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TO: Tyrone Clifton, Director
Detroit Building Authority

FROM: David Whitaker, Director 
Legislative Policy Division

DATE: March 8, 2023

SUBJECT: 2023-2024 Budget Analysis

Attached is our budget analysis regarding the Detroit Building Authority's budget for the 2023-2024 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Friday, March 10, 2023, at 11:00 a.m.** We would then appreciate a written response to the 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
Brad Dick, Group Executive/COO
Doug Ortiz, Budget Analyst
James George, Agency CFO
Malik Washington, Mayor's Office

Detroit Building Authority

FY 2023-2024 Budget Analysis by the Legislative Policy Division

Issues and Questions

The **Detroit Building Authority** (DBA) is primarily responsible for administering capital projects, as determined by each respective City Department, with identified capital or grant funds. Critical functions include encumbering funds through Contracts of Lease; managing the bid, RFP/RFQ process; issuing contract awards; securing the necessary clearances; advising contractors of City requirements; execution of contract documents; monitor design development and construction for each DBA capital project; review and approve contract invoices; oversee payments to vendors.

In addition, the DBA is responsible for the following:

- Creating and maintaining a database of all City-owned commercial property.
- Maintaining and managing all of the properties within the database.
- Managing the sale of the property, which includes tracking the applications through the process, marketing of properties, obtaining City and Council approvals, and finalizing the sale transaction.
- Managing City leases, which consist of property leased by and from the City, cellular towers and billboard leases.

Page B35-10 In the Non-Departmental Budget, the Mayor has recommended to increase the General Fund Expenditure in cost center 350310 - Detroit Building Authority by \$1.1 million (91.3%) in FY 2024, as illustrated below:

	FY 2023 Adopted Budget	FY 2024 Recommended Budget	FY 2024 Increase/ (Decrease)	FY 2024 Increase/ (Decrease)
Expenditures	\$1,203,945	\$2,303,226	\$1,099,281	91.3%

Page B35-12 in the Non-Departmental Budget, on the Revenue side, revenue cost center 350310 - Detroit Building Authority, the Mayor has recommended to decrease the General Fund Revenues by \$1.2 million (100%) to zero in FY 2024, as illustrated below:

	FY 2023 Adopted Budget	FY 2024 Recommended Budget	FY 2024 Increase/ (Decrease)	FY 2024 Increase/ (Decrease)
Revenues	\$1,199,378	\$0	(\$1,199,378)	(100%)

)
Pages B35-16 In FY 2024, the number of FTEs in the Detroit Building Authority remains unchanged by the Mayor at eight (8).

- 1) Please briefly explain the new expense initiatives the Detroit Building Authority (DBA) is planning to implement in FY 2024. Please provide which appropriation/cost center the new initiatives will affect in FY 2024.
- 2) Please briefly explain the new capital funding requests the DBA is planning to implement in FY 2024. Please provide which appropriation/cost center the new requests will affect in FY 2024.
- 3) Please briefly explain the operational reform and savings proposals the DBA is planning to implement in FY 2024. Please provide which appropriation/cost center the new reforms/proposals will affect in FY 2024.

- 4) Please explain why the mayor's recommendation for FY 2024 for the DBA expenditures to increase by \$1.1 million, when there's no increase in FTEs. If the increase is largely in contractual services and/or operating services, please explain the impact on DBA's operations in FY 2024.
- 5) Please briefly explain why the mayor's recommendation for FY 2024 for the DBA revenue is \$0. Please provide which appropriation/cost center reflects the change.
- 6) What are your projected performance metrics for the current fiscal year? What are your target metrics for fiscal year 2024?
- 7) How do you make the public aware of commercial property for sale? Do you partner with any departments or outside agencies? Do you prioritize the sale of property to city residence and minority owned businesses? Do we have enough funds in the budget for public outreach?
- 8) On page 7 of DBA's 2022 annual financial statements, the DBA had a negative net position of (\$6.4 M) as of June 30, 2021, and a negative net position of (\$6.7 M) as of June 30, 2022. Please explain how the DBA look to address the negative net positions.

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	FY2023 Adopted	FY2024 Mayor Proposed	FY2025 Forecast	FY2026 Forecast	FY2027 Forecast
27352 - Community Programs Support	463,716	463,716	472,990	478,682	484,446
350230 - CEC Goal Line	250,000	250,000	255,000	257,550	260,126
350240 - EITC Support	213,716	213,716	217,990	221,132	224,320
28351 - Board of Ethics	610,001	545,278	556,291	563,950	571,557
350165 - Board of Ethics	610,001	545,278	556,291	563,950	571,557
28352 - Media Services & Communications	1,695,645	1,480,094	1,510,156	1,532,509	1,554,518
350325 - Communications Services	696,789	601,760	613,988	623,165	632,197
350326 - Media Services	998,856	878,334	896,168	909,344	922,321
28354 - Elected Officials Compensation	1,467,680	1,600,000	1,652,852	1,705,944	1,709,244
350007 - Elected Officials' Compensation	1,467,680	1,600,000	1,652,852	1,705,944	1,709,244
29350 - Citywide Overhead	39,491,058	52,723,536	53,934,277	55,891,036	56,365,008
350020 - Dues & Memberships	386,235	386,235	393,960	397,900	401,879
350220 - Claims Fund (Insurance Premiums)	12,100,000	12,100,000	12,342,000	12,465,420	12,590,074
350310 - Detroit Building Authority	1,203,945	2,303,226	2,349,658	2,378,925	2,408,031
350800 - Centralized Payments	24,800,878	30,934,075	31,552,757	31,868,284	32,186,966
350980 - Workforce Investments	1,000,000	7,000,000	7,295,902	8,780,507	8,778,058
29351 - Pension-Related Payments	108,675,000	-	-	-	-
350015 - Pension Benefits Administration	-	-	-	-	-
351051 - Retiree Protection Fund	90,000,000	-	-	-	-
351052 - Foundations - DIA Pension Contributions	18,675,000	-	-	-	-
3921 - Other Special Revenue Fund	2,113,980	2,164,363	2,215,947	2,268,760	2,322,832
28353 - Cable TV	2,113,980	2,164,363	2,215,947	2,268,760	2,322,832
350324 - P.E.G. Fees	2,113,980	2,164,363	2,215,947	2,268,760	2,322,832

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**CITY OF DETROIT
BUDGET DEVELOPMENT
FINANCIAL DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER - REVENUES
DEPARTMENT 35 - NON-DEPARTMENTAL**

Department # - Department Name Fund # - Fund Name Appropriation # - Appropriation Name Cost Center # - Cost Center Name	FY2023 Adopted	FY2024 Mayor Proposed	FY2025 Forecast	FY2026 Forecast	FY2027 Forecast
35 - Non-Departmental	1,106,796,842	1,108,813,520	1,081,383,163	1,103,259,366	1,124,023,518
1000 - General Fund	1,045,947,862	1,057,413,683	1,079,167,216	1,100,990,606	1,121,700,686
14001 - Non Dept Budget Reserve	67,982,308	-	-	-	-
352101 - Budget Reserve	67,982,308	-	-	-	-
20255 - Prior Year Activity	8,156,000	-	-	-	-
351009 - Prior Year Surplus	8,156,000	-	-	-	-
28353 - Cable TV	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
350510 - Cable Franchise Fees	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
29350 - Citywide Overhead	1,199,378	-	-	-	-
350310 - Detroit Building Authority	1,199,378	-	-	-	-
29351 - Pension-Related Payments	-	-	-	-	-
350015 - Pension Benefits Administration	-	-	-	-	-
29352 - Major Taxes and Other Revenues	961,661,160	1,050,860,190	1,072,613,723	1,094,666,606	1,115,376,686
350350 - Property Tax & Other Related Revenue	128,165,000	145,613,641	151,875,087	156,491,716	161,138,393
350360 - State Shared Taxes	217,753,000	228,180,533	228,885,773	229,598,126	230,317,663
350380 - Investment & Other Interest Earnings	1,100,000	3,270,000	3,000,000	3,000,000	3,000,000
350620 - Income Tax	290,313,833	359,530,889	371,090,771	384,408,669	396,259,324
351020 - Non-Departmental	30,009,327	27,341,204	27,838,029	28,344,790	28,861,686
351050 - Wagering Tax	265,483,000	258,086,728	260,708,862	263,315,951	265,997,193
351056 - Motor City Casino - Municipal Services	9,625,000	9,086,413	9,184,118	9,275,960	9,368,719
351057 - Greektown Casino - Municipal Services	5,316,000	4,001,741	4,038,481	4,078,866	4,119,655
351058 - MGM Grand Casino - Municipal Services	13,896,000	15,749,041	15,992,602	16,152,528	16,314,053
29353 - Debt Repayment	1,949,016	1,553,493	1,553,493	1,324,000	1,324,000

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