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TO: John Prymack, Interim Director
Public Lighting Department

FROM: David Whitaker, Director,
Legislative Policy Division

DATE: March 14, 2019

RE: 2019-2020 Budget Analysis

Attached is our budget analysis regarding your departments' budgets for the upcoming 2019-2020 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Friday, March 22, 2019 at 10:00 a.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions.

Thank you for your cooperation in this matter.

Attachments

Issues and Questions
Proposed Budget

cc: Councilmembers
Auditor General's Office
David Massaron, Chief Financial Officer
Tanya Stoudemire, Budget Director
Angela Taylor, Agency-CFO
Stephanie Washington, Mayor's Office

Public Lighting Department (38)

FY 2019-2020 Budget Analysis by the Legislative Policy Division

Issues and Questions

1. What is the status of decommissioning and potential sale of the department's assets? In the Plan of Adjustment, the PLD revenues for 2017 through 2023 total almost \$100 M. The actual Mayor's recommended revenue is \$300,000. What have been the actual collections year to date?
2. What is the status of completely transitioning public lighting service to DTE? Has DTE provided a time table?
3. Please explain the current staffing at PLD. How many full time positions and how many contractors? Are there any unfilled positions?
4. How is the Miscellaneous Revenue of \$1.5 million anticipated to be generated?
5. The \$10.5 M appropriation entitled "Transfer to Other Funds" is a general fund transfer to the PLA for maintenance costs. How much was transferred in the last two fiscal years? Why is the budget staying the same as the current year?
6. The \$12.5 million from Utility User Tax pledged for the PLA debt service is no longer shown in PLD. Please indicate where the revenue is shown and where the payment to PLA is budgeted. Why was it changed?

PUBLIC LIGHTING (38)

AGENCY PLAN: MISSION, GOALS AND ACTIVITY SUMMARY

MISSION:

The mission of the Public Lighting Department (PLD) is to support the Public Lighting Authority (PLA) as it maintains the upgraded street light system. PLD works with TMC Alliance and DTE Energy to assure the safety of the general public and to provide reliable power to customers through the City's distribution system as the City assists with converting customers to DTE's system.

DESCRIPTION:

On February 5, 2013, the City created the PLA, a separate municipal corporation pursuant to Michigan Public Act 392 of 2012 (as amended) – The Municipal Lighting Authority Act, MCL 123.1261 and PLA Order, to manage and maintain the city's public lighting system. Pursuant to PA 392, the PLA utilizes \$12.5M in utility user tax proceeds to satisfy the debt service obligation of bonds issued to modernize the street light system. Through an inter-local agreement, the City provides additional funds to the PLA to finance the operations and maintenance of the street lighting system after the capital project is complete.

On July 1, 2014, the City entered into an agreement with DTE Energy to transition electric customers to DTE Energy. The agreement stipulates that the City will allow customers to become DTE customers. The conversion will be accomplished over a 5-7 year period. During this time, the City, through its contractor, will operate and maintain an electric grid with DTE reimbursing the City and its contractor for all expenses related to the delivery of electric power.

This agreement excludes decommissioning, abatement and salvage operations. PLD currently coordinates these activities in line with the transition of customers.

AGENCY GOALS:

1. Maintain electricity distribution grid during the transition to DTE Energy, as the City of Detroit phases out of the electric service business.
2. Maintain legacy electric conduit grid and make available to City of Detroit Information Technology Department for fiber optic communication cables and lease excess capacity to private fiber optic companies.

Department Name: Public Lighting Department (PLD)
 Department #: 38

Budget Summary:

	FY 2018 Actual		FY 2019 Adopted Budget		FY 2020 Recommended Budget	
	General Fund	All Funds	General Fund	All Funds	General Fund	All Funds
Total Revenues	14,207,842	14,520,627	14,100,000	14,597,000	1,200,000	1,512,000
Total Expenditures	13,519,344	13,527,628	31,268,656	31,765,656	18,255,267	18,567,267
Net Tax Cost	(688,498)	(992,999)	17,168,656	17,168,656	17,055,267	17,055,267

	FY 2021 Forecast		FY 2022 Forecast		FY 2023 Forecast	
	General Fund	All Funds	General Fund	All Funds	General Fund	All Funds
Total Revenues	1,000,000	1,312,000	800,000	1,112,000	600,000	912,000
Total Expenditures	18,260,121	18,572,121	18,265,071	18,577,071	18,270,120	18,582,120
Net Tax Cost	17,260,121	17,260,121	17,465,071	17,465,071	17,670,120	17,670,120

Positions (by FTE):	1/1/2019 Actual	FY 2019 Adopted	FY 2020 Recommended	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast
	General Fund	3	5	4	4	4
Non-General Fund	-	-	-	-	-	-
Total Positions	3	5	4	4	4	4

**CITY OF DETROIT
BUDGET DEVELOPMENT
EXPENDITURES BY SUMMARY CATEGORY - ALL FUNDS**

Department # - Department Name Summary Category	FY2019 Adopted	FY2020 Recommended	FY2021 Forecast	FY2022 Forecast	FY2023 Forecast
38 - Public Lighting Department (PLD)	31,765,656	18,567,267	18,572,121	18,577,071	18,582,120
Salaries & Wages	286,657	218,468	222,838	227,295	231,841
Employee Benefits	107,467	76,944	77,428	77,921	78,424
Professional & Contractual Services	2,827,500	2,827,500	2,827,500	2,827,500	2,827,500
Operating Supplies	247,249	115,950	115,950	115,950	115,950
Operating Services	4,699,783	4,516,405	4,516,405	4,516,405	4,516,405
Capital Outlays	-	-	-	-	-
Other Expenses	23,597,000	10,812,000	10,812,000	10,812,000	10,812,000
Grand Total	31,765,656	18,567,267	18,572,121	18,577,071	18,582,120

**CITY OF DETROIT
BUDGET DEVELOPMENT
REVENUES BY SUMMARY CATEGORY - ALL FUNDS**

Department # - Department Name Summary Category	FY2019 Adopted	FY2020 Recommended	FY2021 Forecast	FY2022 Forecast	FY2023 Forecast
38 - Public Lighting Department (PLD)	14,597,000	1,512,000	1,312,000	1,112,000	912,000
Sales & Charges for Services	-	-	-	-	-
Taxes, Assessments, & Interest	12,500,000	-	-	-	-
Miscellaneous	2,097,000	1,512,000	1,312,000	1,112,000	912,000
Grand Total	14,597,000	1,512,000	1,312,000	1,112,000	912,000

**CITY OF DETROIT
BUDGET DEVELOPMENT
EXPENDITURES BY SUMMARY CATEGORY - FUND DETAIL**

Department # - Department Name Fund # - Fund Name Summary Category	FY2019 Adopted	FY2020 Recommended	FY2021 Forecast	FY2022 Forecast	FY2023 Forecast
38 - Public Lighting Department (PLD)	31,765,656	18,567,267	18,572,121	18,577,071	18,582,120
1000 - General Fund	31,268,656	18,255,267	18,260,121	18,265,071	18,270,120
Salaries & Wages	286,657	218,468	222,838	227,295	231,841
Employee Benefits	107,467	76,944	77,428	77,921	78,424
Professional & Contractual Services	2,827,500	2,827,500	2,827,500	2,827,500	2,827,500
Operating Supplies	247,249	115,950	115,950	115,950	115,950
Operating Services	4,699,783	4,516,405	4,516,405	4,516,405	4,516,405
Other Expenses	23,100,000	10,500,000	10,500,000	10,500,000	10,500,000
1011 - PLD Decommissioning Reserve Fund	497,000	312,000	312,000	312,000	312,000
Other Expenses	497,000	312,000	312,000	312,000	312,000
Grand Total	31,765,656	18,567,267	18,572,121	18,577,071	18,582,120

**CITY OF DETROIT
BUDGET DEVELOPMENT
REVENUES BY SUMMARY CATEGORY - FUND DETAIL**

Department # - Department Name Fund # - Fund Name Summary Category	FY2019 Adopted	FY2020 Recommended	FY2021 Forecast	FY2022 Forecast	FY2023 Forecast
38 - Public Lighting Department (PLD)	14,597,000	1,512,000	1,312,000	1,112,000	912,000
1000 - General Fund	14,100,000	1,200,000	1,000,000	800,000	600,000
Taxes, Assessments, & Interest	12,500,000	-	-	-	-
Miscellaneous	1,600,000	1,200,000	1,000,000	800,000	600,000
1011 - PLD Decommissioning Reserve Fund	497,000	312,000	312,000	312,000	312,000
Miscellaneous	497,000	312,000	312,000	312,000	312,000
Grand Total	14,597,000	1,512,000	1,312,000	1,112,000	912,000

CITY OF DETROIT
 BUDGET DEVELOPMENT
 FINANCIAL DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER
 EXPENDITURES

Department # - Department Name Fund # - Fund Name Appropriation # - Appropriation Name Cost Center # - Cost Center Name	FY2019 Adopted	FY2020 Recommended	FY2021 Forecast	FY2022 Forecast	FY2023 Forecast
38 - Public Lighting Department (PLD)	31,765,656	18,567,267	18,572,121	18,577,071	18,582,120
1000 - General Fund	31,268,656	18,255,267	18,260,121	18,265,071	18,270,120
00123 - PLD Administration	276,117	18,255,267	18,260,121	18,265,071	18,270,120
380010 - General Administration	232,598	18,255,267	18,260,121	18,265,071	18,270,120
380030 - Inspection & Control	43,519	-	-	-	-
00127 - PLD Engineering	61,687	-	-	-	-
380090 - Engineering Administration	61,687	-	-	-	-
00128 - PLD Street Lighting	18,430,852	-	-	-	-
380150 - Supervision	246,299	-	-	-	-
380200 - Street Lighting Maintenance	18,184,553	-	-	-	-
20252 - PLA Revenue Bond Transfer	12,500,000	-	-	-	-
380385 - PLA-Lighting Improvements Transfer	12,500,000	-	-	-	-
1011 - PLD Decommissioning Reserve Fund	497,000	312,000	312,000	312,000	312,000
13947 - PLD Decommissioning Reserve Appropriation	497,000	312,000	312,000	312,000	312,000
381100 - PLD Decommissioning Reserve	497,000	312,000	312,000	312,000	312,000
Grand Total	31,765,656	18,567,267	18,572,121	18,577,071	18,582,120

**CITY OF DETROIT
BUDGET DEVELOPMENT
FINANCIAL DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER
REVENUES**

Department # - Department Name Fund # - Fund Name Appropriation # - Appropriation Name Cost Center # - Cost Center Name	FY2019 Adopted	FY2020 Recommended	FY2021 Forecast	FY2022 Forecast	FY2023 Forecast
38 - Public Lighting Department (PLD)	14,597,000	1,512,000	1,312,000	1,112,000	912,000
1000 - General Fund	14,100,000	1,200,000	1,000,000	800,000	600,000
00123 - PLD Administration	1,600,000	1,200,000	1,000,000	800,000	600,000
380010 - General Administration	1,600,000	1,200,000	1,000,000	800,000	600,000
20252 - PLA Revenue Bond Transfer	12,500,000	-	-	-	-
380395 - PLA-Act 392 Debt Service Transfer	12,500,000	-	-	-	-
1011 - PLD Decommissioning Reserve Fund	497,000	312,000	312,000	312,000	312,000
13947 - PLD Decommissioning Reserve Appropriation	497,000	312,000	312,000	312,000	312,000
381100 - PLD Decommissioning Reserve	497,000	312,000	312,000	312,000	312,000
Grand Total	14,597,000	1,512,000	1,312,000	1,112,000	912,000

**CITY OF DETROIT
FY2020 - 2023 Positions - Mayor**

38000-Public Lighting Department		FY 2018-19 FTE	FY 2019-20 FTE	FY 2020-21 FTE	FY 2021-22 FTE	FY 2022-23 FTE
Appropriation	Cost Center	Budget	Mayor	Forecast	Forecast	Forecast
Job Code and Title						
00123-PLD Administration						
380010-General Administration						
010187.Director of Public Lighting		1	1	1	1	1
012031.Senior Clerk		0	1	1	1	1
012273.Administrative Assistant IV		1	0	0	0	0
193034.Drafting Technician IV		0	1	1	1	1
739932.Street Lighting Maintenance Foreman		0	1	1	1	1
Total 380010-General Administration		2	4	4	4	4
380030-Inspection & Control						
012031.Senior Clerk		1	0	0	0	0
Total 380030-Inspection & Control		1	0	0	0	0
Total 00123-PLD Administration		3	4	4	4	4
00127-PLD Engineering						
380090-Engineering Administration						
193034.Drafting Technician IV		1	0	0	0	0
Total 380090-Engineering Administration		1	0	0	0	0
Total 00127-PLD Engineering		1	0	0	0	0
00128-PLD Street Lighting						
380200-Street Lighting Maintenance						
739941.Street Lighting Maintenance Supervisor		1	0	0	0	0
Total 380200-Street Lighting Maintenance		1	0	0	0	0
Total 00128-PLD Street Lighting		1	0	0	0	0
Agency Total		5	4	4	4	4