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TO: LaJuan Counts, Director
Detroit Construction & Demolition Department

FROM: David Whitaker, Director 
Legislative Policy Division

DATE: March 18, 2024

RE: 2024-2025 Budget Analysis

Attached is our budget analysis regarding your agency's budget for the upcoming 2024-2025 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Wednesday, March 20, 2024, 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 Councilmembers, 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

cc: Councilmembers
Auditor General's Office
Jay Rising, Chief Financial Officer
John Naglick, Chief Deputy CFO-Finance Director
Tanya Stoudemire, Chief Deputy CFO-Policy & Administration Director
Steven Watson, Deputy CFO/Budget Director
Brad Dick, Group Executive-Chief Operating Officer
LaShanda Davis, Agency CFO
Noah Brandon, Budget Analyst
Malik Washington, Mayor's Office

Detroit Construction & Demolition Department (16)

FY 2024-25 Budget Analysis by the Legislative Policy Division

Mission

The Detroit Construction & Demolition Department (CDD) works with City Administration, City Council, fellow City departments and agencies, residents, and other key stakeholders to promote the health, safety, and quality of life of Detroit residents through the elimination or stabilization of blighted structures. The team:

- Identifies and strategically prioritizes demolition and stabilization targets;
- Selects contractors to perform services on behalf of the City;
- Oversees all necessary due diligence, including the survey and inspection of sites for hazardous or regulated materials;
- Oversees demolition activities, including the abatement of hazardous and regulated materials and backfill and grading of properties;
- Oversees stabilization services, including the removal and disposal of debris on publicly owned properties with the potential for rehabilitation;
- Performs the board-up and securing of vacant and open residential structures.

Effective FY 2023-2024, the Department also manages and maintains City facilities and manages capital improvements to City facilities. The team:

- Establishes and executes regular maintenance activities;
- Promptly responds to necessary repairs;
- Oversees contractors who perform maintenance and repairs;
- Identifies and plans for significant or substantial improvements to City facilities;
- Oversees contractors who renovate, rehabilitate, improve, or construct City facilities.

On February 4, 2021, the City of Detroit issued \$175 million in unlimited tax general obligation (UTGO) bonds¹ also known as “Proposal N” or “Neighborhood Improvement Plan” bonds. Because there was a high demand for these bonds, the bonds sold at a premium, and the City was able to secure an additional \$30.75 million in bond proceeds as a bond premium². The following sources and uses of the Proposal N bonds is as follows³:

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¹ Unlimited tax general obligation (UTGO) bonds are voter-authorized bonds paid off from property taxes based on the City of Detroit’s property tax debt millage. In contrast, limited tax general obligation (LTGO) bonds are non-voter bonds and paid for out of the City’s general fund and are not paid for out of property taxes based on the property tax debt millage.

² According to the Office of the Chief Financial Officer, because there was a high demand for the Proposal N NIBS, along with market conditions at that time, the bonds sold at a premium, and the City was able to secure an additional \$30.75 million in bond proceeds as a bond premium. It is important to note that the City is only responsible to pay off the par amount of the bonds of \$175 million with a coupon interest rate of 5% over the 30-year life of the bonds to the bondholders. The bondholders were willing to pay the City the premium of \$30.75 million since the bonds were effectively priced to yield a bond interest rate of approximately 3.3% at time of the bond sale.

³ Source: City of Detroit’s Official Statement providing details on the Proposal N bond sale dated February 4, 2021, which can be obtained from the following link: file:///C:/Users/Owner/Downloads/City_of_Detroit_OS_Feb_2021.I6bxemsul.pdf

SOURCES AND USES OF FUNDS

The sources and uses of funds are approximately as follows:

<u>Sources:</u>	2021A Bonds	2021B Bonds	Total
Par Amount of Bonds	\$135,000,000.00	\$40,000,000.00	\$175,000,000.00
Original Issue Premium	30,748,789.50	--	30,748,789.50
Total Sources	<u>\$165,748,789.50</u>	<u>\$40,000,000.00</u>	<u>\$205,748,789.50</u>
<u>Uses:</u>			
Project Fund Deposit	\$164,615,393.93	\$39,697,167.44	\$204,312,561.37
Issuance Costs*	1,133,395.57	302,832.56	1,436,228.13
Total Uses	<u>\$165,748,789.50</u>	<u>\$40,000,000.00</u>	<u>\$205,748,789.50</u>

* Includes estimated costs for printing the Official Statement, Rating Agency, Bond Counsel, Transfer Agent, Dissemination Agent, Investor Relations Agent and Auditor fees, Underwriters' Discount, and other expenses.

As can be seen from the above table, the City of Detroit received a total of \$205.75 million from the Proposal N bond sale. Of this total, \$1.44 million was paid in bond issuance costs (which are explained at the asterisk above). As a result, on February 11, 2021, the City of Detroit received \$204.3 million in net bond proceeds from the Proposal N bond sale. Of this total, \$164.6 million represents Series 2021A (tax exempt⁴) bonds, and \$40 million represents Series 2021B (taxable⁵) bonds.

In addition, on July 12, 2023, the City of Detroit issued the remaining \$75 million of the voter-approved \$250 million Proposal N UTGO Neighborhood Improvement Bonds for the purpose of property rehabilitation, demolition, and other blight remediation activities. It is anticipated that another 2,500 properties will either be demolished or stabilized with this latest bond sale. This was also a very successful bond sale as the City of Detroit received an additional \$3.0 million in bond premium⁶ on top of the \$75 million with total bond proceeds of \$78.0 million. The following sources and uses of the Proposal N bonds is as follows⁷:

SOURCES AND USES OF FUNDS				
The sources and uses of funds are approximately as follows:				
Sources:	2023A Bonds	2023B Bonds	Total	
Par Amount of Bonds	\$52,500,000.00	\$22,500,000.00	\$75,000,000.00	
Original Issue Premium	2,995,335.00	0.00	2,995,335.00	
Total Sources	<u>\$55,495,335.00</u>	<u>\$22,500,000.00</u>	<u>\$77,995,335.00</u>	
Uses:				
Project Fund Deposit	\$55,011,923.70	\$22,299,425.32	\$77,311,349.02	
Issuance Costs*	483,411.30	200,574.68	683,985.98	
Total Uses	<u>\$55,495,335.00</u>	<u>\$22,500,000.00</u>	<u>\$77,995,335.00</u>	
* Includes estimated costs for printing the Official Statement, Rating Agency, Bond Counsel, Transfer Agent, Dissemination Agent, Auditor fees, Underwriter's Discount, and other expenses.				

As can be seen from the above table, the City of Detroit received a total of \$77.9 million from the Proposal N bond sale in July 2023. Of this total, \$684,000 was paid in bond issuance costs (which are explained at the asterisk above). As a result, on July 13, 2024, the City of Detroit received \$77.3 million in net bond proceeds from the Proposal N

⁴ Tax exempt bonds are when the interest paid on municipal issues is exempt from federal taxes and sometimes state and local taxes as well.

⁵ Taxable bonds are when the interest paid on municipal bonds is subject to both federal and state income taxes.

⁶ According to the Office of the Chief Financial Officer, because there was a high demand for the July 2023 Proposal N NIBs, along with market conditions at that time, the bonds sold at a premium, and the City was able to secure an additional \$3 million in bond proceeds as a bond premium.

⁷ Source: City of Detroit's Official Statement providing details on the Proposal N bond sale dated July 13, 2024, which can be obtained from the following link: <https://bondlink-cdn.com/1326/Official-Statement---Unlimited-Tax-General-Obligation-Bonds--Series-2023AB--Social-Bonds--and-Series-2023C.6FKnBNKAF.pdf>

bond sale. Of this total, \$55.0 million represents Series 2023A (tax exempt⁸) bonds, and \$22.3 million represents Series 2023B (taxable⁹) bonds.

As a result of the two Proposal N UTGO NIB bond sales, the City of Detroit has total bond proceeds of \$283.7 million for the purpose of property rehabilitation, demolition, and other blight remediation activities.

The Construction & Demolition Department is funded primarily from the February 2021 Proposal N bond proceeds in FY 2025. These funds are appropriated in appropriation 21003 Neighborhood Improvement Bonds in accordance with the bond resolution approved by the City Council in July 2020. Fund 4503-General Obligation Bond Fund is the fund where appropriation 21003 is housed. Fund 4503-General Obligation Bond Fund is not a general fund but a bond fund where the Prop N bond proceeds were deposited.

Since the City Council approved appropriation 21003 to house the Prop N bond proceeds in July 2020, these bond proceeds were budgeted in appropriation 21003 in February 2021 when the bonds were sold. Therefore, the activity in appropriation 21003 will not be reflected in the proposed FY 2024-2027 four-year financial plan on pages B16-1 through B16-14 in Section B of the budget book. As a result, Prop N bond proceeds will be balanced forward at the end of each fiscal year until the Prop N bond proceeds are exhausted.

Similarly, the City Council on January 30, 2024, approved a resolution authorizing that the July 2013 Prop N NIB bond proceeds be budgeted in appropriation 21004 for the purposes of transparency and reporting, and to distinguish the July 2013 \$75 million bond sale from the February 2021 \$175 million bond sale, which is budgeted in appropriation 21003 as denoted above.

It is important to further note that, however, the Construction & Demolition Department uses Prop N bond proceeds to pay for its operational costs, including staff costs, professional & contractual services costs, operating supplies costs, operation services costs, equipment acquisition costs, and other expenses costs. Attachment I represents a legal opinion from the City of Detroit's bond counsel (Miller Canfield) on the legality of using Prop N Bond funds for the Demolition Department's operations.

As a result, the 76 positions the Construction & Demolition Department proposes to employ in FY 2025 will be paid from Prop N Bond funds. This is reflected on pages B16-14 and B16-15 in Section B of the budget book.

Meanwhile, the budgeted figures on pages B16-10 and B16-11 relate to Fund 1000 General Fund where the Construction & Facilities Management and the newly DDOT Facilities Management programs are housed in the proposed FY 2025 budget where 60 General Fund FTEs are budgeted; and to the 1003 Blight Remediation Fund where General fund surplus dollars are deposited into in FY 2025 to fund emergency demolitions, which are not eligible for the use of Prop N Bond funds. 23 FTEs are budgeted in the 1003 Blight Remediation Fund in FY 2025.

Issues and Questions

1. B16-5: Please explain the department's actual \$2,743,409 revenue and actual \$69.6 million expenditure for FY 2023.
2. 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 from proceeds in Fund 1000 General Fund Construction & Facilities Management and the newly DDOT Facilities Management programs, Fund 1003 Blight Remediation Fund (which houses general fund surplus dollars for emergency demolition and remediation purposes) and appropriation 21003 Neighborhood Improvement Bonds, Fund 4503 General Obligation Bond Fund in FY 2025.

⁸ Tax exempt bonds are when the interest paid on municipal issues is exempt from federal taxes and sometimes state and local taxes as well.

⁹ Taxable bonds are when the interest paid on municipal bonds is subject to both federal and state income taxes.

3. As of February 9, 2024, there are 16 vacant General Fund FTEs and 19.5 vacant -Non-General Fund FTEs. How are these vacant positions impacting the department's operations? Please explain the difficulty of filling these positions.
4. It is proposed that 12 General Fund FTEs be added to the department in FY 2025, with 8 positions being added to the Construction & Facilities Management division, and 4 positions coming with the addition of the newly DDOT Facilities Management division. Please explain how the additional 8 positions augment the Construction & Facilities Management division. B16-10: Does this primarily explain the proposed \$6.6 million increase in appropriation 29160 CDD Shared Services in FY 2025? B16-10: Also, why the funding in this appropriation drops almost by \$3 million in FY 2026?
5. In addition, it appears that 4 of DDOT's Building Maintenance division are being transferred to the Construction & Demolition Department to create the newly DDOT Facilities Management division in the department. Please explain the rationale for setting up the DDOT Facilities Management division in the department rather than keeping these positions in DDOT.
6. The newly DDOT Facilities Management division as set up in the department in FY 2025 is fully revenue supported (in fact, revenues are projected to be higher than expenditures from FY 2026 through FY 2028). Please explain this revenue source: is it a General Fund contribution, or federal and state dollars supporting this program?
7. B16-5: It is assumed that the Non-General Fund FTEs will continue to be budgeted in FY 2026 through FY 2028. However, it is not guaranteed that General Fund surplus dollars will be made available, or that Prop N Neighborhood Improvement Bond (NIB) funds will be available to support these positions in the out fiscal years. Please explain.
8. The Mayor during his presentation of his proposed FY 2025 budget indicated a one-time FY 2024 \$20.8 million allocation for Blight and Beautification. Is the proposed \$15.1 million that is slated for Fund 1003 Blight Remediation coming from this source? Is the proposed \$15.1 million just to be used for emergency demolition?
9. The Mayor also during his presentation of the proposed FY 2025 budget indicated a one-time FY 2025 \$34.5 million allocation for Blight and Remediation, but it appears that none of this funding is slated for the Construction & Demolition Department. In which departments is the FY \$34.5 million Blight and Remediation funding allocated to in the proposed FY 2025 budget?
10. B16-4: Under "Operating Budget Highlights", the Mayor proposes in the department's budget that \$2,974,760 be used for a one-time expenditure on Emergency Maintenance and Repair capacity. Please provide more specifics on the proposed use of these funds. Under which appropriation is this funding located in the department's proposed FY 2025 budget?
11. Please provide the proposed organization chart for the Construction & Demolition Department for FY 2025.
12. In a response to one of the Legislative Policy Division's (LPD) questions on the department's proposed FY 2024 budget, the department indicated that the average cost of demolishing, excavating, backfilling, and grading homes demolished with Prop N Bond funds over the last 12 months is \$23,481.29. Please provide the average cost for doing these things currently. If the average cost is escalating dramatically, that means there's less the number of homes that can be demolished.
13. In FY 2025, the Construction & Demolition Department's goal is to demolish 400 structures on average per month. What has been the average per month in FY 2024? If the average per month is lower than the goal for FY 2025, why does the department feel more residential properties can be demolished per month in FY 2025?
14. In FY 2025, the Construction & Demolition Department's goal is to board up to 200 structures per month on average. What has been the average per month in FY 2025? If the average per month is lower than the goal for FY 2025, why does the department feel more residential properties can be boarded up per month in FY 2025?

15. Under the Prop N Neighborhood Improvement Program, 8,000 blighted homes are slated to be demolished and 6,000 blighted homes are slated to be preserved for future renovation and sale, improving the safety, value and health of the City of Detroit's neighborhoods. How many residential homes have been demolished to date using Prop N NIB funds? How many residential homes have been stabilized to date using Prop NIB funds?
16. Originally, the department's plan to use Prop NIB funds was to stabilize any residential homes through debris removal, roof repair, and securing of property through board-ups in the neighborhoods in the City. Is roof repair still a part of the stabilization program? If not, please explain why it isn't.
17. To date, what is the total number of demolition contractors used to demolish blighted homes using Prop N Bond funds? Of this total, how many were a) Detroit based business? b) Detroit based minority owned businesses? c) Detroit based women owned businesses? d) Non-Detroit based businesses?
18. One of LPD's questions on the department's FY 2024 budget was: "What strategies are in place to help increase the number of demolition and rehabilitation contracts with Detroit based businesses, including minority owned and women owned businesses? Are Detroit-Based businesses encouraged to joint venture to increase their ability to be awarded demolition and rehabilitation contracts using Prop N Bond funds?" The department's responses was: "The Detroit Construction & Demolition Department and Office of Contracting of Procurement remain very active and engaged in recruiting Detroit based, minority/women owned businesses and joint ventures to join our program. The Construction & Demolition Department and OCP participate, and host numerous events thought out the year to recruit new businesses to our program. This includes but is not limited to participating in Detroit's Annual Construction Conference, hosting our own trucking outreach event, and attending the National Demolition Association's annual conference to promote opportunities with the City of Detroit. In addition, the Detroit Construction & Demolition Department & OCP brings potential new trash-out contractors out with our team in the field to walk them through active trash-outs, teach them our scope of service firsthand and to assist finalizing their pre-qualification application." Is there anything the department would like to add to last year's response?
19. To date, does the Demolition Department know how many Detroiters have been hired by demolition and rehabilitation contractors?
20. It is understood that Prop N NIB dollars are NOT being used for demolishing commercial structures, but instead, American Rescue Plan Act (ARPA) funds are used for this purpose. Before the use of ARPA dollars for commercial property demolition, how many commercial properties in the City of Detroit needed demolition, and how many have been demolished to date using ARPA funds? At the sites where commercial demolition has occurred using ARPA funds, are future economic development projects in progress?
21. As the department knows, the City Council passed in 2021 the Neighborhood Improvement Plan (NIP) closing resolution supporting the Administration's commitment to the goals of the NIP, to be supported in part by the Prop N Bond funds. Please provide the Administration's/Demolition Department's most recent score card on the progress made addressing the goals as enumerated by the resolved clauses 1 through 27 of the NIP closing resolution. For any goals that are still in progress to be met, is there a timeframe in place to meet them?
22. Under the NIP closing resolution, the NIP Advisory Board will review and monitor the goals of the final NIP closing resolution, review the Quarterly Reports from the Vacant House Management Department, and provide recommendations to the Administration and City Council. Please provide a copy of any recommendations made by the NIP Advisory Board so far. Where applicable, does the Demolition Department have a timeframe of implementing any recommendations made by the NIP Advisory Board?
23. Please provide the amount fire insurance escrow fund¹⁰ monies that have been transferred during FY 2024 to reimburse the General Fund for past demolition activities.

¹⁰ PA 218 of 1956 established the Fire Insurance Escrow Program. Under the Fire Insurance Escrow Fund program, 25% of the amount of each fire insurance settlement for losses to real property caused by fire or explosion, as well as losses caused by the perils of vandalism, malicious mischief, wind, hail, riot, or civil commotion, related to residential, commercial and industrial

properties can be escrowed by the City of Detroit. The escrowed dollars would be returned to the insured party if the insured party made the repairs to bring the property up to code. If the insured party does not make the repairs, the City can use the retained proceeds to secure, repair, or demolish the damaged structure to bring the property up to code.

MILLER CANFIELD

MEMORANDUM

TO: John Naglick, Jr.
FROM: Jeffrey S. Aronoff
RE: Proposal N Bonds
DATE: March 12, 2021

You have requested a memorandum addressing questions related to the Proposal N Bonds (the "Bonds"), the first series of which was issued on February 11, 2021. The Bonds were authorized pursuant to City Council's July 21, 2020 bond authorizing resolution and the approval of the following ballot question by the City's electors at the November 3, 2020 election:

Shall the City of Detroit issue bonds in an amount of not more than \$250,000,000 for the purpose of paying the cost of neighborhood improvements in the City through property rehabilitation, demolition and other blight remediation activities?

Your questions are described and addressed in turn below.

I. Can the Demolition Department operations can be funded from the Proposal N tax-exempt/taxable bonds?

The federal tax rules applicable to tax-exempt bonds require that bond proceeds be spent for specific purposes. One of those specific purposes is for capital expenditures. The Treasury Regulations relating to tax-exempt bonds do not provide specific examples of what constitutes capital expenditures for tax-exempt bonding purposes. Therefore, we often rely on the Treasury Regulations and accounting principles which more generally describe capital expenditures for income tax reporting purposes (see Internal Revenue Code Sections 263, 263A and the regulations thereunder). Based on those rules, we have provided guidance that the City can use proceeds of the tax-exempt Bonds to pay the portion of employee costs that are directly allocable to a capital project. Therefore, if the proper procedures (as set forth below) are followed, the costs of the Demolition Department operations relating to direct employee costs can be financed on a tax-exempt basis.

In the case of the demolition project, proceeds of the tax-exempt Bonds can only be used for the employee time actually spent on the tax-exempt project (i.e. demolition), and cannot be used for employee time spent on other projects that are not eligible for tax-exempt financing (i.e. rehabilitation). This requires that the City keep contemporaneous records of the amount of each employee's time spent on the tax-exempt project and the cost of that time. This can be relatively

straightforward if a particular employee spends all of his or her time on the project. However, an employee that switches between multiple projects in a day, such as a supervisor or manager, would have to keep track of the time spent on the project, only, and a pro rata percentage of total benefits, salary, etc. for that employee could be paid from tax-exempt Bond proceeds. Based on this guidance, we understand that the City will be allocating proceeds of tax-exempt Bonds only to Demolition Department employees working exclusively on the demolition project.

Bonds issued on a taxable basis will not be subject to the analysis set forth above; however, the proceeds of the Bonds issued on a taxable basis must still be spent in accordance with the ballot approval, which would be restricted to "property rehabilitation, demolition and other blight remediation activities." The ballot restricts the spending of Bond proceeds to those categories, but not to specific costs within those categories, and therefore taxable proceeds could be used to pay Demolition Department operational costs directly related to the approved categories.

II. How premium is counted toward/how does it affect the authorized bond amounts and the amount of the second series?

The City has not yet sized the second series of Bonds to be issued pursuant to Proposal N. Regarding how the Bonds are counted toward the overall authorization under Proposal N, the voters authorized the City to "*issue bonds* in an amount of not more than \$250,000,000..." The question seeks approval of the issuance of bonds—i.e., the incurrence of debt to be repaid. It does not seek approval of the amount of money generated by the sale of the Bonds to be spent on projects (though it does approve the project purposes, meaning that any funds produced by the sale of the Bonds must be spent on costs related to the categories described in the ballot question). The par amount of the Bonds issued constitutes the principal of debt to be repaid. The premium results from the price investors paid for the Bonds. Section 16 of City Council's November 3, 2020 authorizing resolution provides the Chief Financial Officer has the authority to determine the prices at which the Bonds are sold to investors, among other things.

There is always a difference between the par amount of bonds issued and the amounts available for a project. If, for example, the Bonds were sold without premium, the amount of proceeds available for projects would be less than \$135,000,000 after the payment of costs of issuance and the customary underwriter's discount. In that case, the amount issued would remain \$135,000,000, even though less than that amount would be available to spend on projects. We therefore track the issuance of the Bonds against the ballot authorization based on par. This is consistent with the tracking of outstanding bonds for other state law purposes, including for purposes of compliance with constitutional, statutory and charter debt limitations.

CONSTRUCTION & DEMOLITION DEPARTMENT (16)

Mission

The Detroit Construction & Demolition Department (CDD) works with City Administration, City Council, fellow City departments and agencies, residents, and other key stakeholders to promote the health, safety, and quality of life of Detroit residents through the elimination or stabilization of blighted structures. The team:

- Identifies and strategically prioritizes demolition and stabilization targets;
- Selects contractors to perform services on behalf of the City;
- Oversees all necessary due diligence, including the survey and inspection of sites for hazardous or regulated materials;
- Oversees demolition activities, including the abatement of hazardous and regulated materials and backfill and grading of properties;
- Oversees stabilization services, including the removal and disposal of debris on publicly-owned properties with the potential for rehabilitation;
- Performs the board-up and securing of vacant and open residential structures.

Effective FY 2023-2024, the Department also manages and maintains City facilities and manages capital improvements to City facilities. The team:

- Establishes and executes regular maintenance activities;
- Promptly responds to necessary repairs;
- Oversees contractors who perform maintenance and repairs;
- Identifies and plans for significant or substantial improvements to City facilities;
- Oversees contractors who renovate, rehabilitate, improve, or construct City facilities

CONSTRUCTION & DEMOLITION DEPARTMENT (16)

Operating Programs and Services

- **Administration Division** sets policy and protocols for the Department, works with the OCFO to prepare the budget, allocates resources for the Department, and works with the different divisions to efficiently execute the Department's goals and objectives.
- **Environmental Due Diligence Division** oversees environmental due diligence for the Demolition Program and (as needed) capital projects. The team will work with state and local departments, agencies, and stakeholders to identify and conduct environmental due diligence prior to and during abatement and construction or demolition.
- **Compliance Division** monitors and inspects the work of City contractors to ensure compliance with the Scope of Services, reviews data and documentation provided by City contractors to ensure compliance with the Department's policies and protocols, and administers the Department's disciplinary program.
- **Capital Management Division** works with City administration, City Council, fellow City departments and agencies, residents, and other key stakeholders to identify and plan for substantial or significant improvements to City facilities. The team also oversees the contractors who renovate, rehabilitate, improve, or construct City facilities.
- **Facilities Management Division** establishes and executes regular maintenance activities at City facilities and promptly responds to needed repairs. The team also oversees contractors who perform maintenance and repair services at City facilities.
- **Emergency Demolition Program** manages the emergency demolition of severely dilapidated structures. The team will work with relevant departments, agencies, and stakeholders to efficiently eliminate imminent threats to public health and safety.
- **Proposal N Bond Demolition Program** manages the pre-demolition due diligence, abatement, and demolition of blighted residential structures.
- **Proposal N Bond Stabilization Program** manages the stabilization of publicly owned residential structures with the potential for rehabilitation.
- **ARPA Demolition Program** manages the pre-demolition due diligence, abatement, and demolition of blighted commercial structures.

CONSTRUCTION & DEMOLITION DEPARTMENT (16)

Goals, Strategic Priorities and Related City Outcomes

Goals / Strategic Priorities	Timeframe	Related City Outcome
1. Coordinate with all relevant City departments and agencies to create the most efficient strategy for and identification of demolition targets	July 2024 - June 2025	Safer Neighborhoods
2. Demolish 400 structures per month on average	July 2024 - June 2026	Safer Neighborhoods
3. Board up 200 structures per month on average	July 2024 - June 2027	Safer Neighborhoods
4. Bring City facilities to a state of good repair	July 2024 - June 2028	Efficient & Innovative Operations

Budget By Service

Services	FY 2025 Mayor Proposed	FY 2025 Mayor Proposed FTE
Administration	\$719,009	2.00
Commercial Demolition	\$3,518,669	-
Facilities Management	\$14,790,321	60.00
Residential Demolition	\$7,754,366	76.00
Vacant Building Conservation	\$3,109,699	21.00
Total:	\$29,892,064	159.00

CONSTRUCTION & DEMOLITION DEPARTMENT (16)

Metrics and Data

Metrics	Data	Related Goal #
Commercial Structures Demolished	To be collected	1
Residential Structures Demolished	To be collected	1
Emergency Demolitions	To be collected	
Residential Structures Boarded Up	To be collected	2

Operating Budget Highlights

Initiative	FY 2025 Mayor Proposed	FY 2025 Mayor Proposed FTE
Facility Management for DDOT	\$2,871,297	4.00
Emergency Maintenance and Repair capacity (one-time)	\$2,974,760	-

Department 16 - Construction & Demolition Department

Budget Summary

	FY2023 Actual		FY2024 Adopted		FY2025 Mayor Proposed	
	General Fund	All Funds	General Fund	All Funds	General Fund	All Funds
Total Revenues	-	2,743,409	-	150,000	2,871,297	2,871,297
Total Expenditures	(1,768)	69,576,961	8,186,633	21,464,486	14,790,321	29,892,064
Net Tax Cost	(1,768)	66,833,553	8,186,633	21,314,486	11,919,024	27,020,767

	FY2026 Forecast		FY2027 Forecast		FY2028 Forecast	
	General Fund	All Funds	General Fund	All Funds	General Fund	All Funds
Total Revenues	2,928,723	2,928,723	2,987,297	2,987,297	3,047,043	3,047,043
Total Expenditures	11,977,940	11,977,940	12,142,898	12,142,898	12,310,481	12,310,481
Net Tax Cost	9,049,217	9,049,217	9,155,601	9,155,601	9,263,438	9,263,438

General Fund Recurring vs One-Time Expenditures

	FY2024 Adopted	FY2025 Mayor Proposed
Recurring Expenditures	8,186,633	11,815,561
One-Time Expenditures ¹	-	2,974,760
Total Expenditures	8,186,633	14,790,321

Positions (by FTE)

	2/9/2024 Actual	FY2024 Adopted	FY2025 Mayor Proposed	FY2026 Forecast	FY2027 Forecast	FY2028 Forecast
General Fund	32.00	48.00	60.00	60.00	60.00	60.00
Non-General Fund	78.50	98.00	99.00	99.00	99.00	99.00
ARPA	1.00	-	-	-	-	-
Total Positions	111.50	146.00	159.00	159.00	159.00	159.00

¹ FY 2025 includes one-time resources for emergency maintenance and repairs.

**CITY OF DETROIT
BUDGET DEVELOPMENT
EXPENDITURES BY SUMMARY CATEGORY - ALL FUNDS
DEPARTMENT 16 - CONSTRUCTION & DEMOLITION DEPARTMENT**

Department # - Department Name Summary Category	FY2024 Adopted	FY2025 Mayor Proposed	FY2026 Forecast	FY2027 Forecast	FY2028 Forecast
16 - Construction & Demolition Department	21,464,486	29,892,064	11,977,940	12,142,898	12,310,481
Salaries & Wages	3,022,633	5,423,941	4,026,145	4,105,168	4,185,771
Employee Benefits	698,321	1,486,111	1,210,320	1,228,841	1,247,732
Professional & Contractual Services	8,910,512	7,990,802	4,828,967	4,877,257	4,926,030
Operating Supplies	7,936,051	14,228,717	1,886,077	1,904,937	1,923,986
Operating Services	85,969	280,493	5,702	5,759	5,817
Other Expenses	637,000	452,000	20,729	20,936	21,145
Equipment Acquisition	174,000	30,000	-	-	-
Grand Total	21,464,486	29,892,064	11,977,940	12,142,898	12,310,481

**CITY OF DETROIT
BUDGET DEVELOPMENT
REVENUES BY SUMMARY CATEGORY - ALL FUNDS
DEPARTMENT 16 - CONSTRUCTION & DEMOLITION DEPARTMENT**

Department # - Department Name Summary Category	FY2024 Adopted	FY2025 Mayor Proposed	FY2026 Forecast	FY2027 Forecast	FY2028 Forecast
16 - Construction & Demolition Department	150,000	2,871,297	2,928,723	2,987,297	3,047,043
Sales & Charges for Services	100,000	-	-	-	-
Contributions & Transfers	-	2,871,297	2,928,723	2,987,297	3,047,043
Sales of Assets & Compensation for Losses	50,000	-	-	-	-
Grand Total	150,000	2,871,297	2,928,723	2,987,297	3,047,043

**CITY OF DETROIT
BUDGET DEVELOPMENT
EXPENDITURES BY SUMMARY CATEGORY - FUND DETAIL
DEPARTMENT 16 - CONSTRUCTION & DEMOLITION DEPARTMENT**

Department # - Department Name Fund # - Fund Name Summary Category	FY2024 Adopted	FY2025 Mayor Proposed	FY2026 Forecast	FY2027 Forecast	FY2028 Forecast
16 - Construction & Demolition Department	21,464,486	29,892,064	11,977,940	12,142,898	12,310,481
1000 - General Fund	8,186,633	14,790,321	11,977,940	12,142,898	12,310,481
Salaries & Wages	2,501,669	3,948,671	4,026,145	4,105,168	4,185,771
Employee Benefits	658,464	1,192,162	1,210,320	1,228,841	1,247,732
Professional & Contractual Services	2,294,000	5,959,136	4,828,967	4,877,257	4,926,030
Operating Supplies	2,732,500	3,639,348	1,886,077	1,904,937	1,923,986
Operating Services	-	11,004	5,702	5,759	5,817
Other Expenses	-	40,000	20,729	20,936	21,145
1003 - Blight Remediation Fund	13,277,853	15,101,743	-	-	-
Salaries & Wages	520,964	1,475,270	-	-	-
Employee Benefits	39,857	293,949	-	-	-
Professional & Contractual Services	6,616,512	2,031,666	-	-	-
Operating Supplies	5,203,551	10,589,369	-	-	-
Operating Services	85,969	269,489	-	-	-
Other Expenses	637,000	412,000	-	-	-
Equipment Acquisition	174,000	30,000	-	-	-
Grand Total	21,464,486	29,892,064	11,977,940	12,142,898	12,310,481

**CITY OF DETROIT
BUDGET DEVELOPMENT
REVENUES BY SUMMARY CATEGORY - FUND DETAIL
DEPARTMENT 16 - CONSTRUCTION & DEMOLITION DEPARTMENT**

Department # - Department Name Fund # - Fund Name Summary Category	FY2024 Adopted	FY2025 Mayor Proposed	FY2026 Forecast	FY2027 Forecast	FY2028 Forecast
16 - Construction & Demolition Department	150,000	2,871,297	2,928,723	2,987,297	3,047,043
1000 - General Fund	-	2,871,297	2,928,723	2,987,297	3,047,043
Contributions & Transfers	-	2,871,297	2,928,723	2,987,297	3,047,043
1003 - Blight Remediation Fund	150,000	-	-	-	-
Sales & Charges for Services	100,000	-	-	-	-
Sales of Assets & Compensation for Losses	50,000	-	-	-	-
Grand Total	150,000	2,871,297	2,928,723	2,987,297	3,047,043

**CITY OF DETROIT
BUDGET DEVELOPMENT
FINANCIAL DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER - EXPENDITURES
DEPARTMENT 16 - CONSTRUCTION & DEMOLITION DEPARTMENT**

Department # - Department Name					
Fund # - Fund Name	FY2024	FY2025	FY2026	FY2027	FY2028
Appropriation # - Appropriation Name	Adopted	Mayor Proposed	Forecast	Forecast	Forecast
Cost Center # - Cost Center Name					
16 - Construction & Demolition Department	21,464,486	29,892,064	11,977,940	12,142,898	12,310,481
1000 - General Fund	8,186,633	14,790,321	11,977,940	12,142,898	12,310,481
29160 - CDD Shared Services	8,186,633	14,790,321	11,977,940	12,142,898	12,310,481
160070 - Construction & Facilities Management	8,186,633	11,919,024	9,074,863	9,207,658	9,342,691
160080 - DDoT Facilities Management	-	2,871,297	2,903,077	2,935,240	2,967,790
1003 - Blight Remediation Fund	13,277,853	15,101,743	-	-	-
21200 - Detroit Demolition	13,277,853	15,101,743	-	-	-
160010 - Construction & Demolition Administration	374,969	724,009	-	-	-
160020 - Residential Demolition	12,287,063	12,743,035	-	-	-
160040 - Demolition Environmental	-	260,881	-	-	-
160050 - Demolition Compliance	615,821	1,373,818	-	-	-
Grand Total	21,464,486	29,892,064	11,977,940	12,142,898	12,310,481

**CITY OF DETROIT
BUDGET DEVELOPMENT
FINANCIAL DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER - REVENUES
DEPARTMENT 16 - CONSTRUCTION & DEMOLITION DEPARTMENT**

Department # - Department Name	FY2024	FY2025	FY2026	FY2027	FY2028
Fund # - Fund Name	Adopted	Mayor Proposed	Forecast	Forecast	Forecast
Appropriation # - Appropriation Name					
Cost Center # - Cost Center Name					
16 - Construction & Demolition Department	150,000	2,871,297	2,928,723	2,987,297	3,047,043
1000 - General Fund	-	2,871,297	2,928,723	2,987,297	3,047,043
29160 - CDD Shared Services	-	2,871,297	2,928,723	2,987,297	3,047,043
160080 - DDoT Facilities Management	-	2,871,297	2,928,723	2,987,297	3,047,043
1003 - Blight Remediation Fund	150,000	-	-	-	-
21200 - Detroit Demolition	150,000	-	-	-	-
160020 - Residential Demolition	150,000	-	-	-	-
Grand Total	150,000	2,871,297	2,928,723	2,987,297	3,047,043

**CITY OF DETROIT
BUDGET DEVELOPMENT
POSITION DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER
DEPARTMENT 16 - CONSTRUCTION & DEMOLITION DEPARTMENT**

Department # - Department Name					
Fund # - Fund Name					
Appropriation # - Appropriation Name	FY2024	FY2025	FY2026	FY2027	FY2028
Cost Center # - Cost Center Name	Adopted	Mayor Proposed	Forecast	Forecast	Forecast
Job Code - Job Title					
16 - Construction & Demolition Department	146	159	159	159	159
1000 - General Fund	48	60	60	60	60
29160 - CDD Shared Services	48	60	60	60	60
160070 - Construction & Facilities Management	48	56	56	56	56
011062.Assistant Director Demolition	0	1	1	1	1
019210.Office Management Assistant	0	1	1	1	1
111003.Project Manager Analytics Specialist 3	4	4	4	4	4
122511.Construction Project Coordinator	0	2	2	2	2
13111002.Project Manager Analytics Specialist 2	3	4	4	4	4
13111004.Project Manager Analytics Specialist 4	1	1	1	1	1
134061.Head Electrical Engineer	1	1	1	1	1
621041.Building Maintenance SubForeman	2	2	2	2	2
621051.Building Maintenance Foreman	2	0	0	0	0
621081.Superintendent Of Building Maintenance	1	1	1	1	1
626051.Master Plumber	1	0	0	0	0
738341.Electrical Worker General	2	2	2	2	2
742001.Building Operating Apprentice	1	1	1	1	1
742042.Refrigeration Equipment Operator First Class	6	6	6	6	6
745020.Climate Control Operations Technician	3	3	3	3	3
81623041.Finish Carpenter	4	4	4	4	4
82019210.Office Management Assistant	1	0	0	0	0
82625041.Finish Painter	0	4	4	4	4
8621031.Building Trades Worker General	10	10	10	10	10

**CITY OF DETROIT
BUDGET DEVELOPMENT
POSITION DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER
DEPARTMENT 16 - CONSTRUCTION & DEMOLITION DEPARTMENT**

Department # - Department Name					
Fund # - Fund Name					
Appropriation # - Appropriation Name	FY2024	FY2025	FY2026	FY2027	FY2028
Cost Center # - Cost Center Name	Adopted	Mayor Proposed	Forecast	Forecast	Forecast
Job Code - Job Title					
8621051.Building Maintenance Foreman	0	3	3	3	3
8625041.Finish Painter	2	0	0	0	0
8626001.Plumber Apprentice	0	1	1	1	1
8626041.Plumber	4	4	4	4	4
929107.Administrative Special Services Staff 2 Exempt	0	1	1	1	1
160080 - DDoT Facilities Management	0	4	4	4	4
010848.Manager 2 Transportation	0	1	1	1	1
738341.Electrical Worker General	0	2	2	2	2
8621031.Building Trades Worker General	0	1	1	1	1
1003 - Blight Remediation Fund	10	23	23	23	23
21200 - Detroit Demolition	10	23	23	23	23
160010 - Construction & Demolition Administration	0	2	2	2	2
011062.Assistant Director Demolition	0	2	2	2	2
160040 - Demolition Environmental	0	2	2	2	2
011062.Assistant Director Demolition	0	1	1	1	1
111003.Project Manager Analytics Specialist 3	0	1	1	1	1
160050 - Demolition Compliance	10	19	19	19	19
111003.Project Manager Analytics Specialist 3	0	1	1	1	1
13111002.Project Manager Analytics Specialist 2	0	2	2	2	2
13111004.Project Manager Analytics Specialist 4	0	1	1	1	1
929101.Administrative Special Services Staff 1	8	12	12	12	12
929102.Administrative Special Services Staff 2	2	3	3	3	3
4503 - General Obligation Bond Fund	88	76	76	76	76

**CITY OF DETROIT
BUDGET DEVELOPMENT
POSITION DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER
DEPARTMENT 16 - CONSTRUCTION & DEMOLITION DEPARTMENT**

Department # - Department Name					
Fund # - Fund Name					
Appropriation # - Appropriation Name	FY2024	FY2025	FY2026	FY2027	FY2028
Cost Center # - Cost Center Name	Adopted	Mayor Proposed	Forecast	Forecast	Forecast
Job Code - Job Title					
21003 - Neighborhood Improvement Bonds	88	76	76	76	76
160010 - Construction & Demolition Administration	19	18	18	18	18
010114.Director General Services Department	0	1	1	1	1
013376.Executive Administrative Assistant 2	0	1	1	1	1
111003.Project Manager Analytics Specialist 3	1	0	0	0	0
11919911.Associate Director Of Strategic Affairs	1	0	0	0	0
13111002.Project Manager Analytics Specialist 2	0	1	1	1	1
13111004.Project Manager Analytics Specialist 4	0	1	1	1	1
653080.Executive Management Team	3	1	1	1	1
929102.Administrative Special Services Staff 2	5	1	1	1	1
929107.Administrative Special Services Staff 2 Exempt	5	9	9	9	9
929108.Administrative Special Services Staff 3 Exempt	4	2	2	2	2
932010.Press Secretary	0	1	1	1	1
160040 - Demolition Environmental	7	11	11	11	11
929102.Administrative Special Services Staff 2	1	7	7	7	7
929107.Administrative Special Services Staff 2 Exempt	6	4	4	4	4
160050 - Demolition Compliance	62	47	47	47	47
111003.Project Manager Analytics Specialist 3	0	1	1	1	1
13111103.Program Analyst 3	2	0	0	0	0
13111104.Program Analyst 4	1	0	0	0	0
13111141.Operations General Manager	0	2	2	2	2
13111402.Program Analyst 2 Community Development Speci	1	0	0	0	0
13111403.Program Analyst 3 Community Development Speci	0	2	2	2	2

**CITY OF DETROIT
BUDGET DEVELOPMENT
POSITION DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER
DEPARTMENT 16 - CONSTRUCTION & DEMOLITION DEPARTMENT**

Department # - Department Name					
Fund # - Fund Name					
Appropriation # - Appropriation Name	FY2024	FY2025	FY2026	FY2027	FY2028
Cost Center # - Cost Center Name	Adopted	Mayor Proposed	Forecast	Forecast	Forecast
Job Code - Job Title					
929101.Administrative Special Services Staff 1	22	9	9	9	9
929102.Administrative Special Services Staff 2	17	22	22	22	22
929107.Administrative Special Services Staff 2 Exempt	17	9	9	9	9
929108.Administrative Special Services Staff 3 Exempt	2	2	2	2	2
Grand Total	146	159	159	159	159