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To: David Whitaker, Director Legislative Policy Division
From: Tyrone Clifton, Director 
Date: March 15, 2023
Re: Responses to 2023-2024 Budget Analysis

Please find below responses to your questions sent on March 8, 2023, regarding the proposed Fiscal Year 2024 Proposed Budget for Detroit Building Authority.

- 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.**

No new expense initiative for this fiscal year. We provide construction management services to City Departments as requested.

- 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.**

The best way to understand DBA funding requests are through the projected capital projects anticipated for FY 2024. These projects are funded from a variety of sources, including ARPA, PAYGO capital, UTGO bonds, and state and federal funds. Many individual projects are funded from multiple sources.

- ARPA Commercial Corridor Surface Parking Lots – Seven (7) new surface parking lots
- CAYIA Tarmac Concrete Repairs/Resurfacing – Concrete repairs at the Coleman A. Young International Airport
- DDOT 1301 E. Warren Building Improvements – Building improvements at DDOT Administration Building
- DDOT New Coolidge Bus Maintenance Facility – Construction of new bus maintenance facility at the existing Coolidge maintenance site
- DDOT New State Fair Transit Center – Adaptive Re-Use/Renovation of the State Fair Dairy Cattle Barn into a Transit Center
- DDOT Transit Police and Dispatch Office Renovations – Office renovations at 100 Mack to house DDOT Transit Police and Dispatch
- DoIT Lyndon – Technology Support Office Renovations
- DWSD Huber – New Air Handling Mechanical Unit Installation
- Flood Mitigation, Jefferson-Chalmers Neighborhood – Survey, assessment, and renovations of existing City-owned seawalls located in Jefferson-Chalmers
- GDRRA Administration Office Relocation/Renovations – Renovations and relocation of Administrative Offices to Russell-Ferry Service Yard
- GDRRA Waste Energy Facility Demolitions – Demolition of the structures and incinerator stack
- MPD Ford Underground Parking Garage – Repairs in advance of the Grand Prix

- m. MPD Multi Spaced Parking Meter Program – Purchase and Installation of Multi-Space Parking Meters
- n. PDD Dexter Pop-Up – Installation of freight containers for a community-based pop-up retail project

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.

DBA staffing has not changed this fiscal year and there is no change to DBA's mission.

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.

This is an error in the proposed budget for the Detroit Building Authority. The Proposed FY24 expenditures for DBA show as \$2,303,226, but it should only be \$1,207,113, which is much closer to prior year levels. Budget will correct this via the errata letter.

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.

This is an error in the proposed budget for the Detroit Building Authority. The Revenue Estimating Conference will address this at the September Revenue Estimating Conference.

6. What are your projected performance metrics for the current fiscal year? What are your target metrics for fiscal year 2024?

Projected performance metrics are:

- Total Capital Contract Awards \$25,000,000.00
- % Awarded to Minority Businesses 64%

Targeted metrics for Fiscal Year 2024 are:

- Total Capital Contract Awards \$50-70,000,000.00
- % Awarded to Minority Businesses 60%

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?

The City of Detroit has a real estate link on the City's website at <https://detroitmi.gov/government/mayors-office/properties>, that includes a link to a list of City-owned properties marketed for sale, a developmental map to explore available public property for development in Detroit, a link to learn how to purchase City of Detroit owned land, the application to purchase City of Detroit and Detroit Land Bank owned property, and upcoming development opportunities. The DBA works with the Housing and Revitalization Department to determine marketed properties listed on the webpage and in determining which properties are selected for an expanded marketing package. An expanded marketing package is typically for a specified time and requests uses that HRD has identified as needed in the area. The DBA participates in development webinars presented by City Council, Office of Contracting & Procurement, Department of

Neighborhoods, and City representatives spotlighting development opportunities within the City of Detroit. The DBA handles the intake of applications. We make sure the applicant does not have outstanding taxes or blight tickets then present the applications to several departments including the Mayor's Office, HRD, PDD, Detroit Economic Growth Corp., Department of Neighborhoods, and the Law Department. In the case of multiple applicants, often the address of the applicants is considered in the selection process. Our application does not ask the applicant to identify their ethnicity. The City chooses applicants who demonstrate the financial ability and development capacity to complete the project.

- 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.**

This is the result of timing. The DBA incurs liabilities resulting from invoices received from vendors for work undertaken. The DBA then vets these invoices, prepares a DBA invoice to the City with supporting documentation, and then submits that invoice for payment by the City. However, there is often a delay between the DBA receiving the invoices from the vendor and then completing their vetting and billing the City. This results in a booked liability but no booked receivable which would offset the liability. This gets resolved when the DBA finally invoices the City and a receivable is booked. Because the statement of net position is prepared at a single snapshot in time, it captures the natural timing problem at that moment.