

CITY OF DETROIT

Office of the Chief Financial Officer

Financial Report for the 5 Months ended November 30, 2015

January 25, 2016



Table of contents

	Page
1. Executive summary	2
2. FY 2016 projection	3
3. November year to date (YTD) cash flow budget to actuals analysis	4
4. November YTD cash flow to general ledger reconciliation	5
5. November YTD property tax revenue collections	6
6. November accounts payable summary	7
7. Exit financing summary	8
8. November headcount budget to actual	9
10. External funding summary	10



Executive summary

- The Office of the CFO is developing the FY 2017 Budget. The Office of Budget has begun holding its hearings with Departments and the Mayor's Office will begin to meet with Department Directors to review their FY 2017 budget request and their recommended programs and initiatives that are aligned with the Mayor's priorities
- The Office of Budget, Office of the Auditor General, and the Legislative Policy Division began the City's internal revenue estimating process in preparation for the February 2016 Consensus Revenue Estimating Conference. At the request of the revenue conference participants, the Office of Budget is improving how the City defines and categorizes "Other Revenues"
- The Office of the CFO has had overwhelming interest in new positions as part of its restructuring. As of January 25, 2016, the Office of the CFO has made over 290 offers to middle management, professional, and paraprofessional candidates
- November YTD actuals continue to indicate that FY 2016 results are expected to be favorable to budget and that the liquidity situation is stable
 - Further assessment of the projections is expected to be completed for the report with YTD activity through December
 - The primary tax revenues are based on the September 2015 Consensus Revenue Estimating Conference results. No adjustment was determined to be necessary based on actual revenues collected since the conference
 - Payroll and benefits related expenditures are projected to be below budget as a result of lower headcount, partially offset by a higher number of contract staff and expected wage increases to public safety employees
 - Reinvestment related expenditures are moving forward consistent with timing of project implementation as well as the amount of Exit financing proceeds available



FY 2016 is still projected to result in a General Fund surplus

\$ in millions

<u>General Fund</u>	<u>Notes</u>	<u>FY 2016 Projection (1)</u>	<u>FY 2016 EM's Budget</u>	<u>Difference</u>
General Fund Property taxes		\$ 117.0	\$ 100.8	\$ 16.2
Net Income taxes		264.0	268.4	(4.4)
Utility taxes	(2)	40.0	15.9	24.1
Gaming taxes		172.3	169.0	3.3
Distributable State aid		195.2	197.4	(2.2)
Other		280.0	284.9	(4.9)
Other operating revenues	(3)	-	35.1	(35.1)
Total Revenues	(4)	1,068.5	1,071.5	(3.0)
Payroll, taxes, & deductions	(5)	(315.0)	(329.8)	14.8
Benefits	(5)	(108.9)	(119.6)	10.8
Pension contributions		(29.1)	(28.6)	(0.5)
Subsidy payments		(81.2)	(81.6)	0.4
Materials, contracts & other operating expenditures	(6)	(420.4)	(428.4)	8.0
Total Expenditures		(954.5)	(988.0)	33.5
Operating Surplus		114.0	83.5	30.5
Debt service	(7)	(78.9)	(83.5)	4.6
Surplus / (Deficit)		\$ 35.1	\$ 0.0	\$ 35.1

Notes:

- (1) No adjustments were made to the projections based on YTD November activity.
- (2) EM's budget includes \$12.5m transfer to the Public Lighting Authority (PLA). FY 2016 Projection reflects transfer in expenditures.
- (3) EM's budget includes Public Lighting Dept. (PLD) revenues from internal charges and reimbursements from DTE (\$26m) and grant receipts for blight (\$9m), which will not flow through the General Fund.
- (4) FY 2016 Projection reflects September 2015 Consensus Revenue Estimating Conference results.
- (5) Lower projected expenditures due to vacant positions as a result of lower headcount, partially offset by projected public safety wage increases.
- (6) EM's budget includes PLD operating expenditures (\$26m) and payments related to blight (\$9m), which will no longer be incurred by the General Fund. FY 2016 Projection includes \$12.5m transfer to PLA.
- (7) Lower interest payment on Exit financing due to principal repayment.



The City's YTD net cash flows continue to be ahead of budget

\$ in millions

General Fund

	Actual 5 months	Prior Year		Budget (1)	
		5 months	Difference	5 months	Variance
General Fund Property taxes	\$ 68.5	\$ 61.7	\$ 6.8	\$ 62.5	\$ 6.0
Net Income taxes	100.4	99.8	0.6	106.1	(5.7) (2)
Utility taxes	6.8	7.2	(0.4)	6.3	0.5
Gaming taxes	75.0	67.3	7.7	73.4	1.6
Distributable State aid	97.0	96.5	0.6	98.6	(1.6)
Other	83.4	164.6	(81.3) (3)	81.0	2.4
Total Receipts	431.1	497.1	(66.0)	427.8	3.3
Payroll, taxes, & deductions	(153.8)	(153.2)	(0.6)	(163.6)	9.8
Benefits	(18.1)	(45.7)	27.5	(28.5)	10.4
Pension contributions	-	-	-	-	-
Subsidy payments	(8.3)	(11.4)	3.1	(15.4)	7.2
Materials, contracts & other operating expenditures	(119.9)	(204.5)	84.7 (3)	(115.8)	(4.0)
Total Disbursements	(300.1)	(414.8)	114.7	(323.4)	23.3
Operating Surplus (before Reinvestment)	131.0	82.2	48.8	104.5	26.6
Financing Adjustments	(69.1)	(33.5)	(35.6)	(39.1)	(30.0) (4)
Non-Financing Adjustments	17.0	17.2	(0.1)	(57.0)	74.1 (5)
Total Adjustments to arrive at Net Cash Flow	(52.1)	(16.4)	(35.7)	(96.1)	44.1
Net Cash Flow (6)	\$ 79.0	\$ 65.9	\$ 13.1	\$ 8.3	\$ 70.6

Memo:

Beginning cash balance (net of dist. owed) (7)	\$ 207.9	\$ 156.8
Net Cash Flow (6)	79.0	65.9
Lockbox reserves	(0.0)	(0.2)
Ending cash balance (net of dist. owed) (7)	\$ 286.9	\$ 222.4

Notes:

- (1) Budget has been spread based on historical cash activity.
- (2) \$4m in income tax refunds issued in FY 2016 are related to FY 2015.
- (3) Negative trend in other receipts is offset by positive trend in materials, contracts & other operating expenditures and is primarily attributable to the segregation of DPW, BSEED, and Grants proceeds.
- (4) Actuals include \$30m principal repayment on Exit financing made in August 2015.
- (5) Actuals include property tax collections related to Wayne County foreclosure activity. Budget includes \$57m of reinvestment payments in excess of Exit financing proceeds.
- (6) Net Cash Flow was determined based on General Fund cash activity adjusted for known deposits in transit, prior period adjustments, and classification differences.
- (7) The main operating account includes cash balances of the Risk Management Fund, Construction Fund, Street Funds, Solid Waste Fund, General Grants, and Motor Vehicle Fund.



Differences between cash and general ledger YTD are mostly due to the period in which activity was recorded

- Amounts to be posted decreased significantly from the prior month due to the posting of Gaming tax revenues.

\$ in millions

General Fund	Cash Activity			General Ledger			Difference
	Actuals	Adjustments	Adjusted	Posted	To Be Posted	Total	
General Fund Property taxes	\$ 68.5	\$ -	\$ 68.5	\$ 70.2	\$ -	\$ 70.2	\$ 1.6
Net Income taxes	100.4	(14.0)	86.4 (1)	84.9	1.1	86.0	(0.4)
Utility taxes	6.8	-	6.8	2.8	4.0	6.8	0.0
Gaming taxes	75.0	(0.8)	74.2 (1)	74.2	-	74.2	-
Distributable State aid	97.0	(64.2)	32.9 (1)	32.9	-	32.9	-
Other	83.4	(27.0)	56.4 (2)	42.4	6.0	48.4	(7.9)
Total Receipts	431.1	(105.9)	325.2	307.4	11.1	318.6	(6.6)
Payroll, taxes, & deductions	(153.8)	13.2	(140.6) (3)	(141.5)	-	(141.5)	(0.8)
Benefits	(18.1)	-	(18.1)	(27.2)	-	(27.2)	(9.0) (4)
Pension contributions	-	-	-	-	-	-	-
Subsidy payments	(8.3)	-	(8.3)	(2.1)	(0.5)	(2.6)	5.7 (5)
Materials, contracts & other operating expenditures	(119.9)	61.0	(58.9) (6)	(59.6)	(3.0)	(62.6)	(3.8)
Total Disbursements	(300.1)	74.2	(225.9)	(230.4)	(3.5)	(233.9)	(7.9)
Operating Surplus (before Reinvestment)	131.0	(31.7)	99.3	77.1	7.6	84.7	(14.6)
Financing Adjustments	(69.1)	30.0	(39.1) (7)	(39.3)	-	(39.3)	(0.2)
Non-Financing Adjustments	17.0	(17.0)	- (8)	-	-	-	-
Subtotal Adjustments	(52.1)	13.0	(39.1)	(39.3)	-	(39.3)	(0.2)
Net Surplus/(Deficit)	\$ 79.0	\$ (18.8)	\$ 60.2	\$ 37.8	\$ 7.6	\$ 45.4	\$ (14.7)

Notes:

- (1) \$14m of Income Tax, \$0.8m of Gaming Tax, and \$64m of DSA revenues were collected in FY 2016 related to activity in FY 2015.
- (2) \$21m of revenues were collected in FY 2016 related to activity in FY 2015 and \$6m are cash specific transactions/non-Fund 1000.
- (3) Approximately \$13m of disbursements were made in FY 2016 related to payroll earned in FY 2015.
- (4) Cash disbursements were lower than posted expenditures due to excess cash balance in the Benefits Fund account.
- (5) General ledger includes reversal of \$6m of estimated accrued expenses carried over from FY 2015 related to DDOT.
- (6) \$40m of disbursements were paid in FY 2016 related to invoices from FY 2015 or prior. \$14m of disbursements are cash specific transactions and \$7m are non-Fund 1000.
- (7) Cash actuals include \$30m Exit financing principal repayment.
- (8) \$17m of property tax revenues were collected in FY 2016 related to Wayne County foreclosure activity from prior years.



The collection rate for City property taxes YTD is marginally better than in the prior year

\$ in millions

	FY 2016			FY 2015		
	Adjusted tax roll (1)	Collections YTD (2)	Collection rate	Adjusted tax roll (1)	Collections YTD (2)	Collection rate
General City	\$ 131.8	\$ 64.1	48.6%	\$ 132.6	\$ 62.7	47.3%
Debt Service	69.6	32.7	47.0%	73.8	34.2	46.3%
Solid Waste	59.6	19.6	33.0%	57.0	18.1	31.9%
Total City (3)	\$ 260.9	\$ 116.4	44.6%	\$ 263.3	\$ 115.0	43.7%

Note:

- (1) The adjusted tax roll is a full year amount and includes amounts which may not have been billed yet by the City.
- (2) Amounts do not include collections from Wayne County settlement checks as a result of foreclosure activity.
- (3) Amounts are net of property taxes collected by the City on behalf of DPS, State Education Trust, Wayne County and other non-City taxing authorities.



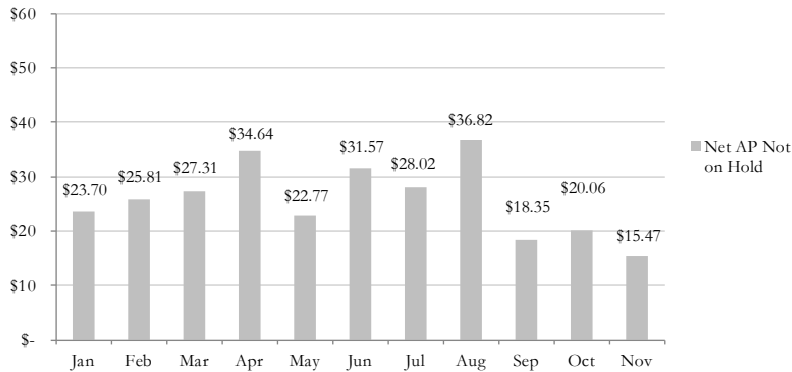
The City is paying invoices timely. Invoices on hold or bankruptcy related may take longer to pay

\$ in millions

Accounts Payable (AP) as of 11/25/15	
Total AP	\$ 48.83
Less: Bankruptcy-Related AP (1)	(7.67)
Less: Retainage holdbacks (2)	(1.27)
Less: AP on Hold (3)	(24.41)
Net AP Not on Hold	\$ 15.47

Historical Accounts Payable

Excluding Bankruptcy-Related and Invoices on Hold AP



Notes:

- (1) Bankruptcy-related invoices are excluded as they will not be paid in the ordinary course, but instead will be resolved as part of the bankruptcy process.
- (2) Retainage holdbacks are portions of invoices held back and paid once milestones are achieved or completion of a project, which could take more than 60 days for a vendor to accomplish. Retainage amounts are excluded from historical accounts payable balances beginning October.
- (3) Invoices typically placed on a system hold are pending validation.

Aging by Department (excluding Bankruptcy-Related AP and Invoices On Hold)

Department	Net AP	Current	Days Past Due			
			1-30	31-60	61-90	91+
1 Department of Public Works	\$ 1.17	\$ 0.62	\$ 0.50	\$ -	\$ 0.05	\$ -
2 General Service Dept	0.85	0.45	0.24	0.12	0.01	0.02
3 Department of Transportation	0.80	0.64	0.10	0.04	0.02	0.00
4 Information Technology Services	0.64	0.08	0.42	0.09	-	0.04
5 Health Department	0.50	0.25	0.25	-	-	-
6 Police Department	0.48	0.16	0.17	0.04	0.04	0.07
7 Fire Department	0.47	0.04	0.11	0.32	-	(0.00)
8 Planning and Development Department	0.36	0.09	-	0.05	0.00	0.21
9 36th District Court	0.32	0.24	0.08	-	-	-
10 Law Department	0.28	0.07	0.20	0.00	0.00	0.01
11 Municipal Parking Department	0.27	0.26	0.00	0.01	0.00	0.00
12 Budget Department	0.23	0.00	0.23	0.00	-	-
13 Non-Departmental	0.18	-	-	0.16	-	0.02
14 Public Lighting Department	0.13	0.11	0.02	-	-	-
15 Airport Department	0.12	0.00	0.05	0.05	0.00	0.02
16 Recreation Department	0.11	0.03	0.07	0.01	-	-
17 Library	0.10	-	0.02	0.08	0.00	0.00
18 Assessment	0.07	0.06	0.00	0.01	-	-
19 General Accounting	0.07	0.07	-	-	-	-
20 City Clerk	0.06	0.06	-	-	-	-
Other Departments (21 Depts.)	0.18	0.14	0.00	0.02	0.00	0.01
Subtotal - Non DWSD	\$ 7.39	\$ 3.40	\$ 2.47	\$ 1.00	\$ 0.12	\$ 0.40
	100%	46%	33%	14%	2%	5%
Water Department	5.18	0.91	4.03	0.18	0.04	0.02
Sewerage Department	2.90	0.67	1.64	0.18	0.20	0.22
Subtotal - DWSD	\$ 8.08	\$ 1.57	\$ 5.66	\$ 0.37	\$ 0.24	\$ 0.23
Total	\$ 15.47	\$ 4.97	\$ 8.13	\$ 1.37	\$ 0.37	\$ 0.63
	100%	32%	53%	9%	2%	4%



Exit financing proceeds have been utilized to jump start improving technology, neighborhoods, and public safety

- In the month of November, no additional projects funded by Exit financing had been approved, however, the total amount of expenses incurred increased by \$7m from the prior month. \$4m of OCFO expenses incurred have been reclassified to the Department of Innovation and Technology due to the Office of Financial Planning and Analysis' account code clean up efforts.

\$ in millions

	Number of Projects	Amount Approved	Expense Incurred
Available Exit financing proceeds		\$ 233.2	
Project Allocation:			
Dept. of Innovation and Technology	5	\$ (34.2)	\$ (27.2)
Blight	7	(29.7)	(20.1)
Police	6	(29.0)	(17.0)
Fire	9	(22.0)	(11.9)
General Services	13	(20.3)	(17.4)
OCFO	7	(15.7)	(10.3)
BSEED	1	(4.4)	(1.6)
Law	1	(2.2)	(0.4)
DDOT	1	(1.8)	(1.8)
Recreation	1	(1.2)	(1.2)
Human Resources	2	(0.8)	(0.7)
Other	3	(0.3)	(0.1)
Total	56	\$ (161.6)	\$ (109.8)
Interest/Fees		(2.8)	(2.8)
Amount reserved for projects under review		\$ 68.9	



General City headcount is increasing gradually and remains under budget

	Actual Nov'14	Actual Nov'15	Budget FY 2016 (1)	Variance	% Variance
Public safety					
Police	2,683	2,766	2,990	224	7%
Fire (2)	1,158	1,234	1,339	105	8%
Total Uniform	3,841	4,000	4,329	329	8%
Non-public safety					
Budget	10	9	16	7	
Dept. of Public Works (3)	362	351	345	(6)	
Finance	181	184	219	35	
Health & Wellness	7	8	8	0	
Human Resources	74	81	95	14	
Housing & Revitalization/Planning & Development	92	95	130	35	
Dept. of Innovation and Technology	34	34	48	14	
Law	86	91	103	12	
Mayor	53	55	62	7	
Public Lighting Dept.	8	5	17	12	
Recreation (4)	171	176	116	(60)	
General Services (3)	274	297	457	160	
Legislative (5)	128	104	97	(7)	
36th District Court	353	353	353	0	
Other (6)	46	49	75	26	
Total Civilian	1,879	1,892	2,141	249	12%
Total General City	5,720	5,892	6,470	578	9%
Enterprise					
Airport	3	3	4	1	
BSEED	175	179	205	26	
Transportation	909	996	917	(79)	
Parking	84	87	94	7	
Water/Sewerage	1,460	1,270	1,674	404	
Library	318	297	334	37	
Total Enterprise	2,949	2,832	3,228	396	12%
Total City	8,669	8,724	9,698	974	10%

Notes:

- (1) Includes positions for reinvestment projects that have been approved for funding. Impact of OCFO restructuring to be reflected in January update.
- (2) Budget reflects 1,189 FTE per Four Year Financial Plan and 150 funded by SAFER grants.
- (3) Includes seasonal workers anticipated to complete work at the departments in the near-term.
- (4) Budget reflects FTE, however, actuals are reported by headcount which includes part-time employees.
- (5) Includes Auditor General, Zoning, City Council, Ombudsperson, City Clerk, and Elections.
- (6) Includes Human Rights, Administrative Hearings, Homeland Security, and Non-departmental.



The City is leveraging funding from external sources

- Total amount awarded increased \$6m from the prior month. Office of Grants Management (OGM) continued its data clean up efforts, which identified a new private grant (\$6m) and Fire (\$22m) and Housing & Revitalization (\$2m) grants that are still open. OGM also worked with departments to close out grants that have been fully expended, including Police (\$14m) and Health & Wellness (\$11m).

\$ in millions

Department	Amount Awarded	Number of Grants
Housing & Revitalization	\$ 255.0	21
Transportation	163.9	39
Fire	55.9	9
Public Works	35.1	24
Health & Wellness Promotion	15.1	2
Police	14.5	23
Recreation	4.8	23
General Services	1.5	1
Other (1)	2.3	13
Active Federal/State grants (2)	\$ 548.2	155
Active private grants	23.8	20
Active private donations	20.7	31
Total active grants and donations	\$ 592.6	206

Notes:

- (1) Other includes Homeland Security, BSEED, and Airport.
- (2) Total does not include Hardest Hit Fund grants, which are reflected in the Land Bank Authority.



Page Intentionally Left Blank





Proposed FY 2017 Budget Development Calendar

Nov

- Budget instructions sent to departments (11/6)

Dec

- Departments submit Budget requests (12/4)
- Review budget requests from major departments with Chief Financial Officer (CFO) (12/14 - 12/18)

Jan

- Issue revenue estimating process directive on City's internal process (1/4)
- Budget Director's hearings on Budget requests (1/21 - 1/28)
- Internal projections for Revenue Conference (1/26)
- Budget Director finalizes revenue estimates (1/29)
- Mayor meets with department Directors on Budget (2/3 - TBD)

Feb

- Budget Director presents revenue estimates to CFO (2/2)
- Finalize recommended Budget with CFO (2/12)
- Mayor's approval of Budget (2/17)
- Revenue Estimating Conference (2/18)
- Mayor's Address on Budget (2/25)
- City Council's hearings on Budget (2/25 - 3/7)

March

- Public Hearing on Budget (3/7)
- City Council's vote on Budget (3/11)
- Mayor's veto, if applicable (3/14)
- City Council veto override, if applicable (3/18)
- Submit Budget to Financial Review Commission (FRC) (3/23)

April

- FRC approves or disapproves Budget (4/22)



City of Detroit
FY 2017 Budget Development Calendar

May

- If disapproved, City submits revised Budget (5/9)

June

- Tax Statement Approved (6/2016)

July

- Fiscal Year 2017 Begins (7/1)
-



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

RESOLUTION 2016-1

APPROVING THE CITY’S JANUARY 2016 CONTRACT REQUESTS

WHEREAS, Public Act 181 of 2014, the Michigan Financial Review Commission Act (the “Act”), allows for the creation of the Detroit Financial Review Commission (the “Commission”) within the Michigan Department of Treasury; and

WHEREAS, Section 6(1) of the Act empowers the Commission to provide oversight for the City of Detroit (the “City”) beginning on the Effective Date of the Plan of Adjustment; and

WHEREAS, Section 6(6) of the Act provides that during the period of oversight, the Commission review and approve the City’s applicable contracts, as defined by Section 3(a) of the Act, and that an applicable contract does not take effect unless approved by the Commission; and

WHEREAS, at the Commission meeting on January 25, 2016, the City presented applicable contracts, attached as **Exhibit A** to this Resolution, for the Commission’s review and approval.

NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the City’s January 2016 contract requests, attached as **Exhibit A** to this Resolution but excluding any contracts a majority of Commission members present has agreed to exclude as noted in the minutes, are hereby approved.

2. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
3. This Resolution shall have immediate effect.

IN WITNESS WHEREOF, the members of the Commission, or their designees, have signed and adopted this Resolution.

DETROIT FINANCIAL REVIEW COMMISSION

By _____
Darrell Burks, Detroit Financial Review Commission
Member

By _____
Michael Duggan, Detroit Financial Review
Commission Member

By _____
Stacy Fox, Detroit Financial Review Commission
Member

By _____
Lorron James, Detroit Financial Review Commission
Member

By _____
Brenda Jones, Detroit Financial Review Commission
Member

By _____
Nick A. Khouri, State Treasurer and Detroit Financial
Review Commission Member

By _____
William Martin, Detroit Financial Review
Commission Member

By _____
John S. Roberts, Detroit Financial Review
Commission Member

By _____
Tony Saunders, Detroit Financial Review Commission
Member

Date: _____
Detroit, Michigan

CITY OF DETROIT CONTRACT SUBMISSION TO FINANCIAL REVIEW COMMISSION
THE FOLLOWING CONTRACTS ARE BEING SENT TO THE FRC FOR REVIEW AND APPROVAL PURSUANT TO
SECTION 6, SUBSECTION 6 OF THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT
For January 25, 2016 Meeting

Prepared By: Boyisie Jackson, Chief Procurement Officer - 1/25/2016

City Council and Water Board Approvals Through January 20, 2016

	Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a New contract, was the original contract competitively bid?	Lowest Bid? If not a New contract, was the original contract the lowest bid?	City Council Approval Date	Office of the Chief Financial Officer Approval Date	Comments
--	------------	-----------------	-------------	-----------------------	--	--	----------------------------	---	----------

CONTRACTS GREATER THAN \$750K

1	INNOVATION AND TECHNOLOGY	2898418	<p>Contract Amount: \$2,000,000.00 Contract Period: 10/1/2014 through 9/30/2016 Source: 100% City Funding Purpose: To Provide IT Staffing Services Contractor: CW Professional Services LLC Location: 150 West Jefferson, Suite 1200, Detroit, MI 48226</p>	Funds Increase	Yes	Yes	1/12/2016	1/25/2016	<p>Total Contract Amount: \$4,000,000.00</p> <p>This Contract #1 is for increase of funds only. The original contract amount is \$2,000,000.00. This contract is exercising 1 of the 2 Renewal options. Contract began October 1, 2014 through September 30, 2016.</p>
2	ELECTIONS	2917096	<p>Contract Amount: \$900,000.00 Contract Period: Upon FRC Approval through 12/30/2018 Source: 100% City Funding Purpose: To Provide Billboard Advertising for the Elections Department Contractor: International Outdoor Location: 28423 Orchard Lake Road, Suite 200, Farmington Hills, MI 48334</p>	New	No Sole Source	N/A	1/19/2016	1/25/2016	<p>Company owns exclusive rights to billboards in 17 locations targeted to meet Demographics of Elections Department.</p>
3	HEALTH AND WELLNESS	2902650	<p>Contract Amount: \$2,458,234.00 Contract Period: Upon FRC Approval through 9/30/2016 Source: 100% State Funding Purpose: To Provide Women Infant and Children (WIC) Nutrition Services. This Includes Program Activities, Operations, Registration, Certifications, Reporting Activities and to Implement and Assure Program Operations and Delivery of Services Contractor: Moms and Babes Too Location: 5716 Michigan Avenue, Suite B202, Detroit, MI 48210</p>	Time Extension and Funds Increase	Yes	Yes	1/19/2016	1/25/2016	<p>Total Contract Amount: \$4,274,230.00</p> <p>This Contract is for increase of funds and extension of time. Original contract amount is \$1,815,996.00 and original contract period is January 1, 2015 through September 30, 2015</p>
4	HEALTH AND WELLNESS	2903113	<p>Contract Amount: \$1,422,696.00 Contract Period: 10/1/2015 through 9/30/2016 Source: 100% State Funding Purpose: To Provide Women Infant and Children (WIC) Nutrition Services. This Includes Program Activities, Operations, Registration, Certifications, Reporting Activities and to Implement and Assure Program Operations and Delivery of Services Contractor: Arab Americans & Chaldean Council Center Location: 363 W. Big Beaver Road, Suite 300, Troy, MI 48084</p>	Time Extension and Funds Increase	Yes	Yes	1/19/2016	1/25/2016	<p>Contract Increase: \$1,422,696.00 – Total Contract Amount: \$2,474,105.00</p> <p>This Contract is for increase of funds and extension of time. Original contract amount is \$1,051,409.00 and original contract period is January 1, 2015 through September 30, 2015</p>

	Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a New contract, was the original contract competitively bid?	Lowest Bid? If not a New contract, was the original contract the lowest bid?	City Council Approval Date	Office of the Chief Financial Officer Approval Date	Comments
--	------------	-----------------	-------------	-----------------------	--	--	----------------------------	---	----------

WITH 1 ENTITY, WITHIN 1 YEAR, GREATER THAN \$750K

5	GENERAL SERVICES	2842754	<p>Contract Amount: \$500,000.00 Contract Period: 6/1/2011 through 5/31/2016 Source: 100% QOL Funding Purpose: To Provide Repair Service, Genuine Warrantable Parts and/or Repair Contractor: R&R Fire Truck Repair, Inc. Location: 751 Doheny, Northville, MI 48167</p>	Funds Increase	Yes	Yes	12/17/2015	1/25/2016	<p>Total Contract Amount: \$1,300,000.00</p> <p>This Contract is for increase of funds only. Original contract amount is \$800,000.00 Last contract approved in May 2015 by FRC for \$400,000.00</p>
6	GENERAL SERVICES	2895761	<p>Contract Amount: \$655,680.00 Contract Period: Upon FRC Approval through 6/30/2017 Source: 100% City Funding Purpose: To Provide Repair Services to HVAC Equipment Contractor: Systemp Corporation Location: 3909 Industrial Drive, Rochester Hills, MI 48309</p>	Funds Increase	Yes	Yes	1/12/2016	1/25/2016	<p>Total Contract Amount: \$3,520,680.00</p> <p>This Contract is for increase of funds. Last contract increase was \$765,000.00, approved by FRC in February 2015.</p> <p>Original contract period is 7/1/14 through 6/30/17</p>
7	TRANSPORTATION	2868174	<p>Contract Amount: \$300,000.00 Contract Period: 9/11/2015 through 9/10/2016 Source: 100% City Funding Purpose: To Provide Coach Tires Contractor: Shrader Tire & Oil, Inc. Location: 25445 W. Outer Drive, Melvindale, MI 48122</p>	Time Extension and Funds Increase	Yes	Yes	12/17/15	1/25/2016	<p>Total Contract Amount: \$1,605,000.00</p> <p>Original contract amount is \$1,305,000.00 and Original contract period is April 20, 2015 through September 10, 2015.</p>
8	HOUSING AND REVITALIZATION	2915140	<p>Contract Amount: \$145,833.00 Contract Period: 7/1/2015 through 6/30/2016 Source: 100% City Funding Purpose: To Provide Assistance to Private Companies and Organizations to Assist them in Locating/Relocating in the City of Detroit and Create/Retain Jobs to the Low and Moderate Income People of the City Of Detroit, etc. Contractor: Detroit Economic Growth Corporation Location: 500 Griswold, Suite 2200, Detroit, MI 48226</p>	Funds Increase	No Intergovernmental Agreement	N/A	1/19/2016	1/25/2016	<p>Total Contract Amount: \$1,012,833.00</p> <p>This Contract is for increase of funds only. The original contract amount is \$867,000.00</p>

CONTRACTS GREATER THAN 2 YEARS

			No Contracts Submitted for this Category						
--	--	--	--	--	--	--	--	--	--

	Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a New contract, was the original contract competitively bid?	Lowest Bid? If not a New contract, was the original contract the lowest bid?	City Council Approval Date	Office of the Chief Financial Officer Approval Date	Comments
--	------------	-----------------	-------------	-----------------------	--	--	----------------------------	---	----------

DEPARTMENT OF WATER AND SEWERAGE CONTRACTS

CONTRACTS GREATER THAN \$750,000.00

9	Water and Sewerage	2876120 (DWS-894 Chg Order# 3)	<p>Contract Amount Not to Exceed: \$8,399,999.50 [\$1,800,000 Increase] Contract Period: 6/25/13 - 12/21/16 Source: 100% Operating Budget (Operations & Maintenance) Purpose: Provide Crews to Assist DWSD in Service Management of Delinquent Residential & Commercial Accounts Incl. Terms Subject to 5% Price Reduction & Disallowance of Reimbursement for Material Terms Contractor: Homrich Wrecking, Inc. (Roger Homrich, President) Location: 4152 Central Avenue, Detroit, MI 48210</p>	Funds Increase	Yes	Yes	N/A; below \$2 mil approval requirement for contracts relative to Goods & Services	Approved 1/20/2016 BOWC	100% of award expended to date (incl. \$1.1 mil in material reimbursement fees) which is insufficient given 9,000 delinquent accounts eligible for shut-off & potential defaults on installment agreements with 43,000 accounts as of Dec 2015 (\$31.2-\$36.4 mil in financial risk collectively); incremental funding required to maintain increased avg of 2,148 work orders/month (30% increase) that has contributed to long term collection rate increase from 85% to 88-90% (potential \$7-\$11 mil in cashflow); FRC Approval previously issued on 6/22/15 for Chg Order#2 at \$1,000,000 & 18-mo. extension. BOWC Finance sub-committee reviewed and approved on 1/14/2016. ORCAP review and BOWC review pending.
---	--------------------	--------------------------------------	---	----------------	-----	-----	--	-------------------------	---

CONTRACTS GREATER THAN 2 YEARS

			No Contracts Submitted for this Category						
--	--	--	--	--	--	--	--	--	--

WITH 1 ENTITY, WITHIN 1 YEAR, GREATER THAN \$750K

			No Contracts Submitted for this Category						
--	--	--	--	--	--	--	--	--	--



STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: January 22, 2016

TO: Financial Review Commission members

FROM: Ronald L. Rose, Executive Director
Steven C. Watson, Senior Analyst
Financial Review Commission

SUBJECT: FRC January 2016 City of Detroit Contracts Review

The City is requesting 9 contract approvals at the January 25, 2016 FRC Meeting. The following is a summary of the requests, which were reviewed by and discussed with the FRC Advisory Subcommittee on Contracts and Procurement. The various contract categories and funding sources are summarized in the tables below:

Contract Request Type	Count	Contract List Item #s	Competitively Bid? If not a New contract, was the original contract competitively bid?	Lowest Bid? If not a New contract, was the original contract the lowest bid?
New Contracts	1	2	No (Sole Source)	N/A
Funds Increase	1	8	No (Intergovernmental Agreement)	N/A
Funds Increase	4	1, 5, 6, 9	Yes	Yes
Time Extension and Funds Increase	3	3, 4, 7	Yes	Yes

Funding Source	Count	Contract List Item #s
General Fund	3	2, 6 (partial), 8
Quality of Life Fund	2	5, 6 (partial)
Enterprise Funds	2	7, 9
State Grants	2	3, 4
Various Agency Funds	1	1

Additional details about each contract are discussed below:

New Contracts

- Billboard Advertising for public election information for the next three years (item #2)
 - Same vendor used in the past, which owns rights to the billboards in target areas
 - Contract was not competitively bid because of the sole source for target areas

Time Extensions and/or Funds Increases

- Information Technology staffing services funding increase (item #1)

- Additional staff augmentation hours at current contract rates for ongoing IT system implementation projects and interim maintenance of legacy systems
- This is one of four IT staff augmentation contracts
- Overall IT staff augmentation needs expected to decline in FY 2017 as permanent staff are hired into the restructured Department of Innovation and Technology

- Women Infant and Children (WIC) Program Operation extension and funds increase (items #3 and 4)
 - Extension supports program delivery by two community-based providers through 9/30/2016
 - City plans to competitively bid for program delivery for FY 2017 cycle

- Fire Truck Repairs funding increase (item #5)
 - Additional spending on regular and emergency repairs and parts at current contract rates
 - City is evaluating annual needs and businesses processes for future contracting

- HVAC Equipment Repairs funding increase (item #6)
 - Funding increase supports FY 2016 needs at current contract rates, including the addition of fire house repairs
 - City expects another \$1.2 million will be need to be funded in FY 2017 for annual repairs and is evaluating future years' funding and contracting needs for HVAC repairs

- Replacement Bus Tires extension and funding increase (item #7)
 - Extension supports replacement bus tires through 9/10/2016
 - City is working on an RFP to competitively bid this contract for FY 2017

- Detroit Economic Growth Corporation activities funding increase (item #8)
 - Amends the City's FY 2016 intergovernmental agreement with the DEGC, which is the City's economic development agency
 - DEGC is supported by an annual appropriation in the City budget
 - This amendment supports additional staff and operating expenses, which will be built into future years' City budgets as needed

- Water and Sewerage funding increase for delinquent account program (item #9)
 - Funding increase supports additional projected work orders through 12/21/2016
 - Includes new terms negotiated for the change order: 5% cost reduction and disallowance of reimbursements for material
 - Need for these services is expected to decline in future years as collection rates rise and delinquent accounts decrease