



Administration Division  
Coleman A. Young Municipal Center  
Detroit, MI 48226

Phone: 313-224-3901  
Fax: 313-224-1464  
www.detroitmi.gov

**To:** David Whitaker, Director  
Legislative Policy Division

**From:** Ron Brundidge, Director  
Department of Public Works

**Date:** April 4, 2023

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

---

Please find below responses to your questions sent on March 10, 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/proposal is impacting in FY 2024.**

Although not reflected in the submitted 2023-24 Budget, two of the biggest initiatives that DPW will be undertaking are the expansion of the sidewalk replacement program and enhancing trash collection services by converting to weekly bulk collection in June 2024. Within this year's budget, we've provided funding for various capital improvements, including paving 37 miles of residential and 25 miles of major roadways. In addition, we will be constructing a new streetscape on a segment of Dexter Avenue, utilizing \$10 million in ARPA funds.

- 2. On page B19-4, Metrics and Data- 222,595 of residential households were serviced with weekly solid waste collections and 86,847 residential households participated in recycling collections. Recycling households represent 39% of solid waste collections. Please update Council on the status of city-wide recycling. What efforts is the department making to increase residential household participation in recycling?**

As stated, DPW has distributed 87,000 recycling carts (39%) to residents in the city. However, this has not translated into 87,000 carts being placed at curbside on a bi-weekly basis. Nor has it resulted in a corresponding rate of recyclables being taken out of the trash stream. Therefore, as we continue to encourage new households to sign up and opt into our curbside recycling program, we recognize that more focus must be placed on outreach and education. Grant funds are presently being sought to develop and implement a wide scale outreach marketing strategy.

- 3. According to the Office of the Chief Financial Officer (OCFO) Report, as of December 31, 2022, the department had 137 vacancies; briefly describe the reason for the vacancies. As of February 10, 2023, there were 112 vacancies.**

MICHAEL DUGGAN, MAYOR

Sixty-five (65) of the current vacancies are for seasonal employees that we look to have filled with by the end of April. Due to a very competitive market regionally and nationally, we continue to have challenges filling key engineering and construction inspector positions.

**4. Also explain the department's strategy to fill vacant positions. What are the challenges in filling seasonal positions?**

As indicated in the response to question #3, we have challenges attracting and retaining engineering talent. This year, we will be increasing the number of engineering students we hire under the City's summer intern program. In addition, we are working directly with HR to prioritize students at local universities, as well as Detroit residents that attend HBCU's across the country.

**5. The total number of positions in the FY 2024 Proposed Budget remain at 496; the same as the FY 2023 Budget. Can the department accomplish new and/or expanded initiatives with this level of positions? Also, briefly explain the reallocation of the Street Maintenance Helper, Street Maintenance Worker, and Laborer A positions into the General Environmental Technician I and II positions; how does this improve operations?**

Yes, DPW will be able to effectively manage new or expanded initiatives with existing budgeted staffing numbers. In addition to utilizing the skills of our employees, we will also have contracts in place for supplemental support to augment our internal capacity, when needed.

The reallocation of the Street Maintenance Helper, Worker, and laborer A positions into the newly created citywide General Environmental Technician positions has no negative impact on existing operations. The new titles were created with specifications that are broad enough to encompass all of the work that employees in these classifications perform on a regular basis. The creation of these new titles accomplished multiple objectives, including assuring that all city employees received an hourly wage of at least \$15 per hour. The broad spectrum of the new job classification makes it easier for existing employees to find opportunities throughout the city, and the expanded salary ranges will make it easier for DPW to retain key, experienced employees.

**6. On page B19-11, B19-12, please explain the year-over-year change in expenditures from the current budget to the Proposed FY 2024 Budget for the following:**

**a. Appropriation 27190- Development Support- Street Design, cc 191701 General Inspection decreased by \$182,092 (-8.9%). Why the decline in expenditures for the forecast period?**

This decline represents fringe cost decreases, the elimination of CAYMC rent and Ford Underground parking costs due to central consolidation and \$120K decrease in software costs. During FY22 and FY23, the department implemented a new right-of-way permit system which required one-time buildout costs. Beginning in FY24, only annual maintenance costs are expected.

- b. Appropriation 29190- DPW Administration, cc 190100 Public Works Admin decreased by \$50,754 (-3%). Why the 1-year drop?**

This decline represents fringe cost decreases and elimination of CAYMC rent and Ford Underground parking costs due to central consolidation.

- c. Appropriation 04189- Major Street Fund Capital, cc 193850 Street Fund Capital decreased by \$3.1 million (-12.6%). The forecast years have expenditures significantly less than the FY 2023 Budget; please explain.**

Excluding non-cash contributions, Street Fund revenue is projected to decrease by \$1M in FY24. Additionally, Street Fund 3301 also funds operations for General Services Department (GSD). GSD's FY24 budget is projected to increase by \$2.14M. To make up for the increase in GSD's expenditures and the decrease in expected cash revenue, capital budget in appropriation 04189 was decreased to allow both departments to maintain their current operations as is.

- d. Appropriation 25190- Streets & Rights of Way Management, cc 193821 Lighting Signal Maintenance – PLD increased by \$717,600 (4.1%). Please explain.**

DPW has not been able to recruit necessary electrical staff to maintain its traffic signal and have had to resort to increased use of their contracted services for the work. Traffic Signal Maintenance cost has been steadily increasing over the last several years and have required an increase amendment to existing contract for FY23. The \$717K increase is for the projected rise in costs to fix and maintain traffic signals through the use of a contractor.

- e. Appropriation 25190- Streets & Rights of Way Management, cc 193822 DPW Street Maintenance decreased by \$203,029 (-1%). Why the 1-year decline? How is inflation factored into these amounts?**

The \$203K decrease is due to less projected contracted costs. The FY23 Adopted amount represents an outdated expenditure projection, so FY24 amount for debris hauling and skin patching have been right sized to match current actuals and projected use of contracts. This decrease is not projected to impact existing level of operations.

- f. Appropriation 25190- Streets & Rights of Way Management, cc 193827 Major Street Fund Contribution In-Kind increased by \$8 million (400%). Please explain. Please explain the 2% and 1% incremental increases included in the forecast years. Is this due to an inflation factor? If yes, why is it less than the CPI forecasted for the period?**

While there is an \$8 million increase in expenditures in the Street Fund for non-cash contributed expense, there is also an \$8 million increase in non-cash contributed revenues. The increase accounts for DPW's recording of in-kind improvements to trunkline and major roads as provided by MDOT through federal aid projects. In the last few years, the Federal Aid Program has increased and to account for completed projects,

DPW is requesting additional budget to be able to properly record the contributions on an ongoing basis.

- g. Appropriation 26190- Solid Waste Collection, cc 190410 Solid Waste Management decreased by -\$1.8 million (-4.5%). Why the decline in expenditures for the forecast period?**

The Solid Waste fund does not generate enough recurring revenues to cover all DPW's, GSD's and BSEED's current expenditures. For the last few years, the fund's prior year surplus has been utilized to offset a portion of annual expenses. The forecast years assume personnel efficiency savings and reduced capital expenditures as this fund balance is fully drawn down.

- h. Appropriation 26192- Solid Waste Disposal Costs, cc 190422 Greater Detroit Resource Recovery Authority (GDDRA) decreased by \$38,005 (-%). Please explain.**

This is a minimal decrease of less than ½ percent and is not expected to impact operations.

- 7. On page B19-13, B19-14, please explain the year-over-year change in revenues from the current budget to the Proposed FY 2024 Budget for the following:**

- a. Appropriation 27190- Development Support- Street Design, cc 191701 General Inspection increased by \$337,355 (7.2%). Please explain the increase. Why are revenues flat for the forecast period?**

Appropriation 27190 includes right-of-way permit revenues and construction inspection fees charged for annual utility contracts. The FY23 Adopted amount represents an outdated revenue projection. The FY23 and FY24 revenue forecasts were increased during the February 2023 Revenue Estimating Conference, based on actual and current activity. The forecast years are held constant as these fees are expected to remain consistent moving forward.

- b. Appropriation 04189- Major Street Fund Capital, cc 193850 Street Fund Capital decreased by \$3.0 million with no expected revenues in the forecast years. How are the expenditures funded with no revenues?**

Three-million dollars (\$3M) in revenue budgeted in FY23 was for projected 50% cost sharing payment from DWSD to DPW for street sweeping operations. An MOU between the department directors was never signed, and due to the June 2021 flood and subsequent lawsuits and expenditures, the cost sharing agreement is not expected to be executed and is therefore removed as projected revenues from FY24 and future years. All of appropriation 04189-Major Street Fund Capital expenditures are funded through Street Fund's Gas and Weight tax revenues (appropriation 25190, CC 193800).

- c. **Appropriation 25190- Streets & Rights of Way Management, cc 193800 Gas & Weight Taxes Revenue – Major increased by \$2.9 million (2.9%). Please explain increase.**

The FY23 and FY24 revenue forecast was increased during the September 2022 and February 2023 Revenue Estimating Conference based on actual and current activity. Gas and Weight tax revenues are paid from Michigan Transportation Fund (MTF), which is sourced primarily through Vehicle Registrations Taxes and MI Motor Fuel Tax. MTF revenue pool is projected to increase in FY24.

- d. **Appropriation 25190- Streets & Rights of Way Management, cc 193827 Major Street Fund Contribution In-Kind increased by \$8 million (400%). Please explain the \$8 million increase in FY 2024 and the return to \$2 million in the forecast years. Why are the forecast revenue amounts different from the expenditures.**

The \$8 million increase in non-cash contributed revenues is offset by an increase of \$8M in non-cash contributed expenditures. The \$8 million expense and revenue increase accounts for DPW's recording of in-kind improvements to trunkline and major roads as provided by MDOT through federal aid projects. In the last few years, the federal aid program has increased and to account for completed projects DPW is requesting additional budget to be able to properly record the contributions on an ongoing basis.

The forecast revenues should match the forecasted expenditures, so the drop to \$2 million in FY25 through FY27 is a budget input error. The Street Fund revenue forecasts will be reevaluated during the upcoming September 2023 Revenue Estimating Conference.

- e. **Appropriation 26190- Solid Waste Collection, cc 190410 Solid Waste Management decreased by -\$1.7 million (-3.1%). Why the decline in revenues for the forecast period? Please explain the excess of revenues over expenditures for this activity.**

The change is comprised of a reduced reliance on Prior-Year surplus needs in FY24. The Solid Waste fund does not generate enough recurring revenues to cover all of DPW's, GSD's and BSEED's current expenditures. For the last few years, the fund's prior year surplus has been utilized to offset a portion of annual expenses. To preserve the Solid Waste Fund balances, the use of prior year surplus was reduced in FY24.

8. **Please explain why expenditures for Solid Waste Collections are decreasing when bulk pick-up is returning to a weekly schedule (as announced by the Mayor)?**

The Solid Waste budget was able to be decreased, without any reduction in services, due to \$6 million in restricted funds that will be carried over from the current fiscal year. We anticipate an increase in contractual trash collection services when we transition to weekly bulk collection. However, the existing contracts do not expire until June 2024, therefore the impact on the submitted 2023-24 budget will be minimal.

9. **As of Jan 1, 2022, MI Motor -fuel tax rates are indexed to the CPI, up to a maximum of 5% annually, please explain how this rate increase is reflected in the FY 2024 proposed budget. Why is Gas & Weight taxes only increasing by 2.9% (see 6c above)?**

Michigan Transportation Fund (MTF) includes various sources of revenue. Vehicle Registrations Taxes make up an average of 39% of the MTF, while MI Motor Fuel Tax makes up an average of 32% of total MTF.

10. **On page B19-13: Please describe the revenue in appropriation 21087- FY23 Highway Research & Planning Grant. Is there a city match required for this grant; if so, where is it budgeted? Why the decline in expenditures for the forecast period?**

OCFO-Budget is currently in the process of making a correcting entry to properly reflect the FY24 Highway Research & Planning Grant award into its own appropriation 21205. The reclassification entry will move \$187,500 in Contribution revenue from appropriation 21087 to correct appropriation 21205. The entry will also move \$750,000 in Grant revenues from appropriation 25190 cost center 193821 to appropriation 21205 cost center 191111.

After this correction is made, the Street Fund 3301 budget will show total revenues of \$937,500 in Appropriation 21205 and offsetting expenditures of \$937,500 in Appropriation 21205, netting to zero. Due to the reclassification entry, Appropriation 21087 will be eliminated from FY24 budget, and Appropriation 25190 revenues will be reduced by \$750,000.

11. **Please provide a status update on the \$125 million in Michigan Transportation Fund bonds sold in 2017. How much of the funds have been drawn down to date? What projects will be funded from this source in FY 2024 and the forecast period?**

Construction for all bond funded project is expected to be completed by the end of the 2023 construction season. Through 12/31/2022, \$114.2M has been spent of the \$124.5M. The remaining \$10.3M is reserved for ongoing projects.

12. **What capital projects from the recently approved Capital Agenda is funded in the FY 2024 Proposed Budget?**

Gas & Weight Tax revenues fund Bridge Repairs and Rehabilitation projects; Road Improvement Projects such a Residential Milling, Class C and Major Road Resurfacing projects, Crack Fill and Spot Repair, Reconstruction of Intersection at Riverside Park, Virginia Park Roadway Improvements; Traffic Control and Calming projects such as Speed Hump and Speed Cushion installation as well as upgrades and updates to Real Time Traffic Management System; and also fund Traffic Studies, Construction Design and Inspection services. Additionally, Gas & Weight Tax is contributed to grant funded and federal aid projects for required match or where there's a shortfall in available grant funding (i.e. ATCMTD, ADS, Eastern Market Reconstruction, Factory Zero/Hamtramck Street Reconstruction, Athens-Devine Reconstruction, Jefferson and Rosa Parks

Intersection Improvements, Randolph Plaza Improvement, RAISE Michigan Ave Reconstruction and Safe Street For All).

<b>DPW Capital Projects</b>	<b>FY23</b>	<b>FY24</b>
Bridge Improvements	600,000	3,125,101
Construction Engineering & Inspection	6,219,401	9,242,454
Design & Program Management Consulting	2,971,003	3,450,000
Local Share of City Juris Roads & State Trunklines	5,500,000	4,000,000
Vehicles and Equipment	3,470,065	2,194,500
Speed Humps and Speed Cushions	5,019,248	1,000,000
Traffic Cameras and Signal Updates	331,296	365,200
Residential Street Paving and Milling Contracts	4,519,296	5,000,000
Class C Street Resurfacing	2,788,945	1,250,000
Major Road Milling and Resurfacing Contracts	10,387,203	6,688,460
Spot Repair and Crack Sealing	-	2,000,000
Road Improvement Projects	18,914,156	4,582,467
Sidewalk Repairs	3,864,132	3,500,000
Office Renovations/Moves	50,000	-
Development and Infrastructure Support	281,573	1,000,000
<b>Total Projected Capital Spend</b>	<b>64,916,319</b>	<b>47,398,182</b>

Funded by Carryforward of prior year budget funds	34,994,733	20,521,791
Funded by New Budget, Fund 3301 CC 193850	26,800,386	23,692,391
Funded by New Budget, Fund 3305 CC 194000	3,121,200	3,184,000
<b>Total Projected Capital Spend</b>	<b>64,916,319</b>	<b>47,398,182</b>

- 13. Funding (\$20.5 million) for an expansion of the Sidewalk Replacement program was included in the \$156million FY 2023 Budget Amendment recently approved by Council. This program is to assist certain residential property owners (disabled, seniors, low-income). Have eligibility criteria been set for the program? How do we ensure these funds are utilized for the intended residents?**

Priority for this program will be given to damaged sidewalks around schools and parks, as well as requests received from registered block clubs and faith-based organizations. In addition, we will work with the Office of Disability as well as Department of Neighborhood and Council staff to identify qualifying senior citizens and requests from the disabled community.

- 14. Per the June 30, 2022, Greater Detroit Resource Recovery Authority (GDRRA) financial statements, operations ceased at the waste to energy facility in April 2021. The authority took over daily management of the facility/grounds and accepted a contract proposal from Homrich**

**in May 2022 to decommission and demolish the waste to energy facility structures. Please provide a status update on this project. What is the total cost of the project, how is the project funded and what is the timeline?**

The Detroit Building Authority is acting as project manager for the deconstruction of the waste to energy facility and maintains all records of status and expenses for the project. The DBA has a \$1.2m fund available to cover any expenses related to the project. To date the expenses incurred by GDRRA related to the project total \$54,948. The project is expected to be completed by June 2023.

- 15. GDRRA financial statement for FY 2022 show revenues from the tipping fees increased by \$764,598, (5.9%) to \$13.6 million due to increased fuel, hauling and disposal costs. The city's Proposed FY 2024 Budget has the tipping fee payment to GDRRA as \$13.9 million, \$38,005 (-%) over the FY 2023 Budget. Was there an inflation factor included in the proposed budget?**

FY22 GDRRA costs increased due to additional waste disposal necessary as a result of the June 2022 flood event and the subsequent cleanup. The 2023 GDRRA Budget Request includes a 2% inflation factor in consideration of potential cost increases based on the actual Tipping Fees (excluding extraordinary events). Current landfill and transfer stations contracts are projected to remain the same through June 2024, so no additional inflation is included from FY23 to FY24.

- 16. How does the impairment of the Steamline impact future revenues? What will happen to the Southfield Transfer Station when the lease is up in 2026?**

The Steamline was not operational at the time of impairment and will have no impact on the Authority's future revenue. The Southfield Transfer Station is currently the west side for the hauling and disposal of the City of Detroit's municipal solid waste and the ground sublease for the transfer station will likely be renewed in 2026.