

## RESOLUTION

**BY COUNCIL MEMBER \_\_\_\_\_**

**WHEREAS**, Section 17(1) of State of Michigan Public Act 2 of 1968 (the “Uniform Budgeting and Accounting Act”) states that a deviation from the original general appropriations act shall not be made without amending the general appropriations act; and

**WHEREAS**, Section 8-210 of the 2012 Detroit City Charter authorizes that if during the fiscal year the Mayor advises the City Council that there are available for appropriation revenues in excess of those estimated in the budget, the City Council may make supplemental appropriations for the year up to the amount of the excess; and

**WHEREAS**, on March 11, 2021, the federal government enacted Public Law 117-2 (the “American Rescue Plan Act of 2021” or “ARPA”) to provide additional relief to address the continued impact of the Coronavirus Disease 2019 (“COVID-19”) pandemic on the economy, public health, state and local governments, individuals, and businesses; and

**WHEREAS**, on May 10, 2021, the United States Department of the Treasury announced the launch of the Coronavirus State and Local Fiscal Recovery Funds (the “Fiscal Recovery Funds”), established by ARPA, to provide \$350 billion in emergency funding for eligible state, local, territorial, and Tribal governments to recover from the COVID-19 pandemic; and

**WHEREAS**, the Fiscal Recovery Funds include a direct award to the City of Detroit (the “City”) totaling \$826,675,290 for the following eligible uses pursuant to ARPA: 1) support public health response with respect to COVID-19 and address its negative economic impacts, 2) provide government services to the extent of the reduction in revenue due to COVID-19, 3) provide premium pay to essential workers, and 4) investments in water, sewer and broadband infrastructure; and

**WHEREAS**, ARPA permits the City to use the Fiscal Recovery Funds to cover eligible costs incurred during the period beginning March 3, 2021, and ending December 31, 2024; and

**WHEREAS**, the United States Bankruptcy Court (the “Bankruptcy Court”) determined the Eighth Amended Plan for the Adjustment of Debts of the City of Detroit (the “POA”) is feasible and confirmed it on November 12, 2014; and

**WHEREAS**, the POA provided for the implementation of the Restructuring and Reinvestment Initiatives (the “RRIs”) to improve City services and operations, invest in capital assets, and remove blight throughout Detroit; and

**WHEREAS**, United States Bankruptcy Judge Steven Rhodes, in his order confirming the POA, stated “The successful implementation of the [RRIs] incorporated into the [POA] is indispensable to the City's efforts to provide its creditors with as significant a recovery as could be expected under the circumstances, and the maximization of such creditor recoveries influenced the design of the [RRIs].”; and

**WHEREAS**, United States Bankruptcy Judge Steven Rhodes, in his order confirming the POA, stated “Absent the [RRIs], the City cannot provide a sustainable level of services to its residents. The [RRIs] are necessary to (a) remedy the City's service delivery insolvency, (b) reduce blight and strengthen neighborhoods, (c) improve the efficiency of, and adequately fund, the City's operations..., (d) allow elected officials to more effectively manage the City, (e) enhance the City's revenues, (f) reduce the City's

costs and (g) ensure the provision of adequate and significantly improved municipal and public safety services to City residents and businesses.”; and

**WHEREAS**, United States Bankruptcy Judge Steven Rhodes, in his oral opinion confirming the POA, stated the “RRIs are critically important to the feasibility of the [POA] and to the City’s future” and “the Mayor testified that he and his team are fully committed to implementing the plan and Council President Jones testified that the plan has the support of the City Council.”; and

**WHEREAS**, the City’s revenue losses and negative economic impacts from the COVID-19 pandemic have adversely impacted the City’s budget and ability to implement the RRIs; and

**WHEREAS**, the City must allocate \$400 million of the Fiscal Recovery Funds to address budget shortfalls through 2024 and implement the RRIs required by the POA; and

**WHEREAS**, the City can allocate the remaining \$426 million of the Fiscal Recovery Funds to make new investments to assist in the economic and fiscal recovery from the COVID-19 pandemic (the “Detroit Future Fund”); and

**WHEREAS**, during May and June 2021, the City received input from Detroiters on how to spend the Detroit Future Fund at over 60 community meetings and through an online survey; and

**WHEREAS**, the City plans to spend the Detroit Future Fund on the following areas: (1) Fight Intergenerational Poverty, (2) Restore Neighborhoods, (3) Parks, Recreation & Cultural Facilities, (4) Improve Public Safety, (5) Reduce Digital Divide, and (6) Small Business Assistance; and

**WHEREAS**, the City plans to appropriate funding from the Fiscal Recovery Funds in multiple rounds to allow for additional legislative review and oversight, and this Resolution represents one such round; and

**WHEREAS**, the City Council will also have ongoing oversight of the Fiscal Recovery Funds through, but not limited to, the following: (1) contract approval under the City’s procurement ordinance as applicable, (2) sub-grant program design approval for any new funding agreements, and (3) quarterly reporting by the OCFO on the use of the Fiscal Recovery Funds.

**NOW, THEREFORE, BE IT RESOLVED**, that the Detroit City Council hereby approves accepting the City’s direct award of \$826,675,290 from the Fiscal Recovery Funds, allocating \$400,675,290 of the Fiscal Recovery Funds for Addressing Budget Shortfalls and POA Obligations, and amending the Fiscal Year 2020-2021 Budget by appropriating the first \$200,000,000 of that allocation within the Stimulus Grant Fund (Fund No. 3923) for the purposes of Addressing Budget Shortfalls and POA Obligations (Appropriation No. 22002); **AND BE IT FINALLY**

**RESOLVED**, that the Deputy CFO/Budget Director is hereby authorized and shall take all appropriate actions necessary to implement the foregoing provisions and actions authorized by this resolution.