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TO: Dan Carmody, President
Eastern Market Corporation

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: March 10, 2021

RE: 2021-2022 Budget Analysis

Attached is our budget analysis regarding your agency's budget for the 2021-2022 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Friday, March 12, 2021 at 1:00 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 Council members and the City Clerk's Office.

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

Thank you for your cooperation in this matter.

DW:dh:ss

Attachments:
Issues and Questions

CC: Councilmembers
Auditor General's Office
Jay Rising, Acting Chief Financial Officer
Tanya Stoudemire, Chief Deputy CFO
Steve Watson, Budget Director
Avery Peoples, Mayor's Office
Renee Short, Budget Analyst
James George, Agency CFO

Eastern Market

FY 2021-2022 Budget Analysis by the Legislative Policy Division

The mission of the Eastern Market Corporation is to mobilize leadership and resources to achieve stakeholders vision for the Eastern Market District and make the Eastern Market the undisputed center for fresh and nutritious food in southeast Michigan.

Stakeholders Vision for the Eastern Market District: Leverage the attraction and legacy of the Eastern Market and build a dynamic, diverse, and unique urban district by:

- Strengthening the identity of the Eastern Market as a food-related district by enhancing the operations of the existing public market and by developing business opportunities for specialty food retailers, food wholesale operations, restaurants, food distributors, and food processors
- Take advantage of the great economic development opportunities available throughout the Eastern Market District while maintaining authenticity (aka 'funkiness') and then using that funkiness to attract more creative people to live, work, visit, and invest in the district.
- Creating a mixed-use neighborhood that improves the business climate and enlivens streets and public spaces by carefully blending in a variety of residential forms. New uses should support and respect the food identity and existing food related uses of the district.
- Improving travel to and within the district and cultivating a unique sense of place by improving major corridors within the district. Streetscaping, façade enhancements, signage, parking, lighting, and landscaping all must be enhanced for the Eastern Market district to fulfill its potential.

The Mayor is recommending a \$225,200 subsidy for the Eastern Market for FY 2022 in appropriation **26350 - Cultural Institutions Support**, in cost center **350097 - Eastern Market Corporation**, located in the Non Departmental budget (**Pg. B-291**). The Non-Departmental budget provides funds for activities, which are not the responsibility of any other single agency. Non-Departmental is also the depository agency for General Fund subsidy appropriations, enterprise activities and for a wide variety of General Fund revenues that cannot be credited to any specific department.

In the Four Year Financial Plan, for FY 2021-2022 (FY 2022), the Mayor has recommended no change in the Eastern Market subsidy of \$225,000.

The Eastern Market issued its “Eastern Market 2025 Strategy,¹” dated January 2016, with a shorter executive summary² as well and are both available online. In its report, the Eastern Market listed the following data in relation to the Market:

¹ Link to the full 114 page Eastern Market 2025 Strategy can be found here: <http://9b32aa63de0c5aa2a1c4-ac3abd6e34c389d1c003fbc359fc9e18.r96.cf1.rackcdn.com/Final-Report-Digital-Lo-Res.pdf>

² Link to the Eastern Market 2025 Strategy Executive Summary: <https://ca1a13c2c38f5e8e7468-ac3abd6e34c389d1c003fbc359fc9e18.ssl.cf1.rackcdn.com/Exec-Summary-160201.pdf>

- 2 MILLION SHOP AND BUY FOOD AT EASTERN MARKET EACH YEAR
- 22% OF MICHIGAN JOBS ARE FOOD/AG BASED
- \$360 MILLION OF WHOLESALE FOOD SOLD IN EASTERN MARKET
- \$418 MILLION OF MEAT SOLD IN EASTERN MARKET EACH YEAR
- 1,300 PERMANENTLY EMPLOYED IN EASTERN MARKET FOOD BUSINESSES
- \$631 MILLION IN MICHIGAN FOOD EXPORT TO CANADA
- 2:1 FOOD INDUSTRY WHOLESALE BUSINESSES NEED TO DOUBLE THE OPERATING FOOTPRINT IN EASTERN MARKET

The Goals of the Eastern Market 2025 Strategy include the following:

- **AUTHENTICITY**
KEEP IT A REAL, FOOD-FOCUSED ECONOMY
- **DEVELOPMENT EQUITY**
ENHANCE THE MARKET AS A PLACE OF GENUINE ECONOMIC DEMOCRACY
- **CONNECTIVITY**
BRIDGE NEIGHBORHOODS AND BREAK DOWN BARRIERS
- **DENSITY**
ENCOURAGE DIVERSE GROWTH; REBUILD THE URBAN FABRIC
- **DIVERSITY**
INCREASE THE MIX: PEOPLE, FOOD, AND OPPORTUNITIES

The Eastern Market Corporation has developed this plan to expand its footprint to five times its current size (250 acres) by 2025. However, its plan must mesh with the larger plan that's in development for the district, given that the city owns a significant amount of the property in the area through the Detroit Land Bank.³

Issues and Questions

- 1) Please briefly discuss some of the key elements from the Eastern Market 2025 Strategy. How will the elements of the Eastern Market 2025 Strategy impact the City of Detroit's general fund budget?
- 2) How will the elements of the Eastern Market 2025 Strategy impact the City of Detroit's capital budget?
- 3) Please provide the Council copies of the Eastern Market Corporation's 2020-2021 and 2021-2022 operational and capital budgets.
- 4) Please briefly describe the Eastern Market's new expense initiatives, new capital funding requests, operational reform and savings proposals, and new revenue initiatives/proposals to be implemented in FY 2022.
- 5) Recently, the area in and around the Eastern Market has experienced an increased level of development. Is this development viewed as a potentially detrimental or beneficial to the future Market? Please explain.

³ "Eastern Market plan seeks to balance food, other uses" February 04, 2018 ,Crain's Detroit Business:
<http://www.craindetroit.com/article/20180204/news/652096/eastern-market-plan-seeks-to-balance-food-other-uses>

6) What is the current budgeted level of positions and current actual number of filled positions at the Eastern Market?

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

Department # - Department Name					
Fund # - Fund Name	FY2021	FY2022	FY2023	FY2024	FY2025
Appropriation # - Appropriation Name	Adopted	Mayor	Forecast	Forecast	Forecast
Cost Center # - Cost Center Name					
00870 - Non Dept Centralized Payments	25,052,354	-	-	-	-
350800 - Centralized Payments	25,052,354	-	-	-	-
04739 - Non Dept General Revenue	24,884,200	-	-	-	-
351020 - Non-Departmental	24,884,200	-	-	-	-
05414 - Non Dept African American History Museum	1,900,000	-	-	-	-
350290 - Charles H. Wright Museum of African American Histor	1,900,000	-	-	-	-
10397 - Non Dept Board of Ethics	483,710	-	-	-	-
350165 - Board of Ethics	483,710	-	-	-	-
12161 - Non Dept Zoo Operations	570,000	-	-	-	-
350095 - Zoo Operations	570,000	-	-	-	-
12162 - Non Dept Detroit Historical Museum	500,000	-	-	-	-
350093 - Detroit Historical Museum	500,000	-	-	-	-
13125 - Non Dept Media Services & Communications	1,299,820	-	-	-	-
350325 - Communications Services	492,220	-	-	-	-
350326 - Media Services	807,600	-	-	-	-
13141 - Non Dept Eastern Market Corporation	225,000	-	-	-	-
350097 - Eastern Market Corporation	225,000	-	-	-	-
13181 - Non Dept Distributable State Aid Bond	37,959,990	-	-	-	-
351030 - 2016 Series DSA Debt	37,959,990	-	-	-	-
13608 - Non Dept Pension & Employee Benefits Pension	3,260,502	-	-	-	-
350015 - Pension Benefits Administration	3,260,502	-	-	-	-
13637 - Non Dept Elected Officials' Compensation	1,462,773	-	-	-	-
350007 - Elected Officials' Compensation	1,462,773	-	-	-	-

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

Department # - Department Name					
Fund # - Fund Name	FY2021	FY2022	FY2023	FY2024	FY2025
Appropriation # - Appropriation Name	Adopted	Mayor	Forecast	Forecast	Forecast
Cost Center # - Cost Center Name					
13853 - Non Dept Note B Payment	13,956,221	-	-	-	-
351025 - Note B Payment	13,956,221	-	-	-	-
13854 - Non Dept Retirement Systems	50,000,000	-	-	-	-
351051 - Retiree Protection Fund	50,000,000	-	-	-	-
13965 - Non Dept Quality of Life Exit Financing Debt Service	33,047,217	-	-	-	-
351023 - Quality of Life Exit Financing Debt Service	33,047,217	-	-	-	-
14001 - Non Dept Budget Reserve	-	50,000,000	-	-	-
352101 - Budget Reserve	-	50,000,000	-	-	-
20253 - Blight Remediation Projects	11,000,000	-	-	-	-
350014 - Land Bank Operations	11,000,000	-	-	-	-
20539 - Non Dept Board of Police Commissioners	3,716,736	-	-	-	-
350002 - Board of Police Commissioners	3,716,736	-	-	-	-
25350 - Board of Police Commissioners	-	3,622,374	3,666,635	3,711,781	3,757,830
350002 - Board of Police Commissioners	-	3,622,374	3,666,635	3,711,781	3,757,830
26350 - Cultural Institutions Support	-	3,195,000	3,195,000	3,195,000	3,195,000
350093 - Detroit Historical Museum	-	500,000	500,000	500,000	500,000
350095 - Zoo Operations	-	570,000	570,000	570,000	570,000
350097 - Eastern Market Corporation	-	225,000	225,000	225,000	225,000
350290 - Charles H. Wright Museum of African American Histor	-	1,900,000	1,900,000	1,900,000	1,900,000
26351 - Blight Remediation Projects.	-	11,000,000	11,000,000	10,500,000	10,000,000
350014 - Land Bank Operations	-	11,000,000	11,000,000	10,500,000	10,000,000
27351 - Transportation Service Support	-	42,119,288	48,619,288	48,619,288	48,619,288
350080 - DDOT Contribution for Operations	-	40,000,000	46,500,000	46,500,000	46,500,000