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Director, Historic Designation
Advisory Board

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
City of Detroit

CITY COUNCIL

LEGISLATIVE POLICY DIVISION
208 Coleman A. Young Municipal Center
Detroit, Michigan 48226
Phone: (313) 224-4946 Fax: (313) 224-4336

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TO: Dan Carmody, President
Eastern Market Corporation

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: March 9, 2022

RE: 2022-2023 Budget Analysis

Attached is our budget analysis regarding your agency's 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 **Wednesday, March 16, 2022 at 11:00 a.m.** 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 responses 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.

DW:dh:ss

Attachments:
Issues and Questions

cc: Councilmembers
Auditor General's Office
Jay Rising, Chief Financial Officer
Tanya Stoudemire, Chief Deputy CFO
Steve Watson, Budget Director
Gail Fulton, Mayor's Office

Eastern Market

FY 2022-2023 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 \$225,000 General Fund subsidy for the Eastern Market for FY 23 in appropriation **26350 - Cultural Institutions Support**, in cost center **350097 - Eastern Market Corporation**, located in the Non Departmental budget (**Pg. B35-8**). The Mayor has recommended no change in the Eastern Market General Fund subsidy of \$225,000.

In addition to the annual General Fund subsidy for the Eastern Market in the Non Departmental budget, for FY 23 in appropriation **4533 - City of Detroit Capital Projects**, in cost center **350097 - Eastern Market Corporation**, the Mayor is recommending one-time capital spending¹ in the amount of \$350,000 for the Eastern Market (**Pg. B35-10**). 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.

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

- 2 MILLION SHOP AND BUY FOOD AT EASTERN MARKET EACH YEAR
- 22% OF MICHIGAN JOBS ARE FOOD/AG BASED

¹ The use of one-time prior year fund balance (surplus).

- \$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 Authority.²

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 and or capital budget? What if any changes were made to this Strategy since 2016?
- 2) Please provide the Council copies of the Eastern Market Corporation's 2021-2022 and 2022-2023 operational and capital budgets.
- 3) What is included in the Mayor's FY 2023 recommended \$350,000 in capital spending for the Eastern Market? What capital projects were requested but not recommended for funding in FY 2023 or the 4-year financial plan?
- 4) Please discuss the challenges the Eastern Market has in generating revenues due to past COVID restrictions and any other issues. Please provide an update on revenues expected from events, grants and private donations for the upcoming fiscal year. Will there be a "Flower Day in 2022?"
- 5) Is the \$225,000 recommended budget for FY 2023 sufficient to meet your utility costs. How much was spend on DWSD water and sewer costs for the past 3 years. What is your current year estimated usage.

² "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) 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 2023.
- 7) 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 impact to the future Eastern Market? Please explain.
- 8) 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 Appropriation # - Appropriation Name Cost Center # - Cost Center Name	FY2022 Adopted	FY2023 Mayor Recommend	FY2024 Forecast	FY2025 Forecast	FY2026 Forecast
35 - Non-Departmental	347,655,178	289,733,901	306,704,503	299,962,902	297,551,342
1000 - General Fund	345,615,178	277,019,921	304,582,087	297,798,038	295,343,180
14001 - Non Dept Budget Reserve	50,000,000	30,719,808	15,000,000	5,000,000	-
352101 - Budget Reserve	50,000,000	30,719,808	15,000,000	5,000,000	-
25350 - Board of Police Commissioners	3,622,374	3,872,579	3,888,617	3,965,354	4,013,368
350002 - Board of Police Commissioners	3,622,374	3,872,579	3,888,617	3,965,354	4,013,368
26350 - Cultural Institutions Support	3,195,000	4,395,000	3,195,000	3,195,000	3,195,000
350093 - Detroit Historical Museum	500,000	1,000,000	500,000	500,000	500,000
350095 - Zoo Operations	570,000	570,000	570,000	570,000	570,000
350097 - Eastern Market Corporation	225,000	225,000	225,000	225,000	225,000
350290 - Charles H. Wright Museum of African American Histor	1,900,000	2,600,000	1,900,000	1,900,000	1,900,000
26351 - Blight Remediation Projects.	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
350014 - Land Bank Operations	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
27351 - Transportation Services Support	42,119,288	75,481,118	76,888,340	79,462,365	81,092,654
350040 - DTC Contribution for Operations	-	6,500,000	6,500,000	6,500,000	6,500,000
350080 - DDOT Contribution for Operations	40,000,000	65,800,000	67,148,598	69,662,828	71,232,126
350090 - Airport Contribution for Operations	1,869,288	2,931,118	2,989,742	3,049,537	3,110,528
350140 - Detroit Port Authority	250,000	250,000	250,000	250,000	250,000
27352 - Community Programs Support	460,018	463,716	474,091	484,699	492,431
350230 - CEC Goal Line	250,000	250,000	256,000	262,144	267,387
350240 - EITC Support	210,018	213,716	218,091	222,555	225,044
28350 - Special Public Programs	122,925	-	-	-	-
350010 - Public Commemorations	2,925	-	-	-	-

**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	FY2022 Adopted	FY2023 Mayor Recommend	FY2024 Forecast	FY2025 Forecast	FY2026 Forecast
351032 - JLA Debt Service	106,028	-	-	-	-
3921 - Other Special Revenue Fund	2,040,000	2,113,980	2,122,416	2,164,864	2,208,162
28353 - Cable TV	2,040,000	2,113,980	2,122,416	2,164,864	2,208,162
350324 - P.E.G. Fees	2,040,000	2,113,980	2,122,416	2,164,864	2,208,162
4533 - City of Detroit Capital Projects	-	10,600,000	-	-	-
20507 - CoD Capital Projects	-	10,600,000	-	-	-
350093 - Detroit Historical Museum	-	1,000,000	-	-	-
350097 - Eastern Market Corporation	-	350,000	-	-	-
350290 - Charles H. Wright Museum of African American Histor	-	2,000,000	-	-	-
358010 - Capital Restructuring Initiative - Airport	-	2,250,000	-	-	-
358035 - Capital Restructuring Initiative - Non Departmental	-	5,000,000	-	-	-
Grand Total	347,655,178	289,733,901	306,704,503	299,962,902	297,551,342