

**BUDGET,
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TO: The Honorable City Council

FROM: David Whitaker, Director
Marcell Todd, Director, City Planning Commission
Legislative Policy Division Staff

DATE: January 11, 2019

RE: **CAPITAL AGENDA FISCAL YEARS 2019-20 THROUGH 2023-24**

The Detroit City Charter, Sec. 8-202, requires the submission of a proposed Capital Agenda for the next five (5) fiscal years, on or before November 1 of each even numbered year. The Capital Agenda shall state:

- All physical improvements, related studies and surveys, all permanent property, and all equipment for any improvement that will be financed during the next 5 years, in whole or in part from funds subject to control or appropriation by the City, including information on the necessity for the improvements, property and equipment;
- Capital expenditures planned for each of the next 5 fiscal years;
- Estimated annual cost of operating the facilities to be constructed or acquired;
- Amount and source of funding intended to be spent during each of the next 5 fiscal years for each separate purpose, project, facility or other property;
- Other information pertinent to the evaluation of the Capital Agenda.

The Charter states that the City Council shall publish in at least one (1) daily newspaper of general circulation, a general summary of the proposed capital agenda, indicating times and places copies of the Capital Agenda are available for public inspection. The newspaper notice shall also state the times and places, not less than 2 weeks after publication, for a public hearing on the proposed Capital Agenda.

The City Council may delete projects from the proposed Capital Agenda; but Your Honorable Body may not otherwise amend the capital agenda, as submitted, *until the recommendations of the Planning and Development Director have been requested*; City Council is not bound by the recommendations and may act without the recommendations if not received within thirty (30) days from the date requested.

The City Council shall approve the 5-year Capital Agenda by March 1 of the following year after its submission. If the City Council fails to take action by March 1, the proposed Capital Agenda shall be deemed approved, as submitted.

The proposed Capital Agenda was submitted by the Mayor by November 1, 2018. It is our recommendation the City Council adopt a resolution by January 22, 2019, with City Council's proposed changes to the Capital Agenda, and a request for recommendations from the Planning and Development Director, as required. Notifications and a public hearing can be scheduled in February. Following the 30 days required for Mr. Cox, to submit his recommendations, City Council may take action to approve the Capital Agenda, with any amendments, at the regular session of February 26, 2019.

A capital agenda is an important tool, used by local government, for planning major infrastructure / building projects, identifying the costs, and setting priorities for those projects. The required project costs and the source of funding are important components of a capital agenda, but the focus of a capital agenda should be on the projects themselves. A capital agenda is an opportunity for the government leaders to provide a vision for the City, identify projects that will attract investment, improve the operations of government, and generally improve the quality of life for the citizens.

An effective capital agenda can be used by investors/developers to identify areas of expansion, assist a business owner on where to expand, communicate a vision and excitement to citizens about the future of their neighborhoods and their city. A capital agenda can move a city to the latest technology or even plan for technology to be developed. The capital agenda needs to be based on solid financial information and reality, but it is also an opportunity to envision a city of the future.

The proposed Capital Agenda for fiscal years 2020 through 2024 is a significant improvement from what is initially submitted two years ago. This proposed Agenda has grouped departments under "Capital Categories" that provide a more logical and holistic perspective for projects in the different categories. Capital Categories include:

1. Housing and Economic Development
2. Open Spaces and Recreation
3. Health and Public Safety
4. Transportation
5. Government Infrastructure

In addition to identifying projects of the various City Departments, the proposed Agenda also includes the "Affiliated Entities" that are responsible for a significant proportion of the construction and rebuilding in the City. Affiliated entities include:

1. Detroit Building Authority
2. Detroit Economic Growth Corporation, including
Economic Development Corp. and Tax Authorities
3. Detroit Housing Commission
4. Detroit Land Bank Authority
5. Detroit Riverfront Conservancy
6. Wayne County Port Authority

The proposed Capital Agenda provides much good information, however, it may also be significant for what is not included. These are projects or potential projects that City Council may wish to question further.

1. The Airport does not include any long range projects or planning beyond the \$4,000,000 that was recently approved by City Council for the current fiscal year.
2. Transportation Department states the Central/Administration building is to be closed within 5 years. There is no project identified for a new administration building.
3. Charles Wright Museum does not include any projects beyond the 2019-20 fiscal year.
4. Recreation does not include any planning for a new Recreation Center in District 4.
5. Recreation does not include any projects for improvements to the golf courses.

On Thursday, January 10, 2019 the City Planning Commission received a presentation of the proposed Capital Agenda from Renee Short and Donnie Johnson of the Budget Department. Also participating were Planning and Development Department Director, Maurice Cox, and Mr. Corley and Mr. Teeter of LPD.

The Budget Department representatives provided valuable information regarding the preparation of the proposed Capital Agenda the underlying organizational structure that has been established to support the City's capital improvement program. Consistent with the approach inaugurated in 2016 with the last Capital Agenda, the Administration has developed committees with subject matter experts corresponding to the categories to guide efforts thereunder. A staff unit with the Budget department has also been established to provide ongoing management of the program. This structure centralizes capital program management and provides for real-time reporting and addressing of capital needs and changing circumstance. The new capital program also moves certain equipment, such as heavy machinery, vehicles, computers and other devices from the City's operating budget to the capital budget for greater continuity and coordination of agency needs and projects.

LPD and CPC staff note that these changes provide for a better system whereby to meet and manage the City's capital program. The system as it evolves also may need to be more visionary, in our estimation, in order to address desires and aspirations along with necessities. Staff also notes that while this new system is an improvement over past models, it is somewhat divergent from the structure that appears to be anticipated by the City Charter. The Charter seems to place the Planning and Development Department Director in a key position directing and coordinating projects. The new system shifts and shares that responsibility across the above referenced committee structure. This is not a major problem as the divergence can be reconciled, but it further highlights a preexisting need to update and revise the Charter language governing the Capital Agenda.

This matter is to return before the CPC at its next meeting on Thursday, January 17th. A report with the Commission's recommendations will be generated and submitted thereafter.

City of Detroit
CITY COUNCIL
COUNCIL PRESIDENT BRENDA JONES

MEMORANDUM

TO: David Whitaker, Director
Legislative Policy Division

FROM: Council President Brenda Jones *BJ*

DATE: January 11, 2019

RE: Resolution Request

Please draft resolutions in support of HB 4034/HB 4033 and HB 4001/HB 4002.

