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TO: The Honorable City Council

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: September 30, 2025

RE: **NEIGHBORHOOD IMPROVEMENT PLAN BONDS (PROPOSAL N) FUNDS
STATUS AS OF MARCH 31, 2025**

This report is intended to give your Honorable Body an appropriation/cost center level status as of March 31, 2025, of the Proposal N Neighborhood Improvement Bond (Proposal N NIB) funds. On November 3, 2020, the citizens of the City of Detroit approved the bond issuance of not to exceed \$250 million in unlimited tax obligation bonds¹ for the purpose of paying the cost of neighborhood improvements in the City through property rehabilitation, demolition, and blight remediation. The City of Detroit's Demolition Department is responsible for using the Proposal N NIB funds to demolish an additional 8,000 blighted homes and preserve 6,000 homes for future renovation and sale² to improve the safety, value, and health of the neighborhoods in the City.

As your Honorable Body knows, the Citizens approved a total of \$250 million in bonds be sold and the City issued the first \$175 million in February 2021. This was a very successful bond sale as the City of Detroit received an additional \$30.7 million in bond premium³ on top of the \$175 million with total bond proceeds of \$205.7 million.

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 The Demolition Department plans to preserve or stabilize 6,000 homes for future renovation and sale through debris removal, roof repair, and securing of property in the neighborhoods in the City.

³ 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.

Also, as your Honorable Body knows, 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 premium⁴ on top of the \$75 million with total bond proceeds of \$78.0 million.

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 Legislative Policy Division (LPD) also notes that since City Council approved appropriation 21003 to house the Prop N NIB proceeds in July 2020, these bond proceeds were budgeted in appropriation 21003 Neighborhood Improvement Bonds in February 2021 when the bonds were sold. As a result, the activity in appropriation 21003 Neighborhood Improvement Bonds is not reflected in the FY 2025 budget and FY 2025-2028 four-year financial plan. Consequently, the Prop N NIB proceeds in appropriation 21003 will be balanced forward at the end of each fiscal year until the Prop N NIB proceeds are exhausted.

In addition, initially, the Prop N bond proceeds in July 2023 were appropriated in appropriation 21003. However, the City Council on January 30, 2024, approved a resolution authorizing that the July 2023 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. Likewise, the activity in appropriation 21004 Neighborhood Improvement Bonds is not reflected in the FY 2025 budget and FY 2025-2028 four-year financial plan. Consequently, the Prop N NIB proceeds in appropriation 21004 will be balanced forward at the end of each fiscal year until the Prop N NIB proceeds are exhausted.

LPD further notes the Demolition Department uses Prop N NIB 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 costs⁵. For FY 2025, the 76 budgeted positions in the Demolition Department will be paid from the Prop N NIB funds housed in appropriation 21003 Neighborhood Improvement Bonds.

Of the total bond proceeds of \$283.7 million, as of March 31, 2025, the City encumbered \$45.7 million and spent approximately \$234.6 million (including \$5.6 million spent in FY 2021, \$56 million spent in FY 2022, \$45.8 million spent in FY2023, \$78.4 in FY2024 and \$48.7 million in FY2025). Of the \$234.6 million spent as of March 31, 2025, \$221.9 million was spent on demolition contracts and \$12.7 million spent on payroll costs for City employees that are performing demolition related work. The remaining \$3.4 million is available to be spent in FY 2025 and beyond. We should note that the \$234.6 million spent through March 31, 2025, represents 82.7% of the total bond proceeds while 16.1% represents encumbrances for FY2025 and 1.2% is available.

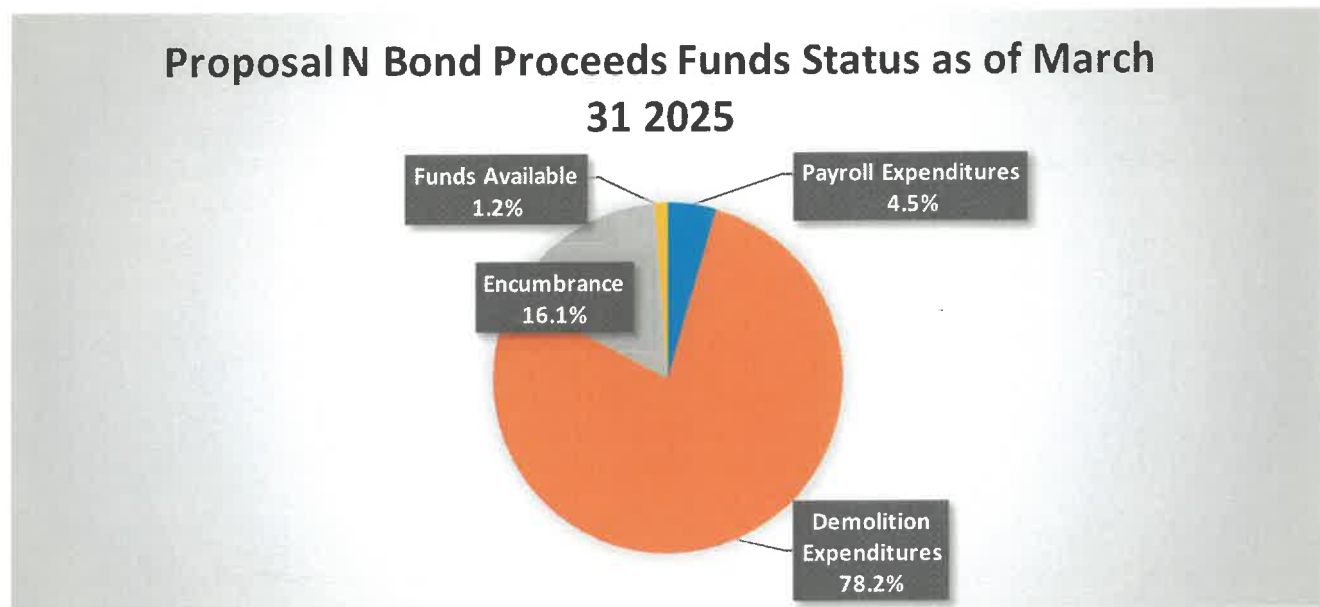
Below schedule summarizes funds status as of March 31, 2025, and it includes activities for fiscal years 2021, 2022, 2023, 2024 and 2025.

⁴ 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.

⁵ The Office of the Chief Financial Officer has received 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. A copy of the opinion was provided to City Council.

										FY2025 Activity		
Appropriation	Appropriation Description	Cost Center Description	Total Budget	FY 2021 Actual Expenditures	FY 2022 Actual Expenditures	FY 2023 Actual Expenditures	FY 2024 Actual Expenditures	Encumbrances	Actual Expenditures	Funds Available		
21003	Neighborhood Improvement Bond	160010 Demolition Administration	7,692,167	265,738	1,669,675	1,686,931	1,452,102	2,492	96,110	2,519,120		
		160020 Residential Demolition	188,777,644	3,642,293	51,429,693	40,343,649	52,439,852	22,636,446	12,265,506	6,020,205		
		160040 Demolition Environmental	739,250	42,286	422,454	781,450	611,541	1,325	-	(1,119,806)		
		160050 Demolition Compliance	7,103,500	259,831	2,503,294	2,998,761	2,651,598	8,076	32,941	(1,351,001)		
		351380 2018 UTGO Bonds	1,436,228	1,416,427	-	-	-	-	-	19,801		
21004	2023-Neighborhood Improvement	160010 Demolition Administration	2,994,363				679,105	-	862,190	1,453,069		
		160020 Residential Demolition	75,000,972				20,592,852	23,087,646	33,116,158	(1,795,685)		
		160040 Demolition Environmental							483,843	(483,843)		
		160050 Demolition Compliance							1,880,676	(1,880,676)		
Grand Total			283,744,125	5,626,576	56,025,116	45,810,791	78,427,050	45,735,985	48,737,423	3,381,184		

Below graph summarizes funds status in percentage terms as of March 31, 2025, and it includes activities for fiscal years 2021, 2022, 2023, 2024, and 2025:



Please refer to Attachment I for cost center level detail for FY 2021, FY 2022, FY 2023, FY 2024 and FY 2025 actual expenditures, and funds available as of March 31, 2025.

Please let us know if we can be of any more assistance.

Attachments

cc: Auditor General's Office
Tanya Stoudemire, Chief Financial Officer
John Naglick, Jr., Chief Deputy CFO/Finance Director/Controller
Regina Greear, Acting Chief Deputy CFO
Timothy Palazzolo, Director, Construction & Demolition Department
Regina Greear/Nicole Fambro, Deputy Agency CFO, Construction & Demolition Department
Malik Washington, Mayor's Office

FY2025 Activity

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160050 Demolition Compliance	603300 Employee P4 FICA	141	893	171	(0)	-	City Payroll
	603400 Unemployment	2,993	26,163	42,877	3,876	-	City payroll
	603405 Workers' Compensation				-	-	City Payroll
	603900 Emp Benefits-Miscellaneous				-	-	City Payroll
	604100 Other Comp-Unused Sick Leave				-	-	City Payroll
	605100 Group Life Insurance	2	2		-	-	City Payroll
	605205 Eye Care-Active Civilian	2	2		-	-	City Payroll
	605500 Income Protection-LTD				-	-	City Payroll
	605620 Dental Active	14	18		-	-	City Payroll
	605700 Health Care Reserve - Civilian				-	-	City Payroll
	626700 Telecommunications				-	-	N/A
	627195 Employee Uniform Expense		4,399	5,156			- VERIZON WIRELESS
							- N/A
	628200 Training		435				- 4INPRINT
							- N/A
							- Detroit Training Center
							- Environmental Testing & Consulting Inc
							- N/A
							- GLJE
							- City payroll
	644100 Acquisitions - Equipment						City Payroll
	601100 Salar-Full Time-Gen City	83,119	821,248	906,975	(68,681)		City payroll
	601125 Salaries-Vacation Time				(10,530)		City payroll
	601130 Salaries-Holiday Pay	3,291	55,717	81,349	10,530		City Payroll
	601300 Salar-Overtime-Gen City	2,535	38,742	50,523	(4,216)		City payroll
					4,216		City Payroll
	601600 Salaries For Employee Illness				(1,961)		City Payroll
	602100 Wages-Full Time-Gen City	137,828	1,186,714	25,194	1,961		City payroll
	602105 Wages-Employee Casual Leave			1,149,850	(72,979)		City payroll
	602125 Wages-Vacation Time		12,569		81,226		City Payroll
	602130 Wages-Holiday Pay	828	21,039	42,403	(3,569)		City payroll
	602200 Wages- Part Time	4,162	57,222	64,999	4,415		City Payroll
					(3,454)		City payroll
	602300 Wages-Overtime-Gen City			18,259	4,935		City Payroll
	603125 Emplr P4 Pension-GRS	18	5,608		-		City payroll
	603200 Emplr P4 Ben-Medical	2,599	22,309	47,371	(557)		City payroll
	603300 Employee P4 FICA	3,922	23,681	18,900	557		City Payroll
	603400 Unemployment	17,641	166,498	29,258	(1,474)		City payroll
	603405 Workers' Compensation				1,474		City Payroll
	603900 Emp Benefits-Miscellaneous				(3,130)		City payroll
	604100 Other Comp-Unused Sick Leave				3,130		City Payroll
	604900 Other Comp-General City				(12,546)		City payroll
	605100 Group Life Insurance			181,114	13,283		City Payroll
	605205 Eye Care-Active Civilian			4,919	(310)		City payroll
	605500 Income Protection-LTD				310		City Payroll
	605620 Dental Active				(382)		City payroll
	605700 Health Care Reserve - Civilian				(194)		City Payroll
	621900 Oper Supplies-Miscellaneous				382		City payroll
					1,920		City Payroll
					(500)		City payroll
	626500 Dues & Miscellaneous				500		City Payroll
	626700 Telecommunications				(73)		City payroll
	627105 Private Car Reimbursements				73		City Payroll
	627135 Pwr Svcs-Law Dept				(19)		City payroll
	627195 Employee Uniform Expense				19		City Payroll
					(16)		City payroll
					16		City Payroll
					(134)		City payroll
					134		City Payroll
					(126)		City payroll
					126		City Payroll
					(746)		City payroll
					746		City Payroll
					-		N/A
					-		GLJE
					11,258		GRADINGER
					1,973		N/A
					-		N/A
					-		VERIZON WIRELESS
					-		N/A
							N/A
							N/A
							4INPRINT

160040 Demolition Environmental	622975 Demolition & Excavation Services	501,983	51,836	14,454	DMC CONSULTANTS INC
		1,771,492	2,086,698	761,965	GAYANGA CO
			(184,580)		GL Journal Entry
		1,128,471	1,505,196	696,729	Inner City Contracting, LLC
		508,077	24,542	803,577	Saltehen Trucking and Excavating, Inc.
			11,850	73,312	SC Environmental Services, LLC
				18,750	THOMAS TRUCKING SERVICES INC
					N/A
		92,085		33,143	3D WRECKING LLC
				31,800	Detroit Next Inc.
622980 Backfill & Grading Services		1,168,784	2,265,499	336,035	DMC CONSULTANTS INC
		4,121,933	4,946,327	5,024,189	GAYANGA CO
			(3,112,591)		GL Journal Entry
			(5,000)		GL JE
		3,747,921	7,136,671	4,446,417	Inner City Contracting, LLC
		2,204,721	2,026,190	2,770,004	Saltehen Trucking and Excavating, Inc.
			106,500	352,193	SC Environmental Services, LLC
				168,775	THOMAS TRUCKING SERVICES INC
					N/A
		11,880		3,125	3D WRECKING LLC
622985 Site Finalization Services		244,000	544,000	12,000	DMC CONSULTANTS INC
		1,724,157	1,980,893	915,818	GAYANGA CO
			(745,417)		GL Journal Entry
		934,680	1,611,686	551,193	Inner City Contracting, LLC
				1,320,870	Saltehen Trucking and Excavating, Inc.
		494,250	357,000	27,500	SC Environmental Services, LLC
			24,500	47,500	THOMAS TRUCKING SERVICES INC
					N/A
		20,000		5,000	3D WRECKING LLC
		910,700	66,000	88,000	DMC CONSULTANTS INC
160050 Demolition Compliance	623501 Misc-Licenses, Insp & Permit Fees (blank)			436,250	GAYANGA CO
					GL Journal Entry
				536,688	Inner City Contracting, LLC
				604,524	Saltehen Trucking and Excavating, Inc.
				2,750	SC Environmental Services, LLC
				40,000	THOMAS TRUCKING SERVICES INC
					N/A
			110		City payroll
			56,285		City payroll
			68,370		City Payroll
601100 Salar-Full Time-Gen City	601115 Salaries-Contractual		3,930		City payroll
			6,582		City payroll
			2,542		City payroll
			3,748		City payroll
			138,883		City payroll
			140,656		City payroll
			6,302		City payroll
			5,951		City payroll
			6,969		City payroll
			9,259		City payroll
601125 Salaries-Vacation Time	601130 Salaries-Holiday Pay		16,441		City payroll
			17,924		City payroll
			345,118		City payroll
			362,787		City payroll
			28,676		City payroll
			46,544		City payroll
			17,078		City payroll
			24,108		City payroll
			6,831		City payroll
			529		City payroll
601600 Employer Pd FICA	602100 Wages-Full Time-Gen City		374,305		City payroll
			386,529		City payroll
			10,025		City payroll
			23,968		City payroll
			18,402		City payroll
			26,874		City payroll
			11,453		City payroll
			3,295		City payroll
			6,721		City payroll
			6,729		City payroll
603300 Employer Pd FICA	603400 Unemployment		14,087		City payroll
			15,420		City payroll
			61,299		City payroll
			65,947		City payroll
			1,445		City payroll
			1,413		City payroll
			1,793		City payroll
603405 Workers' Compensation	603405 Workers' Compensation				

603900 Emp Benefits-Miscellaneous
604100 Other Comp-Unused Sick Leave
604900 Other Comp-General City
605100 Group Life Insurance
605205 Eye Care-Active Civilian
605500 Income Protection-LTD
605620 Dental Active
605700 Health Care Reserve - Civilian
628101 Travel Advance

1,687	-	City Payroll
905	-	City payroll
885	-	City Payroll
2,333	-	City payroll
2,281	-	City Payroll
329	-	City payroll
274	-	City Payroll
86	-	City payroll
87	-	City Payroll
74	-	City payroll
78	-	City Payroll
627	-	City payroll
613	-	City Payroll
566	-	City payroll
627	-	City Payroll
3,482	-	City payroll
3,403	-	City Payroll
(55)	-	N/A
21,271,957	23,087,646	
5,626,576	56,025,116	45,810,791
		48,737,423

21004 2023-Neighborhood Improvement Bonds Total
Grand Total

Actual expenditures breakdown:

	FY2021	FY2022	FY2023	FY2024	FY2025 Actuals		Total Expenditures
Payroll	567,855	4,328,235	45,810,791	4,382,392	Encumbrance	Actual Expenditures	12,721,991
Non-payroll	5,058,720	51,696,881	45,810,791	73,844,698			221,904,965
Total	5,626,576	56,025,116	45,810,791	78,427,050	45,715,985	48,737,423	214,026,916