


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

FROM: David Whitaker, Director 
Legislative Policy Division

DATE: March 6, 2023

RE: 2023-2024 Budget Analysis

Attached is our budget analysis regarding your department'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 **Wednesday, March 8, 2023, at 10:00 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.

Attachments:
Issues and Questions
Agency Plan: Mission, Goals and Activity Summary
Budget Summary
Appropriation and Cost Center Expenditures

cc: Councilmembers
Auditor General's Office
Jay Rising, CFO
Tanya Stoudemire, Chief Deputy CFO-Policy & Administration Director
Steven Watson, Deputy CFO/Budget Director
Brad Dick, Group Executive/COO
James George, Agency CFO
Malik Washington, Mayor's Office

Detroit Public Lighting Department (38)
FY 2023-2024 Budget Analysis by the Legislative Policy Division

Issues and Questions

- 1) As the City continues to own the assets of the public lighting system (including those under the supervision of the PLA), what is the overall strategic plan for Citywide Public Lighting? Looking forward, what is PLD's role with respect to the City's Public Lighting system?
- 2) Who, in the city, provides oversight of the Public Lighting Authority activities?
- 3) Please provide a status update on the decommissioning of the PLD system and the on-going sale of PLD assets. Is there a timeline for decommissioning PLD assets?
 - a) Briefly describe the activity required to prepare the Mistersky plant for disposal. Is there any interest in developing this site after decommissioning?
 - b) What are the plans to dispose of substations that are no longer needed by DTE? How many substations have we sold to date?
 - c) Please explain the role of the Detroit Lank Bank Authority (DLBA) in the disposal of salvageable materials from the decommissioned substations. If the DLBA is not involved, please provide which entity is responsible for this role.
 - d) Has all PLD customers been converted to DTE; the original timeline was 5-7 years?
- 4) Has all the Auditor General findings and concerns from the February 2020 audit of PLD Salvage Operations been resolved? Are there any open, unresolved issues from previous audits?
 - a) Please provide an update on PLD's Salvage Operations.
- 5) Has all the Auditor General findings and concerns from the September 2020 audit of PLD Operational Revenues been resolved (invoicing/bills/collections, etc.)?
 - a) Please provide an update on the issues with the rental contracts. Have all outstanding contracts been renewed and appropriate documentation on file?
 - b) How many third-party equipment units are located on city poles and has the city verified this number against existing contracts.
 - c) Concerns were raised regarding 5G technology and missed revenue potential; what is the status today?
- 6) On page 38-2, Goals, Strategic Priorities and Related City Outcomes- Please elaborate on
 - a) goal# 2: Maintain legacy electrical 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.
 - i) Please explain DOIT's need of PLD's electrical grid. What actions are required of PLD to assist DOIT with this goal?
 - ii) How much revenue is generated by PLD for the lease of excess capacity to private companies?
 - b) goal# 3: Provide well-lit streets as defined using photometric analysis in the Lighting Plan.
 - i) Is this PLA's responsibility and what role does PLD play in accomplishing this goal?
- 7) On page B38-5, please explain:
 - a) The year-over-year increases for Professional & Contractual Services, Operating Services and Other Expenses.

- b) The \$9.4 million budgeted in Other Expenses includes payment of O&M expenses to the PLA. Briefly, describe the agreement between PLD and PLA to pay operating & maintenance costs, and how was the budgeted amount determined.
 - c) Was there consideration given to the recommendations of the Auditor General in its Performance Audit of PLA (May 2022 report) on the issue of the over-payment of O&M expenses to PLA? Are there any plans to recover the overpayments?
 - d) What is the expiration date on the TMCA contract?
- 8) On page B38-6, please explain the year-over-year changes for Sales & Charges for Services and Revenues from Use of Assets. What caused the increase in Sales & Charges? Why the decline in Revenues from Use of Assets?
- 9) The FY 2024 budget includes 1-FTE (Drafting Technician IV); a Street Lighting Maintenance Foreman position, included in the FY 2023 Budget was not funded.
- a) What are the job duties of the Drafting Technician? Please explain how this one position will manage the department's responsibilities.
 - b) Does the budget include contractors, if so, how many?
- 10) According to the Office of the Chief Financial Officer (OCFO), as of December 31, 2022, the department had 2 vacancies; no actual positions filled. Briefly explain why these positions are vacant.

PUBLIC LIGHTING DEPARTMENT (38)

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 interlocal agreement, the City provides additional funds to the PLA to finance the operations and maintenance of the street lighting system.

PLD owns and maintains hundreds of miles of underground conduit and poles for overhead lines. Various communication companies rent conduit space and/or pay pole attachment fees that provide significant revenue to the City's General Fund.

PLD is actively preparing unused substations for sale to private entities, returning them to the City's tax base. PLD also is removing unused overhead lines owned by PLD to further enhance citizen safety and reduce blight.

Operating Programs and Services

- **Administration/Overhead** encompasses one full-time position, office supplies, and dues/occupancy permits
- **PLD Reserve** is comprised of materials handling services
- **Streetlights** encompasses utility costs for streetlights, electrical grid maintenance, substation decommissioning, and removal of overhead wires/peripheral equipment/poles no longer needed

PUBLIC LIGHTING DEPARTMENT (38)

Goals, Strategic Priorities and Related City Outcomes

Goals / Strategic Priorities	Timeframe	Related City Outcome
1. Maintain electricity distribution grid during the transition to DTE Energy, as the City of Detroit phases out of the electrical service business	Completed December 2022	Efficient & Innovative Operations
2. Maintain legacy electrical 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	July 2023 – June 2027	Efficient & Innovative Operations
3. Provide well-lit streets as defined using photometric analysis in the Lighting Plan	July 2023 – June 2027	Safer Neighborhoods
4. Contribute to the physical appearance and use of streets	July 2023 – June 2027	Vibrant & Beautiful City
5. Host telecommunications providers within optimal streetlight performance	July 2023 – June 2027	Economic Equity & Opportunity

Budget By Service

Services	FY 2024 Mayor Proposed	FY 2024 Mayor Proposed FTE
Administration/Overhead	\$83,355	1.0
PLD Reserve	\$245,000	-
Streetlights	\$18,512,554	-
Total:	\$18,840,909	1.0

PUBLIC LIGHTING DEPARTMENT (38)

Metrics and Data

Metrics	Data	Related Goal #
Response to streetlight outages within 1 week	99%	3
Response to knockdowns within 24 hours	100%	3
Miles of old collectors standardized	0 miles	3
Number of City streetscape projects supported	3 projects	4
Number of 5G permits approved	To be collected	5
Number of sites serviced	To be collected	3

Operating Budget Highlights

Initiatives	FY 2024 Mayor Proposed	FY 2024 Mayor Proposed FTE
Materials handling contract	\$125,000	-
Streetlight utility cost increase	\$313,361	-

Department Name: Public Lighting Department

Department #: 38

Budget Summary:

	FY2022 Actual		FY2023 Adopted		FY2024 Mayor Proposed	
	General Fund	All Funds	General Fund	All Funds	General Fund	All Funds
Total Revenues	1,783,700	3,123,809	1,600,000	2,695,921	1,534,000	3,665,097
Total Expenditures	17,402,496	17,494,340	16,727,969	17,823,890	16,709,812	18,840,909
Net Tax Cost	15,618,796	14,370,531	15,127,969	15,127,969	15,175,812	15,175,812

	FY2025 Forecast		FY2026 Forecast		FY2027 Forecast	
	General Fund	All Funds	General Fund	All Funds	General Fund	All Funds
Total Revenues	1,467,000	3,598,097	1,400,000	3,531,097	1,333,000	3,464,097
Total Expenditures	16,855,966	18,987,063	16,930,836	19,061,933	17,006,428	19,137,525
Net Tax Cost	15,388,966	15,388,966	15,530,836	15,530,836	15,673,428	15,673,428

Positions (by FTE):	2/10/2023 Actual	FY2023 Adopted	FY2024 Mayor Proposed	FY2025 Forecast	FY2026 Forecast	FY2027 Forecast
General Fund	-	2	1	1	1	1
Non-General Fund	-	-	-	-	-	-
ARPA	-	-	-	-	-	-
Total Positions	-	2	1	1	1	1

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

Department # - Department Name Summary Category	FY2023 Adopted	FY2024 Mayor Proposed	FY2025 Forecast	FY2026 Forecast	FY2027 Forecast
38 - Public Lighting Department	17,823,890	18,840,909	18,987,063	19,061,933	19,137,525
Salaries & Wages	91,872	49,550	50,541	51,299	52,068
Employee Benefits	31,456	15,822	16,161	16,414	16,639
Professional & Contractual Services	1,650,000	2,745,000	2,769,900	2,782,599	2,795,425
Operating Supplies	1,211,971	632,097	632,117	632,127	632,137
Operating Services	5,435,328	5,995,177	6,115,081	6,176,231	6,237,993
Other Expenses	9,403,263	9,403,263	9,403,263	9,403,263	9,403,263
Grand Total	17,823,890	18,840,909	18,987,063	19,061,933	19,137,525

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

Department # - Department Name Summary Category	FY2023 Adopted	FY2024 Mayor Proposed	FY2025 Forecast	FY2026 Forecast	FY2027 Forecast
38 - Public Lighting Department	2,695,921	3,665,097	3,598,097	3,531,097	3,464,097
Sales & Charges for Services	2,162,921	3,198,097	3,198,097	3,198,097	3,198,097
Revenues from Use of Assets	533,000	467,000	400,000	333,000	266,000
Grand Total	2,695,921	3,665,097	3,598,097	3,531,097	3,464,097

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

Department # - Department Name Fund # - Fund Name Summary Category	FY2023 Adopted	FY2024 Mayor Proposed	FY2025 Forecast	FY2026 Forecast	FY2027 Forecast
38 - Public Lighting Department	17,823,890	18,840,909	18,987,063	19,061,933	19,137,525
1000 - General Fund	16,727,969	16,709,812	16,855,966	16,930,836	17,006,428
Salaries & Wages	91,872	49,550	50,541	51,299	52,068
Employee Benefits	31,456	15,822	16,161	16,414	16,639
Professional & Contractual Services	1,650,000	1,245,000	1,269,900	1,282,599	1,295,425
Operating Supplies	116,050	1,000	1,020	1,030	1,040
Operating Services	5,435,328	5,995,177	6,115,081	6,176,231	6,237,993
Other Expenses	9,403,263	9,403,263	9,403,263	9,403,263	9,403,263
1011 - PLD Decommissioning Reserve Fund	1,095,921	2,131,097	2,131,097	2,131,097	2,131,097
Professional & Contractual Services	-	1,500,000	1,500,000	1,500,000	1,500,000
Operating Supplies	1,095,921	631,097	631,097	631,097	631,097
Grand Total	17,823,890	18,840,909	18,987,063	19,061,933	19,137,525

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

Department # - Department Name Fund # - Fund Name Summary Category	FY2023 Adopted	FY2024 Mayor Proposed	FY2025 Forecast	FY2026 Forecast	FY2027 Forecast
38 - Public Lighting Department	2,695,921	3,665,097	3,598,097	3,531,097	3,464,097
1000 - General Fund	1,600,000	1,534,000	1,467,000	1,400,000	1,333,000
Sales & Charges for Services	1,067,000	1,067,000	1,067,000	1,067,000	1,067,000
Revenues from Use of Assets	533,000	467,000	400,000	333,000	266,000
1011 - PLD Decommissioning Reserve Fund	1,095,921	2,131,097	2,131,097	2,131,097	2,131,097
Sales & Charges for Services	1,095,921	2,131,097	2,131,097	2,131,097	2,131,097
Grand Total	2,695,921	3,665,097	3,598,097	3,531,097	3,464,097

**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	FY2023	FY2024	FY2025	FY2026	FY2027
Appropriation # - Appropriation Name	Adopted	Mayor Proposed	Forecast	Forecast	Forecast
Cost Center # - Cost Center Name					
38 - Public Lighting Department	17,823,890	18,840,909	18,987,063	19,061,933	19,137,525
1000 - General Fund	16,727,969	16,709,812	16,855,966	16,930,836	17,006,428
29380 - Public Lighting - Administration	16,727,969	16,709,812	16,855,966	16,930,836	17,006,428
380010 - PLD Administration	16,727,969	16,709,812	16,855,966	16,930,836	17,006,428
1011 - PLD Decommissioning Reserve Fund	1,095,921	2,131,097	2,131,097	2,131,097	2,131,097
29381 - Public Lighting Decommissioning	1,095,921	2,131,097	2,131,097	2,131,097	2,131,097
381100 - PLD Decommissioning	1,095,921	2,131,097	2,131,097	2,131,097	2,131,097
Grand Total	17,823,890	18,840,909	18,987,063	19,061,933	19,137,525

**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	FY2023	FY2024	FY2025	FY2026	FY2027
Appropriation # - Appropriation Name	Adopted	Mayor Proposed	Forecast	Forecast	Forecast
Cost Center # - Cost Center Name					
38 - Public Lighting Department	2,695,921	3,665,097	3,598,097	3,531,097	3,464,097
1000 - General Fund	1,600,000	1,534,000	1,467,000	1,400,000	1,333,000
29380 - Public Lighting - Administration	1,600,000	1,534,000	1,467,000	1,400,000	1,333,000
380010 - PLD Administration	1,600,000	1,534,000	1,467,000	1,400,000	1,333,000
1011 - PLD Decommissioning Reserve Fund	1,095,921	2,131,097	2,131,097	2,131,097	2,131,097
29381 - Public Lighting Decommissioning	1,095,921	2,131,097	2,131,097	2,131,097	2,131,097
381100 - PLD Decommissioning	1,095,921	2,131,097	2,131,097	2,131,097	2,131,097
Grand Total	2,695,921	3,665,097	3,598,097	3,531,097	3,464,097

**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	FY2023	FY2024	FY2025	FY2026	FY2027
Cost Center # - Cost Center Name	Adopted	Mayor Proposed	Forecast	Forecast	Forecast
Job Code - Job Title					
38 - Public Lighting Department	2	1	1	1	1
1000 - General Fund	2	1	1	1	1
29380 - Public Lighting - Administration	2	1	1	1	1
380010 - PLD Administration	2	1	1	1	1
193034.Drafting Technician IV	1	1	1	1	1
739932.Street Lighting Maintenance Foreman	1	0	0	0	0
Grand Total	2	1	1	1	1