

David Whitaker, Esq.  
Director  
Irvin Corley, Jr.  
Executive Policy Manager  
Marcell R. Todd, Jr.  
Director, City Planning Commission  
Janese Chapman  
Director, Historic Designation  
Advisory Board

John Alexander  
Megha Bamola  
LaKisha Barclift, Esq.  
Nur Barre  
Paige Blessman  
M. Rory Bolger, Ph.D., FAICP  
Christopher Gulock, AICP


# 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

Derrick Headd  
Marcel Hurt, Esq.  
Kimani Jeffrey  
Edward King  
Jamie Murphy  
Kim Newby  
Analine Powers, Ph.D.  
Laurie Anne Sabatini  
Rebecca Savage  
Ryan Schumaker  
Sabrina Shockley  
Renee Short  
Thomas Stephens, Esq.  
Dr. Sheryl Theriot  
Theresa Thomas  
Ashley A. Wilson

TO: Beau Taylor, Director  
Detroit Public Lighting Authority

FROM: David Whitaker, Director   
Legislative Policy Division

DATE: March 16, 2022

RE: 2022-2023 Budget Analysis

Attached is our budget analysis regarding your department'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 **Thursday, March 24, 2022 at 1:30 p.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.

Attachments:  
Issues and Questions

cc: Councilmembers  
Auditor General's Office  
Jay Rising, CFO  
Tanya Stoudemire, Chief Deputy CFO-Policy & Administration Dire  
Steven Watson, Deputy CFO/Budget Director  
Hakim Berry, Group Executive  
Angela Taylor, Agency CFO for Public Spaces  
Gail Fulton, Mayor's Office

**Detroit Public Lighting Authority**  
**FY 2022-2023 Budget Analysis by the Legislative Policy Division**

The Detroit Public Lighting Authority (PLA) was authorized by the Michigan Legislature in 2012 via the Michigan Lighting Authority Act (Public Act 392 of 2012, or “Act 392”) to support and develop a plan to improve public lighting in the City of Detroit. The PLA is overseen by a five-member board that is appointed by the Mayor and the City Council.

The PLA was created for the purpose of providing financing, operating, and maintaining a street lighting system in the city. The PLA made a multi-year, city-wide investment in the public lighting infrastructure, including poles, ballasts, circuits, transformers, and distribution connections. The PLA street lighting system repair activities are funded through the sale of \$185 million in bonds. The bonds are repaid with \$12.5 million per year the PLA receives from the City’s Utility User Tax revenues.

Issues and Questions

- 1) Please briefly describe the responsibilities of the Public Lighting Authority.
- 2) Please provide the board approved current year’s FY 2022 operation budget and the operation budget for the upcoming fiscal year, FY 2023.
- 3) Please briefly explain the department's new expense initiatives, any new capital funding requests, operational reform and savings proposals, and new revenue initiatives/proposals to be implemented in FY 2023.
- 4) Please provide the latest organizational chart for the Public Lighting Authority.
- 5) Please explain recent changes in the PLA management. What are the current staffing levels at the PLA; how many full time and part-time positions? What is the projected staffing level for FY 2023 and the four year forecast years?
- 6) Please provide an update on the PLA capital improvement program. What is the replacement program for fixtures? Are there any replacements under warranty? What, if any, damages did the system sustain due to the flooding events of FY 2021?
- 7) According to the PLA audited financial statements ending on June 30, 2021 and 2020:
  - a) On page 6, please explain the year-over-year decrease in Other Operating Revenue from \$13 million in FY 2020 to \$10.8 million in FY 2021, a decrease of \$2.2 million.
  - b) On page 6, please explain what is included in Other Expenses. Other Expenses totaled \$9.7 million in FY 2021, an increase of \$1.3 million from FY 2020.
  - c) Non-operating expenses represent debt service payments that totaled \$7.9 million in FY 2021, a decrease of \$.1 million. Please provide a copy of the most recent debt service schedule. Are there any plans to refinance the outstanding debt over the forecast period?
  - d) On page 7, please explain the \$4.7 million in construction cost incurred in FY 2020; what projects did this include. Why were there no costs incurred in FY 2021?

- e) On page 10, Operating Revenues and Expenses, please explain the following:
- i) Operating & maintenance expenses increased to \$6.7 million in FY 2021 from \$2.9 million in FY 2020;
  - ii) What is included in other expenses, totaled \$224,457 in FY 2021, an increase of \$140,266;
  - iii) Investment income decrease in FY 2021 by \$.6 million.