


David Whitaker, Esq.
Director
Irvin Corley, Jr.
Executive Policy Manager
Marcell R. Todd, Jr.
Director, City Planning
Commission
Janese Chapman
Director, Historic Designation
Advisory Board

John Alexander
LaKisha Barclift, Esq.
Paige Blessman
M. Rory Bolger, Ph.D., FAICP
Victory Corley
Lisa DiChiera
Eric Fazzini, AICP
Willene Green
Christopher Gulock, AICP
Marcel Hurt, Esq.
Sandra Jeffers

City of Detroit
CITY COUNCIL
LEGISLATIVE POLICY DIVISION
208 Coleman A. Young Municipal Center
Detroit, Michigan 48226
Phone: (313) 224-4946 Fax: (313) 224-4336

Kimani Jeffrey
Anthony W. L. Johnson
Phillip Keller, Esq.
Edward King
Kelsey Maas
Jamie Murphy
Dolores Perales
Analine Powers, Ph.D.
W. Akilah Redmond
Rebecca Savage
Sabrina Shockley
Renee Short
Floyd Stanley
Thomas Stephens, Esq.
Timarie Szwed
Theresa Thomas
Janice Tillmon
Ian Tomashik
Emberly Vick
Ashley A. Wilson

TO: Beau Taylor, Executive Director
Detroit Public Lighting Authority

FROM: David Whitaker, Director 
Legislative Policy Division

DATE: March 18, 2025

RE: 2025-2026 Budget Analysis

Attached is our budget analysis regarding your agency's budget for the 2025-2026 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Thursday, March 20, 2025, at 3:00 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

cc: Councilmembers
Auditor General's Office
Jessica Parker, Mayor's Office Group Executive of Public Services
Jay Rising, Chief Financial Officer
Tanya Stoudemire, Chief Deputy CFO-Policy & Administration Director /Interim Budget Director
Donnie Johnson, Deputy Budget Director
Andre Blair, Agency CFO
Justin Buss, Budget Analyst
Malik Washington, Mayor's Office

Detroit Public Lighting Authority
FY 2025-2026 Budget Analysis by the Legislative Policy Division

The Detroit Public Lighting Authority (PLA) was authorized by the Michigan Legislature in 2012 via the Michigan Lighting Authority Act (Public Act 392 of 2012, or “Act 392”) to support and develop a plan to improve public lighting in the City of Detroit. Its creation was approved by the Detroit City Council in early 2013, and the City filed the articles of incorporation on April 5, 2013. The PLA is overseen by a five-member board that is appointed by the Mayor and City Council.

The PLA was created for the purpose of providing financing, operating, and maintaining a street lighting system in the city. The PLA made a multi-year, city-wide investment in the public lighting infrastructure, including poles, ballasts, circuits, transformers, and distribution connections. This is the distinction between the PLA and the Public Lighting Department, the PLA does not provide or generate electrical energy- the City purchases all of the electricity necessary to power the streetlighting system from a third-party power provider (DTE Energy). Per City Charter, the Public Lighting Department (PLD) is responsible for the delivery of energy (PLD can furnish and sell – electrical power)¹.

The PLA street lighting system improvements were funded through the sale of \$185 million in bonds sold by the Authority; total bonds outstanding as of June 30, 2024, are \$153.9 million, final maturity date is 2045. The bonds are repaid from the \$12.5 million per year the PLA receives from the City’s Utility User Tax revenues. In July 2024, the city sold \$22 million in Unlimited Tax General Obligation Bonds (UTGO) for PLA street lighting improvements-corridor standardization. These bonds are repaid from the city’s property tax- debt service millage. The city will also reimburse the PLA for operating expenses incurred under this capital program. The PLA also receives from the city reimbursement of operating and maintenance costs per an Operating & Maintenance (O&M) interlocal agreement.

In the Management’s Discussion and Analysis section of PLA’s June 30, 2024, financial statements PLA noted that they are in process of discussing a reimbursement formula for their annual operating and maintenance reimbursements from the city.

Issues and Questions

- 1) Please provide the Board approved FY 2025 operating budget and the Proposed FY 2026 operating budget.
- 2) Please briefly explain the agency's new expense initiatives, any new and/or significant capital funding requests, operational reform and savings proposals, and new revenue initiatives/proposals to be implemented in FY 2026.
 - a) Did PLA submit a revised city lighting expansion plan to City Council as previously discussed?
- 3) What is the current budgeted and actual staffing level at the Public Lighting Authority? Briefly discuss any current and any proposed staffing initiatives, including the plan to fill any vacancies.
- 4) Does the city’s solar initiative impact the public lighting system, if yes briefly explain the impact on the system? Are there any future implications for the lighting system with the expansion of the city’s solar program?
- 5) Has the PLA and the city determined a reimbursement formula for administrative, operations and maintenance expenses required under the interlocal agreement and as previously discussed in the city’s Auditor General report(s)?
- 6) On page 5 of the June 30, 2024, PLA financial statements: please discuss the PLA 2022 Strategic Reserve and the planned withdrawals for maintenance activity.
- 7) On page 6 of the June 30, 2024, PLA financial statements, FY 2023 Operating and maintenance expenses increased by \$5.4M to \$15.1M in FY 2024; please discuss.

¹ City of Detroit Auditor General, A Performance Audit of The Public Lighting Authority May 2022; Appendix C: Memo from the Law Department: “Public Lighting Authority and Detroit City Charter” page 82.

- 8) Page 8-9 of the June 30, 2024, PLA financial statements: PLA maintains a positive Net Position of \$26.9M as of June 30, 2024; it includes a decrease of \$3.7M over FY 2023.
- a) PLA Unrestricted Net Position declined from \$11.9M in 2022 to \$4.9M in 2023 and (.5M) in 2024; please discuss.
 - b) Does the PLA expect to obtain a full recovery of its investment fund loss; please provide the status of this open item.
- 9) Page 10 of the June 30, 2024, PLA financial statements: Approximately 1,000 poles and luminaires were replaced in FY 2023; how many are estimated to be replaced in FY 2025? How many have been replaced year to date? How many are scheduled to be replaced in FY 2026 per the PLA's Long-Term Planned Maintenance Program.
- 10) The debt service on the PLA 2014 \$185M bonds is paid from the \$12.5M Utility Users' Tax (UTT) revenues from the city; however, the interest expense for this debt was \$7.3M in FY 2024.
- a) Please discuss how the remaining \$12.5M in UTT funds were utilized.
 - b) Beginning in FY 2025, principal payments ranging from \$4.3M to \$5.2M during the 4-year forecast period are due, which will increase the debt service due to \$11.9M of the total UTT allotment; please discuss.
- 11) The Corridor Bond Program was funded with \$22M in proceeds from the city's July 2024 UTGO bond sale for the purpose of standardization of lighting on the city's high traffic corridors.
- a) Please discuss how much of PLA's annual reimbursement is due to this program?
 - b) Does this program include viaduct lighting improvements? If not, is there any discussion on increasing viaduct lighting throughout the city?
- 12) Page 28 of the June 30, 2024, PLA financial statements: The PLA lease of office space and equipment ended in February 2024 and per the June 30, 2024, financial statement PLA continued with a month to month lease (storage lease end February 2025).
- a) What is the current status of PLA lease agreement?
 - b) Are there any plans to relocate operations?

**CITY OF DETROIT
BUDGET DEVELOPMENT
FINANCIAL DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER - EXPENDITURES
DEPARTMENT 38 - PUBLIC LIGHTING DEPARTMENT**

Department # - Department Name	FY2025	FY2026	FY2027	FY2028	FY2029
Fund # - Fund Name	Adopted	Mayor Proposed	Forecast	Forecast	Forecast
Appropriation # - Appropriation Name					
Cost Center # - Cost Center Name					
38 - Public Lighting Department	20,065,060	20,697,667	20,732,644	20,769,471	20,808,166
1000 - General Fund	17,565,060	18,497,667	18,682,644	18,869,471	19,058,166
29380 - Public Lighting - Administration	17,565,060	18,497,667	18,682,644	18,869,471	19,058,166
380010 - PLD Administration	7,661,797	9,094,404	9,185,348	9,277,202	9,369,974
380011 - PLA Contributions for Operations	9,903,263	9,403,263	9,497,296	9,592,269	9,688,192
1011 - PLD Decommissioning Reserve Fund	2,500,000	2,200,000	2,050,000	1,900,000	1,750,000
29381 - Public Lighting Decommissioning	2,500,000	2,200,000	2,050,000	1,900,000	1,750,000
381100 - PLD Decommissioning	2,500,000	2,200,000	2,050,000	1,900,000	1,750,000
Grand Total	20,065,060	20,697,667	20,732,644	20,769,471	20,808,166