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TO: John W. Prymack, Director
Detroit Public Lighting Department

FROM: David Whitaker, Director 
Legislative Policy Division

DATE: March 15, 2024

RE: 2024-2025 Budget Analysis

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

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Monday, March 18, 2024, at 2:00 p.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 Council members, 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:
Issues and Questions
Agency Plan: Mission, Goals and Activity Summary

cc: Councilmembers
Auditor General's Office
Jay Rising, CFO
Tanya Stoudemire, Chief Deputy CFO-Policy & Administration Dire
Steven Watson, Deputy CFO/Budget Director
Brad Dick, Group Executive-COO
Justin Buss, Budget Analyst
James George, Agency CFO
Malik Washington, Mayor's Office

Detroit Public Lighting Department (38)
FY 2024-2025 Budget Analysis by the Legislative Policy Division

Mission

The Public Lighting Department (PLD) supports the Public Lighting Authority (PLA) as it maintains the upgraded streetlight system.

On February 5, 2013, the City created the PLA, a separate municipal corporation pursuant to Michigan Public Act 392 of 2012 (as amended) and the Municipal Lighting Authority Act, MCL 123.1261, to manage and maintain the City's public lighting system. Pursuant to an amendment to the City Utility Users' Tax Act, 1990 PA 100 (as amended) MCL 141.1151-MCL141.1177, the PLA utilizes \$12.5 million in utility user tax proceeds to satisfy the debt service obligation of bonds issued to modernize the streetlight system. Through an interlocal agreement, the City provides additional funds to the PLA to finance the operations and maintenance of the street lighting system.

PLD owns and maintains hundreds of miles of underground conduit and poles for overhead lines. Various communication companies rent conduit space and/or pay pole attachment fees that provide significant revenue to the City's General Fund.

PLD is actively preparing unused substations for sale to private entities, returning them to the City's tax base. PLD also is removing unused overhead lines owned by PLD to further enhance citizen safety and reduce blight.

Issues and Questions

1. Please provide a status update on the decommissioning of the PLD system and the on-going sale of PLD assets? Is there a timeline for decommissioning PLD assets?
 - a. What substation sites are scheduled for sale in FY 2025? How many substations has the city sold to date?
2. On page 38-2: Goals, Strategic Priorities and Related City Outcomes- Please elaborate on
 - a. Goal# 2: Remove unused unsightly overhead wires: how does PLD determine the sites for overhead wire removal? What number of overhead wires are expected to be removed in FY 2025?
 - b. Goal# 4: lease excess capacity to private fiber optic companies: what new activity or initiative is expected in FY 2025? How much revenue is generated annually by PLD for the lease of excess capacity to private companies?
3. On page B38-5: please explain the year-over-year decrease in expenditures for Salary & Wages, Employee Benefits and Professional Service Contracts. Briefly explain the year-over-year increases for Operating Supplies, Operating Services and Other Expenses.
 - a. The \$10.4 million budgeted in Other Expenses includes payment of O&M expenses to the PLA. Briefly, describe the agreement between PLD and PLA to pay operating & maintenance costs, and how was the budgeted amount determined.
 - b. What is the expiration date on the TMCA contract?
4. On page B38-6: please explain the year-over-year changes in revenues for Sales & Charges for Services and Revenues from Use of Assets. Sales & Charges decrease by (-\$698,097)? Revenues from Use of Assets increase by \$355,000. What is budgeted in the Miscellaneous account, \$92,820 in FY 2025, with no budget in the previous fiscal year?
5. On page B38-7: Briefly explain the year-over-year changes in the PLD Decommissioning Reserve Fund in Professional & Contractual Services and Operating Supplies.

6. The FY 2025 budget includes 1-FTE (Drafting Technician IV) same as FY 2024. Does the budget include contractors, if so, how many?
7. According to the Office of the Chief Financial Officer (OCFO), as of December 31, 2023, the department had 1 vacancy; no actual positions filled. Briefly explain this vacancy.
8. Page C58: PLD's General Fund FY 2025 Budget increase by \$1.355 million over the FY 2024 Budget and \$980,229 over FY 2023 Actuals. Please explain the year-over-year increase and the city's increased contribution to the PLA.
9. Page C59: PLD's Fund 1011- Appropriation 29381 - Public Lighting Decommissioning- FY 2025 Budget increase by \$1.8 million over the FY 2024 Budget and \$368,903 over FY 2023 Actuals. Please explain.

PUBLIC LIGHTING DEPARTMENT (38)

Mission

The Public Lighting Department (PLD) supports the Public Lighting Authority (PLA) as it maintains the upgraded streetlight system.

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PLD owns and maintains hundreds of miles of underground conduit and poles for overhead lines. Various communication companies rent conduit space and/or pay pole attachment fees that provide significant revenue to the City's General Fund.

PLD is actively preparing unused substations for sale to private entities, returning them to the City's tax base. PLD also is removing unused overhead lines owned by PLD to further enhance citizen safety and reduce blight.

Operating Programs and Services

- **Administration/Overhead** encompasses one full-time position, office supplies, and dues/occupancy permits.
- **PLD Reserve** is comprised of materials handling services.
- **Streetlights** encompasses utility costs for streetlights, electrical grid maintenance, substation decommissioning, and removal of overhead wires/peripheral equipment/poles no longer needed.

PUBLIC LIGHTING DEPARTMENT (38)

Goals, Strategic Priorities and Related City Outcomes

Goals / Strategic Priorities	Timeframe	Related City Outcome
1. Provide well-lit streets as defined using photometric analysis in the Lighting Plan	July 2024 - June 2028	Safer Neighborhoods
2. Remove unused unsightly overhead wires	July 2024 - June 2028	Safer Neighborhoods
3. Contribute to the physical appearance and use of collector streets	July 2024 - June 2028	Vibrant and Beautiful City
4. Maintain legacy electrical conduit grid and make available to City of Detroit information technology department for fiber optic communication cables and lease excess capacity to private fiber optic companies	July 2024 - June 2028	Efficient and Innovative Operations
5. Salvage recyclable unused underground cable to be sold to provide funds to reduce burden of decommissioning	July 2024 - June 2028	Efficient and Innovative Operations
6. Host telecommunications providers within optimal streetlight performance	July 2024 - June 2028	Vibrant and Beautiful City

Budget By Service

Services	FY 2025 Mayor Proposed	FY 2025 Mayor Proposed FTE
Administration/Overhead	\$115,655	1.0
PLD Reserve	\$210,000	-
Streetlights	\$20,239,405	-
Total:	\$20,565,060	1.0

PUBLIC LIGHTING DEPARTMENT (38)

Metrics and Data

Metrics	Data	Related Goal #
Wire removed in feet	Overhead 13,000 ft./5-day week	2
Cable removed in feet	Target underground 4,500 ft./5-day week	4
Number of provider’s blight removal work orders	541 in FY23	3
Average number of O&M work orders per month	378	1

Operating Budget Highlights

Initiatives	FY 2025 Mayor Proposed	FY 2025 Mayor Proposed FTE
Increase to Public Lighting Authority General Fund Contribution	\$1,000,000	-
Decommissioning materials handling and processing cost increase	\$55,000	-
Streetlight Utilities Increase	\$329,333	-

Department 38 - Public Lighting Department

Budget Summary

	FY2023 Actual		FY2024 Adopted		FY2025 Mayor Proposed	
	General Fund	All Funds	General Fund	All Funds	General Fund	All Funds
Total Revenues	1,553,543	4,206,471	1,534,000	3,665,097	915,840	3,415,840
Total Expenditures	17,084,831	17,423,625	16,709,812	18,840,909	18,065,060	20,565,060
Net Tax Cost	15,531,288	13,217,154	15,175,812	15,175,812	17,149,220	17,149,220

	FY2026 Forecast		FY2027 Forecast		FY2028 Forecast	
	General Fund	All Funds	General Fund	All Funds	General Fund	All Funds
Total Revenues	917,716	3,417,716	919,631	3,419,631	921,583	3,421,583
Total Expenditures	18,246,266	20,746,266	18,429,296	20,929,296	18,614,168	21,114,168
Net Tax Cost	17,328,550	17,328,550	17,509,665	17,509,665	17,692,585	17,692,585

General Fund Recurring vs One-Time Expenditures

	FY2024 Adopted	FY2025 Mayor Proposed
Recurring Expenditures	16,709,812	18,065,060
One-Time Expenditures	-	-
Total Expenditures	16,709,812	18,065,060

Positions (by FTE)

	2/9/2024 Actual	FY2024 Adopted	FY2025 Mayor Proposed	FY2026 Forecast	FY2027 Forecast	FY2028 Forecast
General Fund	-	1.00	1.00	1.00	1.00	1.00
Non-General Fund	-	-	-	-	-	-
ARPA	-	-	-	-	-	-
Total Positions	-	1.00	1.00	1.00	1.00	1.00

**CITY OF DETROIT
BUDGET DEVELOPMENT
EXPENDITURES BY SUMMARY CATEGORY - ALL FUNDS
DEPARTMENT 38 - PUBLIC LIGHTING DEPARTMENT**

Department # - Department Name Summary Category	FY2024 Adopted	FY2025 Mayor Proposed	FY2026 Forecast	FY2027 Forecast	FY2028 Forecast
38 - Public Lighting Department	18,840,909	20,565,060	20,746,266	20,929,296	21,114,168
Salaries & Wages	49,550	47,560	48,511	49,481	50,471
Employee Benefits	15,822	15,113	15,344	15,579	15,819
Professional & Contractual Services	2,745,000	2,265,000	2,278,850	2,292,839	2,306,967
Operating Supplies	632,097	1,621,000	1,621,010	1,621,020	1,621,030
Operating Services	5,995,177	6,213,124	6,275,255	6,338,008	6,401,388
Other Expenses	9,403,263	10,403,263	10,507,296	10,612,369	10,718,493
Grand Total	18,840,909	20,565,060	20,746,266	20,929,296	21,114,168

**CITY OF DETROIT
BUDGET DEVELOPMENT
REVENUES BY SUMMARY CATEGORY - ALL FUNDS
DEPARTMENT 38 - PUBLIC LIGHTING DEPARTMENT**

Department # - Department Name Summary Category	FY2024 Adopted	FY2025 Mayor Proposed	FY2026 Forecast	FY2027 Forecast	FY2028 Forecast
38 - Public Lighting Department	3,665,097	3,415,840	3,417,716	3,419,631	3,421,583
Sales & Charges for Services	3,198,097	2,500,000	2,500,000	2,500,000	2,500,000
Revenues from Use of Assets	467,000	822,000	822,000	822,000	822,000
Miscellaneous	-	92,820	94,676	96,570	98,501
Sales of Assets & Compensation for Losses	-	1,020	1,040	1,061	1,082
Grand Total	3,665,097	3,415,840	3,417,716	3,419,631	3,421,583

**CITY OF DETROIT
BUDGET DEVELOPMENT
EXPENDITURES BY SUMMARY CATEGORY - FUND DETAIL
DEPARTMENT 38 - PUBLIC LIGHTING DEPARTMENT**

Department # - Department Name Fund # - Fund Name Summary Category	FY2024 Adopted	FY2025 Mayor Proposed	FY2026 Forecast	FY2027 Forecast	FY2028 Forecast
38 - Public Lighting Department	18,840,909	20,565,060	20,746,266	20,929,296	21,114,168
1000 - General Fund	16,709,812	18,065,060	18,246,266	18,429,296	18,614,168
Salaries & Wages	49,550	47,560	48,511	49,481	50,471
Employee Benefits	15,822	15,113	15,344	15,579	15,819
Professional & Contractual Services	1,245,000	1,385,000	1,398,850	1,412,839	1,426,967
Operating Supplies	1,000	1,000	1,010	1,020	1,030
Operating Services	5,995,177	6,213,124	6,275,255	6,338,008	6,401,388
Other Expenses	9,403,263	10,403,263	10,507,296	10,612,369	10,718,493
1011 - PLD Decommissioning Reserve Fund	2,131,097	2,500,000	2,500,000	2,500,000	2,500,000
Professional & Contractual Services	1,500,000	880,000	880,000	880,000	880,000
Operating Supplies	631,097	1,620,000	1,620,000	1,620,000	1,620,000
Grand Total	18,840,909	20,565,060	20,746,266	20,929,296	21,114,168

**CITY OF DETROIT
BUDGET DEVELOPMENT
REVENUES BY SUMMARY CATEGORY - FUND DETAIL
DEPARTMENT 38 - PUBLIC LIGHTING DEPARTMENT**

Department # - Department Name Fund # - Fund Name Summary Category	FY2024 Adopted	FY2025 Mayor Proposed	FY2026 Forecast	FY2027 Forecast	FY2028 Forecast
38 - Public Lighting Department	3,665,097	3,415,840	3,417,716	3,419,631	3,421,583
1000 - General Fund	1,534,000	915,840	917,716	919,631	921,583
Sales & Charges for Services	1,067,000	-	-	-	-
Revenues from Use of Assets	467,000	822,000	822,000	822,000	822,000
Miscellaneous	-	92,820	94,676	96,570	98,501
Sales of Assets & Compensation for Losses	-	1,020	1,040	1,061	1,082
1011 - PLD Decommissioning Reserve Fund	2,131,097	2,500,000	2,500,000	2,500,000	2,500,000
Sales & Charges for Services	2,131,097	2,500,000	2,500,000	2,500,000	2,500,000
Grand Total	3,665,097	3,415,840	3,417,716	3,419,631	3,421,583

**CITY OF DETROIT
BUDGET DEVELOPMENT
FINANCIAL DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER - EXPENDITURES
DEPARTMENT 38 - PUBLIC LIGHTING 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					
38 - Public Lighting Department	18,840,909	20,565,060	20,746,266	20,929,296	21,114,168
1000 - General Fund	16,709,812	18,065,060	18,246,266	18,429,296	18,614,168
29380 - Public Lighting - Administration	16,709,812	18,065,060	18,246,266	18,429,296	18,614,168
380010 - PLD Administration	7,306,549	7,661,797	7,738,970	7,816,927	7,895,675
380011 - PLA Contributions for Operations	9,403,263	10,403,263	10,507,296	10,612,369	10,718,493
1011 - PLD Decommissioning Reserve Fund	2,131,097	2,500,000	2,500,000	2,500,000	2,500,000
29381 - Public Lighting Decommissioning	2,131,097	2,500,000	2,500,000	2,500,000	2,500,000
381100 - PLD Decommissioning	2,131,097	2,500,000	2,500,000	2,500,000	2,500,000
Grand Total	18,840,909	20,565,060	20,746,266	20,929,296	21,114,168

**CITY OF DETROIT
BUDGET DEVELOPMENT
FINANCIAL DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER - REVENUES
DEPARTMENT 38 - PUBLIC LIGHTING 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					
38 - Public Lighting Department	3,665,097	3,415,840	3,417,716	3,419,631	3,421,583
1000 - General Fund	1,534,000	915,840	917,716	919,631	921,583
29380 - Public Lighting - Administration	1,534,000	915,840	917,716	919,631	921,583
380010 - PLD Administration	1,534,000	915,840	917,716	919,631	921,583
1011 - PLD Decommissioning Reserve Fund	2,131,097	2,500,000	2,500,000	2,500,000	2,500,000
29381 - Public Lighting Decommissioning	2,131,097	2,500,000	2,500,000	2,500,000	2,500,000
381100 - PLD Decommissioning	2,131,097	2,500,000	2,500,000	2,500,000	2,500,000
Grand Total	3,665,097	3,415,840	3,417,716	3,419,631	3,421,583

**CITY OF DETROIT
BUDGET DEVELOPMENT
POSITION DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER
DEPARTMENT 38 - PUBLIC LIGHTING 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					
38 - Public Lighting Department	1	1	1	1	1
1000 - General Fund	1	1	1	1	1
29380 - Public Lighting - Administration	1	1	1	1	1
380010 - PLD Administration	1	1	1	1	1
193034.Drafting Technician 4	1	1	1	1	1
Grand Total	1	1	1	1	1