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TO: Honorable Detroit City Council

FROM: David Whitaker, Director 
Legislative Policy Division

DATE: January 17, 2023

RE: Policy Review of the Proposed Capital Agenda FY 2023-2024 through 2027-2028

The Detroit City Charter, Sec, 8-202, requires the submission of a proposed Capital Agenda for the next five (5) fiscal years, on or before November 1 of each even numbered year. The capital Agenda shall state:

- All physical improvement, related studies and surveys, all permanent property, and all equipment for any improvement that will be finance during the next 5 years, in whole or in part from funds subject to control or appropriation by the City, including information on the necessity for the improvements, property and equipment;
- Capital expenditures planned for each of the next five (5) fiscal years;
- Estimated annual cost of operating the facilities to be constructed or acquired;
- Amount and source of funding intended to be spent during each of the next five (5) fiscal years for each separate purpose, project, facility, or other property;
- Other information pertinent to the evaluation of the Capital Agenda

The Charter states that the City Council shall publish in at least one (1) daily newspaper of general circulation, a general summary of the proposed Capital Agenda, indicating times and places copies of the Capital Agenda are available for public inspection. The newspaper notice shall also state the times and places, not less than 2 weeks after publication, for a public hearing on the proposed Capital Agenda.

The City Council may delete projects from the proposed Capital Agenda; but your Honorable Body may not otherwise amend the Capital Agenda, as submitted until the recommendations of the Planning and Development Director have been requested; City Council is not bound by the recommendations and may act without them if they are not received within thirty (30) days from the date requested.

The City Council shall approve the five (5) Year Capital Agenda by March 1 of the following year after its submission. If the City Council fails to take action by March 1, the proposed Capital Agenda shall be deemed approved.

A proposed Capital Agenda for the fiscal years 2023-2024 through 2027-2028 is dated and was submitted to the City Council on November 1, 2022.

The proposed Capital Agenda, covering fiscal years 2024-2028, follows the format of the previous 2022-2026 Capital Agenda, grouping department projects under five (5) Capital Categories. However, there are some notable differences between the 2022-2026 Capital Agenda and the 2024-2028 proposed Capital Agenda currently before this Honorable Body. These include the following.

The Housing and Economic Development Category of the 2022-2026 Capital Agenda contained funding associated with the Neighborhood Improvement Bonds Initiative (Proposal N) through the Detroit Demolition Department. This item identified proposed capital expenditures for demolition and rehabilitation of dwellings under the Proposal N initiative. At the specific time the 2022-2026 proposed Capital Agenda was presented to Council, Proposal N, the Neighborhood Improvement Bonds initiative, had yet to be approved by voters. The measure subsequently received voter approval allowing the City of Detroit to sell \$250 million in Neighborhood improvement bonds for the removal of blighted homes and the preservation and renovation of other homes to make safer neighborhoods and increase property values across the city.

The 2022-2026 Capital Agenda also identified capital expenditures for the 36th District Court under the Health and Public Safety Category. Here, 36th District Court was designated for capital investment to remodel a storage area creating a new courtroom dedicated to cases and dockets specifically related to individuals diagnosed with mental health issues. This project has been completed, for that reason 36th District Court does not appear in the current 2024-2028 proposed Capital Agenda.

Capital expenditures for the Detroit Public Library which previously appeared in the 2022-2026 Capital Agenda under the Open Spaces and Recreation Category are absent from the 2024-2028 proposed Capital Agenda. Included under this departmental category were expenditures for various improvements to library buildings with the funding source identified as library operational funds. This item is of particular importance and worthy of further discussion.¹

Proposed funding has been allocated to The Department of Elections under the Technology & Government Infrastructure Category of this current 2024-2028 proposed Capital Agenda. The Department of Elections will be upgrading its current filing system to improve accessibility to voter records and adding new Relia-Vote Software Equipment to automate the processing and mailing of absentee ballots and provide Detroiters with a way to track their absentee ballots in the postal system.

Generally, projects listed in the first two years of the Capital Agenda are anticipated to form the basis of the City's capital budget for the two subsequent fiscal years. Projects listed in the later

¹ See Fiscal Analyst report Detroit Public Library

years of the plan are not guaranteed funding due to the possibility of capital priority realignments. The regular revision process ensures that projects in the later years are reevaluated and reprioritized as needs require.

All proposed capital investments are assigned to three improvement categories based on their primary impact on the City's capital assets.

Capital Asset Improvement Categories

The categories are:

- Maintaining Existing Assets – the capital investment will bring existing assets to an industry-standard baseline maintenance condition under which the asset is safe and reliable with systems performing longer than its original useful life. To maintain this state, residual life is assessed against repair costs.
- New Investment – the capital investment will purchase or construct a new asset, expand the functionality of an existing asset, or replace an existing asset with a new asset with expanded functionality. In any case, functions not currently being performed would now be possible.
- Decommissioning Assets – these capital projects anticipate decommissioning existing assets, whether through deconstruction, disassembly, or mothballing, or for the consolidation and transfer of operations to another location. In either case, the result is the contraction of the City's overall asset footprint.

The following review will not address the fiscal content of this document. This report is designed to provide a general overview of the proposed Capital Agenda and the five (5) categories of City assets with improvement proposals identified in each category. A fiscal review of the proposed Capital Agenda was submitted to the City Council on November 28, 2022.

The Capital Agenda has been categorized to reflect a coordinated approach to improving City services, revitalizing neighborhoods, and expanding economic growth and opportunity. The 2024-2028 proposed Capital Agenda focuses heavily on the maintenance of existing infrastructure to carry our city into the future. While at the same time, it keeps with the concept of promoting the mayor's blight to beauty strategies. This is shown through the continued investments in police and fire facilities, maintenance and replacement of the city's vehicle inventory, and infrastructure improvements to bridges and sidewalks. Additionally, it allocates funding to commercial neighborhood corridors, city park improvements, and the Joe Louis Greenway. Also, this proposed Capital Agenda identifies capital expenditures that will touch our residents directly such as DWSD's basement backup protection and lead service line replacement programs, and the Housing and Revitalization Department's funding to maintain and create more affordable housing units. It is always prudent in most cases to maintain existing assets. The allocation of funds for new capital investments presents the more challenging task of prioritizing. Hopefully, this general review and the associated comments will assist in this undertaking.

Departmental projects are grouped in the following five (5) specific categories:

- Housing & Economic Development
- Open Spaces & Recreation
- Health & Public Safety

- Transportation
- Technology & Government Infrastructure

Housing and Economic Development

Including the current fiscal year, total funding in the Housing and Economic Development Category is indicated to be \$189,804,469. This category includes the following departments: Housing and Revitalization and Planning and Development.

Specific goals and projects cited by departments in this category include:

Housing and Revitalization Department

- Increase the supply of quality affordable housing by preserving and improving existing supply and creating new units
- New construction of affordable housing
- Property management and acquisition funds for security and upkeep of property the HRD is responsible for transacting and for the acquisition of properties forfeited through the Wayne County tax forfeiture process

Planning and Development Department

- Increase population and density
- Continued development and implementation of Neighborhood Framework Plans
- Joe Louis Greenway neighborhood planning framework implementation
- Vacant school stabilization prioritizing SNF Neighborhood and strategic areas identified in the vacant schools repurposing study

Construction of New Affordable Housing

As Detroit grows closer to becoming a municipality that more closely resembles a world class city, we can expect home values to continue to increase. Reportedly, residential home values in some areas of the city have risen 30% over the past 18 months. Consequently, the result of this will be higher rents for those who can least afford it. Maintaining the current stock of affordable housing and creating new affordable housing opportunities for Detroiters must be a top priority. As the cost of housing increases, lack of affordable housing will be an ongoing problem. It is imperative that city government work diligently to develop and implement effective strategies to address this problem. How the city responds to this crisis will impact the quality of life for many of our residents for years to come.

Neighborhood Planning Framework Implementation

Continued development and implementation of the neighborhood planning framework plans throughout the city will serve as a vital tool to further engage all our residents, allowing their voices to be heard relative to just what they would like to see in their communities. The over two hundred neighborhoods in the city possess unique qualities, issues, and needs. Effective community outreach is vital to the success of these initiatives.

Detroit Demolition Department

Capital expenditures for the activities of the Detroit Demolition Department are not included in the proposed 2024-2028 Capital Agenda before this Honorable Body. While included in the previous Capital Agenda under the Housing and Economic Development Category, the absence of these expenditures from this proposed Capital Agenda should not affect the continued demolition and rehabilitation of dwellings in the neighborhoods. Nonetheless, for purposes of transparency, the proposed funding for capital expenditures should be included in the current proposed Capital Agenda. Proposal N activities are still ongoing through the Demolition Department and citizens should be made aware of how the funds are proposed to be used.

Open Spaces and Recreation

Including the current fiscal year, total funding in the Open Spaces and Recreation Category is indicated to be \$513,230,00. This category includes the following departments and facilities: Charles H. Wright Museum of African American History, Eastern Market, General Services Department-(Parks, Public Spaces, Recreation), Detroit Historical Society, and the Detroit Zoological Society.

Specific goals and projects cited by departments in this category include:

Charles H. Wright Museum of African American History

- Mechanical electrical project: Repairs replacements and improvements to heating and air condition, temperature controls, humidity controls, fire mitigation systems, as well as other electrical and engineering systems including a backup generator system
- Facade repair and Modernization: Improvements to prevent damage related to rain, snow, and other weather events, that also improve energy efficiencies

Eastern Market

- Shed X: a new structure dedicated to wholesale distribution, providing cold storage, and increasing the effectiveness of the regional wholesale market
- Funding a long-term lease or purchase of shed 7
- Replacement of Shed 4: Building an enclosed structure to better market services during the fall and spring months. A three-story building is envisioned with third floor leasing opportunities
- Major repairs to sheds and parking lots
- Working with affordable housing developers from around the Midwest to create workforce, senior and supportive housing options

General Services Department-Parks, Public Spaces, and Recreation

- Improvements to City parks
- Replacement of park amenities
- Joe Louis Greenway Future Phases
- Recreation Center Improvements
- Vehicle Replacement Plan for park maintenance and construction vehicles
- Maintaining existing golf courses

Detroit Historical Society

- Dossin Great Lakes Museum improvements and expansion
- Detroit Historical Museum: exhibit upgrades and additional exhibits
- (Fort Wayne) Collection Resource Center: New roof and boiler replacement

Detroit Zoological Institute

- Kids zone: new installations for children to include a barnyard, animal habitats, a Gathering Zone, and Play Zone
- Improvements to water infrastructure, HVAC, fire detection and suppression systems, pathway repairs, improvements to stabilize the water tower, stormwater management investments, and roof replacements
- Guest experience renovation projects: Main entrance, Rackham Memorial Fountain, and mall road around the fountain.

Recreation Center Improvements

The proposed Capital Agenda provides for new and continued improvements to several of the recreational facilities within the city. However, parts of our city still lack real recreational opportunities in the form of actual full-service recreation centers. The concept that recreational opportunities should be spread equally throughout the city amongst the seven (7) City Council districts to allow all citizens access has been a topic of discussion for many years. And the buildout of the Lenox Center in District 4 will provide an enjoyable space for a segment of the residents in the area. However, this facility does not address the community's age-old plea for an additional full-service recreation center in the district.

Joe Louis Greenway Project

The Joe Louis Greenway recreational pathway will eventually span approximately thirty miles through the City of Detroit and other communities. It has been touted as a unifier of Detroit's neighborhoods, people, and parks. As the Joe Louis Greenway construction continues, our citizens should receive a clear vision and understanding of what this project will be once it has fully materialized. There will be a need for more conversations relative to a host of issues, programming, local inclusion, and electronic surveillance, to name a few. What is the plan to make this a secure and safe place for our citizens when law enforcement has difficulties curtailing illegal activities even on major thoroughfares?

Detroit Public Library

The absence of the Detroit Public Library from the proposed Capital Agenda document is particularly disturbing considering the low rate of literacy in the City of Detroit. Library systems not only promote literacy, but they also strengthen communities. The fact that they are constantly in need of resources, maintenance, and infrastructure improvements is a widely known reality. In 2014 Detroiters voted to renew the library millage for ten (10) years. Library operations are funded primarily through this tax of 4.6307 mills which equates to about \$232 on a home with a taxable value of \$50,000. Therefore, these are taxpayer dollars that operate the library system. And the taxpayers have the right to know how these funds are being used. Additionally, the city has a role and must do all within its power to ensure that these services are provided to our citizens in safe well-maintained facilities. In this age of disinformation and fake news, our libraries should be places that bring information and education to all people regardless to their socioeconomic status.

Health and Public Safety

Including the current fiscal year, total funding in the Health and Public Safety Category is indicated to be \$119,735,000. This category includes the following departments: Detroit Fire Department, Detroit Health Department, and the Detroit Police Department.

Specific goals and projects cited by departments in this category include:

Detroit Police Department

- Police facility improvements: Continuation of ongoing capital improvements to bring DPD facilities to a modernized state of good repair.

Detroit Fire Department

- Fire facility improvements: capital improvements throughout multiple facilities to bring them into a modernized state of good repair
- Equipment replacement: EKGs, radios, In-vehicle technology

Detroit Health Department

- New Detroit Animal Care and Control Facility: Design-Build services to design, renovate existing and construct a new Detroit Care and Control facility at 5700 Russell Street.

Police and Fire facility improvements

The 2024-2028 proposed Capital Agenda provides funding for renovations and upgrades to both police precincts and fire facilities throughout the city. These investments are necessary not only to provide the vital services our citizens deserve, but also to provide safe, clean, and secure workplaces for our first responders. Many of our firehouses and police precincts are aged facilities that are in dire need of various interior and exterior improvements. These investments not only help to protect the safety and welfare of our citizenry, but they help build departmental morale.

Transportation

Including the current fiscal year, total funding in the Transportation Category is indicated to be \$809,183,000. This category includes the following departments and facilities: Coleman A, Young International Airport, Department of Transportation, Detroit Transportation Corporation, Department of Public Works, and the Municipal Parking Department.

Specific goals and projects cited by departments in this category include:

Coleman A. Young International Airport

- Install engineered material arresting system (EMAS) to stop aircraft that overrun the runway
- Design and construct a new Taxiway B
- Acquire land and homes for (French Road Mini Take)
- Construct additional T-hangars that include space for executive business, twin, and single engine aircrafts

Detroit Department of Transportation

- Bus overhaul: Invest in new buses at mid-life to improve reliability by replacing aging buses, purchase new zero emission buses to improve air quality and reduce greenhouse gas emissions
- Replace on board bus cameras and back up hardware and software
- Electric bus program continuation and charging equipment
- Connection Corner Pilot and Mobility and Transit Hubs
- Construction, renovations, and upgrades to various DDOT facilities and the Administration Building
- Rosa Parks Transit Center renovations

Department of Public Works

- Streetscape projects: these plans will be created in line with the neighborhood and corridor plans developed by the Planning and Development Department for various areas in the city
- Bridge repairs and rehabilitation
- Street resurfacing and rehabilitation continuing the program which allocates funds for the construction resurfacing and reconstruction of streets and improvements to intersections
- Federal aid roadways, eligible projects include major street resurfacing or street safety improvements
- Sidewalks: this ongoing program allocates funds for repair of tree damaged sidewalks on the east and west sides of the city

Detroit Transportation Corporation

- Rehabilitate electrical substations that supply power to the People Mover
- Install surveillance cameras and automated passenger counters on all train cars
- Replace and upgrade original fare collection equipment at thirteen (13) stations
- Replacement of 12 cars with all new cars or a combination of new and refurbished used cars

Detroit Municipal Parking Department

- Ford underground parking garage upgrades
- Commercial corridor off street parking improvements: Increasing parking options in commercial corridors

Coleman A. Young International Airport

New investments in Coleman Young International Airport are long overdue. For many years the future of the airport has remained in limbo. Citizens in the surrounding area have waited decades for a real plan for this asset. With the realization that this facility will never be a hub of commercial airliners, the focus can be on making this a premiere regional airport in southeastern Michigan.

Rosa Parks Transit Center Renovations

While the Rosa Parks Transit Center is slated to receive funding for renovations and the construction of the new Transit Center at the State Fair Grounds is in progress, it would be beneficial to remember just how rapidly the condition of the newly built Rosa Parks Transit Center declined once it opened. Measures should be taken to prevent this from happening to the new State Fair Grounds facility.

Technology and Government Infrastructure

Including the current fiscal year, total funding in the Technology and Government Infrastructure Category is indicated to be \$821,738,000. This category includes the following departments and facilities: Department of Innovation and Technology, Department of Elections, General Services Department-Facilities, General Services Department – Fleet, Public Lighting Authority, Public Lighting Department, and the Detroit Water and Sewerage Department.

Specific goals and projects cited by departments in this category include:

Department of Innovation and Technology

- Make city government more responsive by improving Detroiters ability to access and communicate with City Government
- Replace obsolete and vulnerable departmental systems by replacing outdated software for functions making IT systems vulnerable to attack
- Upgrade or migrate 911 computer aided system to supported system

Department of Elections

- Continue to automate the absentee process to make it more cost effective and efficient prior to the 2024 Presidential Election cycle
- Upgrade filing system (Kardex remstar filing system)
- Invest in Relia-Vote module to enable rapid ballot envelope printing and insert solution with presort and ballot tracking software and equipment to automate the processing and mailing of absentee ballots

General Services Department-Facilities

- Consolidation of city service yards and garages to increase efficiency and modernize operation.
- Department of Elections building improvements
- City Airport improvements to bring facilities in line with the new airport layout plan

General Services Department -Fleet

- Optimize the entire city fleet. An optimized fleet is one where the average vehicle age is the midpoint of the intended fleet lifecycle
- Implement a new vehicle replacement schedule, prioritized by vehicle age, life span, repair costs, and utilization.
- New investment in vehicles for Emergency Response, General City Services, Street Fund (i.e., sign shop, traffic engineering etc.), Solid Waste, Parks, Police Tow, Blight Remediation and Demolition

Public Lighting Authority

- Replace aged out residential wood poles
- Upgrade street lighting and remove poles and fixtures in high traffic areas
- Replace LED lights

Public Lighting Department

- Decommissioning, abatement, and salvage operations

- Decommissioning inactive substations and Mistersky power plant

Detroit Water and Sewerage Department

- Lead service line replacement program
- Basement backup protection program
- Lateral sewer line replacement
- Various water main replacements
- Green infrastructure

Department of Elections Technology Upgrades

Due to the ever-changing political landscape in our country, it is imperative that we continuously work to strengthen our election infrastructure to guarantee efficient, accessible, safe, and fair elections. Absentee voting increased 350 % in the State of Michigan from the 2016 to the 2020 presidential election, and this upward trend will most likely continue.

Vehicle Fleet Replacement

Funding has been proposed for the replacement of vehicles throughout the cities various departments. These include buses, general city vehicles, fire, and police vehicles. The goal is to replace these vehicles halfway through the life cycle to bring over fleet age within the range of what is the recommended standard.

Detroit Water and Sewerage Department

The Detroit Water and Sewerage Department has historically been and remains the department with the most capital expenditures. This is due to the age, size, and nature of the operations. Both the Lead line replacement and flood protection are vital to the health and safety of our residents.

The Michigan Lead and Copper rule requires all lead service lines be replaced over the next 20 years. ² Programs like this are underway across the United States. The danger is that the lead contained in the service lines dissolves into the water making it no longer safe for consumption. DWSD has embarked on the Lead Service Line Replacement Program utilizing various sources of funding. There are approximately 80,000 service lines to be replaced and additional funding will most likely be necessary.

Affiliated Entities

Including the current fiscal year, total funding in the Affiliated Entities Category is indicated to be \$200,000. The Capital Agenda calls for the inclusion of all physical improvements, property of a permanent nature, and equipment for any improvement when first erected or acquired, to be financed during the next five (5) fiscal years from funds subject to control or appropriation by the city. Generally, funds utilized by Affiliated Entities are not subject to appropriation by the City Council. Therefore, not required to be part of the Capital Agenda.

² [Lead and Copper Rule \(michigan.gov\)](http://michigan.gov)

However, these entities work so closely with city departments and the community to provide a variety of services, land assembly and business attraction to name a few. It merits the listing of the organization's current and proposed activities for transparency purposes.

Detroit Economic Growth Corporation

- a. Downtown Development Authority
- b. Economic Development Corporation
- c. Industrial Parks
- d. Neighborhood Development Corporation
- e. Brownfield Redevelopment Authority
- f. Local Development Finance Authority
- g. Detroit Next Michigan Development corporation
- h. 8 Mile Woodward Corridor Improvement Authority
(no actual projects were presented)

Detroit-Wayne County Port Authority

\$200,000 targeted for improvements to Detroit-Wayne County Port Authority Office & Cruise Ship Dock in the form of electrical upgrades, HVAC system replacement, and new bollards for the cruise ship dock

Detroit Riverfront Conservancy

Completion of the West Riverfront project TBD

CONCLUSION

In closing, the Capital Agenda process is important because it assists the city in making choices about how and when projects should be implemented and how they should be funded. This ensures that government policymakers are responsible to the residents with respect to how capital funds are spent.

Although like the previous capital agenda in format, the proposed 2024-2028 Capital Agenda is better presented and more comprehensive than some of the earlier capital agendas.

The proposed 2024-2028 Capital Agenda does a fine job of providing for the continued maintenance and improvements to existing critical assets. Expenditure of funds for maintenance and replacement of city vehicles, renovations to police and fire facilities and other infrastructure improvements are vital to the delivery of services and the overall quality of life of our citizens.

Observations/Recommendations

- The 2022-2026 capital agenda included an appendix containing one-page summaries from DEGC relative to the Commercial Redevelopment Act, Commercial Rehabilitation Act, Neighborhood Enterprise Zone Act, New Personal Property Exemption, Obsolete Property Rehabilitation Act, and the Plant Rehabilitation Act. These are very helpful to anyone who reviews the proposed Capital Agenda and should be included.
- The proposed capital expenditures targeted for Fort Wayne appear to be significantly less than that which is necessary to lend to a viable future for the facility.

- The Public Lighting Department decommissioning process should be closely monitored

As previously stated, projects that appear in the first two years of the Capital Agenda generally form the basis of the first two (2) year funding, while projects proposed in later years are more susceptible to changes in capital funding priorities.

When determining strategic priorities, several projects that touch our residents directly where they live should not be overlooked. These include affordable housing initiatives, DWSD's basement backup and service line replacement programs, and sidewalk replacement.

In these times of social and economic instability, it could be helpful to contemplate a resident first priority approach. This will involve priorities starting at the doorsteps of our residents and gradually moving out into the surrounding community, i.e., sidewalk repair, neighborhood framework plans, neighborhood corridor improvements, parks, transportation, reuse of abandoned school buildings, eventually arriving at larger projects like the Joe Louis Greenway.

Again, this report is intended to provide an overview of the Proposed Capital Agenda. The forthcoming report of the City Planning Commission will provide a more detailed review of the various initiatives. The Commission's report is expected to be released following its next meeting on January 19th.