

1000 Business
10.2.2018

**BUDGET,
FINANCE, AND
AUDIT STANDING
COMMITTEE**

City of Detroit

CITY COUNCIL

LEGISLATIVE POLICY DIVISION

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Detroit, Michigan 48226


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TO: Honorable Detroit City Council
FROM: David Whitaker, Director 
Legislative Policy Division Staff
DATE: October 1, 2018
RE: Proposed 50% Discount on Parking Fines Paid Within 10 Days

President Pro-Tempore Mary Sheffield requested the Legislative Policy Division (“LPD”) to provide what would be the financial implications to the City’s budget under a proposed 50% discount to parking fines for expired meter and no parking zone violations that are paid within the first 10 days.

Currently, the fine is \$45 for an expired meter and a no parking zone violation if paid within 30 days¹. Under President Pro-Tempore Sheffield’s proposal, the fine would be \$22.50 if these fines are paid within the first 10 days based on a 50% discount.

Using a fiscal impact model developed by the Office of the Chief Financial Officer (OCFO), LPD estimates that if a 50% discount is applied to parking fines for expired meter and no parking zone violations that are paid within the first 10 days, then the annual reduction in General Fund revenue would be approximately \$638,000. Over four fiscal years, the total reduction in General Fund revenue would be approximately \$2.55 million.

The Budget, Finance and Audit Committee members should request the OCFO to review our estimate to see if they are in agreement with it.

It should be noted that CFO MEMORANDUM No. 2018-101-030 entitled “Proposed City Ordinances and Resolutions with a Budgetary Impact” issued on September 14, 2018 indicates in Section 6.2.2 “Should the City Council propose a City Ordinance or Resolution that reduces

¹ According to Section 55-1-32 Schedule of fines for parking violations of Chapter 55 of the Detroit City Code, *Traffic and Motor Vehicles*, if an expired meter and a no parking zone violation is paid after 30 days, the fine is \$65; if paid after 60 days, the fine is \$95.

For Council's consideration, Attachment V represents a draft of a proposed ordinance to create a 50% discount on parking fines paid within 10 days. If it is the Council's desire, the draft of the proposed ordinance can be submitted to the OCFO for further review and comment and to the Law for approval as to form.

Please advise if LPD can be of any further assistance.

Attachments

cc: John Hill, CFO
John Naglick, Deputy CFO/Finance Director
John Hageman, CFO Chief of Staff
Tanya Stoudemire, Budget Director
Lawrence Garcia, Corporation Counsel
David Massaron, Chief Operating Officer
Stephanie Washington, Mayor's Office

Attachment I

Appropriation 13968 Non-Departmental Note C Debt Service

CITY OF DETROIT
BUDGET DEVELOPMENT
FINANCIAL DETAIL BY APPROPRIATION AND COST CENTER - EXPENDITURES

Agency # - Agency Name Appr # - Appropriation Name CC# - Cost Center Name	2017-18 Adopted	2018-19 Recommended	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast
13966 - Non Dept Note B2 Debt Service	616,164	515,450	515,450	515,450	515,450
351027 - Note B2 Debt Service	616,164	515,450	515,450	515,450	515,450
13967 - Non Dept Contingency Funds	1,377,500	-	-	-	-
351043 - Contingency Funds	1,377,500	-	-	-	-
13968 - Non Dept Note C Debt Service	9,977,155	2,957,229	2,957,229	2,957,229	2,957,229
351036 - Non Dept Note C Debt	9,977,155	2,957,229	2,957,229	2,957,229	2,957,229
13969 - Non Dept PLD Decommission Cost	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000
351041 - PLD Decommission Costs	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000
20251 - Capital Restructuring Initiative	20,000,000	-	-	-	-
358031 - Capital Restructuring Initiative - Department Of Innovation & Tech	10,704,174	-	-	-	-
358048 - Capital Initiative Project - Fleet Acquisition	9,295,826	-	-	-	-
20253 - Blight Remediation	44,000,000	24,150,000	14,000,000	14,000,000	14,000,000
350011 - Blight Reinvest	30,000,000	10,150,000	-	-	-
350014 - Land Bank Operations	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
20507 - CoD Capital Projects 2019	-	7,060,103	-	-	-
350800 - Centralized Payments	-	3,060,103	-	-	-
358010 - Capital Restructuring Initiative-Airport	-	4,000,000	-	-	-
Grand Total	279,890,651	286,473,603	291,559,969	314,446,680	330,519,553

Attachment II

C Note Pay off Debt Service Savings and use of savings

C Note Pay off Debt Service Savings and use of savings

Note: Council/Financial Review Commission (FRC) approved use of up to \$55 M from unassigned fund balance to pay off the C Notes in March/April 2018.

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Annual C Note debt service budgeted in FY 2017-18 completely paid off in April 2018; same amount represents C Note savings amount for FY 2019-2022 for both General Fund Enterprise Agencies	\$9,977,155				
General Fund portion of annual C Note debt service savings for FY 2019-FY 2022, per OCFO	\$4,988,578	\$4,988,578	\$4,988,578	\$4,988,578	\$4,988,578
Less: Detroit Police Command Officers Association (DPCOA) 2-3% wage increases per Council approved amendment to the DPCOA labor agreement. (1)		(\$193,040)	(\$213,317)	(\$417,810)	(\$644,424)
Less: Detroit Police Lieutenants and Sergeants Association (DPLSA) 2, 2.5, 3% wage increases per Council approved amendment to the DPLSA labor agreement. (2)					
Running total of available C Note debt service savings	\$3,473,625	\$3,353,324	\$1,130,374	\$0	\$0

(1) Source: Fiscal impact of proposed contract between the City of Detroit and the DPCOA (CFO Memo No. 2018-101-021) (see Attachment III).

(2) Total savings utilized for FY 2022 is \$5,520,499, \$4,344,154 from savings from C Notes pay off as depicted above, and \$1,176,345 from assumed Risk Management Fund contribution reduction. Source: CFO Memo No. 2018-101-022, fiscal impact for DPLSA contract (see Attachment IV).

Attachment III

CFO Memo No. 2018-101-021 Re: Fiscal Impact of Proposed Contract between
the City of Detroit and the DPCOA



CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVE., SUITE 1100
DETROIT, MICHIGAN 48226
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FAX: 313-224-2135
WWW.DETROITMI.GOV

CFO MEMORANDUM
No. 2018-101-021

TO: Michael E. Duggan, Mayor; Honorable Detroit City Council
FROM: John W. Hill, Chief Financial Officer *[Signature]*
SUBJECT: Fiscal Impact of Proposed Contract between the City of Detroit and the DPCOA
ISSUANCE DATE: June 8, 2018

1. AUTHORITY

1.1. State of Michigan Public Act 279 of 1909, Section 4s(2)(d), as amended by Public Act 182 of 2014, states the chief financial officer shall submit in writing to the mayor and the governing body of the City his or her opinion on the effect that policy or budgetary decisions made by the mayor or the governing body of the City will have on the City's annual budget and its four-year financial plan.

2. PURPOSE

2.1. To provide financial information to the Mayor and the Detroit City Council as they consider action on the proposed contract between the City of Detroit (the "City") and the Detroit Police Command Officers Association (the "DPCOA").

3. OBJECTIVE

3.1. This Memorandum serves as the report on the fiscal impact of the proposed contract in relation to the City's FY 2019 budget and Four-Year Financial Plan for FY 2019 – FY 2022.

4. SCOPE

4.1. This Memorandum is not intended to convey any statements nor opinions on the advisability of entering into the provisions in the proposed contract, including but not limited to Work Rules, except for those components of the proposed contract that have or may have a fiscal impact on the City's FY 2019 budget and Four-Year Financial Plan for FY 2019 – FY 2022.

4.2. This fiscal impact analysis is based on the proposed contract ratified by the DPCOA on May 31, 2018. Should the proposal change prior to approval, an updated CFO Memorandum on its fiscal impact would need to be issued.

4.3. The proposed contract also includes a provision stating the City shall use its best efforts to obtain Bankruptcy Court approval to amend the Combined Plan for the Police and Fire Retirement System of the City of Detroit to allow eligible DPCOA members to participate in the Deferred Retirement Option Program (DROP) for a maximum of ten years. The current DROP is limited to five years. As that program change would require subsequent approval, its fiscal impact, subject to an updated actuarial analysis, is not included in this Memorandum.

5. STATEMENT

5.1. Conclusion: The proposed contract would not require the identification of other resources. There is no net negative impact on the City's FY 2019 budget and Four-Year Financial Plan for FY 2019 – FY 2022.

Attachment IV

CFO Memo No. 2018-101-022 Re: Fiscal Impact of Proposed Contract between
the City of Detroit and the DPLSA



CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER

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CFO MEMORANDUM
No. 2018-101-022

TO: Michael E. Duggan, Mayor; Honorable Detroit City Council
FROM: John W. Hill, Chief Financial Officer *[Signature]*
SUBJECT: Fiscal Impact of Proposed Contract between the City of Detroit and the DPLSA
ISSUANCE DATE: June 8, 2018

1. AUTHORITY

1.1. State of Michigan Public Act 279 of 1909, Section 4s(2)(d), as amended by Public Act 182 of 2014, states the chief financial officer shall submit in writing to the mayor and the governing body of the City his or her opinion on the effect that policy or budgetary decisions made by the mayor or the governing body of the City will have on the City's annual budget and its four-year financial plan.

2. PURPOSE

2.1. To provide financial information to the Mayor and the Detroit City Council as they consider action on the proposed contract between the City of Detroit (the "City") and the Detroit Police Lieutenants and Sergeants Association (the "DPLSA").

3. OBJECTIVE

3.1. This Memorandum serves as the report on the fiscal impact of the proposed contract in relation to the City's FY 2019 budget and Four-Year Financial Plan for FY 2019 – FY 2022.

4. SCOPE

- 4.1. This Memorandum is not intended to convey any statements nor opinions on the advisability of entering into the provisions in the proposed contract, including but not limited to Work Rules, except for those components of the proposed contract that have or may have a fiscal impact on the City's FY 2019 budget and Four-Year Financial Plan for FY 2019 – FY 2022.
- 4.2. This fiscal impact analysis is based on the proposed contract ratified by the DPLSA on May 29, 2018. Should the proposal change prior to approval, an updated CFO Memorandum on its fiscal impact would need to be issued.
- 4.3. The proposed contract also includes a provision stating the City shall use its best efforts to obtain Bankruptcy Court approval to amend the Combined Plan for the Police and Fire Retirement System of the City of Detroit to allow eligible DPLSA members to participate in the Deferred Retirement Option Program (DROP) for a maximum of ten years. The current DROP is limited to five years. As that program change would require subsequent approval, its fiscal impact, subject to an updated actuarial analysis, is not included in this Memorandum.

5. STATEMENT

5.1. Conclusion: The proposed contract would not require the identification of other resources. There is no net negative impact on the City's FY 2019 budget and Four-Year Financial Plan for FY 2019 – FY 2022.

Attachment V

Proposed Ordinance to Amend Chapter 55 of the 1984 Detroit City Code, *Traffic and Motor Vehicles* to create a 50% discount on parking fines paid within 10 days

SUMMARY

AN ORDINANCE to amend Chapter 55 of the 1984 Detroit City Code, *Traffic and Motor Vehicles*, Article I, *Generally*, Division 2, *Violations and Penalties*, by amending Section 55-1-32, *Schedule of fines for parking violations*, in order to create a reduction in parking fines if paid within a specified time period.

Violations	Violation Code	Fine	Fine When Paid Within 10 Days for All Vehicles	Fine When Paid After 30 Days, inclusive of late penalties, For Vehicles Registered in Michigan	Fine When Paid After 30 Days, inclusive of late penalties, for Vehicles Registered in Another State or Country
Parked in prohibited area/no parking	801	\$45.00	<u>\$22.50</u>	\$65.00	\$95.00
Improper Parking	802	\$45.00	<u>\$45.00</u>	\$65.00	\$95.00
Blocking alley	804.1	\$45.00	<u>\$45.00</u>	\$65.00	\$95.00
Blocking driveway	804.2	\$45.00	<u>\$45.00</u>	\$65.00	\$95.00
Blocking crosswalk	804.3	\$45.00	<u>\$45.00</u>	\$65.00	\$95.00
Double parking	805.1	\$45.00	<u>\$45.00</u>	\$65.00	\$95.00
Double standing	805.2	\$45.00	<u>\$45.00</u>	\$65.00	\$95.00
Fire hydrant	805.3	\$45.00	<u>\$45.00</u>	\$65.00	\$95.00
No standing (anytime)	811.1	\$45.00	<u>\$45.00</u>	\$65.00	\$95.00
Snow emergency violation	811.2	\$45.00	<u>\$45.00</u>	\$65.00	\$95.00
Coach stop	811.3	\$45.00	<u>\$45.00</u>	\$65.00	\$95.00
No standing (a.m.)	812	\$45.00	<u>\$45.00</u>	\$65.00	\$95.00
No standing (p.m.)	813	\$45.00	<u>\$45.00</u>	\$65.00	\$95.00
Overtime parking	814	\$45.00	<u>\$45.00</u>	\$65.00	\$95.00

1 reflected, and the Municipal Parking Department collected, the newly enacted fines and penalties.
2 Further, in accordance with the Local Financial Stability and Choice Act, being MCL 141.1541 *et*
3 *seq.*, all actions previously taken by the City, including the Emergency Manager and the Municipal
4 Parking Department and its staff, agents or representatives, relating to the establishment and
5 collection of parking said fines and penalties for the late payment of fines in accordance with
6 Subsection (a) of this section, are affirmed.

7 **Section 2.** All ordinances, or parts of ordinances, that in conflict with this ordinance
8 are repealed.

9 **Section 3.** This ordinance is declared necessary to preserve the public peace, health,
10 safety, and welfare of the People of the City of Detroit.

11 **Section 4.** In the event that this ordinance is passed by a two-thirds (2/3) majority of
12 City Council members serving, it shall be given retroactive effect effective April 14, 2014, and
13 become law upon publication in accordance with Section 4-118(1) of the 2012 Detroit City
14 Charter. In the event that this ordinance is passed by less than a two-thirds (2/3) majority of the
15 City Council members serving, it shall be given retroactive effect effective April 14, 2014, and
16 become law no later than thirty (30) days after enactment in accordance with Section 4-118(2) of
17 the 2012 City Charter.

Approved as to form:

Lawrence García
Corporation Counsel

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City of Detroit

CITY COUNCIL

MARY SHEFFIELD
PRESIDENT PRO TEMPORE
DISTRICT 5

MEMORANDUM

TO: Mr. Alvin Horn, Deputy CFO -Assessor
OCFO -Office of the Assessor

THROUGH: Council Member Janee Ayers

FROM: Council President Pro Tempore Mary Sheffield *(MS)*

DATE: September 24, 2018

RE: **Request for the Office of the Assessor to Recommend to Council Modifications to the Neighborhood Enterprise Zone Homestead Areas**

In an effort to promote stronger neighborhoods, I believe it is time to examine and reassess the City's Neighborhood Enterprise Zone Homestead areas. Attracting and retaining residents is critical to the continued growth of our City. The City has not made any additions to the Neighborhood Enterprise Zone Homestead areas in over 10 years. Therefore, I am requesting that the Office of the Assessor make recommendations to Council for modifications to the existing NEZ Homestead areas.

Thank you.

Cc: Honorable Colleagues
Hon. Janice Winfrey, City Clerk

CITY CLERK 2018 OCT 1 AM 10:23