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City of Detroit

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TO: John W. Prymack, Director
Detroit Public Lighting Department

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 1:00 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
Agency Plan: Mission, Goals and Activity Summary
Budget Summary
Appropriation and Cost Center Expenditures
Positions

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 Department (38)
FY 2022-2023 Budget Analysis by the Legislative Policy Division

Issues and Questions

- 1) Please provide a status report on the decommissioning of the PLD system and the continuing sale of PLD assets. It was previously reported that PLD decommissioning would be completed by June 30, 2021; what is the current timeline? What is the reason for PLD's decommissioning extending beyond June 30, 2021?
- 2) Please provide the projected revenues for the upcoming fiscal year for PLD. What are the actual collections year to date?
- 3) PLD reserve funds total \$23 million as of fiscal year end 2021, how will these funds be utilized?
- 4) Please provide the status of the disposition of Mistersky site. Is there any interest on redeveloping the site?
- 5) What are the plans to dispose of substations that are no longer needed by DTE? What is the status of the \$250,000 contract to clean up 31 substations? Is this still a sufficient amount to complete the project? What is current timeline for this project? Please provide details on the project with amounts and timelines.
- 6) On page B38-3, please explain the \$10.4 million budgeted in Other Expenses. Briefly, describe the agreement between PLD and PLA to pay PLA's operating & maintenance fees, please provide the terms of the agreement, how the amounts are determined and the dates.
- 7) Please explain the year-over-year changes for the following:
 - a) On page B38-5, in FY 2023 Operating Services increase by \$477,674 and Professional Services increase by \$150,000.
 - b) On page B38-8, Appropriation 29380- cc 380010 PLD Administration- revenues increase by \$200,000 in FY 2023 and decrease by a similar amount in each of the forecast years.
 - c) On page B38-8, Fund 1011, Appropriation 29381- cc 380011 PLD Decommissioning revenues increase by \$977,681 in FY 2023 decrease by \$964,824 in FY 2024.
- 8) The FY 2023 proposed budget includes 2 positions for PLD; please explain why these 2 positions are necessary. Does the budget include contractors, if so how many?
- 9) According to the Office of the Chief Financial Officer (OCFO), as of December 31, 2021, the department had 3 vacancies; no actual positions filled. Please briefly describe the difficulty of filling vacancies or the reason for keeping positions vacant. Also, please briefly explain the department's strategy to fill these vacant positions.

PUBLIC LIGHTING DEPARTMENT (38)

Department Overview

MISSION:

The Public Lighting Department (PLD) supports the Public Lighting Authority (PLA) as it maintains the upgraded streetlight system. PLD works with TMC Alliance and DTE Energy to assure the safety of the general public and to provide reliable power to customers through the City's distribution system as the City assists with converting customers to DTE's system.

On February 5, 2013, the City created the PLA, a separate municipal corporation pursuant to Michigan Public Act 392 of 2012 (as amended) and the Municipal Lighting Authority Act, MCL 123.1261, to manage and maintain the City's public lighting system. Pursuant to an amendment to the City Utility Users' Tax Act, 1990 PA 100 (as amended) MCL 141.1151-MCL141.1177, the PLA utilizes \$12.5 million in utility user tax proceeds to satisfy the debt service obligation of bonds issued to modernize the streetlight system. Through an inter-local agreement, the City provides additional funds to the PLA to finance the operations and maintenance of the street lighting system.

On July 1, 2014, the City entered into an agreement with DTE Energy to transition electric customers to DTE Energy. The conversion will be accomplished over a 5 to 7-year period. During this time, the City, through its contractor, will operate and maintain an electric grid with DTE reimbursing the City and its contractor for all expenses related to the delivery of electric power. This agreement excludes decommissioning, abatement and salvage operations. PLD currently coordinates these activities in line with the transition of customers.

STRATEGIC PRIORITIES:

1. Maintain electricity distribution grid during the transition to DTE Energy, as the City of Detroit phases out of the electric service business.
2. Maintain legacy electric conduit grid and make available to City of Detroit information technology department for fiber optic communication cables and lease excess capacity to private fiber optic companies.

Operating Budget Highlights:

- Increases for utility expenses for streetlights and for maintenance and decommissioning of PLD assets

Department Name: Public Lighting Department

Department #: 38

Budget Summary:

	FY2021 Actual		FY2022 Adopted		FY2023 Mayor Recommend	
	General Fund	All Funds	General Fund	All Funds	General Fund	All Funds
Total Revenues	2,127,209	2,831,106	1,400,000	1,718,240	1,600,000	2,695,921
Total Expenditures	17,021,459	17,021,459	17,133,934	17,452,174	17,727,969	18,823,890
Net Tax Cost	14,894,250	14,190,353	15,733,934	15,733,934	16,127,969	16,127,969

	FY2024 Forecast		FY2025 Forecast		FY2026 Forecast	
	General Fund	All Funds	General Fund	All Funds	General Fund	All Funds
Total Revenues	1,400,000	1,731,097	1,200,000	1,537,719	1,000,000	1,344,473
Total Expenditures	17,900,834	18,231,931	18,080,144	18,417,863	18,232,489	18,576,962
Net Tax Cost	16,500,834	16,500,834	16,880,144	16,880,144	17,232,489	17,232,489

Positions (by FTE):	1/1/2022 Actual	FY2022 Adopted	FY2023 Mayor Recommend	FY2024 Forecast	FY2025 Forecast	FY2026 Forecast
General Fund	-	3	2	2	2	2
Non-General Fund	-	-	-	-	-	-
Total Positions	-	3	2	2	2	2

**CITY OF DETROIT
BUDGET DEVELOPMENT
EXPENDITURES BY SUMMARY CATEGORY - ALL FUNDS
DEPARTMENT 38 - PUBLIC LIGHTING DEPARTMENT**

Department # - Department Name Summary Category	FY2022 Adopted	FY2023 Mayor Recommend	FY2024 Forecast	FY2025 Forecast	FY2026 Forecast
38 - Public Lighting Department	17,452,174	18,823,890	18,231,931	18,417,863	18,576,962
Salaries & Wages	113,766	91,872	93,709	95,583	96,539
Employee Benefits	43,201	31,456	29,651	30,106	30,472
Professional & Contractual Services	1,500,000	1,650,000	1,689,600	1,730,150	1,764,753
Operating Supplies	434,290	1,211,971	449,932	459,407	468,595
Operating Services	4,957,654	5,435,328	5,565,776	5,699,354	5,813,340
Other Expenses	10,403,263	10,403,263	10,403,263	10,403,263	10,403,263
Grand Total	17,452,174	18,823,890	18,231,931	18,417,863	18,576,962

**CITY OF DETROIT
BUDGET DEVELOPMENT
REVENUES BY SUMMARY CATEGORY - ALL FUNDS
DEPARTMENT 38 - PUBLIC LIGHTING DEPARTMENT**

Department # - Department Name Summary Category	FY2022 Adopted	FY2023 Mayor Recommend	FY2024 Forecast	FY2025 Forecast	FY2026 Forecast
38 - Public Lighting Department	1,718,240	2,695,921	1,731,097	1,537,719	1,344,473
Revenues from Use of Assets	467,000	533,000	467,000	400,000	333,000
Sales & Charges for Services	1,251,240	2,162,921	1,264,097	1,137,719	1,011,473
Grand Total	1,718,240	2,695,921	1,731,097	1,537,719	1,344,473

**CITY OF DETROIT
BUDGET DEVELOPMENT
EXPENDITURES BY SUMMARY CATEGORY - FUND DETAIL
DEPARTMENT 38 - PUBLIC LIGHTING DEPARTMENT**

Department # - Department Name Fund # - Fund Name Summary Category	FY2022 Adopted	FY2023 Mayor Recommend	FY2024 Forecast	FY2025 Forecast	FY2026 Forecast
38 - Public Lighting Department	17,452,174	18,823,890	18,231,931	18,417,863	18,576,962
1000 - General Fund	17,133,934	17,727,969	17,900,834	18,080,144	18,232,489
Salaries & Wages	113,766	91,872	93,709	95,583	96,539
Employee Benefits	43,201	31,456	29,651	30,106	30,472
Professional & Contractual Services	1,500,000	1,650,000	1,689,600	1,730,150	1,764,753
Operating Supplies	116,050	116,050	118,835	121,688	124,122
Operating Services	4,957,654	5,435,328	5,565,776	5,699,354	5,813,340
Other Expenses	10,403,263	10,403,263	10,403,263	10,403,263	10,403,263
1011 - PLD Decommissioning Reserve Fund	318,240	1,095,921	331,097	337,719	344,473
Operating Supplies	318,240	1,095,921	331,097	337,719	344,473
Grand Total	17,452,174	18,823,890	18,231,931	18,417,863	18,576,962

**CITY OF DETROIT
BUDGET DEVELOPMENT
REVENUES BY SUMMARY CATEGORY - FUND DETAIL
DEPARTMENT 38 - PUBLIC LIGHTING DEPARTMENT**

Department # - Department Name Fund # - Fund Name Summary Category	FY2022 Adopted	FY2023 Mayor Recommend	FY2024 Forecast	FY2025 Forecast	FY2026 Forecast
38 - Public Lighting Department	1,718,240	2,695,921	1,731,097	1,537,719	1,344,473
1000 - General Fund	1,400,000	1,600,000	1,400,000	1,200,000	1,000,000
Revenues from Use of Assets	467,000	533,000	467,000	400,000	333,000
Sales & Charges for Services	933,000	1,067,000	933,000	800,000	667,000
1011 - PLD Decommissioning Reserve Fund	318,240	1,095,921	331,097	337,719	344,473
Sales & Charges for Services	318,240	1,095,921	331,097	337,719	344,473
Grand Total	1,718,240	2,695,921	1,731,097	1,537,719	1,344,473

**CITY OF DETROIT
BUDGET DEVELOPMENT
FINANCIAL DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER - EXPENDITURES
DEPARTMENT 38 - PUBLIC LIGHTING DEPARTMENT**

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
38 - Public Lighting Department	17,452,174	18,823,890	18,231,931	18,417,863	18,576,962
1000 - General Fund	17,133,934	17,727,969	17,900,834	18,080,144	18,232,489
29380 - Public Lighting - Administration	17,133,934	17,727,969	17,900,834	18,080,144	18,232,489
380010 - PLD Administration	17,133,934	17,727,969	17,900,834	18,080,144	18,232,489
1011 - PLD Decommissioning Reserve Fund	318,240	1,095,921	331,097	337,719	344,473
29381 - Public Lighting Decommissioning	318,240	1,095,921	331,097	337,719	344,473
381100 - PLD Decommissioning	318,240	1,095,921	331,097	337,719	344,473
Grand Total	17,452,174	18,823,890	18,231,931	18,417,863	18,576,962

**CITY OF DETROIT
BUDGET DEVELOPMENT
FINANCIAL DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER - REVENUES
DEPARTMENT 38 - PUBLIC LIGHTING DEPARTMENT**

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			
38 - Public Lighting Department	1,718,240	2,695,921	1,731,097	1,537,719	1,344,473
1000 - General Fund	1,400,000	1,600,000	1,400,000	1,200,000	1,000,000
29380 - Public Lighting - Administration	1,400,000	1,600,000	1,400,000	1,200,000	1,000,000
380010 - PLD Administration	1,400,000	1,600,000	1,400,000	1,200,000	1,000,000
1011 - PLD Decommissioning Reserve Fund	318,240	1,095,921	331,097	337,719	344,473
29381 - Public Lighting Decommissioning	318,240	1,095,921	331,097	337,719	344,473
381100 - PLD Decommissioning	318,240	1,095,921	331,097	337,719	344,473
Grand Total	1,718,240	2,695,921	1,731,097	1,537,719	1,344,473

**CITY OF DETROIT
BUDGET DEVELOPMENT
POSITION DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER
DEPARTMENT 38 - PUBLIC LIGHTING DEPARTMENT**

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			
38 - Public Lighting Department	3	2	2	2	2
1000 - General Fund	3	2	2	2	2
29380 - Public Lighting - Administration	3	2	2	2	2
380010 - PLD Administration	3	2	2	2	2
012031 - Senior Clerk	1	0	0	0	0
193034 - Drafting Technician IV	1	1	1	1	1
739932 - Street Lighting Maintenance Foreman	1	1	1	1	1
Grand Total	3	2	2	2	2