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To: David Whitaker, Director
Legislative Policy Division

From: Jay Rising, Chief Financial Officer

Date: March 24, 2023

Re: **Responses to 2023-2024 Budget Analysis**

Please find below responses to your questions sent on March 23, 2023, regarding the proposed Fiscal Year 2024 Proposed Budget for the Department of Public Works.

- 1. Please briefly explain the department's new expense initiatives, new capital funding requests, operational reform and savings proposals, and new revenue initiatives/proposals to be implemented in FY 2024. Please provide which appropriation/cost center the new initiative/request/proposal is impacting in FY 2024.**

The FY24 budget includes a one-time expense to conduct a two-year project to enhance property valuation (A29232/CC230120).

- 2. On page B23-2, please explain what initiatives the OCFO plans to implement to maximize revenue and protect against financial exposure, per goal number 2.**

To maximize income tax collections, we are proposing additional funding to enhance the contract with the State Treasury Department. We will protect the City against financial exposure by continuing to develop a structurally balanced budget with sufficient reserves.

- 3. There are 12 vacant General Fund positions for the OCFO as of February 10, 2023. Please describe what these positions are and the likelihood of filling them.**

As of the March 24, 2023 pay period, there are currently 366 filled positions and 12 FY23 General Fund vacancies in OCFO. Vacancies are located in the following divisions:

- 4 in Assessor (59 filled, 63 funded)*
- 3 in Contracting and Procurement (32 filled, 35 funded)*
- 1 in Development and Grants (24 filled, 25 funded)*
- 3 in ODFS (107 filled, 110 funded)*
- 2 in Treasury (56 filled, 58 funded)*
- (1) in Controller (52 filled, 51 funded, with FY24 increase to 53 FTE)*
- Budget and CFOs office are fully staffed*

All divisions are currently staffed at 90% or above their FY23 funded position capacity, and OCFO in total is staffed at 97% capacity. The goal is to fill this manageable number of vacancies across the various divisions.

- 4. The FY 2024 budgeted positions for the OCFO increases by 25 positions from the FY 2023 budgeted positions. Please explain the impact of the increase in positions on OCFO's operations in FY 2024. Please explain why the 17 non-General Fund positions do not continue in the forecast period.**

21 of these 25 positions are in General Fund. The increase is representative of OCFO's anticipated staffing needs in FY24.

The 17 non-GF positions are not shown in the forecast period as they will be conducting blight-related activity that will be considered on an annual basis.

- 5. On page B23-8, please explain the \$1.5 million increase in salaries and wages for FY2024, while employee benefits remain around \$10.1 million in FY 2024.**

The increase is primarily due to the restoration of 21 General Fund positions and general wage/step & merit increases. Employee benefit fringe costs are lower than FY23, accounting for the latest cost projections across all fringe categories.

- 6. On page B23-8, please explain the \$2.6 million increase in professional & contractual services in FY 2024.**

This increase is driven by the State of Michigan Income Tax contract.

- 7. On page B23-8, please explain the \$2.1 million decrease in operating services in FY 2024.**

This decrease is due to the citywide rent, employee parking and utilities consolidation.

- 8. On page B23-8, please explain why \$1.75 million in one-time blight remediation fund dollars is recommended in FY 2024. Please describe the impact of this program, including the 17 positions that support this program, on OCFO's operations in FY 2024. Please explain why this program does not appear in the forecast years.**

The 17 non-GF positions are not shown in the forecast period as they will be conducting blight-related activity that will be considered on an annual basis.

- 9. On page B23-9, please explain the one-time \$250,000 contributions & transfers in FY 2024.**

This represents the use of prior-year surplus to cover the one-time cost of the two-year project to enhance property valuation initiative.

- 10. On page B23-11, the Treasury Cost Center (230070) shows \$821,749 reduction in the FY 2024 Mayor's recommended budget. Please explain how this will impact the operation.**

The reduction is primarily due to the citywide rent and employee parking consolidation.

- 11. On page B23-11, please explain why Tax Policy & Compliance (cost center 230071) shows a \$2.9 million increase in the FY2024 Mayor's recommended budget.**

This increase is driven by the State of Michigan Income Tax contract.