

2010-2011 Budget Highlights

FISCAL RESPONSIBILITY ITEMS

- ❖ **Salary and Wages** –The Budget includes a reduction of \$62 million and a net decrease of 1,403 positions from the 2009-2010 Budget. This budget also reflects 26 Budget Required Furlough (BRF) days for civilian employees.
- ❖ **Property Tax Rate** – The Property Tax Rate will be 8.9157, an increase of 1.4384. These funds are used to pay the debt service associated with voter approved general obligation projects. The rate is based on funds needed to pay the debt service. The change in the rate is due to the decline in property valuation, increase in delinquency rate and elimination of the prior year surplus.
- ❖ **Debt Payments** – The Budget includes \$14 million for debt payment of Fiscal Stabilization Bonds. This is offset by declines in debt payments for DHRMS, RAN/TAN and Risk Management bonds.
- ❖ **Solid Waste Fee** – The Solid Waste Fee remains at \$240 for residential customers. Senior rate is \$120.
- ❖ **DOT Subsidy** – The DOT subsidy has been reduced by \$24.6 million to \$55.3 million. During FY 2009-10 DOT made changes to its schedule to reduce costs. The Budget reflects those changes, elimination of variety of positions and use of grant funding.

- ❖ **Cultural Institutions** – The Budget includes \$450,000 to Historical Society for operation of the Main Historical Museum and Dossin Museum. A subsidy of \$765,000 is included for insurance and security costs for the Zoological Society. Charles H. Wright Museum of African American History has \$1,950,000 subsidy allocated. \$500,000 is included for operating support at the Detroit Institute of Arts.
- ❖ **Prior Year Deficit** – \$117 million is included for FY 2009-10 Accumulated Deficit.

MAYORAL INITIATIVES

- ❖ **Mothballing of Mistersky Power plant** – To reduce cost and increase reliability, Public Lighting will mothball the Mistersky power plant in FY 2010-11. Mothballing of Mistersky steam turbine Units #6 and #7 entails the systematic shutdown and purging of all systems. Boilers and boiler tubes will be drained and dried. All fluids and gases will be flushed from all systems of both units. Inert gases and preserving fluids will be injected and all systems will be sealed. A shutdown with no preservation work would render the units useless with no value except for scrap. Mothballing verses just shutting the units down will allow the department to restart the units in the future should the economy and/or fuel costs

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make it cost effective. Even if the department decides not to restart the generators, mothballing would allow the department to investigate, in the future, the leasing of the generators to an independent power producer or another electric utility.

❖ **Recycling** – The Budget provides funding for the second year of the pilot recycling program. The city is testing 2 types of programs to determine the most cost effective and user friendly method. The eastside area has 18 gallon bins with manual weekly pickup. The westside areas have 96 gallon containers with automated biweekly pickup. The first year has an overall participation rate of 23%. The goal is to meet the Governor’s mandate of 40% participation. To increase participation, the Department of Public Works will enhance communication and partner with 10 Detroit Public Schools in the pilot area.

❖ **Worker’s Compensation Consolidation** – The Budget includes a transfer of worker’s compensation responsibility from the Police and Fire departments into Finance Risk Management. This will reduce costs by consolidating contracts and standardizing processes, resulting in \$870,000 savings.

❖ **Risk Management** – A comprehensive review of risk management claims and processes will result in 5% reduction in claims saving \$3.75 million.

❖ **Department of Environmental Affairs and Buildings and Safety Engineering Consolidation** – This initiative will integrate modern environmental perspectives into every aspect of B&SED’s operations and will lead to management economies that small departments can not provide through sharing support services and executive leadership without impacting the mandated function.

❖ **Hospital Audit** – An administrative audit on hospital charges will be completed in FY 2010-11. Claims will be reviewed and eligibility of participants. It is estimated that this effort will save 5% in our healthcare program.

❖ **Income Tax Collections** – Coordinating with State on State tax returns that claim local tax credit and citizens who file with the state and not the city will generate additional revenue.

❖ **Property Tax** – Allowing e-filing of personal property taxes will enhance collections and provide a service to residents.

❖ **Delinquent Receivables** – Finance Accounts Receivables began an aggressive collection effort through employees and contractors to collect delinquent receivables throughout the city. This effort will continue in FY 2010-11 with enhanced revenue collection.