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TO: Kyle Burleson, Executive Director
Detroit/Wayne County Port Authority

FROM: David Whitaker, Director 
Legislative Policy Division

DATE: March 11, 2020

RE: **2020-2021 Budget Analysis**

Attached is our budget analysis regarding your agency's budget for the upcoming 2020-2021 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Friday, March 13, 2020 at 1:00 pm**. 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 as well.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

Attachments
Issues and Questions

cc: Councilmembers
Auditor General's Office
David Massaron, Chief Financial Officer
James George, Agency Chief Financial Officer
Tanya Stoudemire, Budget Department
Stephanie Washington, Mayor's Office
Renee Short, Budget Manager

Detroit Port Authority

FY 2020-2021 Budget Analysis by the Legislative Policy Division

Issues and Questions

- 1) Please indicate how the \$250,000 subsidy received from the City will affect the Detroit Port Authority's operation. Has the \$268,000 or 57% reduction in State of Michigan subsidy adversely affected the Detroit Port Authority's operation? If so, how?
- 2) On the Detroit Port Authority's website, an October 2019 press release discusses the Port Forward project. Please provide a brief synopsis of what the project will entail including a timeline for the project and funding sources.
- 3) How much of a subsidy will the Detroit Port Authority receive from Wayne County?
- 4) The fiscal year 2018 Statement of Activities indicates a decrease of \$293,854 in Net Position, which is an improvement the decrease of \$491,348 in fiscal year 2017, as reported in the Detroit Port Authority's FY 2018 annual financial statements. Please explain the reason for the decrease.
- 5) Please provide the Detroit Port Authority's 2019 and 2020 operating budgets.
- 6) Please provide the Detroit Port Authority's audited annual financial statements as of June 30, 2019.
- 7) Please provide the Detroit Port Authority's current level of budgeted positions, the number vacancies, and the difficulty in filling those vacancies. Please provide the level of budgeted positions for FY 2021.
- 8) With the start of cruises on the Great Lakes, has the Detroit Port Authority considered establishing a passenger terminal to take advantage of this possible revenue generating opportunity?
- 9) Please provide any additional revenue initiatives the Detroit Port Authority plan to implement in FY 2021.
- 10) Please provide any expenditure initiatives the Detroit Port Authority plan to implement in FY 2021.

NON-DEPARTMENTAL (35)

General Fund contributions to enterprise agencies, the Coleman A. Young International Airport and the Detroit Department of Transportation are recorded in the Non-Departmental agency. General Fund contributions to cultural agencies (listed below) are included in the Non-Departmental agency budget. Operating support from the General Fund is provided in Non-Departmental for the **Detroit Wayne Port Authority**, and the **Detroit Land Bank Authority**.

GENERAL FUND CONTRIBUTIONS	
Airport	\$ 1,675,458
DDOT	64,500,000
Charles W. Museum of African-American History	1,900,000
Detroit Historical Institute (does not include property insurance- \$100,000)	500,000
Detroit Zoological Institute	570,000
Eastern Market	225,000
Detroit Wayne Port Authority	250,000
Detroit Land Bank Authority	13,000,000

*

The Non-Departmental agency records the General Fund obligation to repay principal and interest on various Limited-Tax General Obligation debt including financial recovery bonds issued in connection with the city's 2014 exit from bankruptcy, refunding bonds issued in 2016 to lower interest costs over the life of the bonds, and the 2018 issuance of refunding bonds to purchase prior financial recovery bonds at a discount in order to reduce gross debt service in future years and achieve present value savings. The City's Limited-Tax General Obligation debt may, but is not required to, include a pledge of Distributable State Aid.

Other activities include capital initiatives which are recorded in Fund 4533 - City of Detroit - Capital Projects. Blight Remediation projects are shown in a separate department in FY 2021.

The City continues to increase its "Rainy Day" Fund in FY 2021 by assigning \$30 million in Prior Years' Surplus to the Budget Reserve account. Other uses of Prior Years' Surplus are \$5.3 million is budgeted in FY 2021 for the Affordable Housing Fund, which is included in the Housing & Revitalization Department.

Uses of Prior Year Surplus	
Blight Remediation	\$50,000,000
Budget Reserve	30,000,000
Reirece Protection Fund	20,000,000
Capital Projects	5,000,000
Total in Non-Departmental (see note above)	\$105,000,000

CITY OF DETROIT
 BUDGET DEVELOPMENT
 FINANCIAL DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER - EXPENDITURES
 DEPARTMENT 35 - NON-DEPARTMENTAL

Department # - Department Name Fund # - Fund Name Appropriation # - Appropriation Name Cost Center # - Cost Center Name	FY2020 Adopted	FY2021 Mayor	FY2022 Forecast	FY2023 Forecast	FY2024 Forecast
35 - Non-Departmental	353,885,105	339,218,485	293,197,711	298,969,808	390,483,786
1000 - General Fund	332,385,105	337,218,485	291,197,711	296,969,808	388,483,786
00199 - Non Dept Public Commemorations	2,925	2,925	2,925	2,925	2,925
350010 - Public Commemorations	2,925	2,925	2,925	2,925	2,925
00204 - Non Dept Organizations For Cities	606,235	596,353	596,253	596,253	596,253
350020 - Dues & Memberships	386,235	386,235	386,235	386,235	386,235
350030 - Other Operations Services	220,000	210,118	210,018	210,018	210,018
00277 - Non Dept Detroit Building Authority	1,749,532	1,268,899	1,268,899	1,268,899	1,268,899
350310 - Detroit Building Authority	1,749,532	1,268,899	1,268,899	1,268,899	1,268,899
00335 - Non Dept Parking Programs	97,500	97,500	97,500	97,500	97,500
350060 - Special Parking Programs	97,500	97,500	97,500	97,500	97,500
00341 - Non Dept Tax Support	63,500,000	64,500,000	64,500,000	64,500,000	64,500,000
350080 - DDOT Contribution for Operations	63,500,000	64,500,000	64,500,000	64,500,000	64,500,000
00347 - Non Dept Airport Support	1,605,737	1,675,458	1,675,458	1,675,458	1,675,458
350090 - Airport Contribution for Operations	1,605,737	1,675,458	1,675,458	1,675,458	1,675,458
* 00396 - Non Dept World Trade Program	250,000	250,000	250,000	250,000	250,000
350140 - Detroit Port Authority	250,000	250,000	250,000	250,000	250,000
00664 - Non Dept CAYMC Building Rent & Rehabilitation	279,217	430,564	430,564	430,564	430,564
350200 - CAYMC Building Rent & Rehabilitation	279,217	430,564	430,564	430,564	430,564
00844 - Charter Commission	576,000	576,000	192,000	-	-
351250 - Charter Revision Commission	576,000	576,000	192,000	-	-
00852 - Non Dept Claims Fund (Insurance Premium)	24,100,000	12,100,000	12,100,000	12,100,000	12,100,000
350220 - Claims Fund (Insurance Premiums)	24,100,000	12,100,000	12,100,000	12,100,000	12,100,000