

David Whitaker, Esq.
Director
Irvin Corley, Jr.
Executive Policy Manager
Marcell R. Todd, Jr.
Director, City Planning Commission
Janese Chapman
Director, Historic Designation
Advisory Board

John Alexander
Roland Amarteifio
Megha Bamola
LaKisha Barclift, Esq.
Nur Barre
Paige Blessman
M. Rory Bolger, Ph.D., FAICPF
Eric Fazzini
Christopher Gulock, AICP


City of Detroit

CITY COUNCIL

LEGISLATIVE POLICY DIVISION
208 Coleman A. Young Municipal Center
Detroit, Michigan 48226
Phone: (313) 224-4946 Fax: (313) 224-4336

Derrick Headd
Marcel Hurt, Esq.
Kimani Jeffrey
Edward King
Jamie Murphy
Kim Newby
Analine Powers, Ph.D.
Laurie Anne Sabatini
Rebecca Savage
Ryan Schumaker
Sabrina Shockley
Renee Short
Thomas Stephens, Esq.
Timarie Szwed
Dr. Sheryl Theriot
Theresa Thomas
Ashley A. Wilson

TO: Kevin Johnson, President & CEO
Detroit Economic Growth Corporation (DEGC)

FROM: David Whitaker, Director 
Legislative Policy Division

DATE: March 28, 2022

RE: 2022-2023 Budget Analysis

Attached is our budget analysis regarding your agency's budget for the upcoming 2022-2023 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Friday, April 1, 2022, at 10:00 a.m.** We would then appreciate a written response to the issues/questions at your earliest convenience before or after your budget hearing. Please forward a copy of your responses to the Council members, the City Clerk's Office, and the Legislative Policy Division.

Please contact us if you have any questions regarding our budget analysis. Thank you for your cooperation in this matter.

Attachments

cc: Councilmembers
Auditor General's Office
Glen Long, Jr., DEGC CFO
Nicole Sherard-Freeman, Group Executive-Jobs, Economy & Detroit at Work
Kenyetta Hairston-Bridges, Executive Vice President Economic Development & Investment Services DEGC
Malinda Jensen, Senior Vice President-Board Administration & Government Affairs
Jay Rising, CFO
Tanya Stoudemire, Chief Deputy CFO
Steven Watson, Deputy CFO/Budget Director
James George, Agency CFO
Justin Buss, Budget Analyst

Gail Fulton, Mayor's Office

ICJ: I:\22-23 Budget\Dailies\ICJ\DEGC-DDA-EDC-LDFA 22-23.doc

Detroit Economic Growth Corporation/
Economic Development Corporation/
Downtown Development Authority

FY 2022-2023 Budget Analysis by the Legislative Policy Division

Detroit Economic Growth Corporation (DEGC)

The DEGC was established in 1978. The mission is to design and implement innovative solutions that drive investment, create jobs, and advance the economy of Detroit through public private collaborations. The DEGC is a private nonprofit development organization of public, business, labor and community leaders established to assist businesses in expanding or locating in Detroit and bringing new investments to the City. The DEGC provides staff and other administrative services to the Downtown Development Authority (DDA), Local Development Financing Authority (LDFA), the Economic Development Corporation (EDC), Detroit Brownfield Redevelopment Authority (DBRA), the Detroit Next Michigan Development Corporation (DNMDC) and the Eight Mile Woodward Corridor Improvement Authority. These development entities do not contain any staff.

The DEGC also works directly for the City of Detroit under contract and manages economic development efforts funded by private and foundation contributions, grants, and contracts. The DEGC receives funding primarily from the City of Detroit through its Housing & Revitalization Department (HRD), the DDA, the EDC, the LDFA, the DBRA and corporate contributions. The DDA, EDC, LDFA and DBRA contributions to the DEGC’s budget serve as reimbursement to the DEGC for staff services, office space, and operating expenses.

In Mayor Duggan’s budget for 2022-23, the City through the HRD is contributing \$1,839,489, which includes the base contribution of \$1,045,185 to the DEGC, a \$694,304 contribution for the District Business Liaison program that would be administered by the DEGC in FY 2023, and a \$100,000 contribution for additional land assemblage work that is anticipated (see Attachment I). The chart below shows the City’s contributions to the DEGC since 2016-17:

City of Detroit's Contribution to the Detroit Economic Growth Corporation from its Housing and Revitalization Department								Recommended
	FY		FY	FY	FY	FY	FY	FY
	<u>2016-17</u>		<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Contri- bution								
Amount	<u>\$1,117,000</u> (1)		<u>\$1,117,000</u>	<u>\$1,861,304</u> (2)	<u>\$1,936,304</u> (3)	<u>\$1,636,304</u> (4)	<u>\$1,839,489</u> (5)	<u>\$1,839,489</u>
(1) It should be noted that through one (1) budget amendment in FY 2016-17 brought the City's base contribution for the DEGC from \$1,112,833 (FY 2015-16) to \$1,117,000 (FY 2016-17). (2) It should be noted that the addition of \$694,304 for the District Business Liaison program and \$50,000 for a retail corridor study in zip code 48217 to the City's base contribution brought the City's funding level for the DEGC to \$1,861,304. (3) It should be noted that the addition of \$694,304 for the District Business Liaison program and \$125,000 for a contribution for additional land assemblage work that is anticipated to the City's base contribution brought the City's funding level for the DEGC to \$1,936,304. (4) Initially the Mayor recommended \$1,936,304 for the City's contribution to the DEGC for FY 2021, however, this contribution was reduced by \$300,000 as one of the budget solutions to address a projected \$194 M revenue shortfall in FY 2021's general fund due to the impact of the COVID-19 pandemic. (5) The City's contribution went from \$1,636,304 (FY 2020-21: pandemic impact) to \$1,839,489 (FY 2021-22), an increase of \$203,185 to restore two-thirds of the funding loss of \$300,000 (FY 2020-21) as the City recovers from the pandemic.								

The DEGC feels the City’s contribution helps the organization provide citywide proactive business attraction and retention efforts, work on vital economic development projects, and continue to work with the HRD and the Administration during pre-development stages on City projects.

It is important to note that the DEGC bylaws require its operating budget to be recommended by the Finance Committee and adopted by the Executive Committee of the DEGC Board of Directors. As of the date of this report, the DEGC has not completed the development of its operating budget for 2022-23.

Attachment II represents DEGC’s operating budget for 2021-22, which totals \$9.4 million. The major sources of the operating budget are \$1.84 million from the City’s contribution; \$3.6 million from contributions from the various public development authorities-EDC, DDA, LDFA, DBRA, Eight Mile Woodward Corridor Improvement Authority and the DNMD; and \$2.4 million from Other Contracts¹.

Attachment III represents the DEGC’s current organizational chart.

Attachment IV represents the DEGC’s responses to LPD’s FY 2022-23 preliminary DEGC budget questions and requests.

Economic Development Corporation (EDC)

In Mayor Duggan’s budget for 2022-23 for HRD, the City through the HRD is contributing \$275,000 to the EDC (see Attachment I). Council should note that \$255,000 is for EDC operations and \$20,000 is for operations of the Detroit Next Michigan Development Corporation, which is under the aegis of the EDC. The chart below shows the City’s contributions to the EDC since 2016-17:

City of Detroit's Contribution to the Economic Development Corporation from Its Housing and Revitalization Department (formerly the Planning and Development Department)									
									Recommended
	FY		FY		FY	FY	FY	FY	FY
	<u>2016-17</u>	<u>-</u>	<u>2017-18</u>	<u></u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Contribution									
Amount	<u>\$255,000</u>	(1)	<u>\$275,000</u>	(2)	<u>\$275,000</u>	<u>\$275,000</u>	<u>\$275,000</u>	<u>\$275,000</u>	<u>\$275,000</u>
<p>(1) EDC's general fund subsidy started out at \$200,000 but was eventually increased to \$255,000 per a contract amendment.</p> <p>(2) In FY 2017-18, \$20,000 was added to the City's contribution to the EDC to help the DNMD pay for insurance, audit, and administrative costs.</p>									

It is important to note that the EDC Board of Directors approves its operating budget. As of the date of this report, the DEGC has not completed the development of the EDC operating budget for 2022-23.

Attachment V represents EDC’s total operating budget for 2021-22. The EDC receives transfers from other funds or projects in the form of project fees. The EDC receives project fees for the Motor City Match/Restore Program, the Casino Development Fund, the Waterfront East Reclamation project, etc., as well as other service fees and loan repayments consistent with the current fiscal year. The project fees are temporary sources of revenue. The EDC board approves this budget. Council approves the City

¹ “Other Contracts” represent contracts for administration of projects where the amounts are generally variable from year to year or non-recurring. Items showing up in this for 2021-22 would include Motor City Match and Motor City ReStore, DDR, as well as Green Grocer, NE Ideas, and D2D, among others.

contribution and project fees stemming from contracts your Honorable Body approved between the EDC and the City of Detroit for a particular project/fund, such as the Casino Development Fund. Attachment VI represents the most recent EDC-Casino Development Fund report.

Downtown Development Authority (DDA)

The DDA, a public corporation for the City of Detroit, was established for the purpose of promoting and developing economic growth in the City of Detroit's downtown business district. The DDA has been authorized to fund its General Fund (operating) budget by an ad valorem tax of one mill on real and tangible personal property not exempt by law in the downtown development district, and by a levy on the increased assessed value of a tax increment district, and the issuance of negotiable revenue and tax increment bonds to finance the development activities of the DDA.

Note: the DDA could receive two mills on real and personal property for operating purposes based on the 2010 Census count results.

Unlike the DEGC and EDC, the DDA does not receive a General Fund contribution. Therefore technically, the DDA is not a part of the DEGC and EDC budget hearing, but of course, the DEGC will address any questions City Council may have regarding the DDA. However, the City Council does approve the DDA's operating budget per State Public Act 197 of 1975. The DDA's operating budget is usually presented to City Council in June. Attachment VII represents the DDA's 2021-22 operating budget Council approved in July 2021.

Also, in accordance with PA 197 of 1975, Council approves the Tax Increment Finance Plan, which delineates the anticipated development projects in the downtown area. Whenever the TIF Plan is amended, the DDA board must first approve the amendments, and then the amendments come before Council for approval. This process additionally gives Council an opportunity to review the DDA's policies, plans, and procedures as they relate to development activity in the downtown area.

Attachment VIII represents DBRA's operating budget for 2021-22. The DBRA Board of Directors approves its operating budget.

Attachment IX represents LDFA's operating budget for 2021-22. By State The LDFA's operating budget is approved by City Council per State Statute, and it is usually presented to City Council in June.

Attachment X represents Eight Mile Woodward Corridor Improvement Authority's operating budget for 2021-22. The Eight Mile Woodward Corridor Improvement Authority's operating budget is approved by City Council per State Statute, and it is usually presented to City Council in June.

Issues and Questions

DEGC

1. The Mayor's proposed City FY 2023 contribution to the DEGC is \$1,839,489, which is \$96,815 lower than the pre-pandemic contribution of \$1,936,304. This reduction impacts the base contribution to the DEGC, going from a level of funding of \$1,117,000 pre-pandemic to \$1,045,185. What impact is the \$96,815 reduction having on the DEGC in FY 2023?
2. Does the DEGC feel the City's contribution of \$694,304 is sufficient to adequately fund the District Business Liaison program in FY 2023? How can the program be improved in FY 2023?

3. Is the District Business Liaison program fully staffed? If not, how many vacancies are in the program and how soon will the vacant positions be filled?
4. In the DEGC's response to question number 5 to LPD's preliminary budget questions for FY 2023 (Attachment IV), it is indicated that "The DEGC has 67 budgeted positions. At the time of the report, 63 of them are filled with 4 vacancies (highlighted in Orange on the attached Org Chart [Attachment III]). We anticipate that they will be filled quickly. The number of positions is up from prior years due to the expansion of certain programs." Please explain which programs are being expanded with the level of positions the DEGC contains.
5. Attachment II represents the DEGC's operating budget for FY 2022 and Attachment II.A is the operating budget for FY 2021. Please explain the following:
 - a. On the revenue side, please explain the \$120,000 increase in DBRA Contract revenue in FY 2022.
 - b. On the revenue side, please explain the \$100,000 increase in Legal Reimbursement revenue in FY 2022.
 - c. On the revenue side, please explain the \$545,000 increase in Other Contracts revenue in FY 2022.
 - d. On the expenditure side, Personnel increases by \$770,000 (11%). Please explain the increase.
6. Does the DEGC plan on conducting any retail corridor studies to assist in creating more retail activity in FY 2023? If so, in which Council district(s) will the studies be conducted? How much will the studies cost?
7. Please explain the continual need of \$100,000 for the Industrial Land Assemblage services in FY 2023.
8. Has the economic development climate improved in the City of Detroit from 2021 going into 2022? What reasons are present for an even more robust economic climate in FY 2023?
9. LPD understands that the pandemic, labor shortages, and supply chain issues have caused cost-overruns in certain economic developments in the City of Detroit. Are there other hurdles that need to be overcome or addressed to lead to a healthier economic development climate in the City going into FY 2023?
10. On page 11 of the Detroit Economic Growth Association (DEGA: an affiliate of the DEGC because of having common management teams) annual financial statements as of June 30, 2021, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or through occurrence of other events specified by donors. For the Business Development and Retention project, net assets were released at a level of \$1.8 million in 2020 but went to \$8.8 million in 2021. Please explain the large increase in net assets being released for the Business Development and Retention project in 2021.

EDC

11. Please explain the need for the contribution of \$275,000 for the EDC, which includes the \$20,000 contribution for the DNMDMDC.
12. Attachment V represents the EDC's operating budget for FY 2022 and Attachment V.A is the operating budget for FY 2021. Please explain the following:

- a. On the revenue side, please explain the \$400,000 reduction in TSF From Motor City Match/Restore revenue from FY 2021 to FY 2022.
 - b. On the expense side, please explain the \$445,000 reduction in Other Projects Administrative Fees.
13. Attachment VI shows that there is approximately \$1.6 million in unspent Casino Development Fund dollars relative to the National Retail, Non-Affiliated/Resident Retail and Resident Real Estate programs. Now that the Auditor General has completed its audit of the Casino Development Funds, is it still the intention of the EDC to request City Council to reprogram these dollars while lifting geographic limitations to better expend these dollars throughout the City of Detroit?
 14. Attachment VI shows an available balance of \$268,704 in the JEPAB (Joint Employment and Procurement Advisory Board) category in the Casino Development Funds as of December 31, 2021. Please explain why these dollars have not been given to the JEPAB.
 15. On page 29 of the EDC's annual financial statements as of June 30, 2021, reflects that escrow deposits increased by \$3.7 million from 2020 to 2021 for development projects. Is this an indication that economic development projects are recovering at pace similarly to pre-pandemic levels?

DBRA

16. Has the number of brownfield redevelopment projects this fiscal year increased or decreased as compared to last year?

LDFA

17. Attachment IX shows that a transfer of \$150,000 from LDFA's prior year operating fund balances had to be made during FY 2020-21 to have sufficient monies to cover expenses. Fortunately, as shown on page 5 of LDFA's annual financial statements as of June 30, 2021, LDFA's net position went from a negative (2.8) million in 2020 to a positive \$1.2 million in 2021. The LDFA 2021 financial statements also indicate on page 5 that "The net position of the LDFA increased by approximately 143 percent from June 30, 2020. This increase is due primarily to tax revenue that continues to exceed interest and other expenditures". Has all the outstanding LDFA tax increment bonds been paid off as of June 30, 2021, further strengthening the financial condition of the LDFA?

Attachments

ICJ:I\2022-23\IC\DEGC-DDA-EDC-LDFA 22-23.doc

Attachment I

FY 2023-2026 FOUR-YEAR FINANCIAL PLAN

CITY OF DETROIT, MICHIGAN

**CITY OF DETROIT
BUDGET DEVELOPMENT
FINANCIAL DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER - EXPENDITURES
DEPARTMENT 36 - HOUSING & REVITALIZATION DEPARTMENT**

Department # - Department Name Fund # - Fund Name Appropriation # - Appropriation Name Cost Center # - Cost Center Name	FY2022 Adopted	FY2023 Mayor Recommend	FY2024 Forecast	FY2025 Forecast	FY2026 Forecast
36 - Housing & Revitalization Department	69,936,162	61,841,978	59,943,793	61,171,112	62,336,593
1000 - General Fund	23,745,465	16,413,994	14,627,250	14,948,237	15,189,262
26360 - Community Development	2,922,222	2,389,527	2,423,805	2,477,002	2,517,155
360130 - Community Development	2,412,474	1,400,000	1,433,600	1,468,007	1,497,368
360131 - Real Estate_City	509,748	593,292	593,787	605,073	611,581
365704 - Housing Underwriting - Single Family	-	396,235	396,418	403,922	408,206
26361 - Mixed Use Development	443,413	533,167	536,301	547,089	554,099
365080 - HRD Policy Development & Implementation	443,413	533,167	536,301	547,089	554,099
26362 - Affordable Housing Development Policy	2,562,725	3,394,558	3,404,795	3,469,695	3,506,153
360125 - Housing Underwriting GF Staffing	353,213	404,610	404,796	412,456	416,829
365703 - OPPP Direct - Tax Incentives, Policy, & Development	2,209,512	2,989,948	2,999,999	3,057,239	3,089,324
26363 - Senior Home Repairs	2,665,059	-	-	-	-
364136 - Senior Home Repair	2,500,000	-	-	-	-
365704 - Housing Underwriting - Single Family	165,059	-	-	-	-
26364 - Affordable Housing Development and Preservation Fund	3,189,123	520,000	532,480	545,260	556,165
360072 - Housing Affordability	3,189,123	520,000	532,480	545,260	556,165
26365 - Neighborhood Improvement Fund	1,000,000	1,000,000	1,024,000	1,048,576	1,069,548
360130 - Community Development	500,000	1,000,000	1,024,000	1,048,576	1,069,548
364136 - Senior Home Repair	500,000	-	-	-	-
27360 - Subsidies to Partner Development Organizations	2,114,489	2,114,489	2,165,237	2,217,202	2,261,546
→ 360134 - Economic Development Corporation	275,000	275,000	281,600	288,358	294,125
→ 360135 - Economic Growth Corporation	1,839,489	1,839,489	1,883,637	1,928,844	1,967,421
27361 - Economic Development Summer Jobs Program	2,665,000	2,665,000	680,960	697,303	711,249

Attachment II

DETROIT ECONOMIC GROWTH CORP
OPERATING AND PROGRAM REVENUE SOURCES
2021-22

<u>SOURCES</u>	<u>2021-22 BUDGET</u>
CITY CONTRACT	1,839,489
EDC CONTRACT	800,000
DDA CONTRACT	1,900,000
LDFA CONTRACT	125,000
DBRA CONTRACT	720,000
CI/NMDC CONTRACTS	60,000
LEGAL REIMBURSEMENT	600,000
PRIVATE SECTOR	440,000
EDC PROJECTS	600,000
OTHER CONTRACTS	2,240,000
SERVICE FEES/OTHER INCOME	115,511
BUDGET DEFICIT	0
TOTAL REVENUE	9,440,000
<u>USES</u>	
PERSONNEL	7,865,000
CONTRACT SERVICES	244,100
TRAVEL/MEETINGS& MARKETING	398,500
RENT/UTILITIES/INSURANCE	632,000
EQUIPMENT	169,000
OTHER	131,400
TOTAL EXPENSES	9,440,000
DIFFERENCE	0

Attachment II, A

**DETROIT ECONOMIC GROWTH CORP
OPERATING AND PROGRAM REVENUE SOURCES
2020-21**

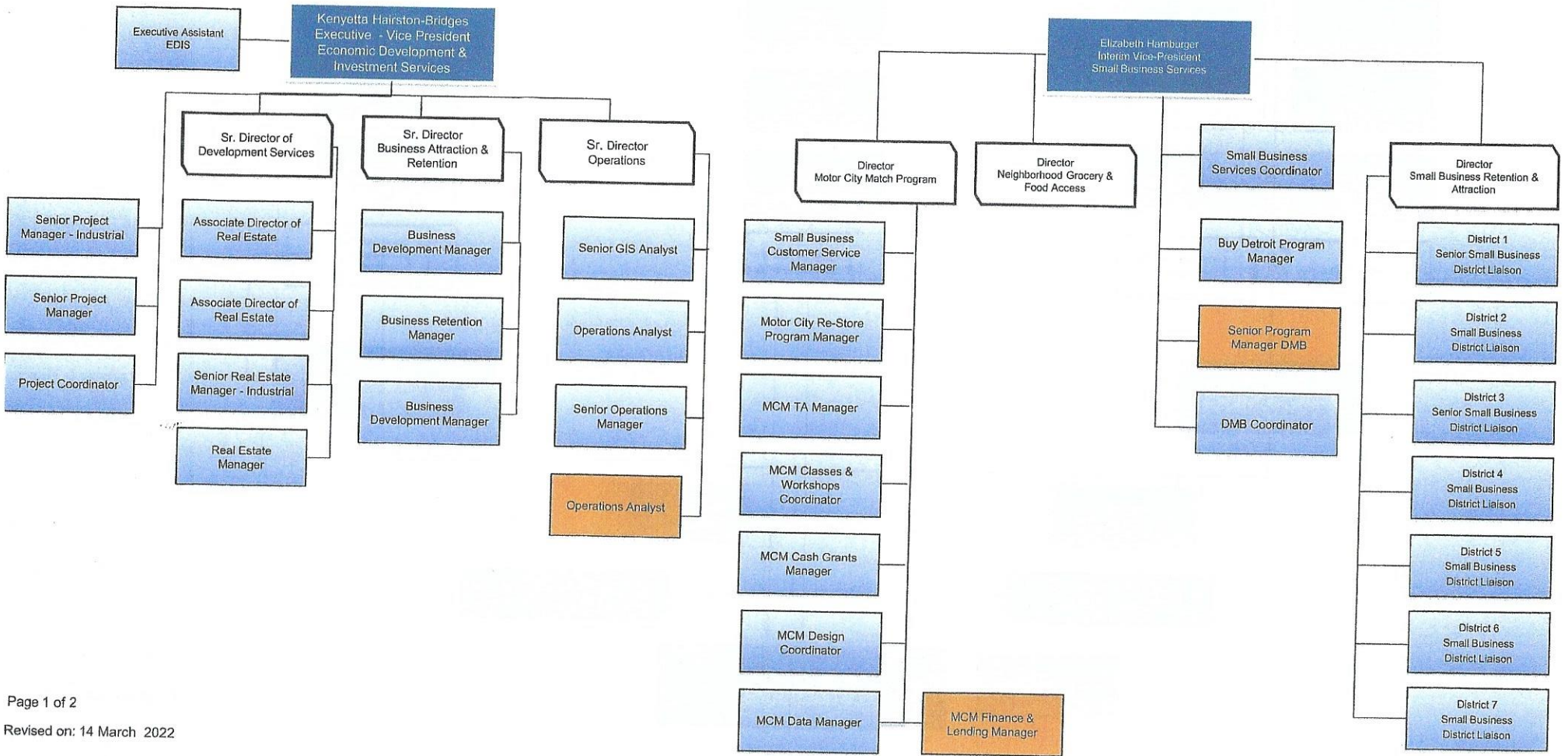
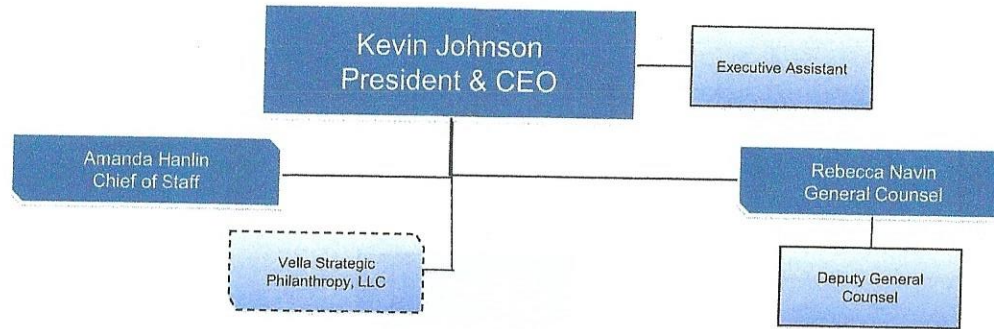
<u>SOURCES</u>	<u>2020-21 BUDGET</u>
CITY CONTRACT	1,636,304
EDC CONTRACT	800,000
DDA CONTRACT	1,900,000
LDFA CONTRACT	125,000
DBRA CONTRACT	600,000
CIA/NMDC CONTRACTS	60,000
EDA GRANT	75,000
LEGAL REIMBURSEMENT	500,000
PRIVATE SECTOR	340,000
EDC PROJECTS	600,000
BUSINESS ATTRACTION ALLOCATION	150,000
OTHER CONTRACTS	1,695,000
SERVICE FEES/OTHER INCOME	68,696
BUDGET DEFICIT	0
TOTAL REVENUE	<u>8,550,000</u>
<u>USES</u>	
PERSONNEL	7,095,700
CONTRACT SERVICES	226,100
TRAVEL/MEETINGS& MARKETING	336,500
RENT/UTILITIES/INSURANCE	607,000
EQUIPMENT	165,000
OTHER	119,700
TOTAL EXPENSES	<u>8,550,000</u>
DIFFERENCE	<u><u>0</u></u>

Attachment III

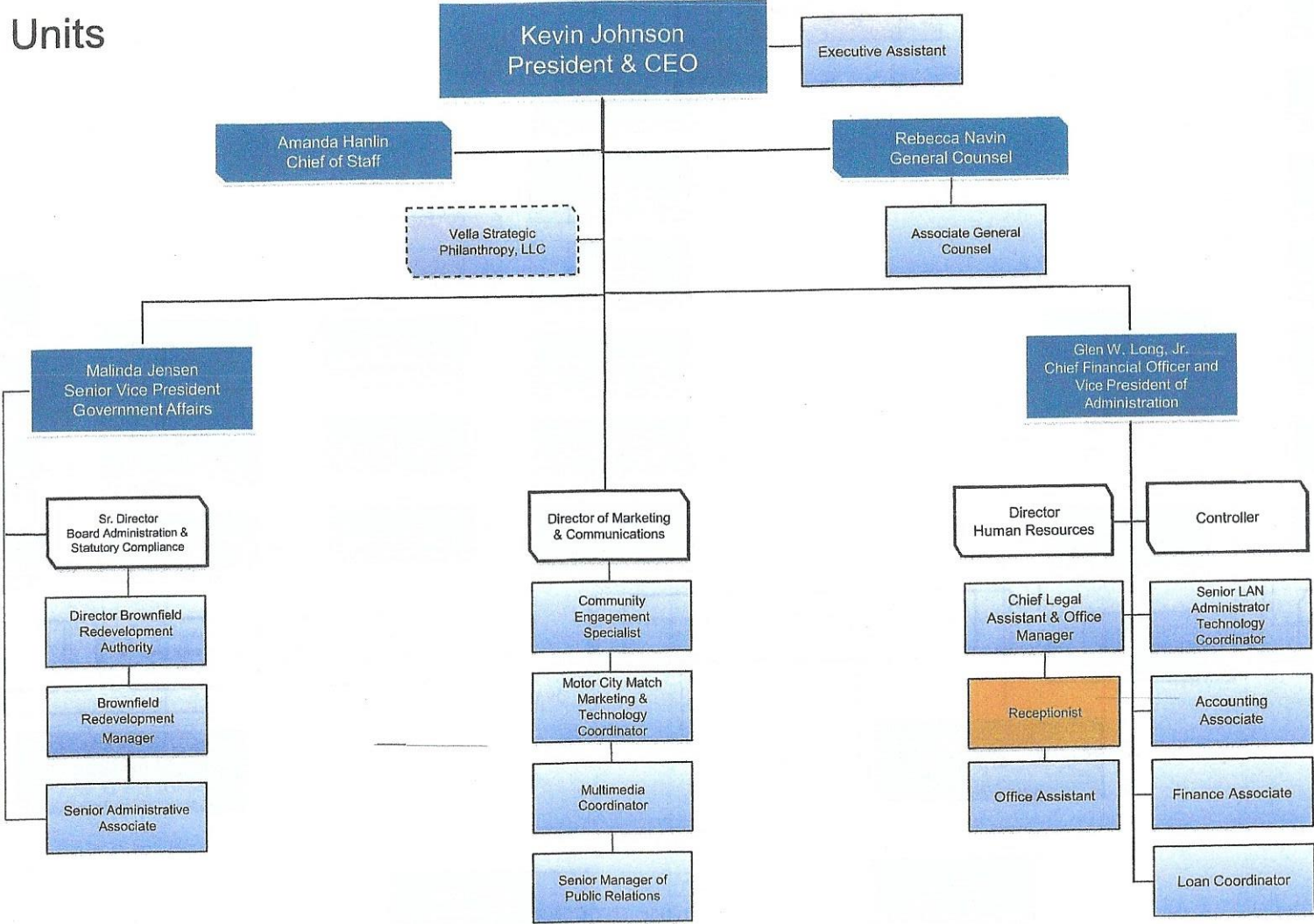
Transactional Units

Vacant

Consultant



Administrative Units



Attachment IV



TO: Irvin Corley, Jr., Executive Policy Manager
Legislative Policy Division

FROM: Kevin Johnson, President & CEO
Detroit Economic Growth Corporation (DEGC)

DATE: March 18, 2022

RE: FY 2022-23 Preliminary DEGC Budget Questions

This memo is in response to questions included in your e-mail dated March 12, 2022.

- 1. The FY 2021-22 operating budgets for the DEGC, DDA, EDC, DBRA, LDFA, and EMWCIA.**

These operating budgets were provided by Glen Long via email on March 14.

- 2. The June 30, 2021 audited financial statements for the above agencies. Please include the DEGA as well.**

These financial statements were provided by Glen Long via email on March 14.

- 3. The latest Casino Development Fund report.**

The Casino Development Fund report was provided by Glen Long via email on March 14.

- 4. The latest DEGC org chart.**

Please see Attachment A.

- 5. The number of budgeted positions, and number of vacancies and the difficulty filling them.**

The DEGC has 67 budgeted positions. At the time of this report, 63 of them are filled with 4 vacancies (highlighted in Orange on the attached Org Chart). We anticipate that they will be filled quickly. The number of positions is up from prior years due to the expansion of certain programs. As always, the personnel makeup of the DEGC fluctuates up and down over the course of the year as new program opportunities arise.



6. **The latest project updates and a list of additional economic projects the DEGC and et all is working on.**

DEGC's Small Business Services Unit

- **Motor City Match:** Motor City Match continues to exceed program expectations. Specifically, the program has:
 - Opened 161 businesses in commercial spaces
 - Assisted 200 home-based businesses in opening and operating
 - After 18 rounds, the program has served 1,481 businesses (64% are owned by Detroiters, 81% are minority owned, and 71% are women owned). Grants were awarded to 159 businesses totaling \$8,6M which leveraged \$47M in investments.
- **District Business Liaisons (DBLs):** DEGC created a District Business Liaison program in 2018 whereby we have dedicated one individual to each of the seven Council Districts. These individuals work with business owners within her/his assigned District as a resource to assist with city processes and to offer traditional business retention services. Statistics demonstrate that each new business opened generates on average 9.2 jobs, so the DBL program has direct impact on the City's overall goal to increase job opportunities for Detroit residents. DBLs serve in multiple capacities such as organizing commercial corridor clean-up efforts, supporting local business associations, and promoting city wide marketing initiatives like Small Business Saturday.
- **Minority Procurement:** With the City and partners including New Economy Initiative (NEI), DTE Energy and Huntington Bank, among others, DEGC is operating a revamped initiative to connect minority Detroit businesses with buyers from local and regional firms. Most notably, DEGC operates the BuyDetroit portal – an online matchmaking system that provides suppliers with access to new requests for bids/proposals from buyers and offers buyers a direct link to local suppliers and has approved over 400 participating suppliers to the portal thus far. BuyDetroit has connected 54 pre-qualified suppliers directly with buyers, resulting in over \$2M in contracts and \$35K in capacity building assistance 67% of event participants are minority business owners.
- **Detroit Means Business:** The DEGC assumed a leadership role in Detroit Means Business (DMB), a coalition of private, public, and philanthropic partners dedicated to making Detroit *the* place to open and operate a small business. Originally, launched in May 2020 to assist small businesses in Detroit survive the COVID-19 crisis, the coalition has expanded to help businesses with fewer than 50 employees access resources including access to capital, assistance navigating the regulatory environment, opportunities to



increase revenue, and advocating for relief funding for the hardest hit businesses in our community.

DEGC's Economic Development and Investment Services (EDIS) Unit

Business Development

The effects of Covid-19 on Economic Development have cause companies to rethink everything from value chains to workspace use. Throughout this time, the DEGC has maintained a robust pipeline of leads and projects at various stages of the business attraction cycle. Currently the Business Attraction pipeline is estimated to create 4,594 jobs, of which approximately 13 priority business attraction projects have the near-term potential to result in investment and job creation in Detroit. Only a portion of this pipeline will result in project announcements.

We continue to drive diversification of industries to create a more resilient Detroit economy, as well as provide a broader range of jobs/careers for Detroiters. Projects and leads are distributed across the following industry sectors:

- Automotive/Mobility
- Food Processing/Distribution
- Financial Services
- Logistics & Transportation
- Contact Centers
- Corporate Headquarters
- Sports & Recreation
- Construction Materials

DEGC facilitated several significant business attraction projects since the beginning of the 2021 calendar year, including the following selected projects:

- **Ground Effects** - a Windsor, ON-based supplier of interior and exterior accessory components for the automotive industry executed a lease for approximately 80,000 square feet of industrial space at 6600 Mt. Elliott. The company plans to create at least 60 jobs at the facility, which will provide spray-in bed liners for vehicles produced at GM Factory Zero. Ground Effects will invest approximately \$5 million in real and personal property upgrades at the facility. The building owner will also make approximately \$3 million in investment to the building envelope and grounds.



- **Endless West** – San Francisco-based molecular spirits maker Endless West closed on the purchase of Building B at 1200 Oakman Blvd on the Focus: Hope campus in February 2022. Endless West plans to create approximately 33 new jobs in production, warehousing, and back-office operations at the facility. Investment of \$11M is planned, contingent upon approval of a real property tax abatement.
- **AECOM** – Fortune 500 multinational engineering firm AECOM executed a lease for approximately 7,000 square feet of office space at 4215 Woodward Ave in Midtown. The Company plans to locate approximately 75 team members in the office on a rotating basis.
- **Greyson Clothiers** – NY-based golf apparel brand Greyson Clothiers executed a lease for 3,000 square feet of office space at 225 Gratiot Ave in downtown Detroit. The Company has an option for an additional 3,000 square feet of space within the building. Greyson plans to locate up to 50 team members at the downtown office within three years, consisting of design, marketing, and other back-office roles. Greyson is seeking to establish a partnership with the Detroit Public Schools to provide apparel to DPS athletes.

In order to continue to attract national and global investments, the DEGC's Business Attraction team will be travelling to major trade shows and events in the Detroit Region and across the United States throughout the 2022 calendar year to drive lead generation in our targeted industry sectors.

In parallel to our business attraction efforts, we continue to remain focused on legacy and existing Detroit businesses (Business Retention), which entails supporting Detroit businesses in their continued growth and expansion. A sample of the Business Retention and Expansion projects that DEGC is working on is listed below:

- **Dunamis Clean Energy Partners** – Dunamis, a minority and woman-owned business, will design, develop and manufacturer Level 2 electric vehicle chargers in a 32,000 square foot space at 1634 E Grand Blvd. Dunamis plans to hire approximately 35 new employees and is working closely with Detroit at Work to source Detroit residents for those positions.
- **Detroit Bikes/Cardinal Cycling** – Carinal Cycling recently acquired Detroit Bikes and will remain in Detroit. They are currently working to fill gaps in their workforce and add



70 new jobs. The company is seeking to invest an estimated \$1.7 million over a period of 3 years.

- **Benkari** – Minority and Woman-Owned plumbing company is establishing a new headquarter and training facility. They have identified a 22,000 sq. ft. facility and are working to secure the property.
- **City Shield** – Security Firm seeking incentives to renovate a 30,000 sq. ft. former radio station to accommodate their needs for office use, training, and security dispatch. This company is in a state of rapid growth and is looking to add 600 additional jobs.
- **Ganas Mfg.**- Architectural millwork and bespoke furniture design manufacturer is transitioning into a larger facility, increasing their Detroit footprint by 19,000 sq. ft. Through this expansion the company is looking to invest an estimated \$1.2 million and will add approximately 45 additional jobs.
- **Gildform**- On demand jewelry manufacturer looking to establish a 10,000 sq. ft. facility to add new equipment and additional jobs to meet customer demand.

Development Services

In addition to the above Business Development projects, the Development Services Team is leading implementation of commercial mixed-use projects and economic development action items on the East Riverfront and Eastern Market. This includes facilitation of public land redevelopment, business attraction and expansion, and construction management services for public infrastructure. DEGC is supporting the City in the launch of the North End & Midwest – Tireman Planning Studies.

Of the many projects DEGC is leading, there are 8 commercial and mixed - use projects in the City's Strategic Neighborhood Fund (SNF) neighborhoods including: Southwest Detroit, Livernois-McNichols, East Warren/Cadieux and the Villages. DEGC is working with MEDC within the SNF areas to effectuate \$37.8 Million in neighborhood development totaling 175,538 SF. The mixed – use projects will bring 68 affordable housing units to Detroit neighborhoods and also add 82 jobs.

Subsequent to supporting commercial and mixed-use projects in the neighborhoods, DEGC led and structured the deal supporting the redevelopment of the former Fisher Auto Body Plant. The building will be rehabilitated into 435 market rate and affordable apartments, 26,000 square feet of commercial + retail space, 11,000 sq feet of coworking space and 130 enclosed parking spaces. Overall, the development is expected to generate \$134 million in private investment.



Additionally, DEGC continues to work closely with small businesses participating in the Motor City Match program to access local incentives such as abatements and brownfield tax increment financing to support their planned investments. Key projects include:

- Bagley – 16th
- City Club Apartments Midtown
- Corktown Apartments at Michigan & Church St
- 1315 Broadway
- 6501 Hastings, Fisher Auto Body
- United Artist Building
- 14326 E Jefferson
- 14522 E Jefferson
- 16530 E Warren
- 16703 E Warren
- Detroit Food Commons
- 7601 Rosa Parks
- 1732 Bethune

- **Eastern Market**
 - Continued ongoing support of PDD and CPC on outreach related to the Eastern Market Zoning update and Business Development Activities in Eastern Market including: District 5 Event Space and 2442 Riopelle Custom meats and restaurants.
 - The DBRA was awarded federal funding under the CARES ACT to support \$3.1M in infrastructure related activities in Eastern Market.
 - Additionally, DEGC secured \$3.8M federal and state funding to support the expansion of EW Grobbel and Sons Expansion of a 150,000 SF cold storage and processing facility with anticipated 300 new job creation.

- **Industrial Land Assembly**
 - In coordination with the Administration, the DEGC continues to facilitate implementation of the industrial land strategy, which prioritizes site readiness activities around approximately 11 key sites ranging from 10 to 55 acres. The industrial land strategy includes defined predevelopment activities for site survey, environmental assessments, adjacent private land assembly opportunities, site clearing and demolition and utility assessments. In 2021, 43 acres of industrial land was redeveloped, and 85 acres of underutilized industrial land comprised of 1 million square feet of obsolete and blighted structures were placed under contract with private developers. The redevelop of these sites are expected to establish 1,300



new jobs and consistent with current information two of the projects are expected to generate \$114M in investment.

- **The Riverfront**
 - Finalization of the East Riverfront Asset Plan Study in collaboration with GSD.
 - Ongoing reconstruction of the existing seawall along the Detroit River frontage of the DDA property at 1351 West Jefferson Ave, Detroit, MI
 - Brodhead Armory Masterplan Amendment
 - Uniroyal Land Transfer and future development
 - East Riverfront Maintenance (Coast Guard Station) Site access and site evaluation
- **Gateway to Freedom Monument** – Providing contracting services and managing construction related activities including replacement of natural stone, structural handrail repair, light circuit repairs/replacement, improvements to drainage system and removal of overgrown vegetation. DEGC is working directly with GSD and the Contractor.
- **Jefferson Village** – Providing contracting services and managing construction related activities to mitigate flooding at the Harding Canal. DEGC is working directly with the Contractor.

Other Infrastructure and Contract Related Services

- **Roosevelt Park** – Providing contract management services for Roosevelt Park improvements. DEGC is working with GSD and Planning.
- **Mt. Elliott** – Managing construction, engineering, and inspection (CEI) services for the road reconstruction from Mt. Elliott and Dodge St. to the Conant St. Intersection (apprx ¾ mile).
- **Climate Change** – Provide grant and contract management services to the General Services Department (GSD), in support of a climate strategy that 1) fulfills the requirements of the Greenhouse Gas Inventory ordinance; and 2) supports a number of actions in the Sustainability Action Agenda.
- **Joe Louis Greenway** – Providing contract management services for the Warren Trailhead.
- **Jos Campau Greenway Project** – Ongoing management of construction related activities including construction, engineering, and inspection (CEI) services. DEGC is



working directly with HRD and the Contractor. Project should be complete by Spring 2022.

- **Sherwood Street** – Managing construction related activities including construction, engineering, and inspection (CEI) services that will replacing approximately 450 linear feet of the road adjacent to US Ecology. RFP should be issued by mid-spring, 2022.
- **Fort Street** – Completed construction related activities including construction, engineering, and inspection (CEI) services that led to the realignment of the street and pedestrian movement near Fort and Woodward.
- Leading Pre-Development and site readiness services for key strategic planning areas and industrial sites including:
 - Junction-McGraw – Ongoing title clearing and environmental services
 - Former AMC site - Leading land assembly activities to establish a 55-acre development site that would enable the future development of the site . Facilitated initial site remediation activities on assembled land and are currently working with selected developers to purpose the site for future Light Assembly Operations.

DEGC’s Board Administration and Finance Units continue to provide administrative support for the DEGC and various public authorities. The Unit plans to complete the following in 2022:

- Continue to provide staff services to Detroit’s economic development authorities including The Downtown Development Authority (DDA), The Detroit Brownfield Redevelopment Authority (DBRA), The Economic Development Corporation (EDC), The Eight Mile Woodward Corridor Improvement Authority (EMWCIA), Detroit Next Michigan Development Corporation (DNMDC), Neighborhood Development Corporation(NDC) and the Local Development Finance Authority (LDFA).
- Manage the DBRA program from project application through state and local legislative approval process including the reimbursement of eligible costs for active brownfield projects.
- Continue to manage the Authority Board Meeting Process in accordance with Open Meeting Act requirements.
- Ensure compliance with PA 57 which creates reporting requirements for tax increment finance authorities in Michigan.
- Continue to manage Freedom of Information Act inquiries in accordance with statutory guidelines. Continue to achieve “Clean” Audits



7. Most recent accomplishments.

DEGC facilitated several significant business attraction and expansion projects during the year, including the following selected projects:

- **Majorel** - a leading provider of next-generation end to-end customer experience solutions announced that it will be opening an office in downtown Detroit in the coming months. The Company will begin by hiring 200 employees and has plans to grow to more than 500 employees at their Detroit office. Majorel conducted a successful career fair in partnership with Detroit at Work. Jobs at Majorel begin at \$17/hr. with benefits and include ample opportunities for career growth through promotion.
- **LM Manufacturing** – a minority-owned joint venture between auto supplier Magna and LAN Manufacturing Group, LLC will provide manufacturing, assembly, sequencing, supply chain and logistics management for complete seat assemblies and other modular assemblies at a facility in Southwest Detroit. LM leased 296,000 square feet of space at 6451 W Fort St, 6401 W Fort St, and 150 Rademacher on the former Sakti Industrial Campus. The Company will create 390 jobs and invest \$18.1 million at the site.
- **Lear** – Fortune 500 auto supplier Lear Corporation will occupy 415,000 square feet as the anchor tenant at the M3 Commerce Center, on the former site of the demolished Cadillac Stamping plant. Lear’s facility will assemble seats for electric vehicles at GM Factory Zero and will be one of the most energy-efficient facilities in Lear’s global footprint. The Company will invest approximately \$48 million on the campus and create 450 jobs. City of Detroit residents will have priority status for the Lear jobs, as part of an agreement made by the company and the City.

Additional accomplishments:

- **Former Cadillac Stamping Site** – DEGC lead and facilitated the assemblage of 43 acres with Northpoint Development, a national development team specializing in Industrial Development. Activities include the demolishing and abatement of a 900,000 square ft obsolete building. Northpoint will construct 642,000 SF of Class A Industrial Space. The site expected to support 450 jobs and generate an approximate \$48 million in private investment.



DEGC facilitated procurement of local incentives to support **34** projects representing **\$747M** investment that will result in the activation of **2.7M SF**. Of these total projects, **15** were located outside of Greater Downtown. Highlights of this work include:

- In 2021, secured **\$9.7M** in grants & loans from the Michigan Economic Development Corporation Community Revitalization Program to support private investment.
- Continue to lead efforts to optimize incentives that will augment neighborhood development along the neighborhood corridors, including deal structuring for the Strategic Neighborhood Fund (SNF).

Minority Procurement: BuyDetroit has connected 54 pre-qualified suppliers directly with buyers, resulting in over \$2M in contracts and \$35K in capacity building assistance 67% of event participants are minority business owners.

Motor City Match: Motor City Match hosted 17 small business openings in 2021 .

- GrindGrind LLC
- Coriander LLC
- Baobab Fare
- Detroit River Sports
- Grandmont Rosedale Development Corporation
- Spot Lite
- Pembury Holdings
- Good Cookies LLC
- Mt. Elliott Studios (a project of Jack Craig Studio LLC)
- Milk & Froth
- Crème Brûlée
- Motor City Brewing Works
- Skinphorea Facial Bar and Acne Clinic
- Audio Engineers of Detroit
- Eats All Good

DEGC staff managed the administrative functions necessary to ensure efficient, productive and successful board meetings. Highlights of this work include:

- In 2021, DBRA staff facilitated 13 brownfield plans and there are currently four brownfield plans in process for review and approval.



- In 2021, Board Administration and Finance delivered clean audits and continued to service all of the various bond issuances.

8. DBRA spreadsheet of projects. Will have to go with a pdf copy since folks are working remotely.

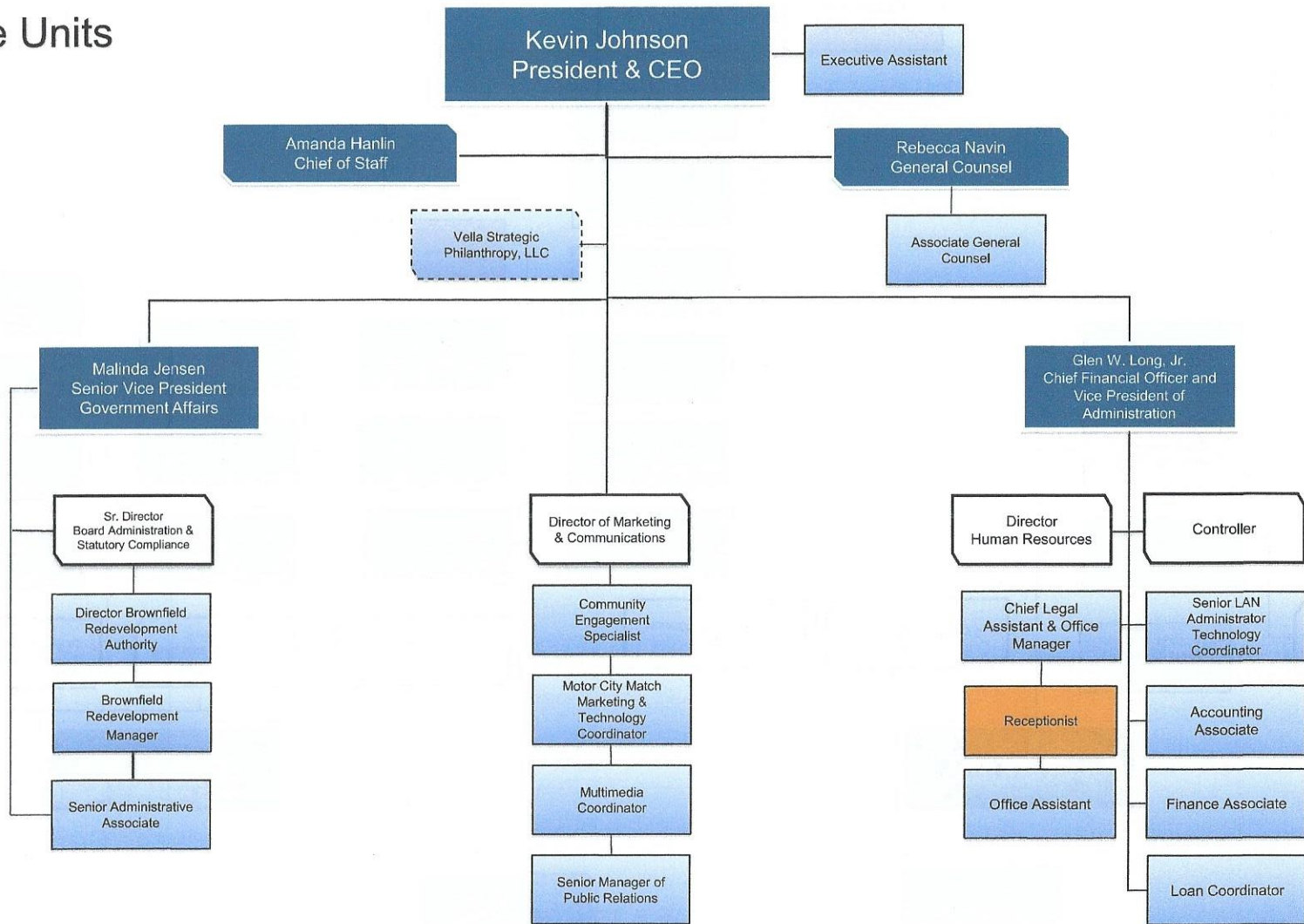
The DBRA spreadsheet of projects was provided by Malinda Jensen via email on March 17.

9. Briefly explain the DEGC's new expense initiatives, new capital funding requests, operational reforms and savings proposals, and new revenue initiatives/proposals to be implemented in FY 2022.

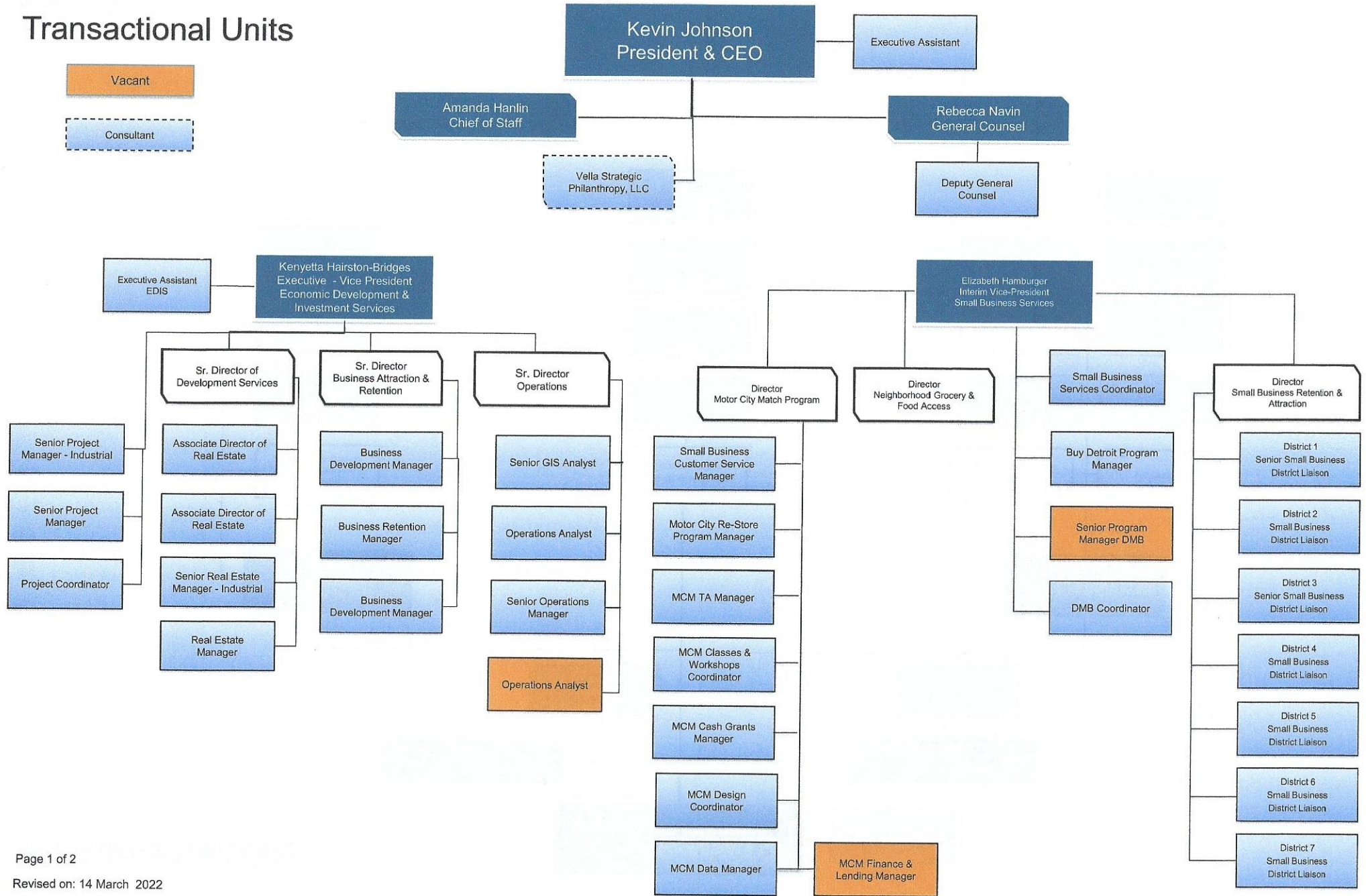
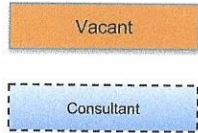
The DEGC will be continuing the same initiatives it has been working on for the City. This includes Industrial Land Assemblage, the District Business Liaison program, and our Small Business initiatives. DEGC staff is always on the lookout for operational reforms and savings opportunities, but also faces the challenges of rising rents and utility costs.

Attachment A

Administrative Units



Transactional Units



Attachment V

**ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF
DETROIT
OPERATING BUDGET
JULY 1, 2021 TO JUNE 30, 2022**

**Proposed Budget
June 30, 2022**

REVENUE

City of Detroit	275,000
TSF From Waterfront Reclamation	300,000
TSF From Motor City Match/Restore	900,000
TSF From Projects for DEGC Legal	180,000
TSF From Casino Development Fund	350,000
TSF From Repaid Loans	550,000
TSF From Other Projects	125,000
Other Revenue & Service Fees	25,000
	<hr/>

TOTAL REVENUE

2,705,000

EXPENSES

Detroit Economic Growth Corp	800,000
Detroit Economic Growth Corp Special Proj	600,000
Other Projects Administrative Fees	1,025,000
Next Michigan Development Corp	20,000
DEGC Legal Services	200,000
Legal Services	10,000
Audit	30,000
Miscellaneous	20,000
	<hr/>

TOTAL EXPENSES

2,705,000

Operating Surplus/(Shortfall) 0

Debt Service 0

(Increase)/Decrease in Reserve

0

NET SURPLUS/(SHORTFALL)

0

Attachment V.A

**ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF
DETROIT
OPERATING BUDGET
JULY 1, 2020 TO JUNE 30, 2021**

**Proposed Budget
June 30, 2021**

REVENUE

City of Detroit	275,000
TSF From Waterfront Reclamation	300,000
TSF From Motor City Match/Restore	1,300,000
TSF From Projects for DEGC Legal	180,000
TSF From Casino Development Fund	350,000
TSF From Repaid Loans	550,000
TSF From Other Projects	170,000
Other Revenue & Service Fees	25,000
	<hr/>
TOTAL REVENUE	3,150,000

EXPENSES

Detroit Economic Growth Corp	800,000
Detroit Economic Growth Corp Special Proj	600,000
Other Projects Administrative Fees	1,470,000
Next Michigan Development Corp	20,000
DEGC Legal Services	200,000
Legal Services	10,000
Audit	30,000
Miscellaneous	20,000
	<hr/>
TOTAL EXPENSES	3,150,000

Operating Surplus/(Shortfall)	0
Debt Service	0
(Increase)/Decrease in Reserve	0
	<hr/>
NET SURPLUS/(SHORTFALL)	0

Attachment VI
EDC
CASINO DEVELOPMENT FUNDS
12/31/21

	Original Budget	Revised Budget	Received	Balance
Receipts				
City of Detroit	42,750,000.00	32,500,000.00	32,500,000.00	0.00
Interest Income	1,625,000.00	1,625,000.00	1,655,325.45	30,325.45
Proj Funds and Loan Repayments	3,975,000.00	3,975,000.00	4,856,831.44	881,831.44
	<u>48,350,000.00</u>	<u>38,100,000.00</u>	<u>39,012,156.89</u>	<u>912,156.89</u>

	Original Budget	Revised Budget	Disbursed	Balance
Expenses				
Tech Town	4,000,000.00	3,040,936.00	3,040,936.00 x	0.00
JEPAB	2,000,000.00	1,520,468.00	1,251,764.00 x	268,704.00
ONCR Small Bus Loan Fund	1,500,000.00	1,500,000.00	1,500,000.00 x	0.00
ONCR	7,000,000.00	2,924,733.00	2,924,733.00 x	0.00
DCLF	4,500,000.00	3,421,053.00	3,421,053.00 x	0.00
Black Chamber	500,000.00	380,117.00	380,117.00 x	0.00
AABD	10,250,000.00	10,000,000.00	10,000,000.00 x	0.00
National Retail	5,000,000.00	3,715,808.00	2,629,632.55 x	1,086,175.45
Non-Affiliated/Resident Retail	2,000,000.00	2,000,000.00	1,725,000.00 x	275,000.00
Resident Real Estate	6,000,000.00	1,726,885.00	1,488,509.30 x	238,375.70
Small Business Relief Grants	0.00	2,270,000.00	2,270,000.00 x	0.00
Administration	5,600,000.00	5,600,000.00	5,600,000.00 x	0.00
	<u>48,350,000.00</u>	<u>38,100,000.00</u>	<u>36,231,744.85</u>	<u>1,868,255.15</u>
	<u>0.00</u>	<u>0.00</u>	<u>2,780,412.04</u>	<u>2,780,412.04</u>

Attachment VII

**DOWNTOWN DEVELOPMENT AUTHORITY
BUDGET
2021-2022**

	2021-22 BUDGET
REVENUES:	
Current taxes - one mil	\$ 1,050,000
Earnings on investments	25,000
Transfer from Tax Increment Fund	750,000
Parking Operations	800,000
Other	15,000
From/(To) prior year balance	<u>350,000</u>
TOTAL REVENUES	<u>\$ 2,990,000</u>
EXPENSES:	
Contractual Services	
Detroit Economic Growth Corp	\$ 1,900,000
Annual Audit	<u>40,000</u>
Sub-Total	\$ 1,940,000
Professional Service Fees	
Legal Services	\$ 200,000
Insurance	325,000
Advertising/Marketing	15,000
Computer Support	<u>10,000</u>
Sub-Total	\$ 550,000
 Parking Lots Management	 \$ -
 Special Projects & Contingencies	 <u>\$ 500,000</u>
 TOTAL EXPENSES	 <u>\$ 2,990,000</u>

Attachment VIII

**CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
OPERATING BUDGET
JULY 1, 2021 TO JUNE 30, 2022**

**Proposed Budget
June 30, 2022**

REVENUE

BROWNFIELD APPLICATION / ADMIN. FEES	950,000
SPECIAL PROJECTS	2,500,000
INTEREST/OTHER INCOME	100,000
	<hr/>
TOTAL REVENUE	3,550,000

EXPENSES

DETROIT ECONOMIC GROWTH CORPORATION	720,000
PUBLIC NOTICES/ADVERTISING	0
LEGAL	265,000
AUDIT	10,000
INSURANCE	60,000
WORKSHOPS/PROMOTION	10,000
CONTRACTORS	40,000
SPECIAL PROJECTS	2,440,000
OTHER EXPENSES	5,000
	<hr/>
TOTAL EXPENSES	3,550,000

Operating Surplus/(Shortfall)	0
(Increase)/Decrease in Reserve	0
	<hr/>
NET SURPLUS/(SHORTFALL)	0

**LOCAL DEVELOPMENT FINANCE AUTHORITY
OPERATING BUDGET
JULY 1, 2021 TO JUNE 30, 2022**

**Proposed Budget
June 30, 2022**

REVENUE

REVENUES RELEASED CURRENT YEAR	150,000
CITY REIMBURSEMENT	0
INTEREST/OTHER INCOME	<u>10,000</u>
TOTAL OPERATING REVENUE	160,000
Transfer (to) from Prior Year Operating Fund Balances	<u>0</u>
TOTAL TRANSFERS (TO) FROM FUND BALANCES	<u>0</u>
TOTAL REVENUE	<u><u>160,000</u></u>

EXPENSES

DETROIT ECONOMIC GROWTH CORPORATION	125,000
MAINTENANCE/OTHER	<u>35,000</u>
TOTAL OPERATING EXPENSES	160,000
Operating Surplus/(Shortfall)	0
(Increase)/Decrease in Reserve	<u>0</u>
NET SURPLUS/(SHORTFALL)	<u><u>0</u></u>

**EIGHT MILE WOODWARD COORIDOR IMPROVEMENT AUTHORITY
OPERATING BUDGET
JULY 1, 2021 TO JUNE 30, 2022**

	Proposed Budget June 30, 2022
<u>REVENUE</u>	
TIF OPERATING REVENUE	100,000
INTEREST/OTHER INCOME	0
	<hr/>
TOTAL REVENUE	100,000
	<hr/>
<u>EXPENSES</u>	
DETROIT ECONOMIC GROWTH CORPORATION	50,000
LEGAL	15,000
AUDIT	10,000
INSURANCE	20,000
OTHER EXPENSES	5,000
	<hr/>
TOTAL EXPENSES	100,000
	<hr/>
Operating Surplus/(Shortfall)	0
(Increase)/Decrease in Reserve	0
	<hr/>
NET SURPLUS/(SHORTFALL)	0
	<hr/> <hr/>