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TO: John Prymack, Interim Director
Public Lighting Department

FROM: David Whitaker, Director
Legislative Policy Division 

DATE: March 9, 2020

RE: 2020-2021 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 **Thursday, March 12 at 2:00 p.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 2020-2021 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. According to the December 2019 Monthly Financial Report, there is \$23 million in carry forward use of assigned fund balance for PLD Decommission. Please explain how these funds will be used in much detail as possible.
3. Please provide a schedule of the substations both that the city still owns and what has been officially transferred over to DTE. Please indicate the timeline for each of them to be transferred.
4. What is the status of completely transitioning public lighting service to DTE? Has DTE provided a time table?
5. Recently there was a contract before Council "To Provide Electric Substation Decommissioning Services" for \$250,000. What portion of the system does this cover and how much more is anticipated to be spent in decommissioning and over how many years?
6. 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?
7. If in fact the PLA is not using the entire \$10.5 million for maintenance, why isn't a portion of the funds retained in PLD to handle more of the decommissioning work?
8. How is the Miscellaneous Revenue of \$1.5 million anticipated to be generated?
9. Why is the Administration moving \$10.5 million to the PLA when in fact the authority's unrestricted reserve is at \$30 million? If the \$30 million is in fact for restricted purposes, shouldn't these monies be reclassified as restricted reserve dollars?
10. Please explain the current staffing at PLD. How many full time positions and how many contractors? Are there any unfilled positions?

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
 Department #: 38

Budget Summary:

	FY 2019 Actual		FY 2020 Adopted Budget		FY 2021 Mayor Recommended	
	General Fund	All Funds	General Fund	All Funds	General Fund	All Funds
Total Revenues	14,520,655	14,869,415	1,200,000	1,512,000	1,600,000	1,912,000
Total Expenditures	16,089,596	16,089,596	18,255,267	18,567,267	17,279,066	17,591,066
Net Tax Cost	1,568,942	1,220,181	17,055,267	17,055,267	15,679,066	15,679,066

	FY 2022 Forecast		FY 2023 Forecast		FY 2024 Forecast	
	General Fund	All Funds	General Fund	All Funds	General Fund	All Funds
Total Revenues	1,400,000	1,712,000	1,200,000	1,512,000	1,000,000	1,312,000
Total Expenditures	17,285,041	17,597,041	17,291,136	17,603,136	17,297,352	17,609,352
Net Tax Cost	15,885,041	15,885,041	16,091,136	16,091,136	16,297,352	16,297,352

Positions (by FTE):	1/1/2020 Actual	FY 2020 Adopted	FY 2021 Mayor Recommended	FY 2022 Forecast	FY 2023 Forecast	FY 2024 Forecast
	General Fund	3	4	4	4	4
Non-General Fund	-	-	-	-	-	-
Total Positions	3	4	4	4	4	4

CITY OF DETROIT
 BUDGET DEVELOPMENT
 EXPENDITURES BY SUMMARY CATEGORY - ALL FUNDS
 DEPARTMENT 38 - PUBLIC LIGHTING DEPARTMENT

Department # - Department Name Summary Category	FY2020 Adopted	FY2021 Mayor	FY2022 Forecast	FY2023 Forecast	FY2024 Forecast
38 - Public Lighting Department	18,567,267	17,591,066	17,597,041	17,603,136	17,609,352
Salaries & Wages	218,468	269,718	275,112	280,614	286,226
Employee Benefits	76,944	91,136	91,717	92,310	92,914
Professional & Contractual Services	2,827,500	2,000,000	2,000,000	2,000,000	2,000,000
Operating Supplies	115,950	427,950	427,950	427,950	427,950
Operating Services	4,516,405	4,398,999	4,398,999	4,398,999	4,398,999
Other Expenses	10,812,000	10,403,263	10,403,263	10,403,263	10,403,263
Grand Total	18,567,267	17,591,066	17,597,041	17,603,136	17,609,352

CITY OF DETROIT
 BUDGET DEVELOPMENT
 REVENUES BY SUMMARY CATEGORY - ALL FUNDS
 DEPARTMENT 38 - PUBLIC LIGHTING DEPARTMENT

Department # - Department Name Summary Category	FY2020 Adopted	FY2021 Mayor	FY2022 Forecast	FY2023 Forecast	FY2024 Forecast
38 - Public Lighting Department	1,512,000	1,912,000	1,712,000	1,512,000	1,312,000
Revenues from Use of Assets	-	533,000	467,000	400,000	333,000
Sales & Charges for Services	-	1,379,000	1,245,000	1,112,000	979,000
Miscellaneous	1,512,000	-	-	-	-
Grand Total	1,512,000	1,912,000	1,712,000	1,512,000	1,312,000

CITY OF DETROIT
 BUDGET DEVELOPMENT
 EXPENDITURES BY SUMMARY CATEGORY - FUND DETAIL
 DEPARTMENT 38 - PUBLIC LIGHTING DEPARTMENT

Department # - Department Name Fund # - Fund Name Summary Category	FY2020 Adopted	FY2021 Mayor	FY2022 Forecast	FY2023 Forecast	FY2024 Forecast
38 - Public Lighting Department	18,567,267	17,591,066	17,597,041	17,603,136	17,609,352
1000 - General Fund	18,255,267	17,279,066	17,285,041	17,291,136	17,297,352
Salaries & Wages	218,468	269,718	275,112	280,614	286,226
Employee Benefits	76,944	91,136	91,717	92,310	92,914
Professional & Contractual Services	2,827,500	2,000,000	2,000,000	2,000,000	2,000,000
Operating Supplies	115,950	115,950	115,950	115,950	115,950
Operating Services	4,516,405	4,398,999	4,398,999	4,398,999	4,398,999
Other Expenses	10,500,000	10,403,263	10,403,263	10,403,263	10,403,263
1011 - PLD Decommissioning Reserve Fund	312,000	312,000	312,000	312,000	312,000
Operating Supplies	-	312,000	312,000	312,000	312,000
Other Expenses	312,000	-	-	-	-
Grand Total	18,567,267	17,591,066	17,597,041	17,603,136	17,609,352

CITY OF DETROIT
 BUDGET DEVELOPMENT
 REVENUES BY SUMMARY CATEGORY - FUND DETAIL
 DEPARTMENT 38 - PUBLIC LIGHTING DEPARTMENT

Department # - Department Name Fund # - Fund Name Summary Category	FY2020 Adopted	FY2021 Mayor	FY2022 Forecast	FY2023 Forecast	FY2024 Forecast
38 - Public Lighting Department	1,512,000	1,912,000	1,712,000	1,512,000	1,312,000
1000 - General Fund	1,200,000	1,600,000	1,400,000	1,200,000	1,000,000
Revenues from Use of Assets	-	533,000	467,000	400,000	333,000
Sales & Charges for Services	-	1,067,000	933,000	800,000	667,000
Miscellaneous	1,200,000	-	-	-	-
1011 - PLD Decommissioning Reserve Fund	312,000	312,000	312,000	312,000	312,000
Sales & Charges for Services	-	312,000	312,000	312,000	312,000
Miscellaneous	312,000	-	-	-	-
Grand Total	1,512,000	1,912,000	1,712,000	1,512,000	1,312,000

CITY OF DETROIT
 BUDGET DEVELOPMENT
 FINANCIAL DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER - EXPENDITURES
 DEPARTMENT 38 - PUBLIC LIGHTING DEPARTMENT

Department # - Department Name Fund # - Fund Name Appropriation # - Appropriation Name Cost Center # - Cost Center Name	FY2020 Adopted	FY2021 Mayor	FY2022 Forecast	FY2023 Forecast	FY2024 Forecast
38 - Public Lighting Department	18,567,267	17,591,066	17,597,041	17,603,136	17,609,352
1000 - General Fund	18,255,267	17,279,066	17,285,041	17,291,136	17,297,352
00123 - Public Lighting Administration	18,255,267	17,279,066	17,285,041	17,291,136	17,297,352
380010 - PLD Administration	18,255,267	17,279,066	17,285,041	17,291,136	17,297,352
1011 - PLD Decommissioning Reserve Fund	312,000	312,000	312,000	312,000	312,000
13947 - PLD Decommissioning Reserve	312,000	312,000	312,000	312,000	312,000
381100 - PLD Decommissioning	312,000	312,000	312,000	312,000	312,000
Grand Total	18,567,267	17,591,066	17,597,041	17,603,136	17,609,352

CITY OF DETROIT
 BUDGET DEVELOPMENT
 FINANCIAL DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER - REVENUES
 DEPARTMENT 38 - PUBLIC LIGHTING DEPARTMENT

Department # - Department Name Fund # - Fund Name Appropriation # - Appropriation Name Cost Center # - Cost Center Name	FY2020 Adopted	FY2021 Mayor	FY2022 Forecast	FY2023 Forecast	FY2024 Forecast
38 - Public Lighting Department	1,512,000	1,912,000	1,712,000	1,512,000	1,312,000
1000 - General Fund	1,200,000	1,600,000	1,400,000	1,200,000	1,000,000
00123 - Public Lighting Administration	1,200,000	1,600,000	1,400,000	1,200,000	1,000,000
380010 - PLD Administration	1,200,000	1,600,000	1,400,000	1,200,000	1,000,000
1011 - PLD Decommissioning Reserve Fund	312,000	312,000	312,000	312,000	312,000
13947 - PLD Decommissioning Reserve	312,000	312,000	312,000	312,000	312,000
381100 - PLD Decommissioning	312,000	312,000	312,000	312,000	312,000
Grand Total	1,512,000	1,912,000	1,712,000	1,512,000	1,312,000

CITY OF DETROIT
 BUDGET DEVELOPMENT
 POSITION DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER
 DEPARTMENT 38 - PUBLIC LIGHTING DEPARTMENT

Department # - Department Name	Fund # - Fund Name	Appropriation # - Appropriation Name	Cost Center # - Cost Center Name	Job Code - Job Title	FY2020 Adopted by FTE	FY2021 Mayor by FTE	FY2022 Forecast by FTE	FY2023 Forecast by FTE	FY2024 Forecast by FTE
38 - Public Lighting Department	1000 - General Fund				4	4	4	4	4
	00123 - Public Lighting Administration				4	4	4	4	4
	380010 - PLD Administration				4	4	4	4	4
	010187 - Director of Public Lighting				1	1	1	1	1
	012031 - Senior Clerk				1	1	1	1	1
	193034 - Drafting Technician IV				1	1	1	1	1
	739932 - Street Lighting Maintenance Foreman				1	1	1	1	1
Grand Total					4	4	4	4	4