

**THE DETROIT CITY COUNCIL
2020-2021 FINANCIAL AND BUDGETARY PRIORITIES,
PUBLIC POLICY, PLANNING AND ACTION RESOLUTION**

BY ALL COUNCIL MEMBERS:

WHEREAS, The Honorable Mayor Mike Duggan presented a Recommended FY 2021 – FY 2024 Four–Year Financial Plan for the City of Detroit to the Honorable Detroit City Council on March 6, 2020, and in fulfillment of its Charter-mandated role and in keeping with past practice, City Council held hearings and deliberations on the proposed Executive Budget for FY 2020-2021 as submitted by the Mayor over the next week - until the historic declaration of the worldwide COVID-19 pandemic by the World Health Organization resulted in the Governor’s “Stay Home, Stay Safe” Order in mid-March; and

WHEREAS, The current standstill in commercial and civic life in this city and around the country, the virtual freeze in revenues, and the tremendous outflow of resources required to maintain our community through this crisis, have - in two short months - rendered the proposed budget unworkable; and

WHEREAS, In years past after careful consideration by City Council, the Mayor’s proposed budget was modified to reflect and incorporate the Council’s policy and budgetary changes that resulted from the hearings and deliberations on the budget. This year, however, Council will not make any modifications in the Closing Resolution in recognition of the deep budget cuts are necessitated because of COVID-19; and

WHEREAS, Following the City of Detroit’s (City) emergence from bankruptcy at the end of 2014, the City has been on an increasingly positive trajectory toward the future. Reinvestment in the City’s infrastructure has been ongoing, with fiscal restraint remaining paramount; and, the alignment of expenditures and revenues continues to be balanced with improvements in service delivery to residents; and

WHEREAS, Michigan Public Act 181 of 2014 (Act 181) provided for the oversight of the City for at least thirteen years. The FY 2020-2021 budget process proceeded under a waiver of active oversight, granted by the Financial Review Commission (FRC) in April 2018, following three consecutive years of successful adherence to deficit-free budgets. The annually renewable waiver requires that the City submit its adopted budget and four-year financial plan to the FRC by May 30 of each year. That date has been extended this year with the approval of the FRC due to the meeting constraints caused by the COVID-19 pandemic; and

WHEREAS, Pursuant to Sec. 8-213 of the 2012 City Charter and Public Act 182 of 2014, the City’s Chief Financial Officer, Budget Director, Auditor General, and the City Council’s Legislative Policy Division, along with other top officials held a revenue estimating conference which determined reasonable, agreed upon revenue projections for the General Fund revenues for the upcoming fiscal year, of \$1.085 billion; however, \$194 million in cuts were made due to the unanticipated projected revenues shortfalls due to COVID-19; and

WHEREAS, The FY 2021-2024 four-year financial plan, as presented to City Council, shows employee benefits increases from \$81.7 million in FY 2023 to \$187.8 million in FY 2024, an increase of \$106 million. More specifically, discretionary pension contributions go from zero to \$166 million in FY 2024. The FY 2024 \$166 million pension payment is based on a 30-year amortization period. The OCFO estimates the FY 2024 pension payment to be \$179 million based on a 25-year amortization period, and \$199 million on a 20-year amortization period. The Retiree Protection Trust Fund (RPTF) was projected to grow to \$355 million to soften the pension blow in FY 2024. Unfortunately, due to the COVID-19 pandemic, the planned extra \$20 million payment into the RPTF in FY 2021 will not be made from general fund surplus. In FY 2024, the pension payment could approach from 17 to 20% of the general fund budget. The amount of the City's annual pension payment fluctuates depending on how the stock market and the pension investments perform, the pension payback period (payment amortization payment) and how much the City owes in pensions (unfunded actuarial liability). Conservative budgeting needs to be continued to reflect fiscal realities and avoid a reversion into bankruptcy and to diminish the City's ability to provide critical services. Pension costs will need extremely close monitoring; and

WHEREAS, Mayor Duggan projects a \$348 million revenue shortfall over the course of the next 16 months due to the impact of the COVID-19 pandemic. The Mayor estimates a \$154 million revenue shortfall for FY 2020 and a \$194 million revenue shortfall for FY 2021. City Council has received an amendment to the 2021 proposed budget in the Mayor's errata letter which addresses the projected FY 2021 revenue shortfalls with a series of appropriation reductions, mainly in the form of work furloughs, work share, layoffs and cost of living elimination along with capital project deferrals as well as elimination of most new initiatives; and

WHEREAS, The Detroit City Council adopts a program budget that is based on sound conservative budgetary principles for municipalities, well-reasoned financial assumptions and past performance, as well as stated goals and projections for City departments, divisions and agencies, as well as in consideration of the dictates of the "Plan for the Adjustment of Debts of the City of Detroit" (POA); and

WHEREAS, For several years now, the Administration has astutely recognized that the City's Plan of Adjustment contained several questionable key assumptions that need to be addressed in order to manage the projected shortfall in the City's pension obligations. The City has established a Retiree Protection Trust Fund that will allow the City to build up approximately \$335 Million in trust assets to offset the City's annual required contributions that resume in FY 2024. In September 2017, for FY 2018, the City transferred the first \$105 Million in funding. In FY 2019, \$20 Million was contributed to the fund, \$45 Million in FY 2020 and will contribute \$50 Million in FY 2021. The trust is intended to ensure that pensioners who have already suffered a significant loss due to the City's bankruptcy will not be harmed further by a collapse of the pension system. The trust assets should allow for prudent financial planning sufficient to avoid a steep deficiency in pension payments and to stabilize the City's financial future; and

WHEREAS, The Administration's workforce reduction portion of the plan to balance the budget calls for 266 layoffs of temporary, part-time and seasonal employees. In response and in order to support these workers, City Council urges the Administration, Human Resources and the Workforce Development Department to develop a comprehensive plan to support laid-off workers with unemployment claim processing assistance, training opportunities, job placement, and by committing to return workers to their positions once work and funding becomes available; and

WHEREAS, The local community has expressed a need for a bus shelter on Linwood near the corner of Ferry Park on the Linwood bus route. The estimated cost to construct the shelter is \$8,000 and should be allocated as funds become available; and

WHEREAS, We appreciate the Administration's recognition of the importance of transportation services and offering free bus rides during the COVID-19 pandemic. In order to meet the needs of low-income transit riders and ensure that all Detroiters have access to mobility, we urge the Administration to implement a low-income fare pilot program using recommendations provided in the Low Income Fare Analysis Report; and

WHEREAS, City Council urges the Administration, when it is economically feasible, to add one additional graphic designer for citywide digital content to the Media Services Department. The recommended rate of pay for a Graphic Designer is \$43,167 - \$60,433; and

WHEREAS, The Consumer Electronics Convention, an annual trade show organized by the Consumer Technology Association, is where global technology companies, startups, and pioneers from around the world come to launch products, build brands and partner to solve some of today's most pressing challenges. The City would benefit from attending the conference; therefore, the City Council urges the Administration to allocate funding to send one (1) media services employee to the convention to ensure that the City of Detroit is at the forefront of any new technology developments that will enhance and create efficiencies in current City of Detroit digital operations; and

WHEREAS, Due to the age of the housing stock, the over-assessment of property, and the low average median income in the City of Detroit, there is an abundance of need for home repair grants for Detroit homeowners. Therefore, City Council urges the Administration to fully fund the Senior Home Repair Grant program at the proposed \$6 million funding level. Further, the FY 2021 level of funding for the program should NOT be reduced to cover other budget shortfalls; and

WHEREAS, City Council is urging the Administration to maintain Council input and oversight over the Neighborhood Improvement Fund by ensuring appropriations and expenditures be approved by Council. City Council also urges the Administration to continue to fund the NIF with income tax revenue from the Pistons and NBA Players, as well as Palace Sports and Entertainment employees; and

WHEREAS, As quality affordable housing is still inadequate to meet the needs of the average Detroiters, City Council urges the Administration to continue to fund the Detroit Affordable

Housing Development and Preservation fund, as outlined in the Inclusionary Housing Ordinance, with 20% of the City's commercial real estate sales; and

WHEREAS, The City of Detroit currently invests approximately, \$3.7 million annually into small business funding support through the Motor City Match and Motor City Restore programs. However, rather than those funds being directed to the establishment of businesses within the retail corridors, focus should be aimed at investment into businesses that can perform City of Detroit contractual services. The City Council urges the Housing and Revitalization Department to develop a program to set aside at least twenty five percent (25%) of awarded Motor City Match dollars for investment into businesses that can perform City of Detroit contractual services; and

WHEREAS, To ensure transparency, we urge the Administration to provide Council with a cumulative quarterly report addressing all assembled land being considered and/or marketed to developers for potential industrial development by the Detroit Economic Growth Corporation, the Detroit Land Bank Authority, or other city entities; and

WHEREAS, Additional staffing for the Board of Ethics would greatly benefit the City. The Department needs a total of 6 full-time equivalent positions (FTE) to meet current demands. The Mayor proposes adding one FTE, for a total of four FTEs in FY 2021. The addition of two more FTEs, as well as funding for additional operating services and other expenses, would cost \$189,991; and

WHEREAS, City Council urges an increase in the City's General Fund subsidy to the Eastern Market Partnership from \$225,000 to \$300,000 to help defray increasing maintenance costs and increased expenses due to storm water management fees; and

WHEREAS, In response to increased blight ticketing of residents and the implementation of the Rental Ordinance, City Council requests an additional appropriation for Buildings Safety Engineering and Environmental Department (BSEED) to educate landlords and homeowners on ways to avoid and resolve rental compliance or blight violations; and

WHEREAS, City Council urges BSEED to dedicate adequate staff to continue enforcement related to car repair facilities and the adherence to the Bulk Solid Materials Ordinance; and

WHEREAS, On January 7, 2020, the Detroit City Council unanimously passed a resolution to create the Office of Disability Affairs. In Detroit, people with disabilities comprise 19.5% of the population which equates to 126,001 people, only 30.4% of whom are employed. The obstacles faced by the population of disabled people in Detroit are great enough to require the creation and funding of the Office of Disability Affairs. The City of Boston successfully created its own "Disabilities Commission", with a 2020 budget of \$487,540, including \$465,440 allocated towards personnel services, \$14,600 toward contractual services, and \$7,500 toward supplies and materials. The population of Boston is very similar to that of Detroit's. However, the population of disabled people under the age of 65 is only 8.6% of the population of Boston, whereas Detroit's 19.5% of its population. City Council urges the Mayor to increase funding allocated towards disability services to enhance services and address issues of disabled Detroiters; and

WHEREAS, The COVID-19 pandemic has shown us the importance of having a robust language access plan in the city, and the need for legislation and additional resources to effectively implement the current plan. In order for the City of Detroit to provide meaningful access to City services, resources and programs, we urge the Administration to allocate additional funds to the current Language Access Plan (LAP) through Civil Rights, Inclusion, and Opportunity Department; and

WHEREAS, In 2018, City Council created the Skilled Trades Readiness Fund from an allocation from the compliance fee dollars for investment in training, child care costs and transportation assistance with the intent to assist with the alleviation of barriers for those interested in gaining employment in the skilled trades. This crucial investment ensures that residents interested in the skilled trades are able to receive support to remove some of the most common barriers for those interested in the skilled trades. To support Skilled Trades Readiness, \$340,000 will be allocated to the Skilled Trades Readiness Fund to assist residents interested in Skilled Trades with Basic Skills Contextualized, Child Care, and Transportation Assistance; and

WHEREAS, In 2018, police authorized towing services that had long been the domain of private towers in the city, were brought into the City's Police Department. To lessen any hardship caused by this change, the Detroit Police Department has agreed to limit the in-house tows to 25% of the total. Additionally, the department has agreed to improve the payment related issues by working to resolve all outstanding invoices and instituting a two-week payment processing; and

WHEREAS, City Council urges an appropriation of funds to Think Detroit PAL in the amount of \$175,000 when funds are available. Additionally, Council request that the Administration work with Think Detroit PAL to develop a subsidy for Permits and Field Clean up and Maintenance services where City owned facilities are utilized.

WHEREAS, To make sure that the citizens of Detroit can continue to have the opportunity to experience the arts, the City has long supported its museums. City Council requests the continuation of that support and an additional allocation of \$500,000 to the \$1.9 million proposed appropriation to the Charles Wright Museum of African American History for its operation; and

WHEREAS, City Council urges the Administration to sufficiently staff the Detroit Police Department's Traffic Enforcement Division with full time weigh masters, train additional officers, and purchase updated equipment to adequately enforce truck traffic around the Gordie Howe International Bridge area and other industrial development sites around the City; and

WHEREAS, Pro Tem Sheffield has been working in partnership with the Fire and Law Departments to develop a "rapid entry system" protocol to allow the Fire Department instant access to specific types of buildings during an emergency call. The proposed new protocol, , is The proposed "rapid entry system" ordinance is designed to save lives, and reduce property damage cost by tracking the custody of each key given to the Fire Department by a property owners. The Fire Department has developed a plan to ensure the safe tracking of each key in

DFD's custody to minimize any liability issue. The requested appropriation to fund this protocol is \$98,684 to be utilized as follows:

Replacing existing key cylinders at 372 locations, \$10,788;

Installing a key secure system on each Fire and EMS vehicle, \$87,896; and

WHEREAS, City Council has reduced the budget of the City's elected Charter Commission to a total of \$300,000 to be accomplished, in part, by having other City departments provide service to the Commission rather than outsourcing them to private entities. This amount will be revisited when the Administration and City Council consider amendments to the budget throughout the year; and

WHEREAS, Installing vegetation buffers between industrial areas and sensitive land uses such as parks, residences, and schools is another way to mitigate the negative impact of air pollution on vulnerable residents. Buffers absorb or block pollution, protecting nearby communities from exposure to these toxins. We urge the Administration to appropriate funds to the General Services Department to install vegetative buffers between industrial areas and sensitive land uses throughout the city. Additionally, given the City's efforts to assemble land for future industrial development, we urge the Administration to develop city-wide standards around buffering to protect nearby communities from air, traffic, sound, and visual pollution to protect quality of life and promote public health; and

WHEREAS, In order to further promote welcoming and safe spaces around viaducts, we urge the Administration to invest in public art, specifically murals, near viaducts and in alignment with those viaducts being lit, as these viaducts are more frequently used for resident travel to work, school, and daily life; and

WHEREAS, Air pollution is a significant public health issue in Detroit and environmentally-related diseases are high in the City. Impoverished and minority peoples disproportionately bear the burden of industry as frontline communities. Trees serve an important role in combating air pollution, but while experts recommend 40% tree canopy to protect public health, Detroit's tree coverage is much lower. For example, District 6 has tree canopy close to 3%. Therefore, we urge the Administration to appropriate additional funds to the General Services Department to increase tree plantings in frontline communities throughout the City; and

WHEREAS, Approximately \$150,000 of General Fund dollars had been earmarked for mental health services. City Council urges the Administration to restore this funding, which were intended to increase the behavioral health staff to expand the team's capacity throughout the community, at the earliest possible date; and

WHEREAS, It has been reported that of the more than 63,000 Detroit homes with delinquent debt as of last fall, more than 90% were overtaxed—by an average of at least \$3,700—between 2010 and 2016, according to calculations by The Detroit News. The City Council urges the Office of the Chief Financial Officer to invest one hundred and fifty thousand dollar (\$150,000) to launch an inter-governmental business, foundation and community Ad Hoc group to explore options and provide recommended solutions to address the 2010-2016 property tax overassessment, facilitate homeowner training for residents to increase awareness on the

property tax assessment process, foreclosure rights and responsibilities, appeals and available foreclosure resources and for the marketing, advertising and facilitation of the activities of the Ad Hoc group; and

WHEREAS, In 2019, the City of Detroit spent \$691 million on the procurement of goods and services. However, a number of those contractors have few (or no) Detroiters employed to perform those contracts. Furthermore, several industries such as the vehicle maintenance and repair industry have a lack of Detroit contractors and employees. City of Detroit contracts provide the opportunity for the City of Detroit to invest in its residents by providing contract and employment opportunities to residents utilizing taxpayer dollars. It is crucial that the City of Detroit is intentional with the procurement of City services to ensure Detroiters benefit from the spending of their tax dollars. Due to a lack of adequate resources dedicated towards managing and increasing the number of Detroit residents employed on City of Detroit contracts, a report on the number of Detroiters employed on City of Detroit contracts in order to evaluate what industries the City of Detroit should invest workforce development dollars in, was unable to be submitted. City Council urges a thorough focus and collaboration between the Office of Procurement, Civil Rights, Inclusion and Opportunity Department and the Detroit Employment Solutions Corporation to evaluate contractor employment needs and opportunities, and to develop training programs and an employment strategy to ensure that residents are prepared for contract opportunities, and that contractors are aware of how to access qualified Detroiters to hire to perform services on City of Detroit contracts; and

WHEREAS, City of Detroit contracts are a beneficial mechanism to invest into economic equity and opportunities for Detroit residents. Following two years of rigorous community engagement supported by the Detroit Supply Schedule Ordinance, it was found that many businesses that desire to provide City of Detroit contractual services have barriers accessing funding for business startup costs. That is why it is prudent for the City to invest in preparing Detroit residents and businesses so that they are primed to take advantage of opportunities as they become available. The City's continued need for janitorial services, grounds maintenance and other recurring services provides an opportunity to hire Detroit residents and engage Detroit businesses which ultimately results in greater investment into neighborhood services such as crime and safety, clean streets and neighborhoods, and other defined community priorities. City Council urges The Office of Procurement to invest into outreach and engagement activities to increase Detroit-based and Detroit-headquartered businesses on City of Detroit contracts; and

WHEREAS, City Council urges The Office of Procurement to complete a City-wide contractual assessment of the number of Detroiters employed by each contractor and evaluation of what services lack Detroit-resident employment, as well as a City-wide contractual assessment of the number of Detroit-Based and Detroit-Headquartered businesses within the City of Detroit and an evaluation of what services lack Detroit business representation; and

WHEREAS, City Council urges The Office of the Chief Financial Officer to work with the Office of Procurement, the Civil, Rights, Inclusion and Opportunity Department, and the Office of Workforce Development to develop a program and strategy geared towards tracking and monitoring the number of Detroit residents employed on City of Detroit Contracts, determining training and employment needs to prepare residents for employment on City of Detroit

Contracts, and planning and hosting community engagement fairs with City of Detroit contractors that have less than 51% Detroit residents employed on their contracts in order to ensure that Detroit residents are trained, prepared, and have access to employment on City of Detroit contracts; and

WHEREAS, The Administration's proposed budget cut \$51,969 from the budget of the Office of the Ombudsman. City Council urges the partial restoration of \$30,000, to give the Office the ability to secure contractual services as well as other operational expenses; and

WHEREAS, City Council urges the restoration of \$2,750 to the Board of Zoning Appeals training budget; and

WHEREAS, City Council urges an increase in the budget of the Board of Review consistent with the BOR's FY 2021 request to facilitate processing more claims for citizens seeking poverty exemptions and giving citizens more opportunity to appeal their assessments. As was contemplated in the Board's budget request, it seeks an increase in members' per diem rate from \$200 to \$225 to offset the costs of healthcare and other benefits; and

WHEREAS, Too often, mothers are forced to return to work without adequate time to recuperate from giving birth or for bonding time with their new infant because of the lack of financial resources. According to the National Center for Health Statistics, 16% of new mothers took only one to four weeks off work after giving birth, and at least 33% took no formal time off at all, returning to work immediately. City Council proposes and strongly urges the City of Detroit to implement a parental leave policy that will pay employees 100% of their salaries for six weeks during a maternity or paternity leave for Detroit employees, bringing Detroit in line with thousands of forward-thinking, competitive cities and private sector companies across the country; and

WHEREAS, There are sixty-seven viaducts in District 6 and many remain blighted and dark, endangering members of the community who walk through them. In order to make them safe and welcoming, City Council urges the Administration to incorporate viaduct maintenance and lighting into the Capital Improvement Plan, prioritizing those closest to schools and heavily trafficked residential areas, and appropriate funds to improve them; and

WHEREAS, Given the City's focus on assembling land for future industrial uses, we urge the Administration to conduct truck traffic studies around current and future industrial sites to mitigate negative environmental, public health, and quality of life impacts, and provide quarterly reports with respect to land assembling activities by the DEGC, the Land bank and other quasi-governmental entities; and

WHEREAS, Among the many fiscal casualties of the COVID-19 pandemic is funding for the City's ongoing campaign to alleviate the blight problem in our neighborhoods. City Council urges the Administration to work to develop a plan to bring the demolition program back to an adequate funding level approximating \$40 million in upcoming years; and

WHEREAS, Given the significant reduction in blight funds due to the COVID-19 pandemic, it is imperative that we use the remaining allocation of \$10M in a manner that has the biggest impact on protecting residents' safety and yields the greatest return on investment. We urge the Administration to use a substantial portion of the remaining blight funds to implement a comprehensive board-up program that includes all floors of the structure in order to mitigate immediate public safety concerns, prevent crime, and preserve salvageable structures for future rehabilitation. Additionally, sufficient funding should be allocated to maintain the outside of structures as necessary to address all immediate public health and safety issues.

WHEREAS, Eliza Howell Park, located in the Brightmoor neighborhood, is an urban oasis of 250 acres of diverse and rich ecosystem of flora and fauna which serves as a critical ecosystem located within the floodplain of the Rouge River. Currently the General Services Department maintains jurisdiction of the road within the park. This is unique in that it is the only road within the Department's jurisdiction. This, however, prevents the road from receiving funding through the Street Fund for major and much needed infrastructure improvements. Therefore, City Council urges the Administration to transfer jurisdiction of the road within the geographical boundaries of Eliza Howell Park from the General Services Department to the Department of Public Works and if fiscally feasible that the funding is allocated towards the restoration of this road in FY 2020-21; and

WHEREAS, A sizable number tenants fighting eviction would not lose their case if they had legal representation. Additionally, about 97% of cases in housing court are initiated by landlords that have legal representation while the vast majority of tenants do not, resulting in landlords evicting tenants because they have power, not because the law supports them. While City Council acknowledges the Administration's effort to address the issue through a pilot, Council urges the administration to support and fund, to the extent legally feasible, the Right-to-Counsel ordinance being drafted which will provide legal representation for the over 30,000 families facing eviction each year; and

WHEREAS, City Council's traditional budgeting role is to provide necessary fiscal checks and balances to maintain a balanced budget and address the City's accumulated and structural deficits through a deliberative process. The Council has endeavored to fulfill this function to the extent possible in this extraordinary moment in the City's, and human, history. City Council believes that through the preliminary implementation of its 2020-2021 budget, coupled with the Plan of Adjustment, and anticipated forthcoming budget amendments from the Administration, the City's recent financial dilemma will be appropriately addressed providing a viable course toward future financial stability. **NOW THEREFORE BE IT**

RESOLVED, That the City Council urges the Mayor to submit budget amendments to Council as legally required by the Detroit City Charter and state law, that reflect any required budgetary changes including, but not limited to: 1) expected revenues that are lower than anticipated, 2) cost increases significantly beyond budgeted amounts, 3) revenues that are higher than expected, or 4) cost decreases significantly below those reflected in the adopted 2020-2021 Budget; **BE IT FINALLY**

RESOLVED, That the City Clerk is directed to provide a copy of this resolution to the Financial Review Commission, Mayor Mike Duggan of the City of Detroit, the Chief Financial Officer,

the Finance Director, the Budget Director, Wayne County Executive Warren Evans and all agencies, departments and divisions of the City of Detroit.

RESOLVED,

May 5, 2020