



**OFFICE OF THE
CHIEF FINANCIAL OFFICER**

Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 1100
Detroit, Michigan 48226

Phone 313•628•2535
Fax 313•224•2135
OCFO@detroitmi.gov
www.detroitmi.gov

MEMORANDUM

To: Council Member Angela Whitfield-Calloway
Thru: Council President Mary Sheffield
From: John Naglick, Jr., Chief Deputy CFO/Finance Director and Steven Watson, Deputy CFO/Budget Director
Date: April 5, 2023
Re: Response to Non-Departmental/Capital Budget/Debt Service FY24 Budget Questions

Please find below responses to your questions sent on March 24, 2023, regarding the proposed Fiscal Year 2024 Proposed Budget for Non-Departmental.

- 1. On page B35-14, Line Item 932512, the budget calls for an attorney for the Board of Police Commissioners. Is the attorney a Law Department attorney or does the BOPC have the ability to hire their own attorney for this position?**

The BOPC has a budgeted position for an Attorney to the Board of Police Commissioners. The BOPC has the ability to hire for this position.

- 2. On page B35-12, Major Taxes and Other Revenues are listed. Property taxes and other related revenue is the fourth largest revenue source. A 1 mill decrease in the property tax rate would reduce overall revenue by approximately \$7.5 Million. This would reduce total revenue by less than 1% (0.7% reduction) but would reduce a serious barrier to economic investment in our neighborhoods. If City Council reduced the property tax rate for operating expenses from 19.9520 mills to 18.9520 mills without spending cuts to departments, what would be the impact on any planned surplus?**

A 1-mill reduction would cause a \$7.5 million recurring revenue loss for the City budget. That would require cutting \$7.5 million of recurring spending on current services from the City budget to maintain a balanced budget. The proposed budget is currently balanced without any planned surplus.

- 3. If City Council reduced the property tax rate for operating expenses from 19.9520 mills to 18.9520 mills with spending cuts to departments totaling \$7.5 Million, what would be the impact on any planned surplus?**

See response above. The proposed budget is currently balanced without any planned surplus.

- 4. Currently, the Detroit Police Department has approximately 388 vacancies. If City Council reduced the number of positions in the Detroit Police Department by 75 positions, would this save the overall budget the \$7.5 Million needed to reduce the property tax rate by 1 mill without impacting DPD performance? What number of vacant positions needs to be eliminated in order to reach the \$7.5 Million amount?**

The total number of positions in the Detroit Police Department represents the personnel needed for the Police Department to run most effectively. The proposed budget includes the anticipated mix of overtime and regular pay to provide full coverage and continue current levels of police services. The budget already takes savings for assumed vacancies during FY24, and then the four-year plan gradually phases out this vacancy savings over time as the department fills positions and relies less on overtime. Thus, any additional cuts would mean reducing police officers and public safety services.

- 5. What is the projected surplus in the Duggan Administration's proposed budget starting on July 1, 2023? Recently, a \$41 Million surplus was mentioned. What exactly is the \$41 Million figure referring to in the upcoming budget?**

The proposed FY24 budget is currently balanced without any planned surplus. The \$41 million refers to currently projected revenues in excess of budget for the current year FY23. If those projections pan out, then we would expect FY23 to end with a \$41 million one-time surplus, but that is not currently available. The higher recurring revenue projections from the current year are already factored into the Mayor's proposed FY24 budget.

cc: Honorable Detroit City Council
City Clerk
Jay B. Rising, Chief Financial Officer
Tanya Stoudemire, Chief Deputy CFO/Policy & Administration Director
Malik Washington, City Council Liaison
David Whitaker, Director-Legislative Policy Division