City Clerk is a member of the Codification Committee along with representatives of the Law Department, and City Council Research and Analysis Division. The projected date of completion is December 2012.

## **Elections Commission**

### **» Why did City Council restore \$2.3 million of funding to the Elections Commission budget?**

FY 2013 will present several unique challenges to the Elections Commission in administering elections in the next year. First, there will be a primary election on August 7, 2012 and a general election on November 7, 2012. Since this is a presidential election year, the City Clerk estimates that there will be a 20 percent voter turnout for the primary election and a 58 percent voter turnout for the general election. This will require a significant amount of preparation prior to election day, including tasks mandated by law. This includes programming and testing voting equipment, recruiting and training poll workers, notifying voters of precinct changes, mailing absentee voter applications, and other election functions.

## **Department of Administrative Hearings**

### **» Which City department addresses blight ordinances?**

The Department of Administrative Hearings (DAH) is a quasi-judicial tribunal that provides adjudication services for municipal ordinance violations including blight. In the previous budget, the department had five staff members and a total budget of \$1.3 million

dollars. The Mayor's recommended budget results in a 51 percent reduction and the elimination of one position. The number of violations heard is expected to remain constant at 31,000. In FY 2013, DAH will also begin hearing business license cases to reduce the budget needed for the Buildings, Safety Engineering, and Environmental Department. The DAH also plans to expand its outreach efforts with the CARE (Compliance Assistance Reaching the Elderly and Indigent) program to reach more elderly and indigent people, which should increase compliance and reduce blight.

## **36th District Court**

### **» Do fees, fines and penalties pay for the cost of the 36<sup>th</sup> District Court?**

No. The 36th District Court is a limited jurisdiction court that handles litigation up to \$25,000. Despite a high level of case filings (estimated at 420,000), the Court depends on the City for a subsidy of \$18 million in FY 2012 and \$13.4 million in FY 2013 following a staff reduction of 22 percent.

## **Parking**

### **» How will the budget cuts to the Municipal Parking Department affect parking in the city?**

The total number of garage parking spaces in the City is expected to decrease from 7,143 to 6,193 in FY 2013 and the number of on-street metered spaces will remain about the same. It is anticipated that the number of parking tickets will also decrease from approximately 311,000 to 300,000 and the number of vehicles booted from 4,137 to 4,000.

# Enterprise Activities

## Water and Sewer

### » Are there water and sewer system rate increases for FY 2013?

Yes. City of Detroit retail customers will experience increases of 10.3 percent for water and 9.9 percent for sewage. Suburban wholesale customer rates are estimated to increase 7.9 percent for water and 6.7 percent for sewerage based on the proposed budget.

### » Do the water and sewer funds receive a subsidy from the general fund?

No. Water and sewer rates are based on cost of service only. Those funds do not receive any subsidies from the general fund or any property tax revenues.

### » Why are rate increases needed?

According to a report from the Detroit Water and Sewerage Department, total annual water sales have

declined by almost 17 percent in the past six years. The costs do not decrease when revenues decrease. This is because many costs are fixed or non-negotiable, such as utilities. In addition, the infrastructure is designed for servicing a population size that is no longer reflective of the population of Detroit. The result is a system with largely fixed costs that is allocated among a lower volume of billable activity.

### » Are there long-term plans to address the infrastructure needs?

The department states that its strategic infrastructure plans are focused on right-sizing the water production capacities to mitigate the need for future rate increases. While that analysis is occurring most infrastructure reinvestment is on hold.

## Next Steps

### » Now that the Mayor and City Council have agreed to a budget for FY 2013, what should we expect as the fiscal year unfolds?

The Mayor and City Council have a long task list ahead of them to stay within the FY 2013 budget. As circumstances change other revenues will need to be raised or expenditures reduced. The pressure on personnel and frustration for constituents can be significant during a time of reorganizing and downsizing. Remaining staff members are often charged with providing service while restructuring operations. A

communications plan is critical to success. The use of outside consultants aids the process, but a City representative should still be held accountable for ensuring that the work of outside vendors is complete, on time, and within budget.

Listed in **Table 3** (page 13) are some of the key tasks to implement the FY 2013 budget as noted in this Q&A document. The actual list is likely much longer and is not unlike other cities facing financial distress. How the City of Detroit navigates its way through these issues will be important to residents and provide insight to other cities facing similar issues.

**Table 3: FY2013 Budget Tasks**

<b>Department</b>	<b>Tasks to Meet FY 2013 Budget Plan</b>
<b>Core Services</b>	
General Fund	Stay within budget to reduce accumulated deficit by \$75 million.
Revenues	Monitor and amend budget as needed.
Police	Implementation of the police reserve program. Obtain COPS grant of \$5.9 million for 75 uniformed positions. Obtain JAG grant of \$3.2 million.
Homeland Security	Consolidate Homeland Security with the Police Department.
Fire	Obtain SAFER grant of \$10.7 million to fund 100 firefighter positions.
Transportation	Monitor FY 2013 budget to stay within the subsidy of \$52.3 million.
Public Lighting	Enactment of State of Michigan legislation to create Municipal Lighting Authority. Transition street lighting operations to an independent authority. Transfer power grid operations to a third party that can provide more reliable service.
Parks and Recreation	Operations of the City's 14 recreation centers funded by the newly created Detroit Recreation Conservancy.
<b>Non-Core Services</b>	
Health and Wellness	Transfer services to the Institute for Health and Human Services by December 31, 2012.
Human Services	Outsource these functions by December 31, 2012.
Airport	Select a viable option to provide the service by December 31, 2012. Options include: an outside party assuming operations such as a carrier or vendor; the Wayne County Airport Authority; a new airport authority, or the State of Michigan Department of Transportation Aeronautics Division.
Workforce Development	Transition of work force development functions to the newly incorporated Detroit Workforce Board.

## Resources

» **Where can we find out more about the City of Detroit's budget and finances?**

The City's website provides budget and financial information at several locations at [www.detroitmi.gov](http://www.detroitmi.gov). In particular, the following departmental sites are recommended: Mayor's Office, Budget Department, Finance Department, City Council Meetings Calendar (with agendas), and City Council Fiscal Analysis Division. In addition, the City Council provides access to the decision making process by live streaming of its meetings online, including an archive of prior meetings.

**For More Information**

Eric Scorsone  
 MSU Extension Specialist  
 Phone: (517) 353-9460  
 Email: [scorsone@msu.edu](mailto:scorsone@msu.edu)  
 Web: [www.msue.msu.edu](http://www.msue.msu.edu)