



City of Detroit
OFFICE OF THE AUDITOR GENERAL



Audit of the American Rescue Plan Act

**Neighborhood Beautification Initiative
Program Operations**

OFFICE OF THE
AUDITOR GENERAL

January 2026



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MEMORANDUM

DATE : February 9, 2026
TO : Honorable City Council
Mayor Mary Sheffield
FROM: Laura Goodspeed, CPA *LG*
Auditor General
RE : Audit of the American Rescue Plan Act Neighborhood Beautification Initiative (January 2026)

Attached is an audit report related to the City of Detroit's American Rescue Plan Act Neighborhood Beautification Initiative (NBI.)

This report is the result of our "Limited Scope Performance Audit of the American Rescue Plan Act Neighborhood Beautification Initiative." It provides an update on the progress of the NBI projects and includes our observations and recommendations related to the initiative.

We are providing this report in compliance with Generally Accepted Governmental Auditing Standards relating to Chapter 9: Reporting Standards for Performance Audits:¹

9.06 Auditors should issue audit reports communicating the results of each completed performance audit.

9.07 Auditors should issue the audit report in a form that is appropriate for its intended use, either in writing or in some other retrievable form.

You should note that our first report relating to the City's American Rescue Plan Act was published in October 2023 and focused on the "Renew Detroit Home Repair Program."

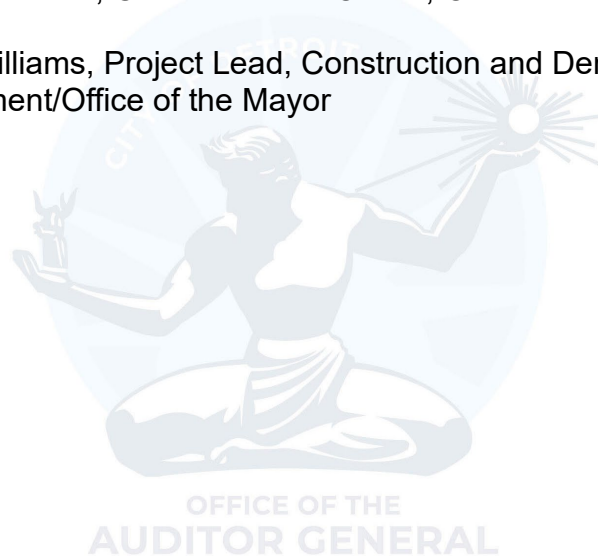
Copies of all the Office of the Auditor General public reports can be found on the City of Detroit's website at <https://detroitmi.gov/government/office-auditor-general>.

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¹ GAO, Government Auditing Standards: 2018 Revision Technical Update April 2021 (Supersedes GAO-18-568G), Reporting Standards for Performance Audits <https://guides.gaoinnovations.gov/yellowbook/2024/>



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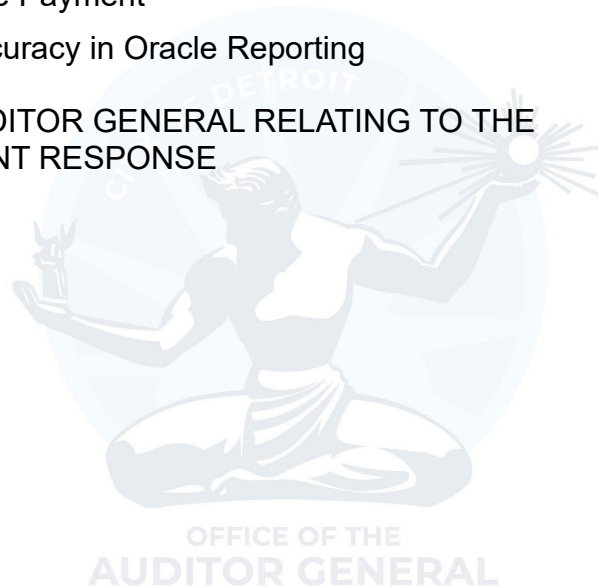




AMERICAN RESCUE PLAN ACT NEIGHBORHOOD BEAUTIFICATION INITIATIVE

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American Rescue Plan Act Overview

On March 11, 2021, the American Rescue Plan Act (ARPA), a \$1.9 trillion stimulus package, was signed into law and established the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Fund, which together make up the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program. This program provides support to state, territorial, local, and tribal governments in response to the economic and public health impacts of COVID-19, and efforts to contain the effects on their communities, residents, and businesses.

ARPA set aside \$350 billion in emergency funding for eligible state, local, territorial, and tribal governments. The City of Detroit was granted a substantial allocation of direct ARPA funds totaling \$826,675,290 (\$827 million) making it one of the top five largest allocations received by any municipality in the country. Detroit City Council approved the appropriation of the \$827 million in June 2021. This funding is a one-time payment from the federal government and presents an exceptional opportunity for the City to enact transformative change. The City strategically allocated these funds towards critical areas such as infrastructure development, public safety, blight remediation, and tackling the underlying issues contributing to intergenerational poverty. According to federal guidelines, all ARPA monies must be “obligated” by December 31, 2024 and “spent” by December 31, 2026.

The Office of the Chief Financial Officer (OCFO) handles all the financial transactions for ARPA funding. Multiple divisions of the OFCO have responsibilities related to ARPA funding, and include the:

- Office of Development and Grants
- Office of Departmental Financial Services
- Office of Contracting and Procurement
- Office of Budget.
- Office of the Controller.

The City provides public access to ARPA spending data through its ARPA website. Prior to December 9, 2024, the ARPA SLFRF Finance Dashboard (“Dashboard”) showed spending by ARPA initiatives and projects. The Dashboard was updated to report spending by “purpose” and not by initiatives and projects. As a result, spending data for initiatives and projects is no longer available on the Dashboard.

Residents can follow ongoing ARPA related activities and sign up for email updates by visiting: www.detroitmi.gov/arpa.



ARPA Neighborhood Beautification Initiative Operations Overview

The Neighborhood Beautification Initiative (NBI) was funded with ARPA federal grant monies. The City Council voted to appropriate \$28.5 million of ARPA funds to target the beautification of City neighborhoods for vacant property cleanouts and alley activation. There are five departments involved in managing the NBI: Construction and Demolition Department (CDD), General Services Department (GSD), Housing Revitalization Department (HRD), Department of Public Works (DPW) and the Mayor's Office.

The NBI has ten projects programed aimed at revitalizing the area which are listed below:

1. Art, Culture, and Entrepreneur Arts Alley
2. Affordable Housing Development
3. Blight to Beauty Corridors
4. Blight to Beauty Trees
5. Grey Box
6. General Service Department/Office of Mobility Innovation ARPA Project Oversight
7. Supporting Equitable Economic Development
8. Slow Streets Improvement
9. Vacant Lot Activation Beautification
10. Warren Ave Improvement

Collectively, the projects represent a comprehensive strategy to enhance neighborhoods livability, economic vitality, and visual appeal.

According to the OCFO Office Development and Grants representative, budgeted expenditures have been fully obligated before December 31, 2024. Due to changes to the Detroit SLFRF Dashboard, the cumulative spending data is no longer available. As a result, the Office of the Auditor General (OAG) reached out to the OCFO to obtain the most up-to-date cumulative spending information. According to the OCFO representative, as of November 30, 2025, the total cumulative amount spent on the NBI initiative is \$25.8 million.

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The table below shows the NBI project's budgets and cumulative spendings, as of November 30, 2025:

| ARPA Neighborhood Beautification Initiative Funding and Cumulative Spending | | | | | |
|---|-------------------------------|----------------------|--------------|------------------------|--------------|
| Project Name | City Agency/ Department | Purpose | Budget | Cumulative Spending | Page Ref. |
| | | | Dollars | | |
| Art, Culture, and Entrepreneur Arts Alley | GSD | Neighborhoods | \$5,400,000 | \$4,720,327 | 7 |
| Affordable Housing Development 5800 Michigan | HRD | Affordable Housing | 300,000 | 300,000 | 8 |
| Blight to Beauty - Corridors | GSD | Neighborhoods | 6,140,047 | 6,051,879 | 8 |
| Blight to Beauty - Trees | GSD | Neighborhoods | 3,799,822 | 3,713,982 | 10 |
| Grey Box Program | GSD/CDD/ MAYOR | Economic Development | 1,495,131 | 1,026,855 | 11 |
| General Service Department/ Office of Mobility Innovation ARPA Project Oversight | GSD/ MAYOR | Neighborhoods | 300,000 | 252,021 | 13 |
| Supporting Equitable Economic Development Program | MAYOR | Economic Development | 5,000,000 | 4,970,071 | 13 |
| Slow Streets Improvements | DPW | Economic Development | 1,450,000 | 884,937 | 14 |
| Vacant Lot Activation and Beautification | GSD | Neighborhoods | 1,640,000 | 1,462,248 | 15 |
| Warren Ave Improvements | DPW | Economic Development | 1,250,000 | 1,036,958 | 17 |
| Central Services* | - | Administration | 1,725,000 | 1,383,846 | N/A |
| Total | | | \$28,500,000 | \$25,803,124 | |

**The City allocates a specific percentage of each project's funding to cover Central Services, which includes administrative costs associated with overseeing the ARPA program.*

OAG Overall Conclusion Relating to NBI Operations

Overall, we conclude that NBI projects are either progressing toward achieving its goals and objectives, or they are completed and met the project goals and objectives, with the exception of the "Supporting Equitable Economic Development Program" which is discussed on pages 13 and 19 of this report.



The detailed information presented below relating to the ARPA Neighborhood Beautification Initiative project operations is based on our audit observations as of July 2025:

Office of Arts, Culture, and Entrepreneurship Arts Alley Project

The City's Office of Arts, Culture, and Entrepreneurship (ACE) is revitalizing nine alleys throughout Detroit through the ACE Arts Alley project, which uses arts and culture to drive neighborhood improvement. This project addresses longstanding issues in the city's neighborhoods that worsened following the COVID-19 pandemic, such as the lack of safe green spaces, poor infrastructure maintenance leading to blight and flooding, and insufficient opportunities and support for the city's creative workforce.

The ACE Arts Alley project focuses on transforming underutilized residential and commercial alleys by upgrading their surfaces, enhancing landscaping, implementing stormwater management strategies, and adding pedestrian and community amenities. Additionally, the project encourages collaboration between local artists and residents to enrich these improvements with a sense of history, beauty, and creativity.

The project team oversees the initial project plan submission through the completion of capital improvements and art installations. To support this work, the City Council has approved four contracts awarded to two firms: Orchard, Hiltz & McCliment Inc., and Major Contracting Group Inc.

ACE Project Status

- As of May 20, 2025, the project is on target to meet its established goals as stated by the project representative. According to the project representative, all alleys are expected to be completed and unveiled to the public this summer. The alleys to be completed in June 2025 include North End, Burrell Trail, Yellow Brick Road, Bailey Park, Snowden-Hartwell, and Manistique Alley
- On July 10, 2025, our office verified statements made by the project representative and conducted site visits of the North End and Manistique Alley (Manistique Community Tree House), both of which were completed. Manistique Alley features multiple murals, four community gardens, and a pavilion equipped with a wet bar, grill, picnic tables, and a fireplace available for community rental. The North End alley includes murals, benches, gardens, greenhouses, and container artwork.

The following images show the North End alley (left) and the Manistique alley (right) as evidenced by our office.



OAG Conclusion: ACE Project

Based on our review of the project operations, OAG concluded that the project team achieved its project goals and objectives as stipulated in the project plan.

Affordable Housing Development

The 5800 Michigan Avenue project is a new construction initiative aimed at addressing the need for permanent supportive housing in the community. This development will feature a total of 40 residential units designed to accommodate a range of household sizes with options that include one-bedroom, two-bedroom, and three-bedroom apartments. The overall budget for this project is \$18,688,767 of which \$300,000 is funded through ARPA NBI.

The Housing and Revitalization Department (HRD) is leading the implementation of 5800 Michigan Avenue within the City. The Housing Underwriting Team within HRD is the primary division managing the underwriting and financing for this development. The Public Private Partnerships Team in HRD is the primary division managing the entitlement and overall project management of the development. It should be noted that this project will be owned by the 5800 Limited Dividend Housing Association Limited Partnership.

Affordable Housing Development Project Status

As of May 20, 2025, the project is complete and operational according to the project representative. All ARPA funds allocated to the project have been fully utilized.

OAG Conclusion: Affordable Housing Development Project

Due to the \$300,000 in ARPA NBI funding representing only a small portion of the total \$18.7 million project funding, our office did not review the project's operations and did not draw any conclusions regarding its implementation.

Blight to Beauty Corridors

According to the Blight to Beauty Corridors project plan, the goal is to reduce visible blight in the City and to increase responsible property owner maintenance and investment. The goal of the Blight to Beauty team is to enhance the health, safety, and dignity of City residents while also creating a healthier physical environment for



citizens, visitors, and businesses. To achieve the project goals, the Blight to Beauty Corridors team has initiated efforts on 18 commercial corridors throughout the City. These corridors include Fenkell, Eight Mile, Grand River, Gratiot, Harper, Jefferson, Livernois, Mack, McNichols, Michigan, Mt Elliott, Plymouth, Seven Mile, Van Dyke, Vernor, Warren, Woodward, and Wyoming.

The first project meeting took place in early June 2021, and the project implementation phase began on June 30, 2022.

The General Services Department Blight Remediation Division is responsible for addressing blight in the City, including cleaning up vacant lots and removing trees in Right-of-Way areas.

The Blight to Beauty Corridors Project team is composed of a Project Lead, two Project Managers, a Community Liaison, and a Research Data Analyst. Additionally, there are three contractors involved in the project: Premier Group Associates LC, Motor City Preservation, and Cleaning Up Detroit City LLC, with a total of four contract agreements.

Blight to Beauty Corridors Project Status

- As of May 20, 2025, a total of 1,126 properties across 43 primary and secondary commercial corridors have been revitalized through focused remediation activities according to a project representative. This includes 269 city-owned properties and 857 privately owned structures. The project's scope has broadened since it first began, expanding from an initial 18 to 43 commercial corridors.
- The project has adhered to the original timelines outlined in the project plan despite an expansion of the program according to the project representative. The program exceeded its target of 100 cleanups of city-owned properties by completing a total of 269 properties. Additionally, the program removed 40,771 cubic yards of debris, exceeding the 10,602 cubic yards originally targeted for removal.
- On July 22, 2025, our office performed an on-site visit of the 8326 Puritan, 8301 Puritan, and 10611 W. McNichols locations in Detroit, Michigan to verify the statements made, and confirmed the auditee statements made at each site. The audit team inspected multiple locations along the designated corridors and found that all solid and organic waste including shrubbery, overgrowth, grass, weeds, rubbish, and small trees had been fully removed in line with project guidelines.

Minor weed regrowth was observed during the follow-up and was attributed to a lack of property owner maintenance. Fencing designated for removal had also been completely dismantled, with no debris or safety hazards remaining.

- Overall, our observations noted the sites were clean, well-maintained, and consistent with the goals of the corridor beautification effort. Documentation and photographic evidence supported field observations and reflected the auditee's adherence to project standards.

The following images, taken by our office on July 22, 2025, show the completed work at the Puritan sites:



OAG Conclusion: Blight to Beauty Corridors Project

Based on our review and site visits, OAG concluded that the project was implemented in accordance with the project plan.

Blight to Beauty Trees

The Blight to Beauty Trees project is a community-focused project aimed at improving residents' quality of life by enhancing neighborhood aesthetics and promoting public safety. This effort involves the one-time, wholesale removal of hazardous and unsightly legacy trees, followed by the implementation of a high standard of maintenance for public spaces.

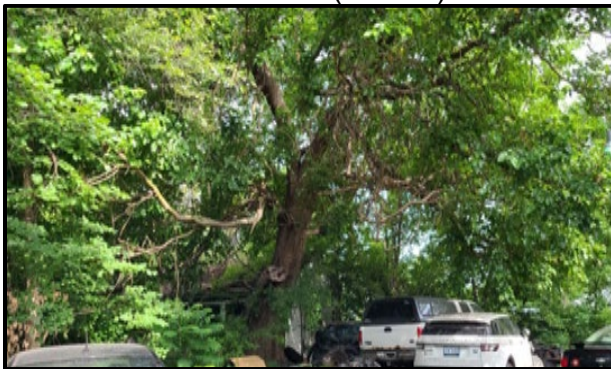
The GSD Blight Remediation Division manages the project team, which includes a Project Lead, a Tree Removal Supervisor, and a team of Tree Inspectors.

Blight to Beauty Trees Project Status

- According to the project representative's updates on May 20, 2025, the project originally aimed to remove 1,250 trees. By February 2025, that goal was exceeded, with a total of 1,348 trees removed, 98 more than planned.

- Under the guidance of the project team, two contracted vendors completed the tree removals: Limb Walker Tree removed 274 trees, and Detroit Grounds Crew removed 1,074. With all allocated funds fully expended, no additional tree removal is planned under the current project.
- The following photos, provided by the project representative, upon request by our office on July 14, 2025, provide an example of the tree removal work performed at the 11493 Whithorn.

11493 Whithorn (Before)



11493 Whithorn (After)



- On July 15, 2025, the auditor conducted site visits at 20103 Ilene, 13869 Mackay, and 20211 Terrell in Detroit, Michigan. The auditor confirmed that the auditee met the required objectives at each location along the project route. The sites observed were clean and free of tree debris, with no visible damage to surrounding infrastructure.

The project lead provided documentation to our office upon request, including before-and-after photos, detailed explanations of site conditions and ecological factors. These documents confirmed our field observations and supported the rationale for each removal.

OAG Conclusion: Blight to Beauty Trees Project

Based on our review and site visits, OAG concluded that the project achieved its intended goals in accordance with the project plan.

Grey Box Project

The project will eliminate blight and stabilize structures which may otherwise need to be demolished without intervention. Grey boxing is a commercial construction term referring to an unfinished space that requires interior completion by a tenant. Grey boxing these buildings also helps to achieve the City's long-term goal of revitalizing

local commercial corridors as important community assets that support small business development, local employment, and walkable 20-minute neighborhoods.

The program's initial phase, which focused on upgrading City-owned buildings, was completed in September 2024. The project's second phase began construction in the fourth quarter of 2024. This timeline was contingent upon completing essential abatement work at each designated property. Each of these properties is set to undergo transformative improvements to elevate their functionality and aesthetic appeal.

There are two contractors associated with the project: Professional Contracting and Consulting, Inc. and DMC Consultants, Inc.

Grey Box Project Status

- According to the project representative, as of May 20, 2025, the project is ongoing with nine commercial target sites. Four properties, which include 16119 E. Warren, 8228 W. McNichols, 17270 Greydale, and 8547 W. Vernor have been stabilized by Professional Contracting & Consulting, Inc. The remaining five targets, located at 12430, 12434, 12440, 12446 Kelly, and 12115 Dexter, are handled by DMC Consultants, Inc.
- The four Kelly sites are awaiting window installation as of July 2025, while work on the Dexter site is delayed due to its recent historic designation.
- The following photos, provided by the project representative on July 23, 2025, upon request by our office, show the site before (left) and after (right) at 8547 W. Vernor.





OAG Conclusion: Grey Box Project

OAG concluded that the project is continuing to progress toward achieving its goals and objectives to grey box the sites.

General Service Department/Office of Mobility Innovation ARPA Project Oversight

The GSD ARPA Project Oversight is not a formal ARPA project, as there is no project plan in place. The allocated \$300,000 budget for this project funds the Portfolio Manager's salary over three years of NBI implementation.

The GSD ARPA Project Oversight was originally intended to cover GSD personnel costs for grant administration work ("ARPA project oversight"); however, GSD was able to fund this position from their General Fund budget, so the funds were reallocated to the Office of Mobility Innovation (OMI) in the Mayor's Office.

The GSD ARPA Project Oversight funding was redirected from GSD to OMI and the project name was changed to OMI ARPA Project Oversight.

The Portfolio Manager is a liaison between departments and divisions. According to the Executive Portfolio Manager, the GSD ARPA NBI projects initially encountered significant challenges related to obtaining project approvals, navigating the procurement process, and managing account strings, leading to delays. The GSD ARPA Oversight team worked to collaborate closely with the OFCO team and maintain open and transparent Report with its counterparts in the relevant departments. Given the goals and timeline of ARPA, the Office of Mobility Innovation has included administrative support staff to manage its ARPA Portfolio.

Supporting Equitable Economic Development Project

The Supporting Equitable Economic Development (SEED) is an incentive project that will proactively deploy up to \$5 million in ARPA funding to address the COVID-19 impacts in Detroit neighborhoods through rehabilitation of vacant, underutilized, blighted and historic structures.

Administered by the City Neighborhood Economic Development, the Jobs and Economy Team, and a selected Program Administrator, this tool will provide eligible beneficiaries with access to real estate gap financing through grants for real estate rehabilitation and development. Using the project plan criteria, the Program Administrator will evaluate applications from interested developers and select projects for SEED funding, which will then be distributed as grant monies governed by beneficiary agreements. The designated Program Administrator must work with the City's Legal Department to structure these agreements.



Eligible beneficiaries for the SEED Program are individuals or entities working to rehabilitate vacant, underutilized, blighted, and historic structures and new construction projects in the City. These applicants may include but are not limited to, Non-profits, local economic development organizations, and developers.

On January 23, 2024, the City Council approved the “Subrecipient Agreement” between the City and the Detroit Economic Growth Association (DEGA) for the SEED Program.

DEGA acts as the SEED Program Administrator for the City with \$5M in funding to be used for Administrative Costs and Beneficiary Awards. The DEGA Program Manager is responsible for the administrative functions of commercial and mixed-use developments seeking and awarding gap-filling grants. The administrator solicited applications for the SEED funding, competitively scored applications and awarded projects that scored the highest while also demonstrating a need for gap financing. The administrator is also responsible for disbursing ARPA funds into development projects through the grants and monitoring grant compliance.

SEED Project Status

- As of June 2, 2025, the project representative indicated that five projects had been awarded under the SEED ARPA program. Four beneficiary agreements had been executed, and \$2,750,000 in program funds had been dispersed and/or advanced.

OAG Conclusion: SEED Project

OAG’s review indicates that the project is progressing toward its stated goals and objectives; however, instances of DEGA’s noncompliance with the ARPA subrecipient agreement were noted. Details are provided in the Observation section of this report.

Slow Streets Improvements Project

The Slow Street Improvement project targets residential streets within the City's 48217 ZIP code. It focuses on implementing traffic calming measures and neighborhood wayfinding signage along the Slow Streets identified in the Streets for People Transportation Plan: Beatrice Street (Outer Drive to Miami Street), Miami Street (Deacon Street to Fort Street), and Deacon Street (Miami Street to Schaefer Highway). Funding will support enhancements such as pavement markings, wayfinding signs, and traffic-calming features like speed humps, traffic circles, and curb extensions.

These improvements aim to enhance pedestrian safety, increase walkability, and elevate the quality of life in the surrounding communities through targeted beautification and preservation efforts.

The Slow Streets Improvement Project is supported by a single contract with KEO and Associates, Inc., valued at \$1.45 million. The contract commenced on September 6, 2024, and is scheduled to conclude on June 30, 2026.

Slow Streets Improvements Project Status

- As of May 20, 2025, according to the project representative, the project is making progress toward its objectives. The project has successfully met all critical milestones outlined in the approved project plan, including the timely procurement of design build services.
- This consistent progress positions the project to achieve its key goals: revitalizing the 48217 area by promoting beautification, addressing longstanding community challenges, and encouraging increased pedestrian and economic activity. These outcomes are being achieved through carefully planned urban design strategies that enhance streetscapes, improve the built environment, and respect the cultural and historical heritage of the area.
- The following photos, provided by the project representative on July 10, 2025, show workers at the project sites and the project is in progress.



OAG Conclusion: Slow Streets Improvements Project

OAG concluded that the project is progressing toward achieving its goals and objectives.

Vacant Lot Activation and Beautification Project

The GSD Parks and Recreation Division chose two (2) neighborhood destinations to activate and beautify to help reverse long-standing impacts of neighborhood disinvestment. The first site is the Old Redford Link-Alley Street-Vacant Lot Activation chosen to continue to connect the park sites currently shared use pathway to the neighborhood. The other is the Dexter Elmhurst Alley Activation and Vacant Lot Beautification to beautify existing alleys and vacant lots. Investments in these areas are part of a comprehensive effort to restore neighborhoods and promote beauty, vitality,

safety, and resilience for all Detroiters. This is accomplished by the removal of dead and/or dangerous trees, blighted fencing, trash, visual obstructions, and replacing and/or repairing bollards, benches, picnic tables, shade structure and other amenities.

The Project is managed by the City's General Services Department (GSD.) GSD's Landscape Design Unit (LDU) and Public Space Planning Unit (PSPU) run the operation process of the project.

The two contractors for the Vacant Lot Activation and Beautification Project are WCI Contractors Inc. and DeAngelis Diamond Construction, LLC.

Vacant Lot Activation and Beautification Project Status

As of May 20, 2025, the project representative provided updates on the Dexter Elmhurst and Old Redford sites as requested.

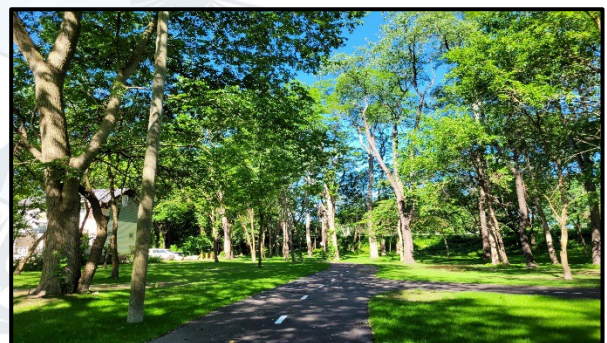
- The Dexter Elmhurst project is on track for completion in Fall 2025 and remains focused on transforming vacant lots into vibrant community spaces.
- The Old Redford site was completed in May 2024. The project met its goal of improving neighborhood connectivity through the construction of a 12-foot-wide asphalt walkway linking Greydale Street to Lahser Clarita Park and Margareta Street.

Our office requested evidence to support statements made by the project representative related to the projects. The following photos, provided by the project representative in July 2025, show the completed project at the Old Redford site and ongoing work at the Dexter Elmhurst site.

Old Redford Site Lahser Row (Before)



Old Redford Site Lahser Row (After)



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Dexter Elmhurst Site at 11825 Dexter Avenue on July 17, 2025



OAG Conclusion: Vacant Lot Activation and Beautification Project

OAG concluded that the project is progressing toward achieving its goals and objectives.

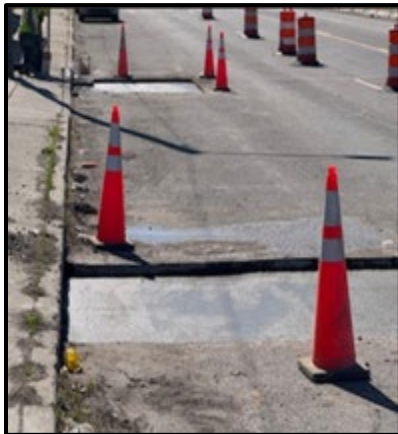
Warren Avenue Improvements Project

The Warren Avenue Improvements project includes streetscape improvements along West Warren Avenue. The project aims to address traffic safety issues, create a safe multimodal connection to the Joe Louis Greenway Warren Trailhead, and provide an inviting environment for neighbors and other roadway users. Improvements will be selected to catalyze beautification in the area and to address the existing challenges of adjacent communities. This will be achieved by stimulating pedestrian and economic activity using urban design guidelines that focus on streetscape, built environment improvements, and cultural and historical preservation.

The Warren Avenue Improvements project has one contract in the amount of \$1.25M with Major Contracting Group Inc. The contract starting date was September 17, 2024, and the ending date is December 31, 2025.

Warren Avenue Improvements Project Status

- As of May 20, 2025, according to the project representative, the project is progressing as planned. Construction has officially begun on the south side of West Warren Avenue, with ongoing work focused on repairing and replacing concrete sections to accommodate new bike lanes and parking spaces.
- Our office requested evidence to support statements made by the project representative. The following photos, provided by the project representative on July 10, 2025, provided evidence of work completed.



OAG Conclusion: Warren Avenue Improvements Project

OAG concluded that the project is progressing toward achieving its goals and objectives as stated in the project plan.



OAG Observations and Recommendations Relating to the Neighborhood Beautification Initiative

1. Supporting Equitable Economic Development Project Has Not Achieved Its Performance Schedules Required By The Subrecipient Agreement

According to the Subrecipient Agreement, the Detroit Economic Growth Association (DEGA) is required to adhere to multiple performance schedules within 30, 60, and 90 days. However, these timelines are not consistently being followed.

In accordance with the requirements outlined in the DEGA subrecipient agreement, the following key compliance milestones have not been met:

- Underwriting – Required completion date²: March 23, 2024. Actual completion: August 16, 2024.
- Submission of the Potential Project Roster to the City – Required completion date: March 23, 2024. Actual completion: The week of September 23, 2024.
- Finalization of Beneficiaries – Required completion date: April 22, 2024. As of June 2, 2025, four agreements have been executed, with the fifth anticipated by June 2025.
- Establishment of the Beneficiary Payment Process – Required completion date: April 22, 2024. Actual completion: November 15, 2024, following legal approval of the DEGC-developed template.
- Assignment of Program Code for Disbursement – Required completion date: April 22, 2024. Actual assignment: February 1, 2025.
- Award Process – Required completion date: April 22, 2024. As of September 11, 2024, the award process had not been initiated. As of June 2, 2025, five projects have been awarded, and four beneficiary agreements have been executed.
- Disbursing Funds – Required completion date: April 22, 2024. As of September 11, 2024, no funds had been disbursed. As of June 2, 2025, \$2,750,000 of the five million in SEED ARPA funding has been spent.

² The required completion dates were calculated based on the 30-, 60-, and 90-day performance schedule outlined in the subrecipient agreement, using the contract effective date of January 23, 2024.



The following table shows the status of DEGA's performance as of September 11, 2024, and June 2, 2025:

| DEGA Performance Schedule Details and Status | | | | | | |
|--|-----------------------|---------|---------|--------------------------------------|-------------------------------------|---------------------------------------|
| Performance Obligation | Performance Schedules | | | Performance Complete As Of 9/11/2024 | Performance Complete As Of 6/2/2025 | Compliance With Performance Schedules |
| | 30 Days | 60 Days | 90 Days | Yes/No | Yes/No | |
| Single point of contact with the City | X | | | Y | - | Compliant |
| Kick-off Meeting | X | | | Y | - | Compliant |
| Social media | X | | | Y | - | Compliant |
| Informational Meeting | X | | | Y | - | Compliant |
| Online Application | X | | | Y | - | Compliant |
| Template Beneficiary Agreement | X | | | N | Y | Late |
| RFP Opening | | X | | Y | - | Late |
| RFP Closing | | X | | Y | - | Late |
| Underwriting | | X | | N | Y | Late |
| Potential Project Roster to the City | | X | | N | Y | Late |
| Finalize Beneficiaries | | | X | N | Y | Late |
| Beneficiary Payment Process | | | X | N | Y | Late |
| Program Code for Disbursement | | | X | N | Y | Late |
| Award Process | | | X | N | Y | Late |
| Disbursing Funds | | | X | N | Y | Late |

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OAG Recommendations:

We recommend that the NBI SEED project management in the Mayor's Office:

- A. Conduct a joint review with DEGA to assess the underlying causes of delays and identify systemic improvements to prevent a recurrence in the delay of compliance to target dates as stated in the contract terms.
 - B. Ensure strict adherence and compliance with contract terms, with effective oversight to ensure the project milestones are completed on time.
2. **Project Contract Amendment Amount Discrepancy In Oracle**

A contract amendment and funding reallocation for the Blight to Beauty Trees Project, approved by City Council on June 18, 2024, reduced the original \$1,512,000 contract with Limb Walker Tree and Snow by \$512,000, and reallocated those funds to Detroit Grounds Crew. While the purchase order for Limb Walker was properly reduced to reflect the revised contract amount of \$1 million, the City's Oracle Enterprise Resource Planning (ERP) system still reflects the original contract value of \$1,512,000. This inconsistency raises concerns, as Oracle should reflect the updated contract amount to ensure accurate reporting of contract and prevent potential misrepresentation of available funding.

OAG Recommendations:

We recommend the Office of the Chief Financial Officer, Office of Contracting and Procurement:

- A. Update Oracle's ERP system to accurately reflect all contract amendments, including the revised contract amount of \$1 million for Limb Walker, to prevent overpayments.
 - B. Perform periodic reconciliations between the ERP records and actual amended agreements to identify and resolve any discrepancies. This will help ensure that all data accurately represents the current financial obligations.
3. **Late Invoice Payments**
- According to the ACE project contract terms, invoices are to be paid NET 30 days after the invoice receipt date.
- The City Ordinance Division 7 Prompt Payment of Vendors, Section 17-5-284 – Duties of Responsible Person states that:

Unless otherwise agreed to in a written contract or purchase order with a vendor, and subject to the provisions of Section 17-5-287 of this Code, the responsible person shall take all necessary steps to ensure that payment for the vendor is mailed or delivered to the vendor within 45 business days



after the vendor's delivery to the responsible person of an invoice or other written request for payment issued pursuant to the contract or purchase order.

During our review, we found that some payments for the ACE project exceeded both the NET 30-day and 45-business-day thresholds, violating the NET 30-day contract terms and the City's Prompt Payment Ordinance.

Based on the auditor's judgement, we selected sixteen invoices for testing under two ACE Project contracts. We discovered that of these sixteen paid invoices, eleven (69%) invoices were paid more than 30 days from the invoice date, surpassing the NET 30-day threshold. The time between the invoice date and the payment date ranges for the eleven invoices from 31 to 305 calendar days. Furthermore, seven (44%) invoices were paid over 45 business days, exceeding the 45-business day threshold.

OAG Recommendations:

We recommend that the Office of the Chief Financial Officer, Office of Departmental Financial Services:

- A. Conduct training for the project team and contractor on how to upload and approve invoices in the City's ARPA vendor payment portal.
- B. Expedite the payment review process in order to pay the vendor on a timely basis.

4. Lack of Accuracy in Oracle Reporting

According to the Oracle Legislative Policy Division (LPD) Funds Available Report dated June 28, 2024, the ACE Arts Alley project has three cost centers: 433120 Arts, Culture, Entrepreneurship, 470012 Park Development, and 472200 Recreation Operations.

The correct cost center in the City's financial accounting system (Oracle) for ACE Project is 433120.

The outdated two cost centers are 470012 and 472200. According to OCFO Office of Development and Grants Director, ACE was originally budgeted in Planning and Development Department, however, it has been moved to GSD. This is the reason that there are activities in both departments.

According to the Director/Deputy CFO, Office of Departmental Financial Services, OCFO, there should be only one cost center per project. We raised this issue with the OCFO on September 24, 2024, for their response.



On October 7, 2024, the Director of OCFO Office of Development and Grants stated that different cost centers allow for the assessment of agency responsibility and purposes across all ARPA appropriations. The Director stated that there is no formal rule that requires each project to have only one cost center.

Since the ACE project's budget and project management for the ACE were transferred from the Planning and Development Department to GSD, according to correspondence from the OCFO, we believe the financial data for ACE project should be recorded and reported under cost center 433120. This will allow the budgeted and actual spending from the transfer date onward in a single cost center.

However, our review of the most recent Oracle LPD Funds Available Report, dated April 11, 2025, shows that the outdated cost centers 470012 and 472200 are still in use, with balances appearing in the FY25 Budget, FY25 Encumbrance, and FY25 Actual columns.

OAG Recommendations:

We recommend that the Office of the Chief Financial Officer, Office of Departmental Financial Services:

- A. Discontinue use of outdated cost centers for ACE project related transactions.
- B. Use current cost center to record all ACE project transactions; Complete adjusting entries to transfer all appropriate amounts from the "outdated" cost centers to the correct cost center.
- C. Establish and disseminate a formal written policy that outlines:
 1. Criteria and procedures for using multiple cost centers for a single project.
 2. The protocol for cost center reassignment when a project shifts departments.
 3. Required steps to ensure proper financial close-out of obsolete cost centers.
- D. Implement a frequent review process (monthly or quarterly) for active ARPA-funded projects to identify and close outdated cost centers, to ensure that the financial data is accurately aligned with the responsible department and project.

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Note From the Auditor General Relating To The Agency/Department Response

The Generally Accepted Government Auditing Standards (GAGAS) 2024 Revision, compiled by the Comptroller General of the United States Government Accountability Office Chapter 9: Reporting Standards for Performance Audits provides the following guidance relating to obtaining the views of responsible officials:³

Requirements: Obtaining the Views of Responsible Officials

§9.50 Auditors should obtain and report the views of responsible officials of the audited entity concerning the findings, conclusions, and recommendations in the audit report, as well as any planned corrective actions.

§9.51 When auditors receive written comments from the responsible officials, they should include in their report a copy of the officials' written comments or a summary of the comments received. When the responsible officials provide oral comments only, auditors should prepare a summary of the oral comments, provide a copy of the summary to the responsible officials to verify that the comments are accurately represented, and include the summary in their report.

§9.52 When the audited entity's comments are inconsistent or in conflict with the findings, conclusions, or recommendations in the draft report, the auditors should evaluate the validity of the audited entity's comments. If the auditors disagree with the comments, they should explain in the report their reasons for disagreement. Conversely, the auditors should modify their report as necessary if they find the comments valid and supported by sufficient, appropriate evidence.

§9.53 If the audited entity refuses to provide comments or is unable to provide comments within a reasonable period of time, the auditors may issue the report without receiving comments from the audited entity. In such cases, the auditors should indicate in the report that the audited entity did not provide comments.

On January 14, 2026, the Office of the Auditor General provided Deputy Mayor Brian White, Mayor's Office, and Tanya Stoudemire, Chief Financial Officer, Office of the Chief Financial Officer, with the draft copy of the "Audit Report of Status and Observations Regarding The City of Detroit's American Rescue Plan Act Neighborhood Beautification Initiative (January 2026.)"

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³ GAO, Government Auditing Standards: 2018 Revision Technical Update April 2021 (Supersedes GAO-18-568G), Reporting Standards for Performance Audits <https://guides.gaoinnovations.gov/yellowbook/2024/>



We informed Mr. White and Ms. Stoudemire of our intent to publish the report within two weeks, and our requirement to provide us with written responses and the action plan relating to the observations and recommendations in the draft report.

We also included instructions and a template for the “Departmental Responses and Action Plan.” The notice stipulated that:

If your responses are received by the end of business on January 29, 2026, we will include them as an attachment and issue the report to the Mayor and City Council. Otherwise, the report will be published without management responses and/or action plan.

As of the date of this report, February 9, 2025, we have not received a response related to this audit report.



OFFICE OF THE AUDITOR GENERAL
AUDIT OF THE AMERICAN RESCUE PLAN ACT NEIGHBORHOOD BEAUTIFICATION INITIATIVE
PROGRAM OPERATIONS
JANUARY 2026

Departmental Responses and Action Plan

| REF # | OBSERVATION | RECOMMENDATIONS | | RESPONSIBLE DEPARTMENT | DEPARTMENT RESPONSE(S) AND ACTION PLAN | ESTIMATED/ PLANNED IMPLEMENTATION DATE | CONTACT PERSON | CONTACT PERSON NUMBER/EMAIL |
|---|--|-----------------|---|------------------------|--|--|----------------|-----------------------------|
| | | REF | SPECIFIC RECOMMENDATION | | | | | |
| Observations and Recommendations for SEED Project Management in Mayor’s Office | | | | | | | | |
| 1. | SEED Project Has Not Achieved Performance Schedules Required By The Subrecipient Agreement | A. | Conduct a joint review with DEGA to assess the underlying causes of delays and identify systemic improvements to prevent a recurrence in the delay of compliance to target dates as stated in the contract terms. | | | | | |
| | | B. | Ensure strict adherence and compliance with contract terms, with effective oversight to ensure the project milestones are completed on time | | | | | |
| Observations and Recommendations for the Office of the Chief Financial Officer, Office of Contracting and Procurement | | | | | | | | |
| 2. | Project Contract Amendment Amount Discrepancy in Oracle | A. | Update Oracle’s ERP system to accurately reflect all contract amendments, including the revised contract amount of \$1 million for Limb Walker, to prevent overpayments. | | | | | |
| | | B. | Perform periodic reconciliations between the ERP records and actual amended agreements to identify and resolve any discrepancies. This will help ensure that all data accurately represents the current financial obligations | | | | | |

**OFFICE OF THE AUDITOR GENERAL
AUDIT OF THE AMERICAN RESCUE PLAN ACT NEIGHBORHOOD BEAUTIFICATION INITIATIVE
PROGRAM OPERATIONS
JANUARY 2026**

Departmental Responses and Action Plan

| FINDING # | AUDIT FINDING | RECOMMENDATIONS | | RESPONSIBLE DEPARTMENT | DEPARTMENT RESPONSE(S) AND ACTION PLAN | ESTIMATED/ PLANNED IMPLEMENTATION DATE | CONTACT PERSON | CONTACT PERSON NUMBER/EMAIL |
|---|--------------------------------------|-----------------|---|------------------------|--|--|----------------|-----------------------------|
| Observations and Recommendations for the Office of the Chief Financial Officer, Office of Departmental Financial Services | | | | | | | | |
| 3. | Late Invoice Payments | A. | Conduct training for the project team and contractor on how to upload and approve invoices in the City’s ARPA vendor payment portal. | | | | | |
| | | B. | Expedite the payment review process in order to pay the vendor on a timely basis. | | | | | |
| 4. | Lack of Accuracy in Oracle Reporting | A. | Discontinue use of outdated cost centers for ACE project related transactions. | | | | | |
| | | B. | Use current cost center to record all ACE project transactions; Complete adjusting entries to transfer all appropriate amounts from the “outdated” cost centers to the correct cost center. | | | | | |
| | | C. | Establish and disseminate a formal written policy that outlines: <ul style="list-style-type: none">Criteria and procedures for using multiple cost centers for a single project.The protocol for cost center reassignment when a project shifts departments.Required steps to ensure proper financial close-out of obsolete cost centers. | | | | | |
| | | D. | Implement a frequent review process (monthly or quarterly) for active ARPA-funded projects to identify and close outdated cost centers, to ensure that the financial data is accurately aligned with the responsible department and project | | | | | |