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March 22, 2022

TO: Miriam Blanks-Smart, Director
Department of Appeals & Hearings

FROM: David Whitaker, Director 
Legislative Policy Division

SUBJECT: 2022-2023 Budget Analysis

Attached is our budget analysis regarding the Department of Appeals & Hearings budget for the 2022-2023 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Monday, March 28, 2022 at 2:00 pm**. We would then appreciate a written response to the issues/questions at your earliest convenience before or after your budget hearing. Please forward a copy of your response to the Council Members, the City Clerk's Office, and the Legislative Policy Division.

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

Thank you for your cooperation in this matter.

Attachments

cc: Council Members
Auditor General's Office
Jay Rising, Chief Financial Officer
Tanya Stoudemire, Chief Deputy Chief Financial Officer
Steve Watson, Budget Director
Gail Fulton, Mayor's Office
Tanya Mason, Budget Analyst
James George, Agency OCFO

Department of Appeals and Hearings (45)

FY 2022 - 2023 Budget Analysis by the Legislative Policy Division

Issues and Questions

- 1) Please briefly explain the department's new expense initiatives, new capital funding requests, operational reform and savings proposals, and new revenue initiatives/proposals to be implemented in FY 2023. Please provide which appropriation/cost center the new initiative/request/proposal is impacting in FY 2023.
- 2) For FY 2023, Salaries and Wages are projected to increase by \$373,608 (47%) from \$788,517 in FY 2022 to \$1,162,125 in FY 2023. Please briefly explain the cause for the increase.
- 3) Similar to question #2, the FY 2023 recommended budget includes 6 additional FTEs (from 9 FTEs in FY 2022 to 15 in FY 2023). Please describe how the additional FTEs will support the strategy and plans. The budgeted positions are:
 - (2) Information Technology Specialist Systems Analysts
 - (1) Head Clerk
 - (3) Administrative Hearings Officers
- 4) For FY 2023, Operating Supplies increased \$98,150 from \$11,715 in FY 2022 to \$109,865 in FY 2023. Please briefly explain the cause for increase.
- 5) Please briefly describe the equipment that will be acquired with the \$280,000 one-time capital funds and how the equipment will impact DAH operations.
- 6) Even though the performance metric on page B45-6 indicates projected hearings will increase from 55,000 in FY 2022 to 60,000 in FY 2023, the revenue from Sales & Charges for Services decreased \$115,000 from \$2,803,000 at FY 2022 to \$2,688,000 in FY 2023. Can you please explain the cause for the anticipated decrease in revenue?
- 7) What is the collection rate for fines and penalties? What is DAH's strategy for improving collection of fines and fees?
- 8) Over \$90 million of ARPA funds are allocated for commercial and industrial blight reduction. Please briefly describe any anticipated impact the ARPA blight reduction program will have on DAH programs and operations.

DEPARTMENT OF APPEALS & HEARINGS (45)

Department Overview

MISSION:

The Department of Appeals & Hearings aims for a blight-free city, by providing quality administrative hearings in a timely, efficient and cost-effective manner, with respect for the dignity of individuals and their due process rights.

The Department is an independent administrative hearings bureau that adjudicates blight violations and assesses civil fines and costs pursuant to the schedule in the anti-blight ordinances and reviews administrative decisions of City departments and agencies and makes the final agency decisions. It has conducted over 450,000 hearings since its opening in 2005.

Operating Programs

- **Administration** adjudicates blight code violations issued by authorized City agents with sensitivity to the violations’ impact on the escalating problem of blight in Detroit. They enhance collectability of fines and fees through garnishments and liens utilizing the Department’s decisions and orders. Administration reviews and makes final decisions on administrative decisions of City agencies.

Performance Metrics

Performance Metric	FY2021-2022 projection	FY2022-2023 target
Vibrant and Beautiful City: <i>Number of hearings conducted annually</i>	55,000 hearings	60,000 hearings

Operating Budget Highlights:

- Adds \$423,000 and 4 FTE to increase blight ticketing capacity and processing.
- Adds \$95,000 for cloud-based data hosting to support implementation and functioning of new court docket system.

Department Name: Department of Appeals & Hearings

Department #: 45

Budget Summary:

	FY2021 Actual		FY2022 Adopted		FY2023 Mayor Recommend	
	General Fund	All Funds	General Fund	All Funds	General Fund	All Funds
Total Revenues	2,718,577	2,718,577	3,148,000	3,148,000	3,033,000	3,033,000
Total Expenditures	952,526	952,526	1,168,688	1,168,688	1,824,441	2,104,441
Net Tax Cost	(1,766,052)	(1,766,052)	(1,979,312)	(1,979,312)	(1,208,559)	(928,559)

	FY2024 Forecast		FY2025 Forecast		FY2026 Forecast	
	General Fund	All Funds	General Fund	All Funds	General Fund	All Funds
Total Revenues	3,033,000	3,033,000	3,033,000	3,033,000	3,033,000	3,033,000
Total Expenditures	1,831,183	1,831,183	1,867,139	1,867,139	1,889,408	1,889,408
Net Tax Cost	(1,201,817)	(1,201,817)	(1,165,861)	(1,165,861)	(1,143,592)	(1,143,592)

Positions (by FTE):	1/1/2022 Actual	FY2022 Adopted	FY2023 Mayor Recommend	FY2024 Forecast	FY2025 Forecast	FY2026 Forecast
General Fund	9	9	15	15	15	15
Non-General Fund	-	-	-	-	-	-
Total Positions	9	9	15	15	15	15

**CITY OF DETROIT
BUDGET DEVELOPMENT
EXPENDITURES BY SUMMARY CATEGORY - ALL FUNDS
DEPARTMENT 45 - DEPARTMENT OF APPEALS & HEARINGS**

Department # - Department Name Summary Category	FY2022 Adopted	FY2023 Mayor Recommend	FY2024 Forecast	FY2025 Forecast	FY2026 Forecast
45 - Department of Appeals & Hearings	1,168,688	2,104,441	1,831,183	1,867,139	1,889,408
Salaries & Wages	788,517	1,162,125	1,185,367	1,209,075	1,221,166
Employee Benefits	217,680	397,904	375,058	380,809	385,442
Professional & Contractual Services	2,931	2,931	3,001	3,073	3,134
Operating Supplies	11,715	109,865	112,502	115,202	117,506
Operating Services	145,470	149,241	152,823	156,490	159,620
Equipment Acquisition	-	280,000	-	-	-
Other Expenses	2,375	2,375	2,432	2,490	2,540
Grand Total	1,168,688	2,104,441	1,831,183	1,867,139	1,889,408

**CITY OF DETROIT
BUDGET DEVELOPMENT
REVENUES BY SUMMARY CATEGORY - ALL FUNDS
DEPARTMENT 45 - DEPARTMENT OF APPEALS & HEARINGS**

Department # - Department Name Summary Category	FY2022 Adopted	FY2023 Mayor Recommend	FY2024 Forecast	FY2025 Forecast	FY2026 Forecast
45 - Department of Appeals & Hearings	3,148,000	3,033,000	3,033,000	3,033,000	3,033,000
Revenues from Use of Assets	345,000	345,000	345,000	345,000	345,000
Sales & Charges for Services	2,803,000	2,688,000	2,688,000	2,688,000	2,688,000
Grand Total	3,148,000	3,033,000	3,033,000	3,033,000	3,033,000

**CITY OF DETROIT
BUDGET DEVELOPMENT
EXPENDITURES BY SUMMARY CATEGORY - FUND DETAIL
DEPARTMENT 45 - DEPARTMENT OF APPEALS & HEARINGS**

Department # - Department Name Fund # - Fund Name Summary Category	FY2022 Adopted	FY2023 Mayor Recommend	FY2024 Forecast	FY2025 Forecast	FY2026 Forecast
45 - Department of Appeals & Hearings	1,168,688	2,104,441	1,831,183	1,867,139	1,889,408
1000 - General Fund	1,168,688	1,824,441	1,831,183	1,867,139	1,889,408
Salaries & Wages	788,517	1,162,125	1,185,367	1,209,075	1,221,166
Employee Benefits	217,680	397,904	375,058	380,809	385,442
Professional & Contractual Services	2,931	2,931	3,001	3,073	3,134
Operating Supplies	11,715	109,865	112,502	115,202	117,506
Operating Services	145,470	149,241	152,823	156,490	159,620
Other Expenses	2,375	2,375	2,432	2,490	2,540
4533 - City of Detroit Capital Projects	-	280,000	-	-	-
Equipment Acquisition	-	280,000	-	-	-
Grand Total	1,168,688	2,104,441	1,831,183	1,867,139	1,889,408

**CITY OF DETROIT
BUDGET DEVELOPMENT
REVENUES BY SUMMARY CATEGORY - FUND DETAIL
DEPARTMENT 45 - DEPARTMENT OF APPEALS & HEARINGS**

Department # - Department Name Fund # - Fund Name Summary Category	FY2022 Adopted	FY2023 Mayor Recommend	FY2024 Forecast	FY2025 Forecast	FY2026 Forecast
45 - Department of Appeals & Hearings	3,148,000	3,033,000	3,033,000	3,033,000	3,033,000
1000 - General Fund	3,148,000	3,033,000	3,033,000	3,033,000	3,033,000
Revenues from Use of Assets	345,000	345,000	345,000	345,000	345,000
Sales & Charges for Services	2,803,000	2,688,000	2,688,000	2,688,000	2,688,000
Grand Total	3,148,000	3,033,000	3,033,000	3,033,000	3,033,000

**CITY OF DETROIT
BUDGET DEVELOPMENT
FINANCIAL DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER - EXPENDITURES
DEPARTMENT 45 - DEPARTMENT OF APPEALS & HEARINGS**

Department # - Department Name					
Fund # - Fund Name	FY2022	FY2023	FY2024	FY2025	FY2026
Appropriation # - Appropriation Name	Adopted	Mayor	Forecast	Forecast	Forecast
Cost Center # - Cost Center Name		Recommend			
45 - Department of Appeals & Hearings	1,168,688	2,104,441	1,831,183	1,867,139	1,889,408
1000 - General Fund	1,168,688	1,824,441	1,831,183	1,867,139	1,889,408
26450 - Code Enforcement Adjudication	1,168,688	1,824,441	1,831,183	1,867,139	1,889,408
450010 - DAH Administration	1,168,688	1,824,441	1,831,183	1,867,139	1,889,408
4533 - City of Detroit Capital Projects	-	280,000	-	-	-
20507 - CoD Capital Projects	-	280,000	-	-	-
450010 - DAH Administration	-	280,000	-	-	-
Grand Total	1,168,688	2,104,441	1,831,183	1,867,139	1,889,408

**CITY OF DETROIT
BUDGET DEVELOPMENT
FINANCIAL DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER - REVENUES
DEPARTMENT 45 - DEPARTMENT OF APPEALS & HEARINGS**

Department # - Department Name					
Fund # - Fund Name	FY2022	FY2023	FY2024	FY2025	FY2026
Appropriation # - Appropriation Name	Adopted	Mayor	Forecast	Forecast	Forecast
Cost Center # - Cost Center Name		Recommend			
45 - Department of Appeals & Hearings	3,148,000	3,033,000	3,033,000	3,033,000	3,033,000
1000 - General Fund	3,148,000	3,033,000	3,033,000	3,033,000	3,033,000
26450 - Code Enforcement Adjudication	3,148,000	3,033,000	3,033,000	3,033,000	3,033,000
450010 - DAH Administration	3,148,000	3,033,000	3,033,000	3,033,000	3,033,000
Grand Total	3,148,000	3,033,000	3,033,000	3,033,000	3,033,000

**CITY OF DETROIT
BUDGET DEVELOPMENT
POSITION DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER
DEPARTMENT 45 - DEPARTMENT OF APPEALS & HEARINGS**

Department # - Department Name					
Fund # - Fund Name					
Appropriation # - Appropriation Name	FY2022	FY2023	FY2024	FY2025	FY2026
Cost Center # - Cost Center Name	Adopted	Mayor	Forecast	Forecast	Forecast
Job Code - Job Title		Recommend			
45 - Department of Appeals & Hearings	9	15	15	15	15
1000 - General Fund	9	15	15	15	15
26450 - Code Enforcement Adjudication	9	15	15	15	15
450010 - DAH Administration	9	15	15	15	15
010170 - Director of Administrative Hearings	1	1	1	1	1
010908 - Manager I - Administrative Hearings	1	1	1	1	1
012234 - Administrative Assistant - Grade II - Administrative	1	1	1	1	1
091198 - Manager of Administrative Hearings	1	1	1	1	1
15112102 - Information Technology Specialist Systems Analy	1	3	3	3	3
81012051 - Head Clerk	4	5	5	5	5
931201 - Administrative Hearings Officer	0	3	3	3	3
Grand Total	9	15	15	15	15