



**OFFICE OF THE
CHIEF FINANCIAL OFFICER
OFFICE OF BUDGET**

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June 18, 2021

Honorable Detroit City Council
Coleman A. Young Municipal Center
2 Woodward Avenue
Detroit, MI 48226

Re: American Rescue Plan Act Fiscal Recovery Funds Budget Amendment

Honorable Detroit City Council Members:

On May 10, 2021, the United States Department of the Treasury announced the launch of the Coronavirus State and Local Fiscal Recovery Funds (the “Fiscal Recovery Funds”), established by the American Rescue Plan Act of 2021 (“ARPA”), to provide \$350 billion in emergency funding for eligible state, local, territorial, and Tribal governments to recover from the COVID-19 pandemic. **Detroit has been awarded \$826 million**, the fifth largest amount of any city in America, to address our budget shortfalls and invest in our community. We have already received the first half of \$413 million and will receive the second half in May 2022. We must fully spend the funds by December 31, 2024. Any unspent funds go back to the federal government.

The COVID-19 pandemic hit Detroit and its residents harder than most communities. We are still feeling its negative economic impact. The City’s revenue losses have adversely impacted our budget and ability to implement the Restructuring and Reinvestment Initiatives (“RRIs”) required by the bankruptcy Plan of Adjustment (“POA”). Now that we have these Fiscal Recovery Funds to replace our lost revenue, we are obligated to resume implementing the RRI. This includes maintaining City services, returning 1,000 employees to full-time status, investing in IT infrastructure, and fully funding the blight program.

In addition to meeting our POA obligations, the City will also use the Fiscal Recovery Funds for new investments in Detroiters and our community as we recover from the COVID-19 pandemic. During May and June 2021, the City received input from Detroiters on how to spend these funds at numerous community meetings and through surveys. We have also partnered with City Council staff through our ARPA Working Group to shape this final proposal, which focuses on improving our neighborhoods and building economic opportunities for Detroiters.

We respectfully request your approval of the attached resolution, with a waiver of reconsideration, to accept and appropriate the City’s \$826 million direct award of Fiscal Recovery Funds.

Respectfully submitted,

Steven Watson
Deputy CFO / Budget Director

Att: ARPA Fiscal Recovery Funds Budget Amendment Resolution

Cc: Jay B. Rising, Chief Financial Officer
John Naglick, Jr., Chief Deputy CFO/Finance Director
Tanya Stoudemire, Chief Deputy CFO/Policy & Administration Director
Meagan Elliott, Deputy CFO/Development and Grants
Avery Peebles, City Council Liaison

RESOLUTION

BY COUNCIL MEMBER _____

WHEREAS, Section 17(1) of State of Michigan Public Act 2 of 1968 (the “Uniform Budgeting and Accounting Act”) states that a deviation from the original general appropriations act shall not be made without amending the general appropriations act; and

WHEREAS, Section 8-210 of the 2012 Detroit City Charter authorizes that if during the fiscal year the Mayor advises the City Council that there are available for appropriation revenues in excess of those estimated in the budget, the City Council may make supplemental appropriations for the year up to the amount of the excess; and

WHEREAS, on March 11, 2021, the federal government enacted Public Law 117-2 (the “American Rescue Plan Act of 2021” or “ARPA”) to provide additional relief to address the continued impact of the Coronavirus Disease 2019 (“COVID-19”) pandemic on the economy, public health, state and local governments, individuals, and businesses; and

WHEREAS, on May 10, 2021, the United States Department of the Treasury announced the launch of the Coronavirus State and Local Fiscal Recovery Funds (the “Fiscal Recovery Funds”), established by ARPA, to provide \$350 billion in emergency funding for eligible state, local, territorial, and Tribal governments to recover from the COVID-19 pandemic; and

WHEREAS, the City of Detroit (the “City”) has been directly awarded \$826,675,290 from the Fiscal Recovery Funds; and

WHEREAS, ARPA permits the City to use the Fiscal Recovery Funds to cover eligible costs incurred during the period beginning March 3, 2021, and ending December 31, 2024; and

WHEREAS, the United States Bankruptcy Court (the “Bankruptcy Court”) determined the Eighth Amended Plan for the Adjustment of Debts of the City of Detroit (the “POA”) is feasible and confirmed it on November 12, 2014; and

WHEREAS, the POA provided for the implementation of the Restructuring and Reinvestment Initiatives (the “RRIs”) to improve City services and operations, invest in capital assets, and remove blight throughout Detroit; and

WHEREAS, the City’s revenue losses and negative economic impacts from the COVID-19 pandemic have adversely impacted the City’s budget and ability to implement the RRI; and

WHEREAS, consistent with the commitments of the City under the POA, the City is appropriating approximately \$400 million of the Fiscal Recovery Funds for the continued implementation of the RRI, including blight remediation, the protection of the City from revenue shortfalls through 2024, and for maintenance of City services; and

WHEREAS, the City is appropriating the remaining Fiscal Recovery Funds to make new investments to assist in the economic and fiscal recovery from the COVID-19 pandemic; and

WHEREAS, during May and June 2021, the City received input from Detroiters on how to spend the Fiscal Recovery Funds at numerous community meetings and through surveys, and the City will continue

community outreach, engagement, and reporting in accordance with Article X of Chapter 12 of the 2019 Detroit City Code (the “Detroit Community Outreach Ordinance”); and

WHEREAS, the City plans to utilize a portion of the Fiscal Recovery Funds for a Match Funding appropriation to leverage opportunities to obtain additional funding or to assist with other organizations’ projects aligned with City priorities, including expanding mental health accessibility in the City of Detroit; and

WHEREAS, for additional legislative review and oversight of the appropriations made by this resolution, \$500,000 from these appropriations will be spread evenly among City Council Member offices; and

WHEREAS, to continue ongoing dialogue and transparency between the Administration and City Council regarding the appropriations made under this Resolution, a working group of representatives of City Council and the Administration will meet as necessary to discuss reports, proposed uses of appropriations, and anticipated contractual approvals to be required by City Council; and

WHEREAS, the City Council will also have ongoing oversight of the Fiscal Recovery Funds through, but not limited to, the following: (1) contract approval under the City’s procurement ordinance as applicable, (2) sub-grant program design approval for any new funding agreements, and (3) quarterly reporting by the OCFO on the use of the Fiscal Recovery Funds and information on performance and objectives of each use.

NOW, THEREFORE, BE IT RESOLVED, that the Detroit City Council hereby approves accepting the City’s direct award of \$826,675,290 from the Fiscal Recovery Funds and amending the Fiscal Year 2020-2021 Budget by appropriating the \$826,675,290 from the Fiscal Recovery Funds within the Stimulus Grant Fund (Fund No. 3923) for the costs associated or necessary to fulfill any of the purposes enumerated in each appropriation identified in the attached schedule; **AND BE IT FURTHER**

RESOLVED, that, in order to maximize and expedite the use of future funding made available under ARPA or any other state or federal economic stimulus law (“Stimulus Funding”), the Chief Financial Officer, or their designee, may, without prior approval of the City Council, file, on behalf of the City, an application, supplement, or amendment for a federal, state or other grant from Stimulus Funding; **AND BE IT FINALLY**

RESOLVED, that the Deputy CFO/Budget Director is hereby authorized and shall take all appropriate actions necessary to implement the foregoing provisions and actions authorized by this resolution.

City of Detroit - ARPA Fiscal Recovery Funds Appropriations

Approp. No.	Purpose	Amount
22002	City Services and Infrastructure <i>to Maintain city services; Offset revenue shortfalls; and Investments in IT infrastructure</i>	\$ 250,175,290
22003	Blight Remediation <i>for Commercial and Industrial demolition</i>	95,000,000
22004	Match Funding <i>for projects for which public or private leverage dollars may be made available (each must be approved by City Council)</i>	30,000,000
22005	Neighborhood Investments 1 <i>for Grants to block clubs and neighborhood associations; Neighborhood signs; and Community-driven expenditures allocated evenly by Council district</i>	15,500,000
22006	Neighborhood Investments 2 <i>for Community Health Corps and Targeted employment/wraparound services</i>	35,000,000
22007	Neighborhood Investments 3 <i>for New or expanded recreation centers</i>	30,000,000
22008	Parks, Recreation, and Culture <i>for Green initiatives; Parks; Walking paths; Joe Louis Greenway; Streetscapes; and Arts & Cultural investments</i>	41,000,000
22009	Employment and Job Creation <i>for Skills for Life Employment (Work and Education); Intergenerational mentoring and senior employment; and IT jobs and careers access</i>	105,000,000
22010	Intergenerational Poverty 1 <i>for Home repairs to seniors, low income, and disabled community</i>	30,000,000
22011	Intergenerational Poverty 2 <i>to Create a city locator to find affordable housing</i>	7,000,000
22012	Intergenerational Poverty 3 <i>for Foreclosure prevention outreach and initiatives; Credit repair and restoration initiatives; Down payment assistance; and Veterans' housing assistance</i>	30,000,000
22013	Neighborhood Beautification <i>for Vacant property cleanouts and Alley activation</i>	23,000,000
22014	Public Safety <i>for Traffic enforcement; Gun violence initiatives; DPD Training facility improvements; and EMS bays at firehouses</i>	50,000,000
22015	Digital Divide <i>for Devices; Internet access; and Technology support initiatives</i>	45,000,000
22016	Small Business <i>for Landlord support; Small business recovery programs; Small business capacity building; Development stimulus programs; and Corridor investments</i>	40,000,000
	Total	\$ 826,675,290