



**CITY OF DETROIT
FOUR-YEAR FINANCIAL PLAN
FY 2019-2022**



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OVERVIEW

Founded in 1701 and incorporated in 1806, Detroit is a political subdivision of the State of Michigan and is its largest city. Detroit is located on an international waterway, which is linked via the St. Lawrence Seaway to seaports around the world. As of July 2015, the city had a population of approximately 685,000 (down from a peak population of nearly 2 million in 1950). Detroit is the 23rd most populated city in the United States of America.

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

The Mayor heads the executive branch. The citizens of Detroit elect the Mayor to a four-year term. Mayor Michael E. Duggan was reelected November 7, 2017 for a second term. The City Charter grants the Mayor broad managerial powers including the authority to appoint department directors, deputy directors and other executive branch officials. The responsibility to implement most programs, provide services and manage day-to-day operations is delegated by the City Charter to the executive branch. The legislative branch is comprised of the City Council and its agencies. The nine members of City Council also are elected to four-year terms. Starting with the election in 2013, in accordance with Detroit's new charter, seven council members are elected by districts (one each per district) and two at-large. Many significant decisions, including budget appropriations, procurement of goods and services and certain policy matters must be approved by the City Council.

On March 1, 2013, the Governor of the State of Michigan determined that a financial emergency existed within the City of Detroit pursuant to the Local Government Fiscal Responsibility Act, Act 72, Public Acts of Michigan, 1990, as amended. On March 14, 2013,

the Governor confirmed that a financial emergency existed within the City and, pursuant to Act 72, assigned to the Local Emergency Financial Assistance Loan Board established pursuant to the Emergency Municipal Loan Act, Act 243 Public Acts of Michigan, 1980, as amended the responsibility for managing the financial emergency. On March 14, 2013, pursuant to Act 72, the Board appointed Kevyn D. Orr as Emergency Financial Manager for the City. On July 18, 2013, in accordance with Act 436 and the approval of the Governor, the Emergency Manager filed on behalf of the City a petition for relief pursuant to Chapter 9 of Title 11 of the United States Code, 11 U.S.C. Sections 101-1532 in the United States Bankruptcy Court for the Eastern District of Michigan. The Emergency Manager filed, on behalf of the City, a Plan for the Adjustment in the Bankruptcy Court to provide for the adjustment of the debts of the City pursuant to and in accordance with Chapter 9 of the Bankruptcy Code.

On September 25, 2014, in accordance with Section 9(6)c of PA 436, the City Council voted unanimously to remove the EM as of the Effective Date of the Plan of Adjustment. By a letter to the Governor, the Mayor approved of the Council's vote on the same day. On November 12, 2014, the United States Bankruptcy Court for the Eastern District of Michigan Southern Division entered an order confirming the Eighth Amended Plan for the Adjustment of Debts of the City of Detroit. The effective date of the Bankruptcy Order was December 10, 2014. Kevyn Orr resigned as Emergency Manager the same day and this returned the City to local control.

As required in PA 436, Sec 21(1 and 2) the emergency manager shall adopt and implement a 2-year budget, including all contractual and employment agreements, for the local government commencing with the termination of receivership. After the completion of the emergency manager's term and the termination of receivership, the governing body of the local government shall not amend the 2-year budget adopted under Subsection (1) without the approval of the state treasurer, and shall not revise any order or ordinance implemented by the emergency manager during his or her term prior to 1 year after the termination of receivership.

Public Act 181 established a Financial Review Commission (FRC) that provides oversight over of the city beginning on the effective date of the Plan of Adjustment, which was December 19, 2014. The FRC consists of 9 members. The FRC shall review and approve the City's 4-year financial plan under Section 4t of the Home Rule City Act. The Home Rule City Act Section 117.4t(b) states:

“For each fiscal year beginning after the effective date of the amendatory act that added this section, the city shall adopt a financial plan covering that fiscal year and the next 3 fiscal years. If a 2-year budget is in effect for the city under section 21, the local financial stability and choice act, 2012 PA 436, MCL 141.1561, the financial plan must be consistent with the 2-year budget. The financial plan shall be proposed by the mayor and approved by the governing body of the city. If applicable, a financial plan must be adopted by the financial review commission created in the Michigan finance review commission act before it takes effect.”

This Financial Plan includes Mayor Duggan's budget for FY 2019 and 3 forecasted years- FY 2020, FY 2021, and FY 2022.

BUDGET CALENDAR

BUDGET CALENDAR <small>FY 2018/2019</small>	
OCTOBER ₂₀₁₇	<ul style="list-style-type: none"> Budget Instructions Sent to Departments (10/13)
NOVEMBER ₂₀₁₇	<ul style="list-style-type: none"> Early Meeting with Mayor (11/8) Training on Planning & Budgeting Cloud Service Module (11/16 - 11/22)
DECEMBER ₂₀₁₇	<ul style="list-style-type: none"> Departments Submit Budget Requests (12/4) Meet with CFO and COO to Review Budget Submissions (12/20)
JANUARY ₂₀₁₈	<ul style="list-style-type: none"> Budget Director's Hearings on Budget (1/17-1/26) Mayor Meets with OCFO on Major Departments (1/31 - 2/6)
FEBRUARY ₂₀₁₈	<ul style="list-style-type: none"> February Revenue Estimates Presented to CFO (2/1) Meet with COO and Mayor on Final Changes (2/9) Finalize Recommended Budget with CFO (2/12) Revenue Estimating Conference (2/14) Mayor's Approval of FY19 Budget (2/16) Mayor's Budget Address (2/23) City Council's Hearings on Budget (2/23 -3/7)
MARCH ₂₀₁₈	<ul style="list-style-type: none"> Public Hearing on Budget (3/7) City Council Vote on Budget (3/9) Mayor's Veto, if Applicable (3/13) City Council Veto Override, if Applicable (3/16) Submit Four-Year Financial Plan to Financial Review Commission (FRC) (3/23)
APRIL ₂₀₁₈	<ul style="list-style-type: none"> FRC Approves or Disapproves Four-Year Financial Plan (4/23)
MAY ₂₀₁₈	<ul style="list-style-type: none"> If disapproved, City submits revision to Budget (5/7)
JUNE ₂₀₁₈	<ul style="list-style-type: none"> Tax Statement Approved (6/26)
JULY ₂₀₁₈	<ul style="list-style-type: none"> Fiscal Year Begins (7/01)

FINANCIAL PLAN REQUIREMENTS

HOME RULE CITY ACT 279 OF 1909 -117.4T		RESPONSE
(l)(b)(i)	Projection of all revenues and expenditures of the city for each fiscal year, including debt service	The Financial Plan includes budget projections for FY 2018-2021 including debt service. Debt service is reflected in Agency 18 and 35.
(l)(b)(ii)	Projection of cash flow for each fiscal year	The Financial Plan includes cash flows for each fiscal year.
(l)(b)(iii)	A schedule of projected capital commitments for each fiscal year	A schedule of projected capital commitments is included in the Financial Plan.
(l)(b)(iv)	Measures to assure that projected employment levels, collective bargaining agreements, and other employee costs are consistent with projected expenditures and available revenue	The budget for each fiscal year includes funding for each budgeted position and other employee costs consistent with the collective bargaining agreements and are based on current cost levels. These costs were allocated based on available revenues.
(l)(b)(v)	Measures to assure compliance with mandates under state and federal law consistent with projected expenditures and available revenue	The City continually reviews state and federal requirements to ensure compliance. The Financial Plan includes these requirements in the projections of revenues and expenditures.
(l)(b)(vi)	Measures to assure adequate reserves for mandated and other essential programs and activities in the event of an overestimation of revenue, an underestimation of expenditures, or both	Budget Reserve Schedule is included in this document.
(l)(b)(vii)	A statement of significant assumptions and methods of estimation used for projections included in the financial plan	The Financial Plan includes statement of assumptions for revenues and expenditures.
(l)(b)(viii)	Any other information the mayor, governing body, or chief financial officer of the city considers appropriate	The Financial Plan includes the February 2017 Revenue Consensus Estimating Conference report.

(l)(c)(i)	Projected revenues and expenditures for each fiscal year covered by the financial plan shall result in a balanced budget according to generally accepted accounting principles, including compliance with uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a	The Financial Plan reflects a balanced budget using generally accepted accounting principles and is in compliance with Uniform Budgeting and Accounting Act.
(l)(c)(ii)	Include contributions necessary to assure that pension systems for employees and retirees of the city are adequately funded	Funding for the pension system is reflected in Financial Plan for each year in accordance with the Plan of Adjustment.
(l)(c)(iii)	Provide for the issuance of or incurring of debt by the city only in compliance with the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, and the Michigan financial review commission act, if applicable	The Financial Plan does not include issuance of debt.
(l)(c)(iv)	Provide for the payment in full of debt service on all debt issue or incurred by or on behalf of the city	The Financial Plan includes funding for full debt service on all debt issues.
(l)(c)(v)	Provide for operations of the city to be conducted with projected cash resources based upon projected cash flow for each fiscal year	Cash flow is monitored and reviewed daily. Monthly reports are submitted to the CFO and Mayor for review.
(l)(c)(vi)	Include a general reserve fund for each fiscal year to cover potential reductions in projected revenues or increases in projected expenditures equal to not less than 5% of the projected expenditures for the fiscal year	The City is maintaining a contingency account in each fiscal year cash reserve and 5% budget reserve to provide for mandated and essential programs to cover potential reductions in projected revenues and increases in projected expenditures.

(I)(c)(vii)	For each fiscal year, provide for the elimination of any deficit incurred in the prior fiscal year according to generally accepted accounting principles	The Financial Plan does not include a deficit in any fiscal year.
(I)(c)(viii)	Rely upon revenue and expenditure projections based upon reasonable and appropriate assumptions and methods of estimation	<p>The revenues included in the Financial Plan are based on the result of the Revenue Consensus Estimating Conference held February 14, 2018. The participants determined the revenues were reasonable and conservative.</p> <p>Expenditure projections are based on the trend information and projections included in the plan of adjustments and departmental projections.</p>
(I)(c)(ix)	Rely upon cash flow projections based upon reasonable and appropriate assumptions as to sources and uses of cash, including timing	The City is relying on the projections in the cash flow which were based on the information in the budget, current trends, and required payments including the timing of all payments.

REVENUES

The budget reflects revenue consistent with the Detroit February 2018 Revenue Estimating Conference. Below is the report from the FY 2018 Revenue Estimating Conference which outlines assumptions, forecast and estimates used to determine General Fund revenues.

State of Michigan Public Act 279 of 1909, Section 117.4t(1)(d), as amended by Public Act 182 of 2014, states the City of Detroit shall hold biannual revenue estimating conferences, which shall establish the official economic forecast and forecast of anticipated revenues of the City. The City holds its Revenue Estimating Conferences in September and February of each fiscal year. The voting conference principals are the City's Chief Financial Officer (CFO), the State Treasurer (or designee), and a person affiliated with another public entity, including a state institution of higher education, with experience in economic forecasting and revenue projection selected by the CFO and State Treasurer.

The February 2018 Revenue Estimating Conference results set the revenues anticipated in the City's FY 2019-2022 Four-Year Financial Plan. The voting principals for February 2018 are:

- John W. Hill, Chief Financial Officer, City of Detroit
- Eric Bussis, Chief Economist and Director, Office of Revenue and Tax Analysis, State of Michigan, Department of Treasury (on behalf of State Treasurer Nick A. Khouri)
- George Fulton, PhD, Director Emeritus, Research Seminar in Quantitative Economics (RSQE), Department of Economics, University of Michigan

The Office of Budget within the Office of the Chief Financial Officer (OCFO), in coordination with the City Council's Legislative Policy Division and the Auditor's General Office, is responsible for preparing the City's revenue estimates for review and consideration by the Revenue Estimating Conference principals. These internal participants met during the month of January to discuss the City's prior year actual revenues (FY 2017), current year estimated revenue (FY 2018) and projected revenues for the next four fiscal years (FY 2019-2022). Representatives from other OCFO divisions also participated to discuss revenues in their respective areas, including the Offices of the Assessor, Departmental Financial Services, Development and Grants, and the Treasury. Mr. Robert Kleine (Interim Director of Michigan State University Extension Center for Local Government Finance and Policy) presented a forecast of economic conditions that may impact the City's revenues. Jed Howbert (Group Executive for Planning, Housing and Development, Mayor's Office) presented an update on the City's economic development projects.

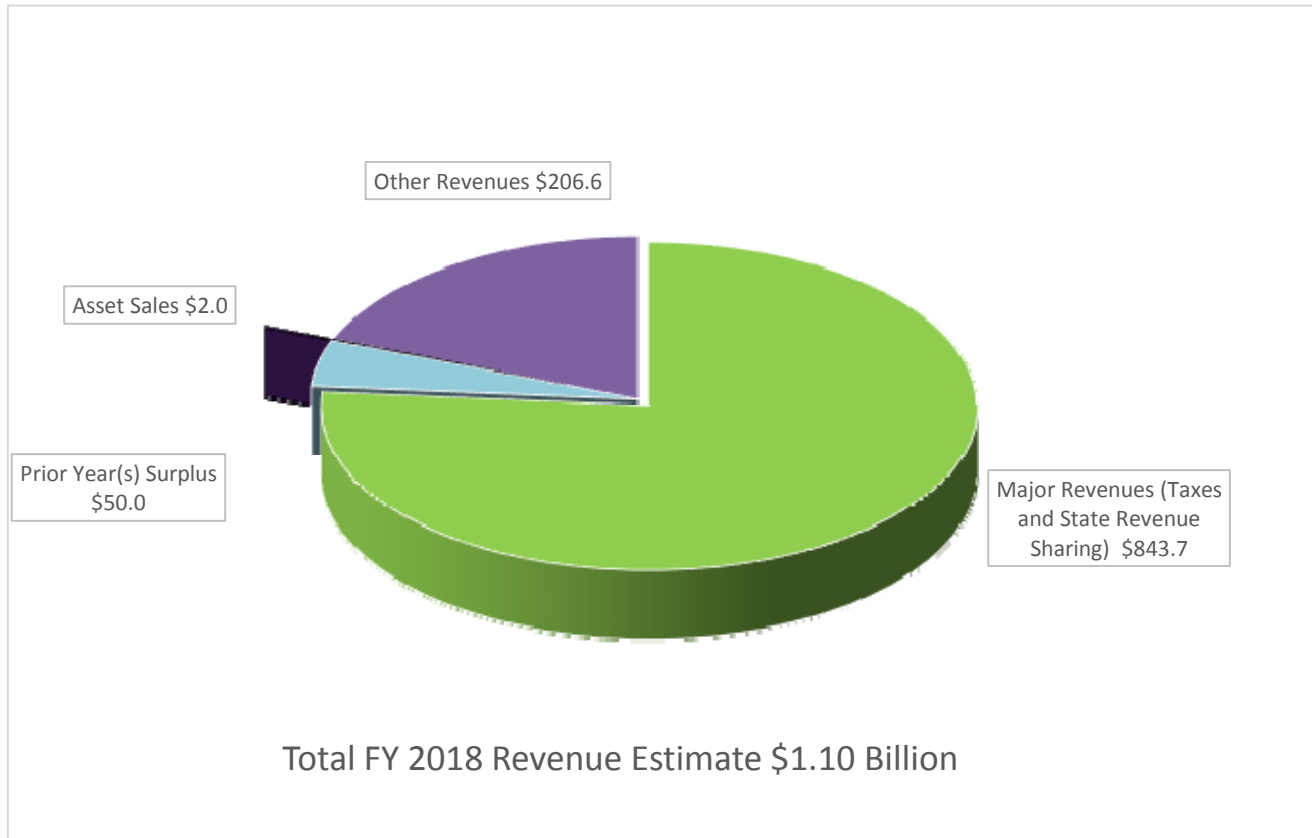
This year, the City's internal participants began the process with an in-depth review of departmental revenues followed by a discussion of the City's major revenues and current economic climate. The task was to review General Fund major revenues and department revenues final year-end results for FY 2017, estimate current fiscal year-end activity for 2018, and project revenues for the forecast period FY 2019 through FY 2022. Using financial system reports, department sub-ledger reports, current operational analysis and local economic data, the participants individually determined their forecasts. Department- Other revenues" of the General Fund were discussed in terms of on-going/recurring revenues, one-time activity/and initiatives. Revenues from all City funds were also considered as required by Public Act 182 of 2014.

OVERVIEW OF CONFERENCE RESULTS

Participants reviewed actual collections through December 2017 and year-end collections for FY 2017 as a basis to project revenues for the forecast period. Preliminary fiscal year-end 2018 results for General Fund revenues are \$1.10 billion which consist of \$1.05 billion from recurring revenues and \$50 million from one time revenue sources. FY 2018 estimate includes

\$50 million from prior year(s) surpluses to fund capital projects, blight remediation and technology initiatives.

The vast majority of the General Fund revenues, 76%, are from the Major Revenues, which include Taxes and State Revenue Sharing.



The FY 2018 General Fund Adopted Budget is \$1.07 billion. The September 2017 estimate of \$1.08 billion has been adjusted by \$27.8 million to reflect two accounting policy changes. Major Revenues have been adjusted by \$9.1 million to net property taxes against certain distributions and Other Departmental revenue estimates have been adjusted by \$18.7 million to account for Grand Bargain pension contributions. The primary difference between the February 2018 estimate of \$1,102.3 million and the adjusted September 2017 estimate of \$1,109.3 million is the \$2.4 million increase in Major Revenues and the \$9.6 million reduction in Other Departmental revenues.

FY2018 BUDGET General Fund <i>(in millions)</i>								
	FY 2018 Baseline Budget	One-time Investments	FY 2018 Total Adopted Budget	2017 September Estimate	2017 September Estimate (Adjusted)	2018 February Estimate	Variance (February 2018 to September 2017 Estimate)	Variance (February to Adopted Budget)
<i>Major Revenues (Taxes and State Revenue Sharing)</i>	\$816.20		\$816.20	\$832.2	\$841.3	\$843.7	\$2.4	\$ 27.50
<i>Reinvestment Initiatives</i>	13.2		13.2	7.9	7.9	7.9	0.0	(5.3)
<i>Use of surplus funds</i>		\$50.0	50.0	50.0	50.0	50.0	0.0	0.0
<i>Asset Sales (real and equipment)</i>	5.1		5.1	1.8	1.8	2.0	0.2	(3.1)
<i>Other Departmental revenues (less asset sales)</i>	189.4		189.4	189.6	208.3	198.7	(9.6)	9.3
Total	\$1,023.9	\$50.0	\$1,073.9	\$1,081.5	\$1,109.3	\$1,102.3	(\$7.0)	\$28.4

FEBRUARY 2018 REVENUE ESTIMATES RESULTS

The February 2018 conference includes estimates for FY 2018 and revenue projections for FY 2019 and 2020. The conference developed a trend line forecast of General Fund Revenues for FY 2021 and 2022.

General Fund <i>(in millions)</i>	Income Tax	Property Tax	Utility Users Tax	Wagering Tax	State Revenue Sharing	Other Revenues	Total General Fund Revenues
FY 2018							
Feb 2018 Estimate	\$ 292.1	\$ 133.1	\$ 40.0	\$ 179.0	\$ 199.5	\$ 208.6	\$ 1,052.3
*Sept 2017 Estimate	292.1	133.1	38.9	179.0	198.2	218.0	**1,059.3
Variance Feb over Sept	0.0%	0.0%	2.8%	0.0%	0.7%	(4.3%)	(0.7%)
FY 2019							
Feb 2018 Projection	\$ 299.4	\$ 133.8	\$ 40.0	\$ 180.8	\$ 200.7	\$ 216.4	\$ 1,071.1
*Sept 2017 Projection	299.4	133.1	39.1	180.8	199.2	219.2	1,070.8
Variance Feb over Sept	0.0%	0.5%	2.3%	0.0%	0.8%	(1.3%)	0.03%
FY 2020							
Feb 2018 Projection	\$ 306.9	\$ 135.8	\$ 40.0	\$ 182.6	\$ 201.7	\$ 218.1	\$ 1,085.1
*Sept 2017 Projection	306.9	135.0	39.3	182.6	200.2	220.3	1,084.3
Variance Feb over Sept	0.0%	0.6%	1.8%	0.0%	0.7%	(1.0%)	0.07%
Long Term Trend							
FY 2021	\$ 314.6	\$ 137.8	\$ 40.0	\$ 184.4	\$ 202.7	\$ 220.5	\$ 1,100.1
	2.5%	1.5%	0.0%	1.0%	0.5%	1.1%	1.4%
FY 2022	\$ 322.5	\$ 139.9	\$ 40.0	\$ 186.3	\$ 203.7	\$ 220.9	\$ 1,113.3
	2.5%	1.5%	0.0%	1.0%	0.5%	0.2%	1.2%

* September 2017 Estimate revised to include TIFA \$9.1M and \$18.7M for Grand Bargain. ** (General Fund Total excludes budget surplus of \$50.0 million)

MAJOR REVENUES DISCUSSION

The City of Detroit has five major revenues: Income Tax, Property Tax, Utility Users' Tax, Wagering Tax (Casinos) and State Revenue Sharing. These revenues represent 83% of the General Fund year-end FY 2017 results of \$988 million (excluding one-time activity).

Varying methodologies were utilized by the internal participants, including analysis of historical collection patterns, trend line fitting, moving averages, major

revenue category analysis, individual agency revenue account analyses, and the utilization of run rates. All participants considered and accounted for other known items that impact collections. Participants used a conservative approach in projecting future revenues; speculative revenues were not considered in the numbers, but outlined as potential upward adjustments to revenues discussed later in this report.

Income Tax revenue includes corporate, withholding and individual payments. More than 85% of income tax actual collections are derived from withholdings. The current Municipal Income tax rate is 2.4% for residents, 1.2% for non-residents and 2.0% for corporations, which are set by State law. Public Act 394 of 2012 designated income tax revenues of 0.2% of resident individual tax collections and 0.1% of non-resident individual tax collections for Police operations.

As authorized under Public Act 284 of 1964, as amended by PA 56 of 2011 and again in 2012, the City of Detroit levies an Income Tax on income from all sources with minimum exemptions

In 2015, the City contracted with the State of Michigan to process its income tax on its behalf. In January 2016, the State began phasing that in, as follows:

	Calendar Year 2016	Calendar Year 2017 and 2018
Individual returns: resident and non-resident	MI Processing Start 1/1/2016; estimated 100,000 new returns filed, 304,000 returns in total. Total refunds processed \$17.2 million	Refunds of approximately \$28 million for FY 2017; in the range of \$23 million for FY 2018
Corporate returns		MI Processing started 1/1/2017
Withholdings	725 new entities are now withholding: 80% voluntary registered, 20% city compliance efforts	MI Processing started 1/1/2017
Electronic Filing, Pay and Refunds	1/1/2016 began e-filing; 77% e-filed in 2016	MI Processing started 1/1/2017 for e-pay MI Processing started 1/1/2018 for e-refunds

MUNICIPAL INCOME TAX

Income Tax Collections Five Year History					
(In millions)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Actuals (per CAFR)	\$248.0	\$253.8	\$263.4	\$263.2	\$284.5
% change	2.3%	2.3%	3.8%	0.0%	8.1%

Municipal Income Tax collections for FY 2017 were \$284.5 million up from FY 2016 collections of \$263.2 million. Increased refund activity from the State tempered net collections in FY 2016. Municipal Income Taxes continue to trend upward for the forecast period driven by modest increases in salary and wages.

Income tax collections for FY 2018 continue an upward trend with growth estimated at 2.7%. Projections for FY 2019 through FY 2022 maintain a growth rate of 2.5%.

The September 2017 and February 2018 estimate includes enforcement activity to increase delinquent income tax collections: outside collection agency; city staff to perform field audits; and enhanced taxpayer outreach and communications.

The February 2018 conference considered improved local economic conditions based upon blue chip economic forecasts as presented by Mr. Robert Kleine, Michigan State University.

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

CURRENT PROPERTY TAXES

Property Tax Collections Five Year History					
(In millions)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Actuals (per CAFR)	\$132.8	\$129.4	\$126.4	\$147.4	\$129.5
Add: CAFR Adjustments-TIFA					8.2
Total Gross Collections					\$137.7
% change	(10.1%)	(2.6%)	(2.3%)	16.6%	(6.6%)

Property Tax Collections consist of assessments for the current tax year; delinquent real and personal property remittance from the Wayne County Delinquent Tax Revolving Fund; auction proceeds from the County; and Personal Property Tax reimbursements from the State.

Final FY 2017 year-end result for property tax collection was \$129.5 million. Beginning with the FY 2017 financial audit, property tax collections are recorded in the CAFR at net of Tax Incremental Financing Authority (TIFA) payments of \$8.2 million.

The FY 2018 Adopted Budget of \$124 million assumed a smaller decline in collections than previous budgets due to higher than estimated taxable valuations. Previous estimates were based on continued declines in the City’s property taxable values due to required citywide reassessments and foreclosure activity. Actual taxable value declines were lower than originally anticipated. Improvement in the City’s collection rate from 50% to over 70% also factored into increased collections for FY 2017.

The City received \$9.1 million from the State in personal property tax reimbursements, authorized under the Local Community Stabilization Authority (LCSA) Public Act 86 of 2014. The General Fund received approximately \$4 million of this reimbursement in FY 2017. Lower reimbursement levels are expected for the forecast period.

The City of Detroit partnered with DTE and Wayne County in providing for payment of current and delinquent city of Detroit property taxes, DWSD bills, and DTE bills at DivDat Kiosks conveniently located throughout the city (located in participating Rite-Aid stores, DTE Payment Centers, supermarkets /other retail establishments and in various City of Detroit buildings). The city is also experiencing increased collections through mobile apps.

The City Assessor’s outlook on the Ad Valorem valuations for FY 2019 anticipate future growth in all property classes. The completion of citywide reassessments of residential properties in 2016 along with improved property data availability highlighted increased assessed values across the city and across property classes. Residential property values have increased across the city for the first time in 17 years. Most noteworthy is the increase in market rate sales for the period. Industrial property reassessments were completed in January 2018. Industrial values rose more than 64% over the previous year; this increase was attributed to a significant amount of under-valued industrial land on the city’s tax rolls. Commercial property reassessments are expected to be completed in FY 2019. For the 2018 tax year commercial property values also increased by \$0.2 billion.

Current Property Tax, continued:

One concern is the abnormally low residential property class share, account for only 37% of the city’s total property classes.

A personal property taxable valuations appraisal was completed in 2016, and values increased by 6.3% for tax year 2018.

Property tax revenue estimate for FY 2018 is expected to remain flat with slight growth of one-half percent projected for the forecast period. This is a conservative forecast given the anticipated growth in the city’s valuations in the near future. Assessed values are expected to increase by 6.1% for tax year 2018. However, this increase will not fully impact the city property tax collections, as taxable valuation growth will continue to be capped at a lower level per state law.

The City of Detroit levies a Utility Users’ Tax as permitted under Public Act 100 of 1990 and as amended in 2012. The tax is based on consumption of electricity, gas, steam and telephone (land lines) in the city of Detroit. The City currently levies the maximum tax rate of 5%. Revenues are budgeted in the Police Department per the public act and have a restricted purpose to retain or hire police officers. In 2012, the law was amended to provide \$12.5 million annually for the Public Lighting Authority for the repayment of debt proceeds used for street lighting infrastructure improvements in the city. To offset the loss of Utility Users’ tax revenue to the Police Department, state law (Public Act 394 of 2012) authorized the payment of income tax revenues for police officers (to hire/retain).

UTILITY USERS TAX

The September 2017 and the February FY 2018 estimate for Utility Users’ Taxes differed by 2.8% for FY 2018. This increase was based on an overall 8.5% increase in collections over the previous fiscal year. Utility Users’ Tax collections continue to move within a small range of \$35 to \$42 million, down significantly from historical highs of \$60 million.

Utility Users’ Tax Collections Five Year History					
(In millions)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Actuals (per CAFR)	\$35.3	\$42.4	\$37.9	\$24.0	\$27.1
Add: CAFR Adjustment- PLA				\$12.5	\$12.5
Gross Collections	\$35.3	\$42.4	\$37.9	\$36.5	\$39.6
% change	(10.8%)	20.1%	(10.6%)	(3.7%)	8.5%

The FY 2019 through FY 2022 forecast continues a conservative approach in projecting this revenue source. Projections for the forecast period remain flat with no growth. Factors considered were anticipated rate cuts from DTE Energy; a gradual rise in utility consumption; and prior year’s actual collections.

Estimates/projections were determined on a gross basis,

inclusive of the \$12.5 million Public Lighting Authority payment. Beginning with the June 30, 2016 Comprehensive Annual Financial Report (CAFR), Utility Users Tax revenues are presented net of the Public Lighting Authority (PLA) payment, as the PLA is considered a blended component unit of the city.

WAGERING TAXES

The City is authorized to levy a tax on the adjusted gross receipts of a gaming licensee under Initiated Law 1 of 1996, as Amended by Public Act 306 of 2004. The current tax rate in effect is 10.9% for the three casinos operating in Detroit. The City receives additional revenues from the casinos as specified in the casinos' operating agreements that increases the total percentage to 11.9%. The city is also permitted to assess a municipal service fee of 1.25% of adjusted gross receipts for public safety services provided to the casinos.

Wagering-Casino Tax Collections Five Year History					
(In millions)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Actuals (per CAFR)	\$174.6	\$167.9	\$172.5	\$180.2	\$177.2
% change	(3.7%)	(3.8%)	2.7%	4.5%	(1.7%)

The September 2017 and the February 2018 conference maintained Wagering Tax revenues at the same level. FY 2017 year-end results recorded a 1.7% decline in this revenue source over the previous fiscal year. This decline preceded two

years of revenue growth as the city's revenues rebounded following declines due to the opening of casinos in Ohio.

The forecast for the four year period FY 2019 through FY 2022 include a growth factor of 1.0%. Detroit casinos have rebounded from declining revenues which occurred with the opening of casinos in Ohio. At risk to this forecast is new casinos/gaming operations located within a 50 to 150 mile radius of the city that will exert negative pressure on Detroit casino revenues, as shown with the opening of the Ohio casinos. It is not known what the impact of major renovations to competing casino establishments will have on Detroit casino revenues.

Revenue Sharing payments from the State are derived from two components: constitutional and statutory. Constitutional payments are guaranteed under the State Constitution and are calculated as 15% of 4% of the State Sales Tax gross collections. Statutory payments are based upon municipalities meeting the requirements of the City, Village and Township Revenue Sharing (CVTRS) program.

STATE REVENUE SHARING

For FY 2017 and FY 2018, the maximum amount available is 78.51044% of the FY 2010 total statutory payment (if a municipality complies with all requirements of the City, Village, and Township Revenue Sharing (CVTRS) program).

State Revenue Sharing Collections Five Year History					
(In millions)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Actuals (per CAFR)	\$182.4	\$189.8	\$194.8	\$194.7	\$197.8
% change	5.9%	4.1%	2.6%	0%	1.6%

Estimates are based on the current State Revenue Sharing payments projected by the Michigan Department of Treasury and revised Sales Tax revenue projections. Treasury payments are based on the State of Michigan January 2018 Revenue Estimates and the FY 2019 Executive Budget.

The February 2018 estimate for the current fiscal year is \$199.5; \$3.4 million higher than the FY 2018 Adopted Budget of \$196.1 million and 0.8% higher than FY 2017 actuals.

Total revenue sharing increases by 0.6% in FY 2019 and 0.5% for FY 2020 through FY 2022 Statutory share-CVTRS remains flat for the forecast period. The constitutional share based on sales tax revenues is projected to grow by 3.1% in FY 2019 and 1.7% in FY 2020 through FY 2022. The City received a one-time supplemental CVTRS payment of \$578,606 in FY 2018. Each eligible city, village or township received a payment equal to their population multiplied by 0.81198.

Potential risks to this forecast include economic risks from changes in federal fiscal policies that negatively impacts state/local finances; lower sales tax revenues/lower auto sales; and challenges to the state budget due to crises in local finances.

OTHER GENERAL FUND DEPARTMENTAL REVENUES

Other Departmental Revenues collections for FY 2017 total \$356.81 million, which included \$238.9 million from on-going/recurring sources and \$117.9 million from one-time sources. Revenues from one-time sources included \$67.9 million of prior years' surplus used to fund capital projects and blight remediation. It also included \$50 million in General Fund unassigned balances allocated to fund the Retiree Protection Fund.

Projections for recurring revenues grow by less than 1% for FY 2019 through FY 2021. Revenues projections for FY 2022 remain flat.

Noteworthy changes to Departmental Revenues:

1. Estimates for real property sales and sales of equipment were reduced based on prior years' actual collections and lower than expected revenues estimated for FY 2018. Reduced estimates for this activity were included in the forecast for FY 2019 through 2022.
2. Interagency billings for services to other Non-General Fund City departments were reduced as a result of lower volume of reimbursable activity.
3. Fire Department EMS and cost recovery revenues are expected to increase as result of on-going initiatives.
4. Revenues generated by the Civil Rights Inclusion and Opportunity Agency (formerly known as Human Rights), resulting from non-compliance fines, are recorded in a separate Special Revenue Fund as the use of these funds are restricted for workforce employment training activity.
5. State of Michigan reimbursement for the 2016 Presidential Primary Election was received in FY 2017 by the Elections Department. The September 2017 and the February 2018 estimate also included this revenue in FY 2021 for the next election cycle.

GENERAL FUND REVENUES BY MAJOR CATEGORIES

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

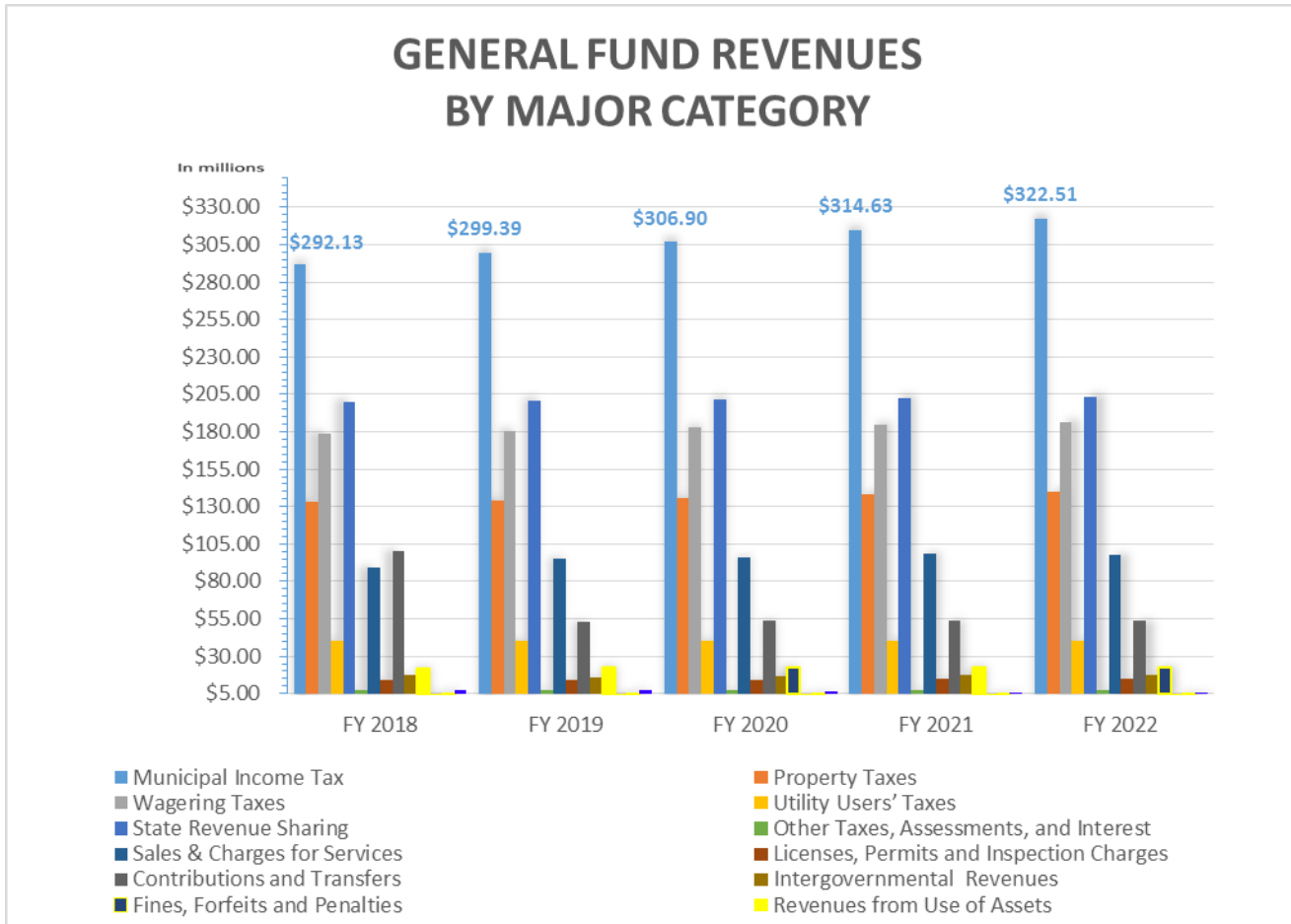
1. **Other Taxes, Assessments, and Interest** - Special assessments, Industrial Facilities Taxes, other miscellaneous property taxes and interest paid on delinquent property taxes.
2. **Sales and Charges for Services** - Inter-fund revenue generated from maintenance and construction, Casino Municipal Service fees, Cable Franchise fees, recreation fees, property tax administrative fees, inter-fund reimbursements including personal services reimbursements, , and other minor sales and service fees.
3. **Licenses, Permits and Inspection Charges** - Various permits and licenses, safety inspection charges, and business licenses charges.
4. **Contributions, Transfers, and Miscellaneous** - Various revenues and contributions due to/or due from one fund resulting in revenues to one fund and an expenditure for another, and other miscellaneous revenues and receipts.
5. **Intergovernmental Revenues**- Reimbursements from other governmental entities (Federal, State, and County) for services provided by the city; includes revenues from Emergency Medical Services billings, 36 District Court reimbursements from the State, Health grants from the State.
6. **Fines, Forfeits, and Penalties** - Ordinance, court and parking fines, property tax penalties, and various fines, forfeits, and penalties.

7. Revenue from Use of Assets - Earnings on investments, various interest earnings, building rentals, marina rentals, concessions, equipment rentals and sales of real property.

8. Sale of Assets and Compensation for Losses – Sale of real property, equipment, tools, and other city assets. Compensation for losses include reimbursement for damages or loss.

FEBRUARY 2018 ESTIMATES & PROJECTIONS GENERAL FUND REVENUES BY CATEGORY										
	FY 2018 Adopted Budget	FY 2018	FY 2019	% change	FY 2020	% change	FY 2021	% change	FY 2022	% change
Municipal Income Tax	283.25	292.13	299.39	2.5%	306.90	2.5%	314.63	2.5%	322.51	2.5%
Property Taxes	124.00	133.10	133.81	0.5%	135.81	1.5%	137.85	1.5%	139.92	1.5%
Wagering Taxes	177.78	178.99	180.78	1.0%	182.59	1.0%	184.41	1.0%	186.26	1.0%
Utility Users' Taxes	35.00	40.00	40.00	0.0%	40.00	0.0%	40.00	0.0%	40.00	0.0%
State Revenue Sharing	196.14	199.45	200.66	0.6%	201.67	0.5%	202.68	0.5%	203.70	0.5%
TOTAL MAJOR REVENUES	816.17	843.67	854.64	1.3%	866.97	1.4%	879.57	1.5%	892.39	1.5%
Other Taxes, Assessments, and Interest	7.27	6.85	6.85	0.0%	6.85	0.0%	6.85	0.0%	6.85	0.0%
Sales & Charges for Services	106.07	85.78	91.33	6.5%	92.36	1.1%	94.72	2.6%	94.52	-0.2%
Licenses, Permits and Inspection Charges	10.14	14.10	14.23	1.0%	14.44	1.5%	14.63	1.3%	14.77	1.0%
Contributions and Transfers	72.05	100.43	53.21	-47.0%	53.33	0.2%	53.46	0.2%	53.58	0.2%
Intergovernmental Revenues	14.97	17.14	15.82	-7.7%	16.78	6.1%	17.00	1.3%	17.22	1.3%
Fines, Forfeits and Penalties	24.81	21.90	22.63	3.3%	22.38	-1.1%	22.38	0.0%	22.38	0.0%
Revenues from Use of Assets	3.30	2.26	2.15	-4.9%	2.16	0.5%	2.17	0.5%	2.17	0.0%
Sales of Assets and Compensation for Losses	5.90	3.19	3.31	3.8%	3.34	0.9%	3.38	1.0%	3.45	2.2%
Miscellaneous	13.24	6.99	6.87	-1.8%	6.48	-5.6%	5.90	-8.9%	5.92	0.0%
TOTAL OTHER REVENUES	257.75	258.65	216.41	-16.3%	218.13	0.8%	220.48	1.1%	220.88	0.2%
TOTAL GENERAL FUND REVENUES	\$ 1,073.92	\$ 1,102.32	\$ 1,071.04	-2.8%	\$ 1,085.10	1.3%	\$ 1,100.06	1.4%	\$ 1,113.27	1.2%

NOTE: Numbers may not add due to rounding.



OTHER GENERAL FUND ACTIVITY

Risk Management Fund

The City is exposed to various types of risk of loss including torts; theft of, damage to, or destruction of assets; loss due to errors or omissions; job-related illnesses or injuries to employees; natural disasters; and environmental occurrences. The City is self-insured against certain third-party claims. The City currently reports the risk management activities (excluding health and dental) of non-Enterprise Funds and the Transportation Fund (an Enterprise Fund) in its General Fund. The General Fund and DDOT pay insurance premiums into the

Risk Management Fund based on past claim activities. Because the Transportation Fund is included in the General Fund’s risk management activities, it does not record a liability in its financial statements. Risk management activities for the other Enterprise Funds are recorded and reported separately in those funds. Contributions to the Risk Management Fund in the form of insurance payments total \$24.1 to \$49 million for fiscal years 2018 through FY 2022.

Budget Reserve Fund and PLD Decommissioning Fund

The City also has a Budget Reserve Fund and a Public Lighting Department (PLD) Decommissioning Fund recorded in the General Fund Class. Per statutory requirements, the Budget Reserve Fund must maintain a balance of 5% of budgeted

expenditures. Currently, the fund has a balance of \$62.3 million, which exceeds the minimum balance requirement. The PLD Decommissioning Fund records the proceeds from scrap material sales, which will be used for decommissioning purposes.

OTHER CITY FUNDS (NON-GENERAL FUND)

Public Act 279 of 1909, as amended by PA 182 of 2014, requires the City to establish a forecast of anticipated revenues of the City for the fiscal year in which the revenue conference is being held and the succeeding two fiscal years. The chart shown

below lists all of the City's Special Revenue Funds and Enterprise Funds. The revenue projections presented for these funds were based on historical data, trend lines and/or current department estimates.

CITY OF DETROIT FUNDS (EXCLUDES GENERAL FUND CLASS)					
(in millions)	FY 2018				
FUND NAME	Adopted Budget	FY 2017 September Projection	FY 2018 February Projection	FY 2019 Projection	FY 2020 Projection
Community Development Block Grant	\$ 32.612	\$ 32.600	\$ 29.727	\$ 29.727	\$ 29.727
Emergency Solution Grants	2.696	2.700	2.683	2.683	2.683
Bridging Neighborhoods Fund	0.000	32.600	32.600	0.000	0.000
Department Grant Funds (Note 1):					
- Fire SAFER -Other Fire Grants	2.000	2.000	3.055	1.084	.084
- Health Grants (Note 2)	21.700	28.100	25.590	26.357	27.148
- Homeland Security Grants	0.800	0.800	0.800	0.800	0.800
- Mayor's Office Grants	0.110	0.090	0.127	0.085	0.0400
- Police Grants	4.813	4.810	4.813	6.533	6.533
- Dept. of Public Works (General) Grants	0.050	0.050	0.050	0.050	0.050
- Recreation	0.400	0.400	.005	1.105	.005
- Elections Grants (Voter Ed) (\$2,500 annually)	0.002	0.002	0.002	0.002	0.002
Construction Code Fund	25.000	25.000	25.000	26.739	26.739
Drug Law Enforcement Fund	1.987	2.010	1.987	2.010	2.010
Library Funds	33.000	33.00	31.876	31.846	32.442
Civil Rights, Inclusion & Opportunity Revolving Fund (Note 2)	0.4500	4.500	3.000	3.000	3.000
Major and Local Streets Fund	77.210	77.210	215.914	85.124	88.625
PA 48 2002 Fund	2.894	2.900	2.900	2.900	2.900
Solid Waste Management	44.035	44.000	50.441	45.426	44.032
Sinking Interest & Redemption (Debt Service)	59.735	53.650	53.650	51.200	50.500
Special Housing Rehab programs (HRD Dept)	4.013	4.010	4.013	4.013	4.013
Airport Funds	1.668	1.900	2.613	2.213	2.213
Municipal Parking Funds	8.133	10.500	35.400	8.238	8.238
Transportation Funds (DDOT)	133.000	133.000	136.590	135.073	136.104
Detroit Water & Sewerage Department-Water Retail	119.848	119.850	134.944	139.332	143.930
Detroit Water & Sewerage Department-Sewerage Retail	278.632	278.630	297.205	331.939	345.518
Total Other Funds	\$854.788	\$894.312	\$1,094.985	\$937.479	\$957.336

Note 1: City Departments Grant Funds represent the reorganization of grants previously consolidated under one fund. Not all departments receive annual grant awards; the budget will be amended to reflect any additional grant awards received during the fiscal year. The projections for FY 2019 and FY 2020 assume receipt of recurring departmental grants.

Note 2: In conjunction with the Gordie Howe International Bridge Project, the city will receive funds from the State of Michigan, the Windsor Detroit Bridge Authority and from the sale of land. These funds are restricted for specific purposes, such as health, job training, and neighborhood development.

FUNDS WITH GENERAL FUND IMPACT

Airport

The [Coleman A. Young International Airport](#) is an Enterprise Agency of the City of Detroit. Revenues from landing fees, rentals, fuel concessions and Federal/State grants maintain the operations of the Airport. In addition, the Airport FY 2018 Budget include a General Fund contribution of \$1.8 million which is expected to be paid.

Projections for FY 2019 and FY 2020 decreases this contribution to \$1.4 million. Higher General Fund contribution amounts are necessary to meet rising utility costs (lighting and drainage fees). Enterprise revenues of \$2.2 million are expected for FY 2019 through FY 2022.

Buildings & Safety - Construction Code Fund

The [Buildings & Safety Engineering & Environmental Department \(BSEED\)](#) is an Enterprise Agency of the City of Detroit as mandated by State law. BSEED's mission is to safeguard public health, safety and welfare by enforcing construction, property maintenance, environmental compliance and zoning codes. Revenues from the Construction Code Fund include civil infraction fines, safety inspection charges, construction inspections and other licenses, permits and inspection charges. Revenues generated in support

of the General Fund operations are from the business licensing activity.

Revenues from the enterprise activity are estimated to increase to \$25 million in FY 2018, a 2.9% increase over the previous fiscal year-end total of \$24.3 million. Revenue growth of 6.9% is expected for the forecast period. The implementation of new electronic ticketing and new development/construction activity within the city is expected to contribute to revenue growth for the forecast period

Transportation

The [Detroit Department of Transportation \(DDOT\)](#) is an Enterprise Agency that provides transit services to the city of Detroit. Revenues are generated from fare boxes, State operating assistance, State and Federal grants, contribution from the General Fund and other miscellaneous revenues. The General Fund contribution for DDOT for FY 2018 is \$61.5 million; this amount remains unchanged for the forecast period. Additional restructuring efforts, including the expansion of routes, should allow this level of General Fund support to continue for the foreseeable future.

Increased Transportation funding is included in the road funding bills passed by the State Legislature in 2014-2015. This legislation provides additional funding for DDOT, at the discretion of the City's Administration, by authorizing a city that meets specific criteria to allocate some of its Michigan Transportation Fund (MTF) revenues for public transit purposes. DDOT revenues continues at \$133 million for FY 2018. FY 2019 revenues are expected to decline slightly by 1.1%. Revenue growth of 0.8% is projected for FY 2020.

Municipal Parking

The **Municipal Parking Department** is organized into two operations: the Parking Violation Bureau and the Automobile Parking and Area System. The Parking Violations Bureau is a General Fund operation responsible for enforcing on-street and off-street ordinances in Detroit and the processing and collection of parking violation notices. The Auto Parking and Area System revenues are currently assigned to pay debt service for post-bankruptcy loans. In addition, certain parking structures have been transferred or optioned for

future purchase under terms of the bankruptcy settlement. Revenues from the Enterprise operations for FY 2017 resulted in a surplus of \$5.6 million due to revenues from garages, expected to be sold, but not sold during the fiscal year. Revenue estimates for FY 2018 total \$35.4 million due to the sale of the Premiere Garage and an inflow of funds utilized to pay debt service. Projected revenues for the forecast period decline to \$8.2 million in anticipation of a further reduction in city-owned garage(s).

Solid Waste Fund

The **Solid Waste Management Fund** is a Special Revenue Fund. The City of Detroit uses the Solid Waste Management Fund to account for local revenue collected for curbside rubbish pick-up and discard. The majority of Solid Waste Management Fund revenues comes from a residential Solid Waste Fee that is assessed to every home whether or not currently occupied. The solid waste service fee replaced a 3-mill tax for solid waste collection that was eliminated in 2006. The solid waste fee is assessed annually at \$240 for single family homes, and an additional \$100 for multi-family dwellings. Commercial fees are \$1,000.

The City privatized the solid waste activity in FY 2014. Contracts were awarded to two companies to service the east and west side of the City.

A change in processing of delinquent tax bills in FY 2016 resulted in improved collections of solid waste fees. Fiscal Year-end 2017 collections were \$54.6 million due to delinquent collections. For FY 2018 revenues are estimated at \$50.4 million, inclusive of delinquent collections. Collections are projected to decrease to \$44.0 - \$45 million for the forecast period.

OTHER CITY FUNDS

Grants

The City receives various Federal and State Grants for various activities administered by city departments. Some of the city's largest programs are noted below.

The Fire Department received revenues from the Staffing for Adequate Fire & Emergency Response (SAFER) grant, a Federal grant sponsored by Federal Emergency Management Agency (FEMA).

The Health Department administers grants from Federal and State sources for HIV/AIDS, Housing Opportunities for Persons with Aids (HOPWA) grants, Immunization, Women, Infants and Children

(WIC) and Essential Local Public Health Services (ELPHS) grants.

The Housing and Revitalization Department administers programs and contracts funded by the Community Development Block Grant (CDBG), the Emergency Solutions Grant and HOME funds.

The Police Department receives grants from various State and Federal sources including the Department of Justice-Justice Assistance grants (JAG), Community Oriented Policing (COPS) grants, Auto Theft and Victim's Assistance grants.

Bridging Neighborhoods Fund

The City of Detroit has designated \$32 million for the Bridging Neighborhoods Program. The program will provide funds and services for the optional relocation of households and optional retrofits of homes in Del Ray and parts of Southwest Detroit that are most impacted by the Gordie Howe International Bridge Project. In

addition, under this project, the city will also receive \$1.5 million for job training and \$2.4 million for health assessments and long-term emissions monitoring programs. The city has received \$20 million to date from this revenue source.

Library

The Library Fund records the operations of the Detroit Public Library (DPL). DPL is an enterprise agency of the City of Detroit. It is Michigan's largest public library system consisting of a Main Library and 21 neighborhood branches. DPL has a collection of 6.6 million items that includes books, journals, photographs, government documents, and

DVDs. A bookmobile makes weekly visits to schools and community centers, and the Library for the Blind & Physically Handicapped serves those with various physical challenges. The February 2018 conference project lower revenues of \$31.9 million for this fund for the forecast period; a decline of \$1.1 million over the previous forecast.

Major and Local Street Funds

Activity recorded in Major and Local Street Funds provide for the construction and maintenance of streets, bridges, traffic signals and non-motorized improvements. These funds record the city's share of State Gas and Weight Tax revenue that support various projects and accounts for State and Federal grants on a project basis. The Department of Public Works staff manages the Street Fund. The following three divisions are wholly or partially funded through the Street Fund: Street Maintenance Division, City Engineering Division and the Traffic Engineering Division. Increased road funding was enacted with the passage of state legislation amending various public acts in 2014- 2015. The City expects to

receive \$10- \$15 million in additional Gas & Weight Taxes for the forecast period as result of these legislative changes. Revenues from this source are projected to range from \$77.2 million in FY 2018 to \$88.6 million in fiscal year FY 2020.

The City sold \$124.5 million in bonds in November 2017 in order to expedite road improvements projects. These Michigan Transportation Fund Bonds will be repaid from the incremental increases in Gas & Weight Taxes noted above. The funds will be periodically drawn-down as road projects progress.

Sinking and Interest Fund (Debt Service)

The Sinking (bond) and Interest Redemption Fund provides for the scheduled retirement of principal and interest on long-term City debt. This debt derives from the issuance of Unlimited Tax General Obligation Bonds. Debt service on Limited Tax General Obligation Bonds are recorded in the General Fund. The debt service for enterprise funds appears in the Enterprise Agency sections. The revenues for the Sinking and Interest (Debt

Service) Fund are generated from a separate debt service millage on real and personal property located in the city of Detroit. Debt service schedules has funding declining from \$53.6 to \$50.5 million in FY 2018 and further declining to \$44 million in FY 2020 due to the August 2016 refinancing transaction that lowered principal and interest obligations for this fund.

Detroit Water & Sewerage - Retail

The Department was reorganized into two separate entities: the regional Great Lakes Water Authority (GLWA) and the Detroit Department of Water and Sewerage Disposal- Retail (DWSD-Retail), effective January 1, 2016. Projections presented for the forecast period are for DWSD-Retail only. The February 2018 conference estimated revenues of \$134.9 million and \$297.2 million for water and sewerage operations respectively for FY 2018. Revenues are projected to increase by approximately 4% for each of the forecast years. The September 2017 estimate reflects the amount included in the current Four Year Financial Plan.

Under the reorganization, Detroit maintains its own local system. The city keeps exclusive control of the local water and sewer system in DWSD – under authority of the Mayor and City Council. The Detroit local system is made up of approximately 3,000 miles of local sewer pipe and 3,400 miles of local water mains serving the neighborhoods of Detroit. The City has full authority to repair and rebuild the local system.

Great Lakes Water Authority (GLWA) is an authority formed to operate the regional system. GLWA operates the regional water and sewer assets. The GLWA Board is made up of 6 members: 2 appointed by the Mayor of Detroit, 1 each by Wayne, Oakland and Macomb Counties, and 1 by the Governor from the service area outside the three counties. The Authority provides services to communities in Oakland, Wayne and Macomb counties, estimated as 4 million customers from 127 communities.

The Authority sets the rates for all water and sewerage services. Rate increases are capped at 4% annually per agreement. GLWA entered into a long-term 40-year lease of the water and sewer assets owned by the Detroit Water and Sewerage Department. Lease terms provide for the payment of \$50 million per year for the next 40 years to the City of Detroit for water and sewer infrastructure improvements. This will allow Detroit to finance up to \$500-\$800 million in bonds to rebuild the city's aged water and sewer system.

SET ASIDES

The FY 2018 Budget included \$50 million from prior years' budget surplus for capital, technology and blight spending. An additional \$50 million in unassigned General Fund Balance was appro-

priated for the Retiree Protection Fund, for a total of \$105 million plus interest contributed by the city to the fund to date.

RISKS TO FORECAST

- Changes to federal fiscal policy may negatively impact federal entitlement programs resulting in a loss of funds to state and local municipalities.
- Increased uncertainty in federal government monetary and trade policy. Failure to raise debt ceiling would have a negative impact on the economy.
- Challenges to State budget from declining local finances and other critical issues may unfavorably impact the Statutory State Revenue Sharing distribution to local municipalities. Lower Sales Tax revenues/slowing auto sales directly impact local share.
- Risks to estimated property tax collections due to the impact of Wayne County chargebacks netted against the delinquent accounts revolving fund payment.
- Loss to personal property tax collections not fully reimbursed by the state.
- Lower consumer confidence depresses spending and reduces sales tax revenues.
- Rising interest rates resulting in lower consumer spending/housing activity. Uncertainty in fed actions on when/how much Fed Fund Rate will rise.
- Rising inflation adversely impacts economic performance.
- Lower census numbers result in loss of federal/state funds tied to population.
- Potential recession in the near future.

**POTENTIAL UPWARD
ADJUSTMENTS TO
FORECAST**

- Major development projects, announced or in process, are not included in revenue estimates until revenue stream to the city materializes. The potential for increased economic development to increase the city’s tax base and generate additional revenues for the city.
- Ongoing improvements to collection efforts in FY 2018 results in additional tax revenues not currently reflected in the estimates.
- State of Michigan processing of the City’s income tax and subsequent withholding collections results in increased compliance and generate additional revenues for the city. E-pay payment option should improve collection activity.
- Passage of State legislation requiring non-Detroit businesses to withhold income taxes of employees residing in Detroit should significantly increase income tax collections.
- Revenue initiatives in the Four-Year Financial Plan, but not included in the estimates/projections may result in additional revenues if timely and successfully implemented.
- Sales tax on internet purchases may increase state local share distributions to city/villages/townships.

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The following economic forecast was provided by Robert Kleine, Interim Director, of Michigan State University-Extension Center for Local Government Finance and Policy.

U.S. Economy

The national economy continued to grow at a moderate pace in 2016, but slightly faster than the growth rate of recent years. Real GDP increased at a rate of 2.3% compared with 1.5% in 2016, and 2.15% over the last 4 years. The relatively slow rates of growth are due mainly to weak government spending, slow growth in exports due to the strength of the dollar (until recent months), increasing income inequality, and in 2017, the maturity of the economic recovery which has reached 102 months, the third longest in history.

A comparison of growth rates by sector for the last 4 years and the last year shows an improvement in the recent period in business investment and exports and weakening in residential investment and a modest weakening in consumption. In the last two quarters, consumption and exports have shown improved growth.

Employment growth slowed in 2017, as job gains averaged 171,000 a month compared with 206,000 for the previous two years.

Light motor vehicle sales maintained a strong pace in 2017, reaching 17.2 million units, but down from a record 17.5 million units in 2016.

The forecast is for real GDP to continue to grow at about a 2.5% rate in 2018 and weaken over the next two years; 2019 (2.1%) and 2020 (1.9%).

Wage and salary growth will continue to slow in the next three years, increasing 1.5% in 2018 and, 0.9% in 2019 and 2020, compared to 1.4% in 2017.

Motor vehicle sales will remain at a high level but fall below the 2015 and 2016 records. The consensus forecast for 2018 is 16.9 million units. The forecast is 16.8 million units for 2019 and 16.7 million units for 2020.

The risks to the forecast beyond 2017 are substantial. Some of the major risks are potential conflicts on trade causing job losses, enacted major tax cuts that will likely balloon the deficit, sharp cuts in government spending that could slow economic growth, over tightening by the Fed, the failure to raise the debt ceiling, and policy mistakes by inexperienced members of the new administration.

The forecasts are largely those agreed to in the State's revenue estimating conference that convened in January.

Michigan Economy

Michigan's economic performance is largely dependent on the national economy, particularly on motor vehicle sales.

Michigan added 57,000 wage and salary jobs in 2017 (December to December). This compares with an average gain of 77,000 from 2011 to 2016, and a gain of 92,000 in 2016.

Using another measure, the monthly average for 2016 and 2017, the increase was 66,000, down from 85,000 in 2016.

After very slow growth in the first half of 2017, wage and salary employment rose 40,000 in the last half of the year. However, growth has slowed in every major sector in the past year compared with the previous year, with the overall growth down from 2.4% to 1%. For example, motor vehicle employment rose 4.5% in 2016 but fell 1.6% in 2017.

Michigan has added 564,000 jobs since hitting bottom in March, 2010, and has more than regained all the jobs lost during the Great Recession. However, wage and salary employment is still 265,000 below the 2000 peak.

The slowing of the national economy, beginning in 2019, and the modest decline in auto sales will slow Michigan employment growth in 2018, 2019, and 2020 to about half the 2016 increase; an increase of 40,000 jobs in 2018 and 2019 and, 49,000 in 2020. These estimates are based on the monthly average rather than the December-to-December change.

The consensus forecast is for the unemployment rate to average 4.3% in 2018, down slightly from 4.5% in 2017, 4.3% in 2019 and 4.2% in 2020. These estimates appear to be somewhat optimistic. The December unemployment rate was 4.7%, up from 3.7% in July. This is concerning as the unemployment rate has never increased this much without a recession following. There are no clear signs of a recession, but given the length of the current economic expansion, a recession in the next 2 to 3 years would not be a surprise. Estimates for 2019 and 2020 should be cautious.

Michigan's low unemployment rate is misleading. Since employment bottomed in late 2009, the Michigan labor force has increased only 0.6%, with all the growth in the last two years, while the U.S. labor force has increased 4.4%. If Michigan's labor force had increased as fast as the national labor force the Michigan unemployment rate would be 8.2%.

Michigan personal income increased an estimated 3.0% in 2017 down from 4.6% in 2016. The forecast is for a 4.3% increase in 2018, a 4.4% increase in 2019, and a 4.5% increase in 2020. The average annual gain since 2010 is 4%. I believe the estimates for 2019 and 2020 are optimistic. There has been only one year since 2000 when personal income has increased faster than 4.6%. A more reasonable estimate would be in the range of 3.5% to 4%. The estimates are produced by the University of Michigan’s (RSQE) economic model; their explanation for relatively fast growth is larger than normal increases in transfer and property income due to Federal tax changes and higher inflation.

There has been little inflation in the last three years, due in part to the decline in oil prices. The Detroit CPI increased 1% in 2014, fell 1.4% in 2015, and increased 1.6% in 2016 and 1.8% in 2017. The forecast is for a 1.6% increase in 2018, a 1.9% increase in 2019, and a 2.2% increase in 2020. The increase in inflation is due, in large part, to the forecast of stable to rising oil prices, and some upward pressure on wages from the tightening labor market.

For both the U.S. and Michigan, forecasts for 2019 and 2020 should be cautious as I believe there is a good chance of a significant slowdown in economic growth in 2019 or even a recession. The current economic expansion will become the longest in history in July, 2019 if it continues. This fact combined with the other risks discussed above raises concerns about how long this expansion can continue.

Exhibit 1 summarizing the U.S. and Michigan Forecast.

EXHIBIT 1			
SUMMARY OF U.S. AND MICHIGAN FORECAST, 2017 AND 2018			
	2018	2019	2020
U.S.			
Real GDP	2.5%	2.1%	1.9%
Wage & Salary Employ. Growth	1.5%	1.2%	0.9%
Unemployment Rate	4.2%	4.0%	4.1%
Motor Vehicle Sales (millions)	16.9	16.8	16.7
CPI	2.5%	1.9%	2.2%
Michigan			
Personal Income	4.3%	4.4%	4.5%
Wage & Salary Employ. Growth	0.9%	0.9%	1.1%
Unemployment Rate	4.3%	4.3%	4.2%
Detroit CPI	1.6%	1.9%	2.2%

Detroit Economy and Revenues

There is little current economic data available for the city of Detroit but the same trends that affect the national and Michigan economies will affect Detroit, although there will clearly be some differences.

Current employment data is available for the Detroit-Dearborn-Livonia Metro area, which covers Wayne County. Wayne County has grown much slower than the state since 2010, and has been growing at a rate of about 2% in recent quarters, slightly faster than the state.

Detroit's major revenue sources are the income tax, property taxes, casino taxes, and state revenue sharing.

Income Tax

The income tax accounts for about 25% of Detroit's General Fund (GF) revenue.

The average annual growth rate from 2012 to 2016 was 2.9%. The increase for FY 2017 was 8.1%. The large increase was mainly due to state assistance in the collection of the tax.

Estimating revenues for FY 2018, FY 2019, and FY 2020 is difficult for two reasons. First, the state has taken over the processing of income tax returns which is resulting in increased collections, but it is too early to estimate the additional revenue, and second, the corporate income tax is very volatile and difficult to estimate. Based on the forecast for Michigan personal income and looking at 2018 estimates for other income tax cities, a reasonable estimate for the individual income tax is 3% for FY 2018 and 2.0% for FY 2019 and FY 2020, excluding any impact from state collection, or other unusual events. The estimates are \$283.3 million for FY 2018, \$289 million for FY 2019 and \$295 million for FY 2020.

State Revenue Sharing

Revenue sharing payments have increased the last four years, but are down about 25% since 2008. The estimates are \$198.9 million for FY 2018, \$200.7 million for 2019, and \$202.4 million for 2020. The 2018 number is the January estimate from the Senate Fiscal Agency. The 2019 and 2020 estimates assumes a 3% increase in the constitutional portion, which is tied to the growth in the sales tax, and no change in the statutory portion.

Property Taxes

Property taxes account for only 12% of GF revenues. The average for all cities is 43%.

The key determinant of growth in property taxes for most local governments is the change in the U.S. CPI, as taxable value is limited to the rate of inflation or 5%, whichever is less. The cap in 2017 was 0.9% and the projected cap for 2018 in 2.1%.

Detroit’s TV has declined 28.5% since 2012, and the decline in 2017 was 5.9%. It is likely that the worst of the declines is over, and that growth in future years will be limited by the cap.

The estimates are \$124 million for FY 2018, \$126 million for 2019, and \$128 million for 2020. These estimates do not take into account new tax abatements or other special factors.

Wagering Taxes

These taxes provide about 16% of GF revenue. The recent trend has been uneven. Up in 2012 (2.6%), down in 2013 and 2014 (7.5%), up in 2015 and 2016, and down in 2017. A baseline forecast might be the average of the last 5 years, which is about \$175 million. Special factors such as increased competition or upgraded facilities could affect the estimate.

Exhibit 2 summarizes the Detroit revenue forecast.

EXHIBIT 2			
DETROIT REVENUE PROJECTIONS			
<i>(in millions)</i>	2018	2019	2020
Property Tax	\$124.0	\$126.0	\$128.0
Income Tax	\$283.3	\$289.0	\$295.0
Revenue Sharing	\$198.9	\$200.7	\$202.4
Casino Tax	\$178.0	\$179.8	\$180.0

BUDGET RESERVE SCHEDULE

City of Detroit Budget Reserve Schedule				
	FY 2018-2019	FY 2019-2020	FY 2020-2021	FY 2021-2022
Beginning Balance	\$ 62,280,192	\$ 62,280,192	\$ 62,280,192	\$ 62,280,192
Transfer In/ (Out)	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 62,280,192	\$ 62,280,192	\$ 62,280,192	\$ 62,280,192
Minimum Balance (5% of appropriations)	\$ 53,552,011	\$ 54,267,657	\$ 55,015,430	\$ 55,676,076
PA 182 Sec 4t (1) (c) (vi)				
Include a general reserve fund for each fiscal year to cover potential reductions in projected revenues or expenditures equal to not less than 5% of projected expenditures for the fiscal year				

GENERAL FUND FIVE-YEAR CASH FLOW

City of Detroit		General Fund 5 Year Cash Flow Forecast - FY 2018 to FY 2022							
<i>\$ in millions</i>		Actual			Forecast				Forecast
		FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Forecast	
								5 Year	
Receipts									
Municipal Property Taxes	(1)	\$ 122.1	\$ 133.1	\$ 133.8	\$ 135.8	\$ 137.8	\$ 139.9	\$	680.4
Net Municipal Income Taxes		289.5	295.9	304.8	313.9	321.7	329.8		1,566.1
Utility Users Tax	(2)	38.3	40.0	40.0	40.0	40.0	40.0		200.0
Wagering Taxes		176.8	178.6	180.4	182.2	184.0	185.9		911.1
Municipal Service Fee to Casinos		17.4	18.4	18.6	18.8	19.0	19.2		94.0
State Revenue Sharing	(3)	229.4	199.5	200.7	201.7	202.7	203.7		1,008.3
Other		170.7	221.3	225.7	240.2	248.1	248.1		1,183.4
Financing / Escrow proceeds	(4)	26.8	25.0	16.8	-	-	-		41.8
Total Receipts		1,071.0	1,111.8	1,120.8	1,132.6	1,153.3	1,166.6		5,685.1
Disbursements									
Payroll, Taxes & Deductions		(396.1)	(458.2)	(465.6)	(467.8)	(466.5)	(465.5)		(2,323.6)
Benefits	(5)	(163.5)	(182.1)	(219.5)	(224.3)	(228.5)	(239.3)		(1,093.7)
A/P Vendors & Other		(383.3)	(340.3)	(355.8)	(352.5)	(365.2)	(368.4)		(1,782.2)
Sub-Total Operating Disbursements		(942.9)	(980.6)	(1,040.9)	(1,044.5)	(1,060.2)	(1,073.2)		(5,199.5)
Debt-related payments	(6)	(66.9)	(117.3)	(69.4)	(88.1)	(93.1)	(93.4)		(461.3)
Total Disbursements		(1,009.8)	(1,097.9)	(1,110.3)	(1,132.6)	(1,153.3)	(1,166.6)		(5,660.8)
Net Cash Flow		61.2	13.9	10.5	-	-	-		24.3
Beginning Cash Balance		372.1	(7)	186.3	262.5	335.2	397.5	459.8	186.3
Net Cash Flow		61.2	13.9	10.5	-	-	-	-	24.3
Ending Cash Balance		433.3	200.2	272.9	335.2	397.5	459.8	210.6	210.6
Budget Reserve Fund	(8)	0.0	62.3	62.3	62.3	62.3	62.3	62.3	62.3
Total Cash Balance		433.3	262.5	335.2	397.5	459.8	522.1		272.9
Memo:									
Exit proceeds in Escrow		69.3	44.3	27.5	27.5	27.5	27.5		27.5

Note: Cash flows and balances above contain activity of the Risk Management Fund, Street Fund, Solid Waste Fund, General Grants and Motor Vehicle Fund.

- (1) The amount reflects City of Detroit revenue net of distributions to other entities.
- (2) Includes PLA debt portion of Utility Users Tax.
- (3) FY17 includes FY16 payment of \$32m that was received in July 2017.
- (4) Represents use of unspent Quality of Life bond proceeds.
- (5) FY17 includes \$80m Retiree Protection Fund pension set aside and FY18 includes \$15m RPF set aside.
- (6) \$55m is designated for repurchasing a portion of the City's outstanding financial recovery bonds.
- (7) Beginning balance FY18 has been reduced to reflect the removal of Fund 7003 (Prop Tax Distributions) and State of MI Trust Fund balance.
- (8) The Budget Reserve Fund established in FY18 is in excess of 5% of the annual budget and in a segregated account.

FY 2019-FY 2022 EXPENDITURES AND REVENUES BY AGENCY TABLE

CITY OF DETROIT
FY2019 - FY2022 FINANCIAL PLAN
 Expenditures and Revenues by Agency (in millions)

	FY2018-19			FY2019-20			FY2020-21			FY2021-22		
	EXP	REV	NTC	EXP	REV	NTC	EXP	REV	NTC	EXP	REV	NTC
GENERAL CITY AGENCIES												
EXECUTIVE AGENCIES												
19 Public Works	136.8	137.7	(0.9)	138.9	139.8	(0.9)	148.2	149.1	(0.9)	152.3	153.2	(0.9)
23 Office of the Chief Financial Officer	56.2	6.6	49.6	56.2	6.8	49.4	56.0	6.9	49.1	56.0	7.1	48.9
24 Fire	128.8	23.8	105.0	126.9	24.9	102.0	125.7	25.4	100.4	125.7	25.9	99.9
25 Health Department	39.9	28.6	11.3	39.4	29.4	10.0	40.2	30.2	10.0	41.0	31.1	9.9
28 Human Resources	13.4	1.1	12.3	13.4	1.2	12.2	12.8	1.2	11.6	12.8	1.2	11.6
29 Civil Rights, Inclusion, & Opportunity	4.0	3.3	0.7	4.0	3.3	0.7	4.0	3.3	0.7	4.0	3.3	0.7
31 Dept of Innovation & Technology	42.6	-	42.6	29.6	-	29.6	28.4	-	28.4	27.5	-	27.5
32 Law	16.0	1.9	14.1	16.0	2.0	14.0	15.9	2.0	13.9	15.9	2.1	13.9
33 Mayor's Office	10.5	1.0	9.5	10.5	1.0	9.5	10.4	1.0	9.5	10.4	1.0	9.5
36 Housing and Revitalization	76.5	38.4	38.1	49.5	38.5	11.0	49.4	38.5	10.9	49.4	38.5	10.9
37 Police	321.7	67.1	254.6	318.2	67.7	250.5	317.0	68.3	248.7	316.8	68.9	247.9
38 Public Lighting	31.7	14.6	17.1	31.7	14.2	17.5	31.7	13.6	18.1	31.7	13.6	18.1
39 Recreation	-	-	-	-	-	-	-	-	-	-	-	-
43 Planning & Development	11.1	2.7	8.4	5.7	2.7	3.0	5.7	2.7	3.0	5.7	2.7	3.0
45 Department of Appeals & Hearings	1.1	1.6	(0.5)	1.1	1.6	(0.5)	1.1	1.6	(0.5)	1.1	1.6	(0.5)
47 General Services	137.9	21.5	116.4	93.6	20.6	73.0	90.9	20.8	70.2	89.2	21.0	68.2
LEGISLATIVE AGENCIES												
50 Auditor General	3.5	-	3.5	3.5	-	3.5	3.5	-	3.5	3.5	-	3.5
51 Board of Zoning Appeals	0.6	0.1	0.5	0.6	0.1	0.5	0.6	0.1	0.5	0.6	0.1	0.5
52 City Council	10.6	0.0	10.6	10.5	0.0	10.5	10.5	0.0	10.5	10.5	0.0	10.5
53 Ombudsperson	0.9	-	0.9	0.9	-	0.9	0.9	-	0.9	0.9	-	0.9
54 Inspector General	1.2	-	1.2	1.2	-	1.2	1.2	-	1.2	1.2	-	1.2
70 City Clerk	2.2	0.0	2.2	2.2	0.0	2.2	2.2	0.0	2.2	2.2	0.0	2.2
71 Elections	9.1	0.0	9.1	9.1	0.0	9.1	9.1	1.3	7.8	9.1	0.0	9.1
JUDICIAL AGENCY												
60 36th District Court	33.3	18.3	15.0	33.3	18.3	15.0	33.3	18.3	15.0	33.3	18.3	15.0
35 Non-Departmental	283.2	997.0	(713.8)	293.1	909.4	(616.3)	315.3	922.0	(606.7)	331.4	934.9	(603.6)
TOTAL GENERAL CITY AGENCIES	1,372.9	1,365.3	7.6	1,288.9	1,281.3	7.6	1,314.0	1,306.4	7.7	1,332.1	1,324.5	7.7
18 Debt Service	51.2	51.2	-	50.5	50.5	-	49.8	49.8	-	41.6	41.6	-
ENTERPRISE AGENCIES												
10 Airport	2.2	2.2	-	2.2	2.2	-	2.2	2.2	-	2.2	2.2	-
13 Buildings and Safety	29.9	30.4	(0.5)	29.9	30.4	(0.5)	29.9	30.5	(0.6)	29.9	30.5	(0.6)
20 Department of Transportation	135.1	135.1	-	136.1	136.1	-	137.2	137.2	-	138.3	138.3	-
34 Municipal Parking	14.6	21.7	(7.1)	14.6	21.7	(7.1)	14.6	21.7	(7.1)	14.6	21.7	(7.1)
48 Water - Retail	136.3	136.3	-	136.3	136.3	-	136.3	136.3	-	136.3	136.3	-
49 Sewerage - Retail	306.9	306.9	-	306.9	306.9	-	306.9	306.9	-	306.9	306.9	-
72 Library	31.8	31.8	-	32.4	32.4	-	33.0	33.0	-	33.7	33.7	-
TOTAL ENTERPRISE AGENCIES	656.9	664.5	(7.6)	658.5	666.1	(7.6)	660.2	667.9	(7.7)	662.0	669.6	(7.7)
GRAND TOTAL	2,081.0	2,081.0	-	1,998.0	1,998.0	-	2,024.0	2,024.0	-	2,035.7	2,035.7	-

APPROPRIATIONS AND REVENUES BY MAJOR CLASSIFICATIONS

EXPENDITURES AND REVENUES BY MAJOR CLASSIFICATIONS

CITY OF DETROIT
BUDGET DEVELOPMENT
ALL FUNDS

	FY2016-17 Actuals (Unaudited)	FY2017-18 Adopted	FY2018-19 Recommended	FY2019-20 Forecast	FY2020-21 Forecast	FY2021-22 Forecast
EXPENDITURES						
Salaries and Wages	481,468,476	553,447,034	586,324,242	584,894,574	584,009,900	583,479,424
Employee Benefits	302,498,207	243,266,064	249,444,058	254,459,038	259,481,593	264,505,435
Professional and Contractual Services	222,530,593	175,825,473	147,632,200	143,750,472	142,980,044	142,376,172
Operating Supplies	143,115,078	94,995,661	98,684,553	95,995,594	95,508,001	95,117,926
Operating Services	137,892,378	167,639,514	157,875,190	158,924,662	173,369,161	182,875,654
Equipment Acquisition	42,878,744	26,446,041	10,052,346	10,052,346	10,052,346	10,052,353
Capital Outlays	30,587,710	25,543,640	26,680,419	26,680,419	26,680,419	26,680,419
Fixed Charges	835,330,448	295,709,935	131,251,315	149,227,475	153,513,900	145,635,991
Other Expenses	557,534,428	296,326,844	573,021,676	573,974,184	578,391,091	584,952,725
Total Expenditures	2,753,836,062	1,879,200,206	1,980,965,999	1,997,958,764	2,023,986,455	2,035,676,099
EXPENDITURES - Surplus Funded						
Blight Reduction		30,000,000	50,000,000			
Capital Projects		20,000,000	50,000,000			
Total Surplus Funded Expenditures		50,000,000	100,000,000			
Grand Total Expenditures		1,929,200,206	2,080,965,999	1,997,958,764	2,023,986,455	2,035,676,099
REVENUES						
Grants, Shared Taxes, and Revenues	393,074,000	279,585,106	288,944,222	289,617,356	291,440,535	293,297,972
Revenues from Use of Assets	84,179,378	39,673,640	91,885,616	91,903,406	91,910,588	91,918,771
Sales of Assets and Compensation for Losses	3,253,738	5,553,309	2,502,000	2,531,887	2,566,762	2,642,175
Sales and Charges for Services	575,234,753	580,258,219	577,462,304	579,212,667	583,401,602	585,099,129
Fines, Forfeits, and Penalties	38,579,928	32,746,671	32,005,858	32,013,317	32,020,849	32,028,458
Licenses, Permits, and Inspection Charges	37,799,779	33,902,418	38,171,415	38,383,891	38,571,891	38,713,891
Taxes, Assessments, and Interest	742,475,740	791,123,116	824,395,319	839,101,145	859,457,550	867,337,436
Contributions and Transfers	265,305,703	92,435,406	86,971,763	86,953,550	86,953,550	86,953,550
Miscellaneous	660,716,400	23,922,321	38,627,502	38,241,545	37,663,128	37,684,717
Total Revenues	2,800,619,419	1,879,200,206	1,980,965,999	1,997,958,764	2,023,986,455	2,035,676,099
REVENUES - Prior Year Surplus						
Contributions and Transfers		50,000,000	100,000,000			
Total Prior Year Surplus		50,000,000	100,000,000			
Grand Total Revenues		1,929,200,206	2,080,965,999	1,997,958,764	2,023,986,455	2,035,676,099

APPROPRIATIONS AND REVENUES BY MAJOR CLASSIFICATIONS—GENERAL FUND

EXPENDITURES AND REVENUES BY MAJOR CLASSIFICATIONS

CITY OF DETROIT
 BUDGET DEVELOPMENT
 FUND 1000 - GENERAL FUND

	FY2016-17 Actuals (Unaudited)	FY2017-18 Adopted	FY2018-19 Recommended	FY2019-20 Forecast	FY2020-21 Forecast	FY2021-22 Forecast
EXPENDITURES						
Salaries and Wages	353,027,585	427,998,011	456,549,748	455,167,640	454,282,966	453,752,490
Employee Benefits	141,299,531	192,131,912	199,228,630	204,261,439	209,283,994	214,307,836
Professional and Contractual Services	70,426,776	75,756,089	76,307,214	74,242,214	72,273,964	70,440,614
Operating Supplies	51,231,475	39,055,291	45,799,081	43,110,122	42,622,529	42,232,454
Operating Services	67,441,974	85,461,991	91,387,417	92,324,326	106,762,521	116,262,521
Equipment Acquisition	8,175,241	19,417,198	2,147,704	2,147,704	2,147,704	2,147,711
Capital Outlays	2,534,203	372,000	175,000	175,000	175,000	175,000
Fixed Charges	432,723,673	61,260,791	69,417,551	88,101,396	93,135,875	93,407,764
Other Expenses	153,219,713	122,462,120	130,027,867	125,823,298	119,624,056	120,795,131
Total Expenditures	1,280,080,172	1,023,915,405	1,071,040,212	1,085,353,139	1,100,308,609	1,113,521,521
EXPENDITURES - Surplus Funded						
Blight Reduction		30,000,000				
Capital Projects		20,000,000				
Total Surplus Funded Expenditures		50,000,000				
Grand Total Expenditures		1,073,915,405	1,071,040,212	1,085,353,139	1,100,308,609	1,113,521,521
REVENUES						
Grants, Shared Taxes, and Revenues	279,250,529	196,964,658	202,238,405	203,249,748	204,259,718	205,280,130
Revenues from Use of Assets	17,096,650	3,299,000	4,326,390	4,344,000	4,351,000	4,359,000
Sales of Assets and Compensation for Losses	2,351,370	5,553,309	2,502,000	2,531,887	2,566,762	2,642,175
Sales and Charges for Services	100,877,180	121,051,728	121,426,098	123,527,244	126,231,869	126,381,956
Fines, Forfeits, and Penalties	26,701,430	25,290,100	24,401,000	24,401,000	24,401,000	24,401,000
Licenses, Permits, and Inspection Charges	11,359,765	10,143,432	12,698,784	12,911,260	13,099,260	13,241,260
Taxes, Assessments, and Interest	556,151,190	627,299,000	660,827,000	672,154,000	683,744,000	695,540,000
Contributions and Transfers	15,048,701	22,054,983	17,200,000	17,200,000	17,200,000	17,200,000
Miscellaneous	381,511,665	12,259,195	25,420,535	25,034,000	24,455,000	24,476,000
Total Revenues	1,390,348,480	1,023,915,405	1,071,040,212	1,085,353,139	1,100,308,609	1,113,521,521
REVENUES - Prior Year Surplus						
Contributions and Transfers		50,000,000				
Total Prior Year Surplus		50,000,000				
Grand Total Revenues		1,073,915,405	1,071,040,212	1,085,353,139	1,100,308,609	1,113,521,521

FY19 Blight and Capital Expenditures were removed from the General Fund and separate funds were established. See All Funds report on preceding page.

**CITY OF DETROIT
BUDGETED POSITIONS**

	FY 2017-18 Budget	FY 2018-19 Recommend	Budget vs Rec Variance	FY 2019-20 Forecast	FY 2020-21 Forecast	FY 2021-22 Forecast
GENERAL CITY AGENCIES						
EXECUTIVE AGENCIES						
19 Department of Public Works	419	438	19	438	438	438
23 Office of the Chief Financial Officer.....	482	479	(3)	466	460	460
24 Fire - Civilian	352	352	0	352	352	352
24 Fire - Uniform	922	922	0	922	922	922
Total 24 Fire.....	1,274	1,274	0	1,274	1,274	1,274
25 Dept. of Health and Wellness Promotion.....	76	119	43	119	119	119
28 Human Resources	108	106	(2)	106	106	106
29 Civil Rights, Inclusion and Opportunity.....	8	18	10	18	18	18
31 Dept. of Innovation & Technology	134	136	2	136	136	136
32 Law	118	120	2	120	120	120
33 Mayor's Office	70	79	9	78	78	78
36 Housing and Revitalization Department	81	85	4	85	85	85
37 Police - Civilian	629	682	53	682	682	682
37 Police - Uniform	2,552	2,640	88	2,640	2,640	2,640
Total 37 Police.....	3,181	3,322	141	3,322	3,322	3,322
38 Public Lighting	6	5	(1)	5	5	5
39 Recreation [positions have been moved to GSD (47)].....	326	0	(326)	0	0	0
43 Planning Department	41	41	0	41	41	41
45 Department of Administrative Hearings	7	7	0	7	7	7
47 General Services Department	454	876	422	876	876	876
LEGISLATIVE AGENCIES						
50 Auditor General	12	12	0	12	12	12
51 Board of Zoning Appeals	5	5	0	5	5	5
52 City Council	66	71	5	71	71	71
53 Ombudsperson	7	7	0	7	7	7
54 Inspector General	8	10	2	10	10	10
70 City Clerk	18	19	1	19	19	19
71 Department of Elections	71	108	37	108	108	108
JUDICIAL AGENCY						
60 36th District Court	331	326	(5)	326	326	326
OTHER AGENCIES						
35 Non - Departmental	68	92	24	92	92	92
Apprn. 13637 Elected Officials' Compensation	11	11	0	11	11	11
Total 35 Non - Departmental	79	103	24	103	103	103
TOTAL GENERAL CITY AGENCIES	7,382	7,766	384	7,752	7,746	7,746
ENTERPRISE AGENCIES						
10 Airport	4	4	0	4	4	4
13 Buildings, Safety Environmental & Engineering Dept	231	280	49	280	280	280
20 Department of Transportation	927	927	0	927	927	927
34 Municipal Parking	95	90	(5)	90	90	90
48 Water Retail	579	603	24	603	603	603
49 Sewerage Retail	0	15	15	15	15	15
72 Library	332	322	(10)	322	322	322
TOTAL ENTERPRISE AGENCIES	2,168	2,241	73	2,241	2,241	2,241
GRAND TOTAL	9,550	10,007	457	9,993	9,987	9,987

CITY OF DETROIT CAPITAL PLAN

INTRODUCTION

The City of Detroit launched a new capital planning process in 2016 to ensure effective management of our infrastructure over its life-cycle—from planning, to acquisition, to operation, and finally to disposition. The purpose of the capital plan is to help the City of Detroit to:

- Move beyond the short-term needs or emergencies dominating expenditures
- Assess current and project future adequacy of facilities
- Project changing service needs city-wide as population and economy changes
- Improve information used to make decisions
- Reward cost-saving collaborations and collocations of agency activities
- Best leverage private sector development in different parts of the city

FY19-FY22 EXPENDITURES

The City of Detroit is responsible for maintaining a large inventory of capital assets, including roads, parks, public safety facilities and municipal buildings, libraries, water and sewerage infrastructure, and a fleet of over 2,000 vehicles. Capital investments by the City enhance our neighborhoods, strengthen public safety, improve citizen mobility, and elevate the quality of life in our city.

The nearly \$245 million of capital investments outlined in this FY18-19 Capital Plan are aligned with both the FY18-22 Capital Agenda’s specific goals and with its broad strategy of rebuilding population density in Detroit by increasing support for the existing population while also attracting new residents and businesses into thriving neighborhoods.

In addition to the projects outlined in this plan, a large number of projects are beginning in the

second half of FY17-18 and will be completed during FY18-19. These projects are discussed here due to the timing of their completion.

All of the City’s capital investments have been organized into the following categories. A selection of projects has been chosen for a more in-depth discussion below.

OPEN SPACES & RECREATION

In the second half of FY17-18, the City is launching 13 park improvement projects with at least one in each Council district to bring new vibrancy and beauty their neighborhoods and provide multi-sport opportunities for youth and adults. These investments leverage remaining Neighborhood Development General Obligation (G.O.) bond proceeds to attract philanthropic support and state matching grants. The improvements are anticipated for completion in FY19. These parks have undergone modern planning processes, including the use of inclusive planning strategies in which community meetings are held to receive input from the citizens most directly impacted by a park’s renovation. The City’s parks planning philosophy of open and inclusive spaces that meet the diverse needs our citizens of all ages will continue to guide these park improvements.

Every City recreation center will receive a number of overdue improvements. These include new air conditioning and heating systems, plumbing and electrical modernization, improved lighting and safety systems, and public space improvements, including pool repairs at our recreation centers with pool facilities. The Fort Wayne Welcome Center will undergo roof repairs which will allow visitors to better experience Fort Wayne and its fascinating history.

Finally, \$1.3 million will be invested in FY19 into 5 comprehensive, strategic neighborhood planning

efforts. These plans will envision public space improvements to increase the quality of life in neighborhoods, including enhancements such as traffic calming measures, safer pedestrian crossings, greenways and plazas, and increased lighting.

PUBLIC SAFETY

Though many of the improvements to public safety facilities are beginning in the latter half of FY18 using remaining Public Safety G.O. bond proceeds, they will be completed throughout FY19. Three police precincts and 11 fire houses throughout the City will undergo \$6.5 million in capital improvements, including electrical systems, plumbing, roof repairs, HVAC systems, structural strengthening, and security improvements.

In addition to the public safety facilities improvements, replacement of the City's police and fire fleets will continue, with Phase II of the City's vehicle replacement plan rolling out over the course of FY19. A significant share of the \$15 million FY19 General Fund investment into the City fleet is allocated for the replacement of old and outdated police and fire vehicles and apparatus. It is anticipated that over 250 police and fire vehicles will be replaced in FY19. The increased reliability of these new units will improve public safety citywide.

Guided by the FY19-22 Capital Agenda's mission of modernizing the City's technological infrastructure, the FY19 Capital plan allocates just over \$2.5 million for new technology for the Police and Fire departments. These public safety informational technology improvements will include new computers, faster wireless connections to allow for the speedier download of dash camera, body camera, and Taser camera footage from officers to secured cloud storage, and better communications technology to allow

for more effective, uninterrupted public safety communication.

Finally, \$1 million from the remaining Public Safety G.O. bond proceeds is being invested into the City's Animal Care and Control facility to increase capacity and improve conditions for the animals which have come into the City's care.

TRANSPORTATION

Investment in roadways and transit is critical in a city as large as Detroit, particularly where improvements can bring a safer experience to drivers, transit users, cyclists, and pedestrians. To that end, in November 2017, the City Council approved the borrowing of \$124.5 million to fund major infrastructure improvements to revitalize the City's commercial business corridors, including road and sidewalk repair and replacement. Funding for the improvements will come from increased revenues the city is receiving from its share of state gas taxes and vehicle registration fees that have not been included in its current road improvement plan. Through this funding, commercial strips across the city to be beautified to help reclaim estimated \$2.6B in Detroit retail spending lost to other communities. This investment is part of City's larger \$317M plan to improve 300 miles of road, replace; 300,000 damaged sidewalk flags over next five years.

In addition to these road bond proceeds, a total of \$42.3 million more will be invested in FY19 for the improvement of roads and bridges, transit infrastructure, and traffic control citywide. Some of these additional investments include \$10.8 million for resurfacing deteriorating roadways and repairing potholes, \$10 million to implement traffic control improvements, and \$3 million for new road maintenance vehicles and equipment, including paving machines and repair trucks.

Public transit is a critical component of our local economy, enabling thousands of people per day to commute to and from work. When additional transit funds from the Federal Transit Administration are received and amended in the budget, the City anticipates investing \$25.5 M in FY19 to continue an ongoing campaign of replacing older buses with modern, fuel efficient models. The City will also undertake critical repairs and improvements at the City's transit centers and information technology to reduce commuter wait times.

TECHNOLOGY

Consistent with the FY18-22 Capital Agenda's stated goal of modernizing the City government and its processes, \$12.4 million has been allocated in FY19 for the implementation of several significant upgrades to City systems. These critical investments include: an Enterprise Asset Management system, which will track all City assets, their conditions, and the amount of investment made into the asset; an Enterprise Document Management system, which will allow many of the City's currently paper-based functions to be executed digitally; and an Enterprise Records Management system, which will enable the City to retain records subject to public review in a more effective manner.

In addition to the large enterprise system implementations, the City will continue replacing computers citywide, as well as investing in network infrastructure enhancements like increased server capacity to accommodate the increasingly digital nature of government.

GOVERNMENT INFRASTRUCTURE

FY19 will see the City continue with Phase II of its vehicle replacement plan. The non-Public Safety share of the \$15 million General Fund investment described earlier will bring the City's general fleet closer to an overall state of good repair by first

replacing vehicles with known mechanical issues and those whose average age far exceeds the industry standard life expectancy for a government service vehicle. Upon replacement, vehicles are assigned a standard operational life cycle of approximately 5 years (depending on use) before being sold at auction, with the proceeds of these auctions being used to fund the purchase of new vehicles.

Consistent with the Capital Agenda's goal of modernizing government facilities, over \$8 million will be invested into five of the City's service yards. These service yards are hubs of City service provision, with fleet repair facilities, salt domes, and storage of heavy duty equipment like salt trucks, dump trucks, and construction equipment. Several of these facilities also serve as the headquarters for many of the City's service operations, such as City Engineering and the Grounds Maintenance, Board Up and Corridor Cleanup, and Street Maintenance Divisions. These investments will improve operational efficiency through modernization and continue the City's goal of bringing municipal facilities to a state of good repair.

The Detroit Water & Sewerage Department (DWSD) Capital Plan, included as part of the overall FY19 City Capital Plan, envisions \$152.5 million in capital investments into the City's water and sewerage infrastructure in FY19. The DWSD plan for the water infrastructure calls for the replacement of 20 miles of water main, particularly those that have experienced more than 5 breaks per 1,000 feet of pipe, ongoing customer meter replacements, and the continuation of the fire hydrant replacement program, which will help increase the City's Insurance Services Office (ISO) score for fire protection. Improvements to the sewerage infrastructure in FY19 include continued repairs to sewer lines and the continued implementation of green infrastructure projects to reduce the

amount of storm water entering the combined sewer system and thus reduce the number of untreated discharges into the area watershed. The DWSD Capital Plan for FY19 also envisions the use of \$4 million for the replacement of service vehicles, allowing for more effective and timely responses to unplanned situations such as water main breaks and sewer line blockages.

FINANCING THE FY19-22 CAPITAL PLAN

The City annually implements its Capital Plan by appropriating funds for capital projects through the budget development process. The Plan is currently financed with prior years’ surplus, state and federal funds, and private grants. The City’s approach to generating budget surpluses has been, and will continue to be, using conservative revenue estimates and controlled expenditure growth. The revenue estimating process is supported by semi-annual consensus forecasting meetings where outside experts continue to validate this conservative approach.

The City does not budget the annual surplus in the same year it is realized, but waits until it is recognized, via the annual audit, and treats it as unallocated fund balance to be allocated among the competing one-time spending needs. In FY18, the City set aside \$20 million in surplus to support capital projects and has allocated \$50 million in FY19.

During FY2016, the City conducted a comprehensive review of its general obligation (G.O.) bond accounts, evaluating and realigning approximately \$50 million of existing appropriations to priorities. As of FY18, the G.O. bond accounts had a remaining balance of \$29.6 million. These funds have now been completely allocated for capital projects that will begin in the second half of FY18 and be completed in the first half of FY19.

General Obligation Bond Spend Down	Unused Proceeds	FY18 Project Spend	FY19 Project Spend	Final Balance
Neighborhood/Economic Development & Housing Rehabilitation	13,617,839	10,517,839	3,100,000	-
Public Safety Facilities Improvements	8,819,124	8,082,614	736,510	-
Public Lighting System Improvements	3,506,472	3,506,472	-	-
Charles H. Wright Museum	174,303	174,303	-	-
Detroit Historical Museum	480,088	480,088	-	-
Municipal Facilities	204,460	204,460	-	-
Transportation Facilities	2,808,151	2,808,151	-	-
TOTAL	29,610,436	25,773,926	3,836,510	-

Debt Financing

Long-term debt related to capital investment has two main purposes:

- (1) It finances acquisition, construction, repair, and renovation of City-owned buildings and equipment that are necessary to provide public services; and
- (2) It finances infrastructure improvements to ensure the City’s continued growth

The Treasury Department manages borrowing according to the City’s debt management policies. These policies address issues such as debt affordability and limitations on the level of variable rate debt the City will use.

The City currently has \$1.8 billion in outstanding bonded debt; excluding DWSD debt obligations. Debt service is currently about 6.4% of the general fund budget, annually. Detroit has access to the credit markets through the Michigan Financing Authority. On November 16, 2017 the Michigan Finance Authority issued \$124.5 million in revenue bonds on behalf of the city for Major and Local Street Improvements. The FY18 budget was amended to reflect the appropriation of the full amount. DWSD also has access to credit marked through the Great Lakes Water Authority, which issues bonds to cover the DWSD capital program. These bonds are repaid with revenues from rate payers.

External Sources

As is the case with other cities, Detroit receives revenue transfers, through grants and aid, from the Federal and State government. Often that money compensates for required investments,

improvements and regulations imposed or mandated by them. Detroit also receives a substantial amount funding each year via grant awards from private sector entities such as foundations and corporations.

Intergovernmental Grants & Aid

The City receives a number of categorical, matching and formula-driven grants; many are used for operating purposes, some are for capital projects. Federal aid can flow directly to the city of Detroit; some gets passed through various State of Michigan departments. Large capital grants coming to Detroit are for transportation, streets, roads and traffic signals, tree removal, private and public housing, safety and security equipment, and community development.

Philanthropy

The City continues to be successful in seeking grant awards from a variety of foundations and corporate sources. These grants have funded park improvements and other open space initiatives. Additionally, public-private partnerships have been utilized for neighborhood revitalization, economic development, housing, planning, transit, public safety, health, and workforce development initiatives. In FY19, the City anticipates leveraging its General Fund, prior year bond proceeds, and road bond funds to bring greater philanthropic investment into Detroit's neighborhoods.

CAPITAL PLANNING PROCESS

Capital assets, tangible or intangible, are long-lived, and acquired or constructed over many

years. They range across land and parks, buildings, vehicles, facilities, information technology, equipment, streets, sidewalks, bridges, parking garages, parks, buses, traffic control systems, public lighting, parking meters and garages, etc. The strategic framework integrates modernization and safety.

This capital strategy will require reinforcement as the future unfolds, and timing and details of execution will be fleshed out accordingly. The City of Detroit's five-year capital improvement plan, known as the Capital Agenda will be revised every other year and translated annually into a capital budget and financial plan for the next four fiscal years. The intention is a plan that is updated as conditions and aspirations change, informed by more robust tracking and management.

Eventually, this new tracking and strategic analysis will result in a 10 year scope. There will be more rigorous analysis of operational impacts, and there will also be a focus on public input and choices about the City's public capital priorities.¹ The City's Capital Plan will respond to changing needs.

As noted previously, the City will annually implement its Capital Plan by appropriating funds for capital projects through the budget development process. Each department will submit requests for capital funding along with their operating and maintenance budget requests during the budget development cycle. These requests will then be evaluated to determine their conformity to the stated goals of the Capital Agenda as well as their overall impact on the City's capital improvement needs.

¹ The City's five-year capital improvement plan, the Capital Agenda, was submitted to City Council for approval on

November 1, 2016. These paragraphs are excerpted from the City's Capital Agenda.

**CITY OF DETROIT
FY18 BUDGET AND FY19-22 FOUR-YEAR PLAN
CAPITAL IMPROVEMENTS**

APPROPRIATIONS:	FY2018 Adopted Budget	FY18-19 Recommended	FY19-20 Forecast	FY20-21 Forecast	FY21-22 Forecast	FOUR-YEAR PLAN TOTAL
GENERAL CITY						
DEPARTMENT OF INNOVATION & TECHNOLOGY						
Enterprise Asset Management System	\$ -	\$ 6,000,000	\$ 3,250,000	\$ 3,250,000	\$ -	\$ 12,500,000
Enterprise Document Management System	-	2,500,000	2,500,000	-	-	5,000,000
Enterprise Records Management System	-	2,500,000	-	-	-	2,500,000
Network Infrastructure Improvements	1,777,924	539,687	539,687	539,687	539,687	2,158,748
Technology Upgrades - Software	1,740,242	-	-	-	-	-
Acquisition - Public Safety Technology	2,150,000	-	-	-	-	-
Citywide PC Replacement	5,036,008	880,000	880,000	880,000	880,000	3,520,000
Total DOIT	\$ 10,704,174	\$ 12,419,687	\$ 7,169,687	\$ 4,669,687	\$ 1,419,687	\$ 25,678,748
EASTERN MARKET						
Infrastructure Improvements - CBDG	\$ 240,000	\$ -	\$ -	\$ -	\$ -	\$ -
FIRE						
Technology Improvement	\$ -	\$ 390,000	\$ -	\$ -	\$ -	\$ 390,000
FLEET MANAGEMENT						
Municipal Fleet Replacement - General Fund	\$ 9,295,826	\$ 15,000,000	\$ -	\$ -	\$ -	\$ 15,000,000
GENERAL SERVICES DEPARTMENT						
City Service Yards Improvements	\$ -	\$ 8,515,485	\$ -	\$ -	\$ -	\$ 4,715,485
Recreation Facilities Improvements	-	2,186,100	-	-	-	2,186,100
Election Facility Improvements	-	387,000	-	-	-	387,000
Belle Isle - DWSD Improvement	-	500,000	-	-	-	500,000
Median Renovations - Street Fund	593,000	-	-	-	-	-
Total GSD	\$ 593,000	\$ 11,588,585	\$ -	\$ -	\$ -	\$ 7,788,585
PLANNING & DEVELOPMENT						
Neighborhood Studies & Acquisitions	\$ 1,150,000	\$ 5,345,000	\$ -	\$ -	\$ -	\$ 1,345,000
Total Planning & Development	\$ 1,150,000	\$ 5,345,000	\$ -	\$ -	\$ -	\$ 1,345,000
POLICE						
Acquisition- Information Technology	\$ 2,111,531	\$ -	\$ -	\$ -	\$ -	\$ -
PC Replacement	-	2,196,625	-	-	-	2,196,625
Total Police	2,111,531	2,196,625	-	-	-	2,196,625
DEPARTMENT OF PUBLIC WORKS - STREET FUND						
Equipment	\$ 1,516,000	\$ 3,002,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 7,502,000
Highway Bridges	2,530,700	1,977,000	2,025,750	-	-	4,002,750
Roads and Bridges, Operation	500,000	500,000	500,000	500,000	500,000	2,000,000
Street Resurfacing	9,635,474	10,878,709	16,676,970	12,924,444	18,606,909	59,087,032
Traffic Control Improvements	3,307,000	2,586,000	2,050,000	2,050,000	2,050,000	8,736,000
Traffic Control Improvements - State	1,120,000	1,683,000	1,000,000	4,000,000	1,000,000	7,683,000
Traffic Control Roadways (Fed Aid)	4,550,000	5,773,000	3,350,000	3,350,000	3,350,000	15,823,000
Debt Service	-	1,205,755	3,160,973	13,785,557	13,731,376	31,883,661
Total DPW	\$ 23,159,174	\$ 27,605,464	\$ 30,263,693	\$ 38,110,001	\$ 40,738,285	\$136,717,443

**CITY OF DETROIT
FY18 BUDGET AND FY19-22 FOUR-YEAR PLAN
CAPITAL IMPROVEMENTS**

APPROPRIATIONS:	FY2018 Adopted Budget	FY18-19 Recommended	FY19-20 Forecast	FY20-21 Forecast	FY21-22 Forecast	FOUR-YEAR PLAN TOTAL
ENTERPRISE AGENCIES						
AIRPORT						
Aviation FAA - Engineering Study	\$ 80,000		\$ -	\$ -	\$ -	\$ -
BUILDINGS, SAFETY ENGINEERING & ENVIRONMENTAL						
Buildout for Development Resource Center - One Stop Shop	\$ 633,266		\$ -	\$ -	\$ -	\$ -
DETROIT DEPARTMENT OF TRANSPORTATION						
Fixed-Route Vehicle Replacement/Expansion	\$ -	\$ 3,018,565	\$ 3,018,565	\$ 1,164,732	\$ 1,448,998	\$ 8,650,860
Non-Revenue Vehicle Replacement/Expansion	-	161,534	165,572	169,711	173,954	670,771
Mid-life Vehicle Acquisition/Overhaul	-	5,169,075	5,298,302	7,014,731	6,726,222	24,208,330
Facility Improvements	-	5,169,075	5,169,075	5,169,075	5,169,075	20,676,300
Information Technology	-	250,000	250,000	250,000	250,000	1,000,000
Operations Equipment	-	1,000,000	1,000,000	-	-	2,000,000
Total DDOT ¹	\$ -	\$ 14,768,249	\$ 14,901,514	\$ 13,768,249	\$ 13,768,249	\$ 57,206,261
DETROIT WATER & SEWERAGE DEPARTMENT- RETAIL						
WATER						
Water Field Services	\$ 67,200,000	\$ 74,086,000	\$ 58,970,000	\$ 41,000,000	\$ 37,500,000	\$211,556,000
Metering	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	16,000,000
General Purpose	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	8,000,000
Water Central Services: Fleet	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	8,000,000
Water Central Services: Facilities	2,500,000	2,500,000	2,500,000	2,000,000	2,000,000	9,000,000
Water Central Services: Information Technology	875,000	793,000	1,993,000	120,000	1,000,000	3,906,000
Total DWSD - Water	\$ 78,575,000	\$ 85,379,000	\$ 71,463,000	\$ 51,120,000	\$ 48,500,000	\$256,462,000
SEWER						
Sewer Field Services	\$ 42,500,000	\$ 47,500,000	\$ 57,500,000	\$ 37,500,000	\$ 37,500,000	\$180,000,000
Green Infrastructure	12,225,000	14,350,000	6,000,000	10,000,000	10,000,000	40,350,000
Pump Stations						
Sewer Centralized Services: Fleet	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	8,000,000
Sewer Centralized Services: Facilities	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	10,000,000
Sewer Centralized Services: Information Technology	875,000	793,000	1,993,000	120,000	1,000,000	3,906,000
Total DWSD - Sewer	\$ 60,100,000	\$ 67,143,000	\$ 69,993,000	\$ 52,120,000	\$ 53,000,000	\$242,256,000
NON DEPARTMENTAL						
DETROIT-WAYNE JOINT BUILDING AUTHORITY						
City of Detroit Capital Share	\$ -	\$ 3,060,103	-	-	-	\$ 3,060,103
APPROPRIATION TOTALS	\$186,641,971	\$ 244,895,713	\$193,790,894	\$159,787,937	\$157,426,221	\$748,100,765
REVENUES:						
Revenues from Operations	\$138,675,000	\$ 152,522,000	\$141,456,000	\$103,240,000	\$101,500,000	\$498,718,000
Federal and State Grant Funds	4,214,797	14,768,249	14,901,514	13,768,249	13,768,249	57,206,261
General Fund Prior Years' Surplus - Capital	20,000,000	50,000,000	7,169,687	4,669,687	1,419,687	55,459,061
Street Fund Reimbursement - Gas & Weight Taxes	23,752,174	27,605,464	30,263,693	38,110,001	40,738,285	136,717,443
REVENUE TOTALS	\$186,641,971	\$ 244,895,713	\$193,790,894	\$159,787,937	\$157,426,221	\$748,100,765

¹ DDOT grants are awarded after the City's budget development period. Capital projects for the current and proposed fiscal year are submitted as a budget

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