



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

CITY RESOLUTION 2016-16

**APPROVING THE AMENDED NOTICE OF REGULAR MEETINGS OF
THE DETROIT FINANCIAL REVIEW COMMISSION FOR 2016**

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 5(7) of the Act provides that the Commission is subject to Public Act 267 of 1976, the Open Meetings Act, and the Commission members, in the interest of promoting transparency in the discharge of its duties, deems the Commission to be a “public body” as that term is used in Section 2(a) of the Open Meetings Act; and

WHEREAS, Section 5(2) of the Open Meetings Act provides that “[f]or regular meetings of a public body, there shall be posted within 10 days after the first meeting of the public body in each calendar or fiscal year a public notice stating the dates, times, and places of its regular meetings”; and

WHEREAS, Section 5(3) of the Open Meetings Act provides that “[i]f there is a change in the schedule of regular meetings of a public body, there shall be posted within 3 days after the meeting at which the change is made, a public notice stating the new dates, times, and places of its regular meetings”; and

WHEREAS, on July 25, 2016, the Commission adopted an amendment to calendar year 2016 Regular Meeting Schedule pursuant to FRC City Resolution; and

WHEREAS, the Commission wishes to again reschedule its regular meetings for the months of November and December to the dates included in the amended Notice of Regular Meetings for calendar year 2016, attached as **Exhibit A** to this Resolution, in lieu of the previously scheduled regular meetings for those months.

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

1. That the regular meetings for the months of November and December are hereby rescheduled to the dates included in the second amended Notice of Regular Meetings for calendar year 2016, attached as **Exhibit A** to this Resolution.
2. That the second amended Notice of Regular Meetings for calendar year 2016, attached as **Exhibit A** to this Resolution, is hereby approved and adopted.
3. That the persons designated in FRC Resolution 2014-2 are hereby directed to post the second amended Notice of Regular Meetings within 3 days pursuant to Section 5(3) of Public Act 267 of 1976, the Open Meetings Act.
4. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
5. This Resolution shall have immediate effect.

DETROIT FINANCIAL REVIEW COMMISSION

Cadillac Place ▪ 3062 West Grand Boulevard ▪ Detroit, MI 48202

2016 NOTICE OF REGULAR MEETINGS

Amended October __, 2016

The **Detroit Financial Review Commission** will hold its regular meetings during the calendar year ending December 31, 2016, on the following dates at the following times at Cadillac Place, 3062 West Grand Boulevard, Detroit, MI 48202:

Date	Cadillac Place Room	City Meeting Time	School District Meeting Time
Monday, January 25, 2016	Suite L-150 (Lobby Floor)	2:30 p.m.	N/A
Monday, February 22, 2016	Suite L-150 (Lobby Floor)	2:30 p.m.	N/A
Monday, March 28, 2016	Suite L-150 (Lobby Floor)	2:30 p.m.	N/A
Monday, April 18, 2016	Suite L-150 (Lobby Floor)	2:30 p.m.	N/A
Monday, May 23, 2016	Suite L-150 (Lobby Floor)	2:30 p.m.	N/A
Monday, June 27, 2016	Suite L-150 (Lobby Floor)	2:30 p.m.	No earlier than 3:30 p.m.
Monday, July 25, 2016	Suite L-150 (Lobby Floor)	2:30 p.m.	No earlier than 3:30 p.m.
Monday, August 29, 2016	Suite L-150 (Lobby Floor)	2:30 p.m.	No earlier than 3:30 p.m.
Friday, September 16, 2016	Suite L-150 (Lobby Floor)	1:00 p.m.	No earlier than 2:00 p.m.
Monday, October 31, 2016	Suite L-700 (Lobby Floor Annex, Gaming Control)	1:00 p.m.	No earlier than 2:00 p.m.
Monday, November 21, 2016	Suite L-700 (Lobby Floor, Annex, Gaming Control)	1:00 p.m.	No earlier than 2:00 p.m.
Monday, December 19, 2016	Suite L-700 (Lobby Floor, Annex, Gaming Control)	1:00 p.m.	No earlier than 2:00 p.m.

The meeting is open to the public and this notice is provided under the Open Meetings Act, 1976 PA 267, MCL 15.261 to 15.275.

The meeting location is barrier-free and accessible to individuals with special needs. Individuals needing special accommodations or assistance to attend or address the Detroit Financial Review Commission should contact Beverly Greaves at (313) 456-4796 prior to the meeting to assure compliance with Subtitle A of Title II of the Americans with Disabilities Act of 1990, Public Law 101-336, 42 USC 12131 to 12134.

A copy of the proposed minutes of the meeting will be available for public inspection at the principal office of the Commission within 8 business days. A copy of the approved minutes of the meeting, including any corrections, will be available for public inspection at the principal office of the Commission within 5 business days after approval by the Commission.

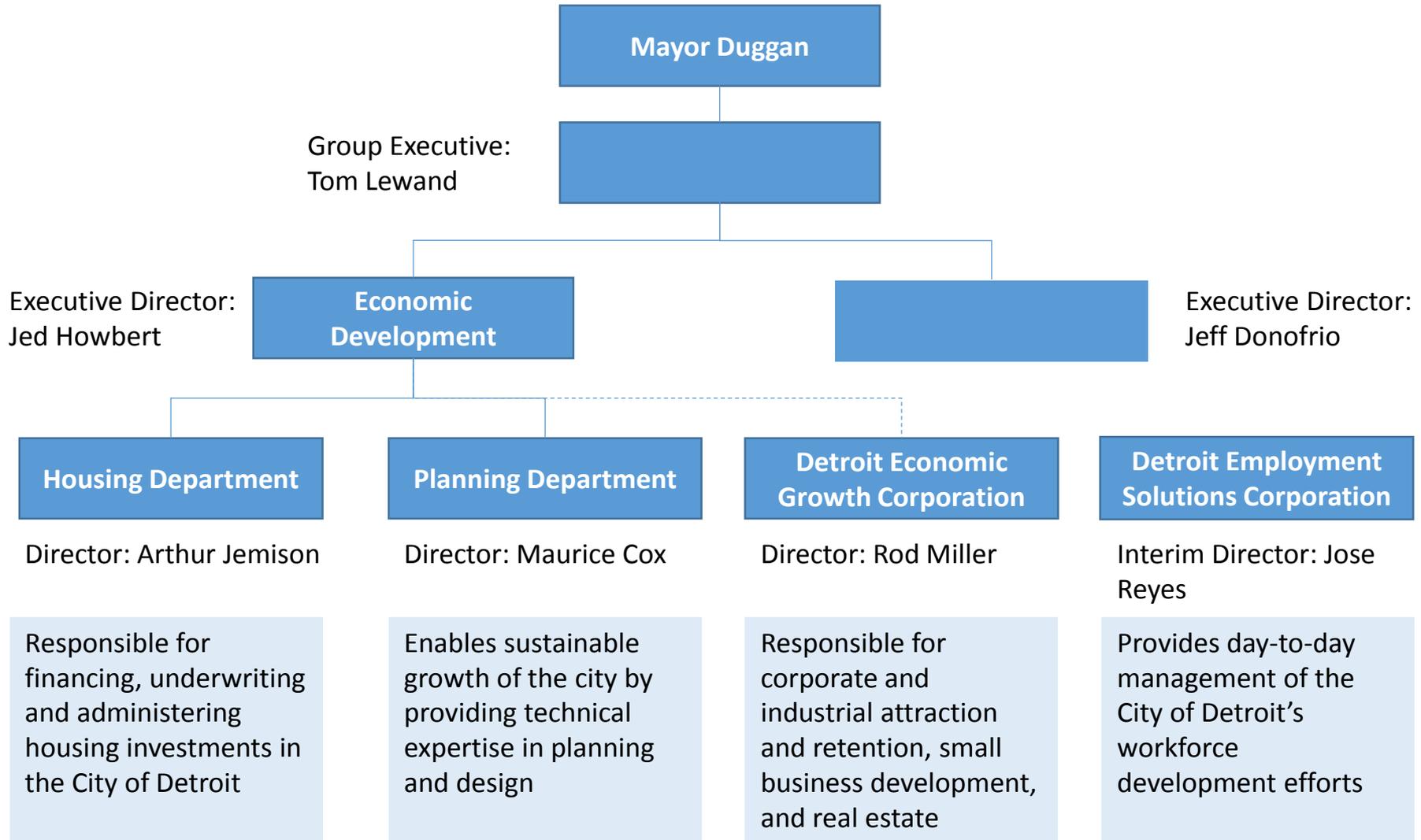
The Commission may hold special meetings, in addition to the regular meetings above. Special meetings are also open to the public and separate notice will be posted in advance of special meetings.

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City of Detroit Economic Development Overview

**FRC Presentation
October 31, 2016**

Jobs and Economy Team organizational structure



Sources of revenue from economic development

	Source	City of Detroit Rate	Description
Tax revenue	Property tax	77.7373 mills (34.0974 mills go to City of Detroit through GF, library, and debt service)	<ul style="list-style-type: none"> Most new development projects typically financed with some property tax abatement (198, 228, OPRA, Renaissance Zone, etc.) Not largest driver of tax revenue in short-term
	Personal income tax	2.4% (residents) 1.2% (non-residents)	<ul style="list-style-type: none"> Includes revenue both from construction labor as well as new residents and new workers
	Corporate income tax	2%	<ul style="list-style-type: none"> Tax on share of income generated in City of Detroit
	Utility user's tax	5%	<ul style="list-style-type: none"> Tax on monthly utility bill
	Sales tax	6%	<ul style="list-style-type: none"> Share of state tax on retail sales

	Source	City of Detroit Rate	Description
Non tax revenue	Land sales	Market	<ul style="list-style-type: none"> Sales of city-owned land for redevelopment generated \$12.5 million in 2015

City of Detroit economic development overview

1 Attract and Retain Residents

- **Stabilize the neighborhoods** through:
 - Most aggressive blight removal and land bank program in the country
 - Delivering basic services more efficiently and effectively
- **Revitalize the neighborhoods** by:
 - Identifying key planning areas to focus resources on
 - Launching “20-Minute Neighborhood” revitalization strategies in key neighborhoods and commercial corridors
- **Transform downtown Detroit** through large-scale development projects like Red Wings Arena, District Detroit and M-1 Rail

2 Create New Jobs

- **Re-industrialize Detroit** by bringing back manufacturing jobs
- **Identify target industries and develop sector strategies** for other sectors
- **Enable small businesses and entrepreneurs** to launch businesses
- **Improve business attraction capabilities** by adding additional staff and expertise

3 Employ more Detroiters

- **Creation of Mayor’s Workforce Development Board** composed of 22 C-suite leaders
- **Creation of industry councils in manufacturing, IT, healthcare, and retail/hospitality** to increase employment in those sectors
- **Focus on special projects** like Summer Youth Employment and Returning Citizens

1 Attract and Retain Residents

Significant progress stabilizing neighborhoods

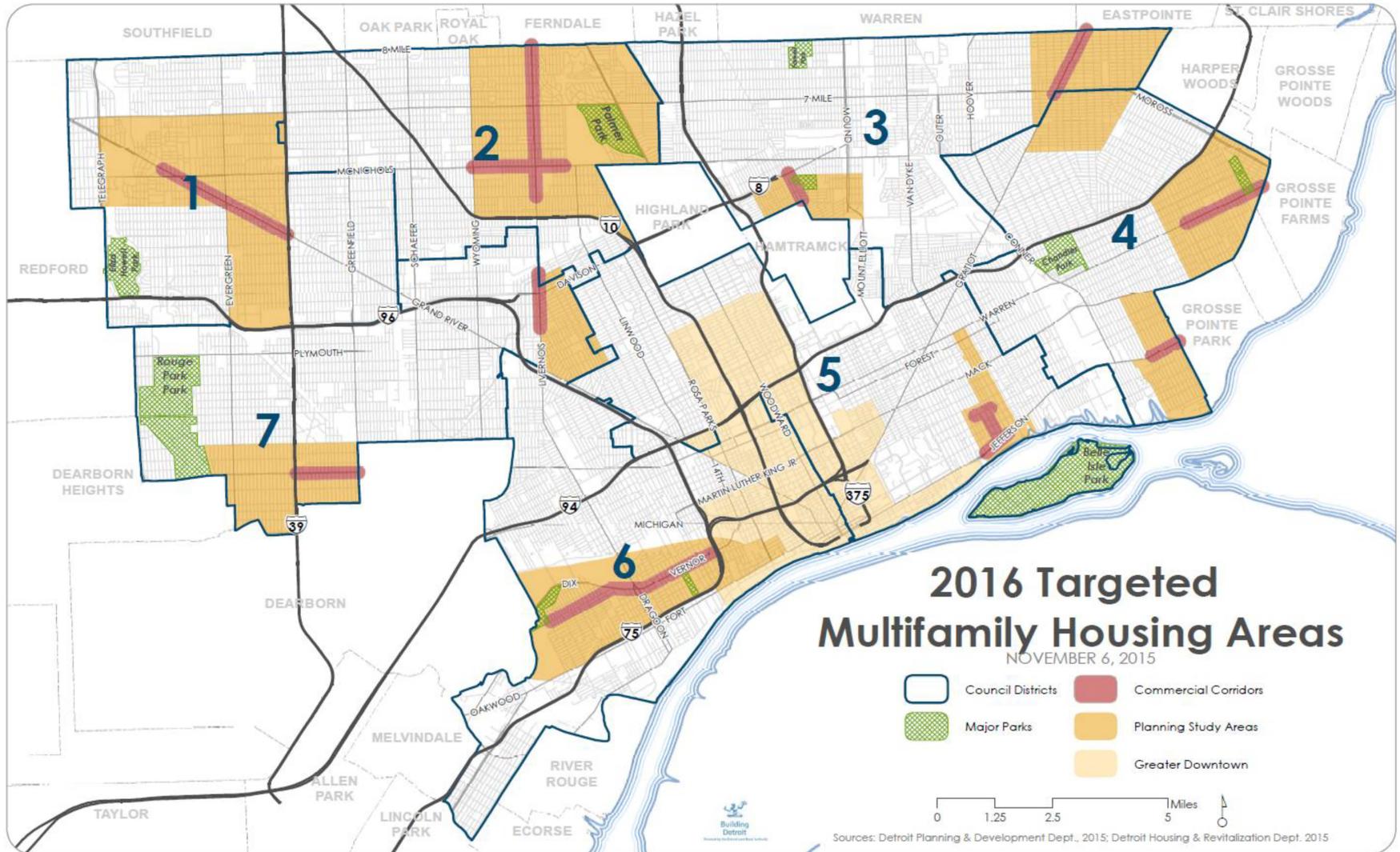
Category	From	To
Blight Removal	<ul style="list-style-type: none">• 80,000 blighted or potentially blighted structures in the City of Detroit	<ul style="list-style-type: none">• Identification of 40,000 structures that can be salvaged and demolition of 10,000 blighted structures• 656 homes rehabbed or under rehab
Emergency Services	<ul style="list-style-type: none">• Average EMS response time of 18:04 minutes in January 2014	<ul style="list-style-type: none">• EMS response time cut in half to 8:30 minutes by September 2016
Public Transportation	<ul style="list-style-type: none">• 138 buses in January 2014 vs 188 buses needed to make the full schedule on time	<ul style="list-style-type: none">• 196 buses operating at full schedule for the first time in 10 years
Lighting	<ul style="list-style-type: none">• 40% of all Detroit streetlights not working in mid-2013	<ul style="list-style-type: none">• Installation of 65,000 new LED streetlights lit to the national standard by the end of 2016 and 100% of streetlights
Housing	<ul style="list-style-type: none">• 1 in 3 homes foreclosed on in Detroit in the last decade• Ownership of foreclosed properties spread among 12 city agencies	<ul style="list-style-type: none">• 30,000 Detroiters able to avoid foreclosure in the last year• Detroit Land Bank and Detroit Building Authority created as central authorities for acquisition and disposition of city-owned properties

20-Minute Neighborhoods



A 20-minute neighborhood is a place with convenient, safe, and pedestrian-oriented access to the places people need to go to and the services people use nearly every day or on a regular basis -- without relying heavily on a car.

City of Detroit multifamily planning map



Neighborhood revitalization overview

Six Physical Transformation Initiatives

Equity and Inclusion Principles

- Community engagement
- Education
- Health
- Workforce Development
- Affordability

A

Safety and Public Services

B

Single-Family Residential Stabilization

C

Planning, Placemaking and Open Spaces

D

Small Business and Retail Development

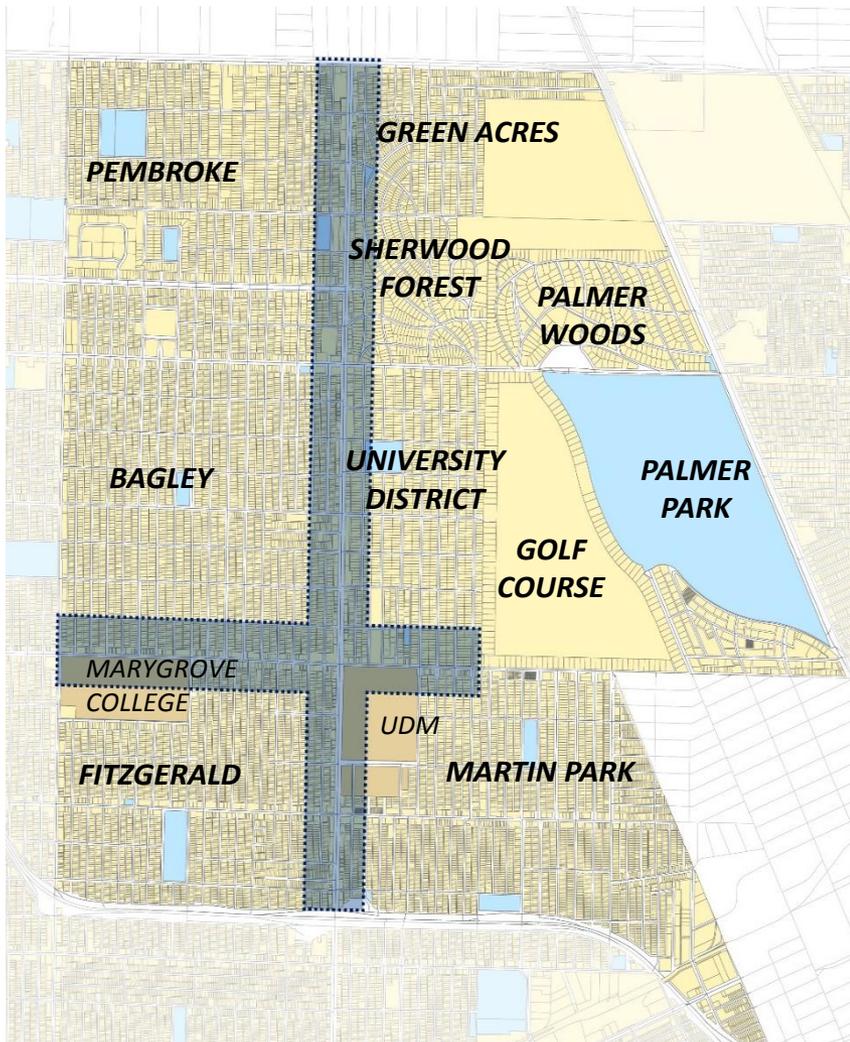
E

Multifamily and Mixed-Use Development

F

Mobility

Case Example: Livernois-McNichols



Value Proposition

The value proposition for the Livernois-McNichols area is the opportunity to live in an area that has many historic homes, great open spaces, and is anchored by a commercial district and the University of Detroit

Livernois-McNichols Today

- Great assets including:
 - Historic homes in Sherwood Forest, Palmer Woods, and University District
 - University of Detroit
 - Palmer Park
- The “Avenue of Fashion” (Livernois between 6 and 7 Mile) has opportunities for additional retail and service amenities
- Certain residential areas like Fitzgerald have extremely high amounts of blight and open space
- Lack of new multifamily development to create density

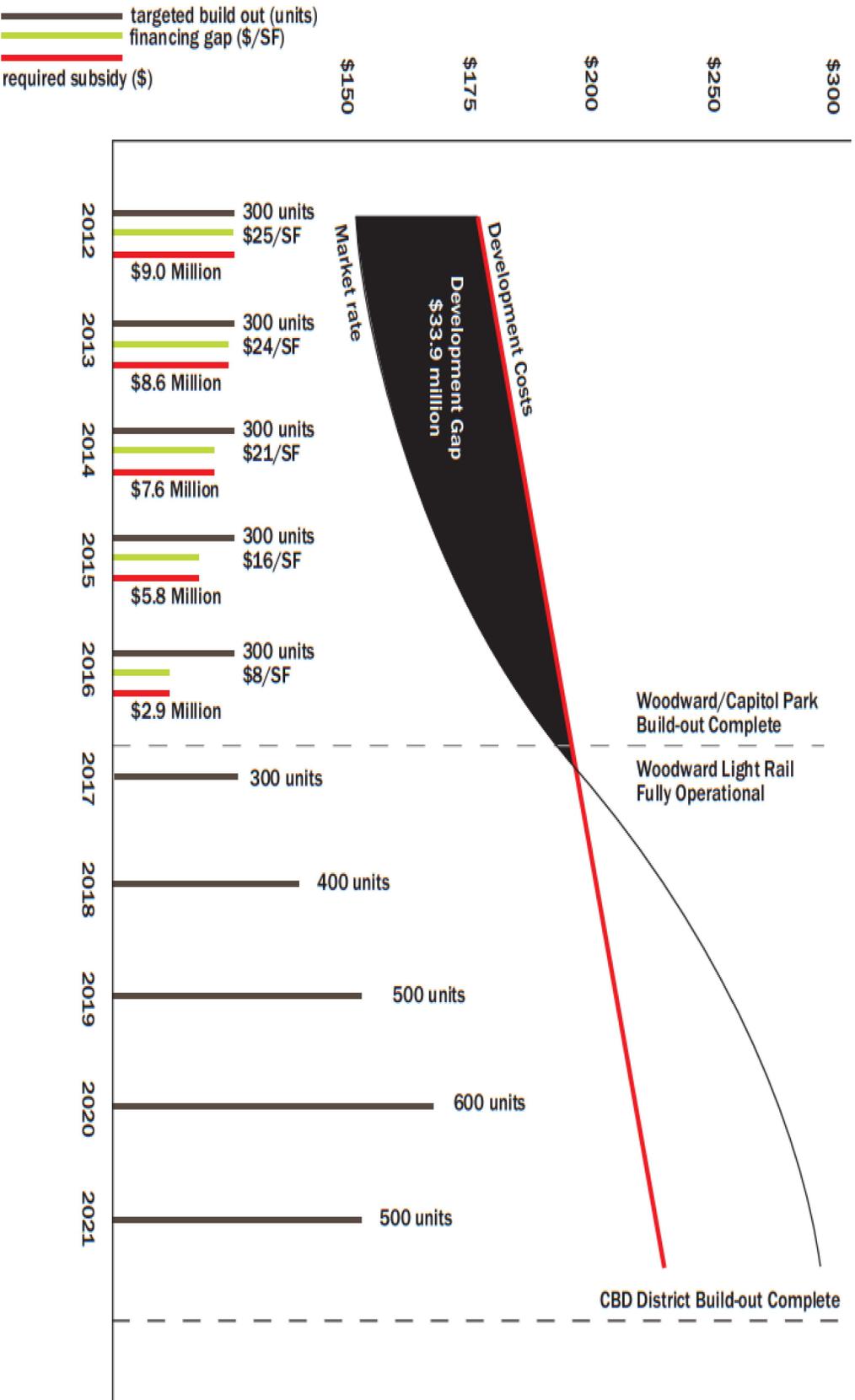
Neighborhood Revitalization Plan

- Turn Livernois-McNichols into a 20-minute neighborhood by launching the six physical transformation initiatives

Livernois-McNichols transformation initiatives

Initiative	Activities
Safety and Public Services	<ul style="list-style-type: none">• New and existing lighting improvements• Increased code enforcement and nuisance abatement• Coordination with 12th precinct and community police
Single-Family Residential Stabilization	<ul style="list-style-type: none">• 0% Interest Home Repair Loans and Detroit Home Mortgage• Fitzgerald redevelopment pilot• DLBA auction and sidelot sales
Planning, Placemaking and Open Spaces	<ul style="list-style-type: none">• Fitzgerald neighborhood comprehensive vacant land framework• Commercial corridor market study• Streetscape design and phasing plan
Small Business and Retail Development	<ul style="list-style-type: none">• Motor City Match• Façade improvement programs• Local procurement program
Multifamily and Mixed-Use Development	<ul style="list-style-type: none">• Use publicly-owned property for mixed-use development• Negotiate the acquisition of key sites• Coordinate and leverage public funding resources
Mobility	<ul style="list-style-type: none">• Collaborate with DDOT on improved bus service• Inner Circle Greenway• Streetscape and bike lane plan

Woodward Corridor investment strategy

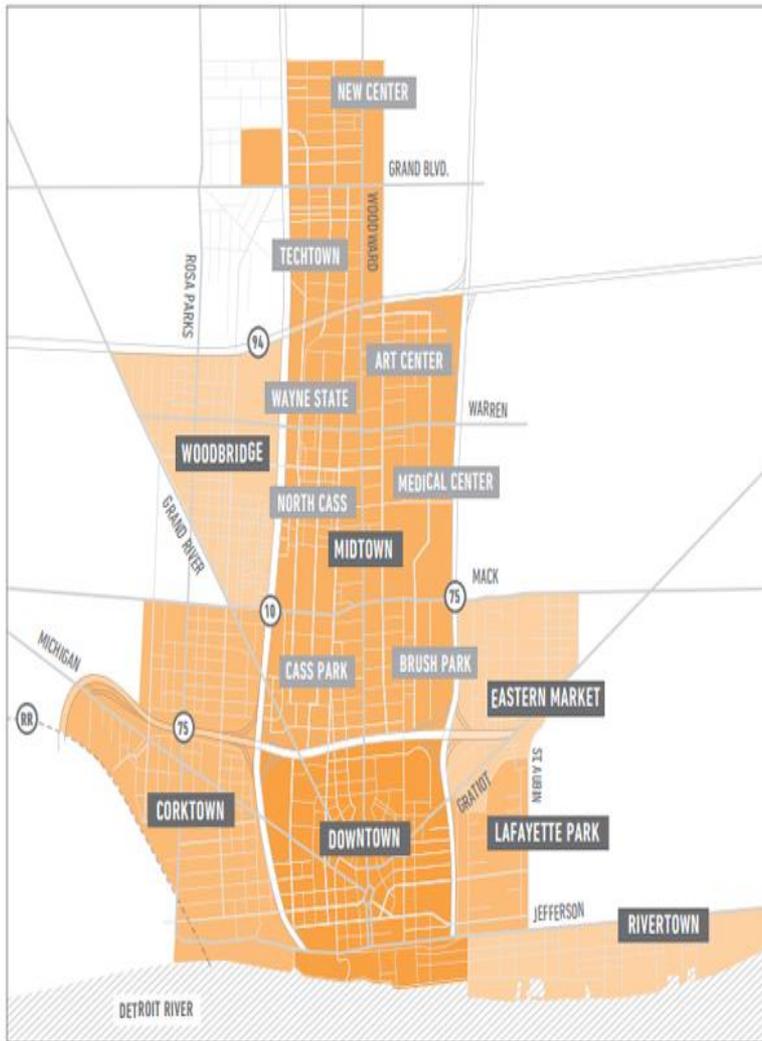


Strategic neighborhoods fund



- **3 Initial Target Neighborhoods**
- **8-12 Blocks Each**
- **3-5 Projects in Each**
- **5+ Year Commitment**

Downtown and Midtown transformation



Housing

- Occupancy rates Downtown and Midtown running 98%
- Rental rates have increased from \$1.41 PSF before 2010 to \$1.99 PSF currently

Large-Scale Transformative Development

- New Red Wings Arena and surrounding redevelopment (District Detroit) will result in:
 - \$1.2B in new investment (up from \$650MM in initial projection)
 - 800-1,000 new housing units
 - 200,000 sq ft of new office and retail space
 - M-1 Rail construction complete in Fall 2016 and open for service in Spring 2017
- Future large-scale redevelopment includes Joe Louis Arena and Hudson's site

Corporate and Retail Attraction

- Bedrock Real Estate has acquired 80+ buildings and 10 million square feet of commercial space and is running a full scale leasing and development operation
- Ally Financial relocating 1,500 employees downtown including 600 employees from other locations
- Multiple national retailers moving in including Nike and Carhartt and multiple small businesses have opened downtown

Housing pipeline

As of Sept 2016

Units completed

Units that have been completed and are market-ready

Units anticipated

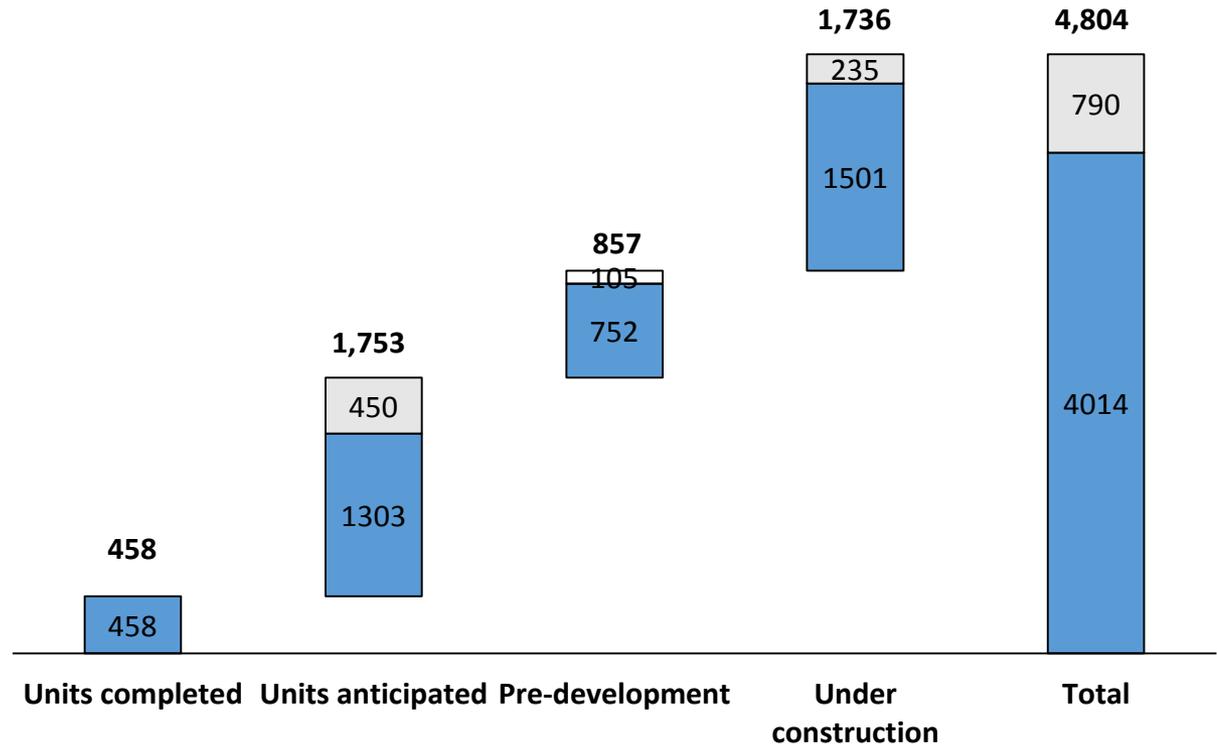
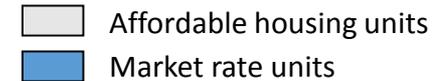
Units for which the City of Detroit credibly anticipates development

Pre-development

Units for which a building permit has been applied or site plans have been approved

Under construction

Units for which building permits have been issued



Neighborhood revitalization investments needed

Category	Funding Needed
Planning	<ul style="list-style-type: none">• Hire consultants to complete design, development and market studies
Infrastructure Investment	<ul style="list-style-type: none">• Maintain and improve streetscape• Improve roads• Create bike lanes• Create greenways• Improve stormwater and drainage management• Enhance street lighting
Residential and Retail Development	<ul style="list-style-type: none">• Funding for entrepreneurs• Home buying assistance programs
Team Capacity	<ul style="list-style-type: none">• Additional planners, architects, and urban designers to planning department• Additional business development professionals to attract small businesses to neighborhoods and create incentive districts

Fiscal impact example: multifamily development

Key Assumptions	Revenue Source	Years 0-3 Projected Revenue \$000's
• 100 unit development with 20% affordable housing	Land Sales	0
• 1,500 square feet/unit	Real Property Tax¹	0
• \$215 construction cost/square foot	Personal Income Tax - Contractors	194
• 5,000 square feet retail	Personal Income Tax - Residents	166
• \$33MM total investment	Personal Income Tax – Retail Employees	9
• 65% new residents	Corporate Income Tax - Contractors	16
• Property taxes on improvements to land abated for 10-12 years	Corporate Income Tax - Retail	6
	Utility User's Tax	17
	Gross Tax Revenue Years 0-3	408

¹Excludes school millages which are not abated

Incentives overview – real estate development

Incentives Underwriting Process

Step	Description
“But-For” Test	<ul style="list-style-type: none">• Applications must demonstrate that “but for” the abatement the project would not be feasible<ul style="list-style-type: none">– <u>Internal rate of return</u> – target of 15-20% with abatement– <u>Debt-service coverage ratio</u> – 1-1.5X
Fiscal Benefits	<ul style="list-style-type: none">• Project must provide a net benefit to the City of Detroit (incremental revenue generated minus incremental cost)
Strategic Impact	<ul style="list-style-type: none">• Consistent with overall strategic and tactical plans and supports job creation for Detroiters

Existing Incentives

Commercial Rehabilitation Exemption (PA210)

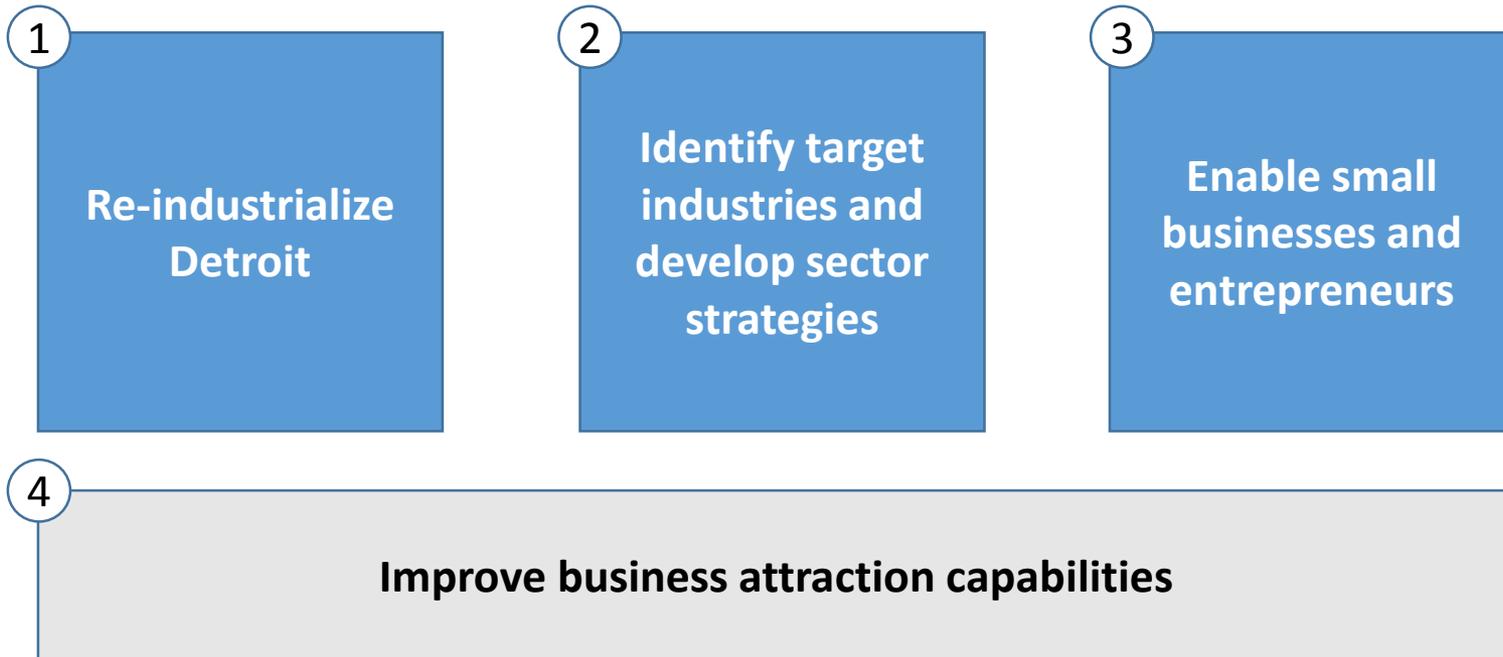
Freezes assessment on a commercial property before any improvements to the property are made for a period of up to 10 years (excludes school millage)

Obsolete Property Rehabilitation Act (OPRA) (PA146)

Freezes assessment on an obsolete commercial property before any improvements to the property are made for a period of up to 12 years (excludes school millage)

2 Create New Jobs

Job creation overview



1 Re-industrializing Detroit

Overview

Develop a specific attraction strategy for auto supplier manufacturing

Key elements

- Identify those auto suppliers who benefit from the logistics advantage to proximity to 12 local assembly plants
- Determine which suppliers will be awarded parts for upcoming product launches
- Work with auto suppliers, OEMs and unions to locate supplier manufacturing in Detroit

Assemble and prepare land for industrial use

- Complete industrial land mapping study of the City of Detroit
- Assemble land and make necessary infrastructure investments

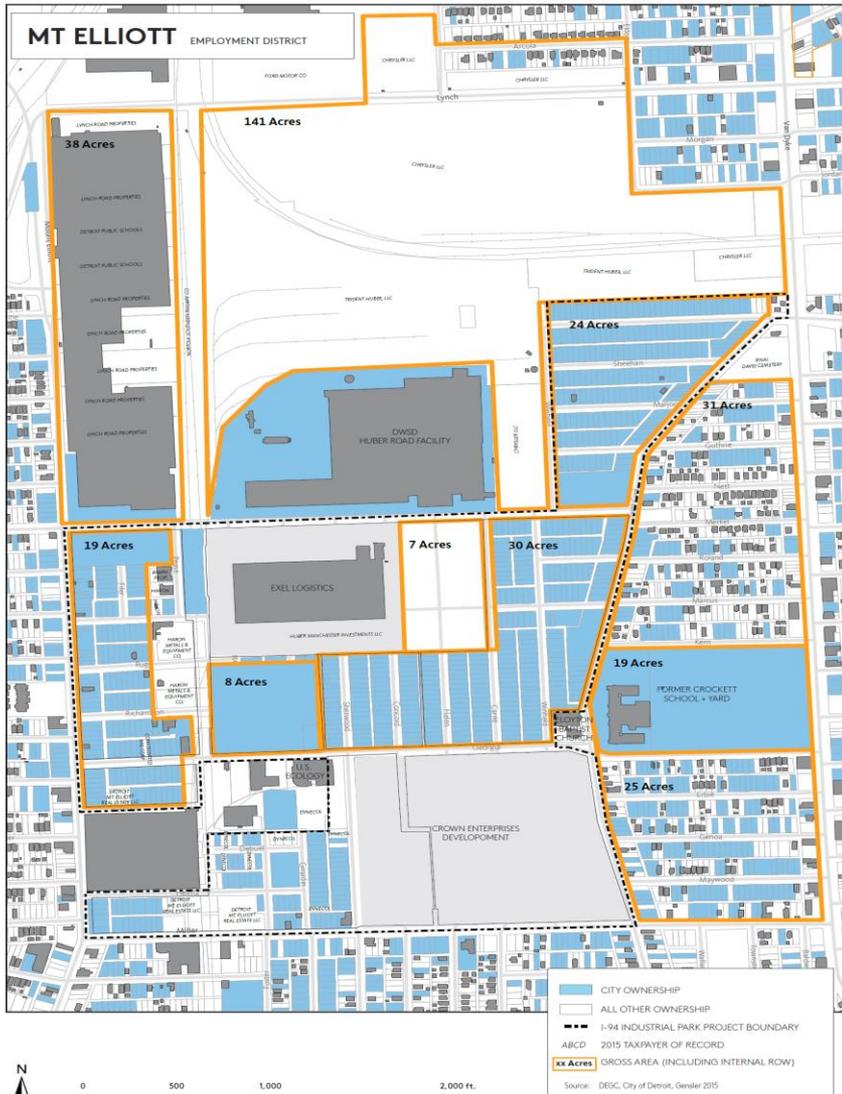
Increase business attraction and industrial development resources

- Secured \$900k in grant funding from US Department of Commerce to hire two people for next three years

1 Recent industrial transactions validate strategy

Company	Investment	Date Announced
	Auto supplier investing \$100MM to open new manufacturing site with 400-700 jobs	2016
	Lear is opening design and technical center in downtown Detroit creating 75 jobs	2016
	American Axle is opening a research and technical center on its existing Detroit campus creating 75 jobs	2016
	Auto supplier opened a manufacturing location on SW side with 350 new jobs	2015
	LIFT is a \$140MM federally funded lightweight metals research institute that opened in 2015	2014

1 Repurposing vacant land – I-94 Industrial Park



Overview

The I-94 Industrial Park is a 200+ acre industrial area on the east side of Detroit that has been methodically developed and assembled by Detroit Economic Growth Corporation (DEGC)

Site development

- DEGC's primary goal has been to assemble contiguous 20+ acre sites for industrial purposes
- Activities include land assembly, demolition of structures, environmental assessment, demolishing alleys, and relocating utilities
- US Department of Commerce recently awarded \$3MM grant to reconstruct Georgia Street

Industrial attraction

- Flex-N-Gate– manufacturing facility to be built on 30 acre parcel
- Linc Logistics – sequencing facility for General Motors moved into 40 acre parcel

2 Sector strategy example: Food industry

Opportunity

Detroit could add up to **~3,800 jobs** by reaching parity with nation on underrepresented food industry sub-sectors

Strategy

- Sector strategy should focus on **processing, manufacturing, and distribution (P/M/D) segments** of the value chain
- There are 5 foundational elements that should be supported across large and small businesses: **physical space, infrastructure, workforce/technical support, financing, regulatory environment**
- The largest opportunities to address pain points in Detroit's current landscape reside in **physical space and workforce/technical support**

Execution

Resourcing sector strategy appropriately and **executing high-priority deals** could result in several quick wins while setting the foundation to support long term growth

3 Investing in small business – Motor City Match

Home - Motor City Match | www.motorcitymatch.com

Resources Building Owner Business Owner News & Events Contact

MOTORCITYMATCH
DETROIT'S BUSINESS CHALLENGE

\$500,000 EACH QUARTER

IN GRANTS TO BUSINESS & BUILDING OWNERS

Motor City Match connects new and expanding businesses with Detroit's quality real estate opportunities, providing them with funding and tools to fuel the city's entrepreneurial revolution.

[Apply Now](#)

2016 Grant Winner
BLACK PRIDE BEAUTY, LLC.

Helping Business go from Idea to Open

Round 4 applications open on March 1 and close April 1 for Building Owners and Business Owners.

12:49 PM
4/12/2016

Program Overview

- Program administered by DEGC and funded by federal CDGB dollars to invest \$500k in small businesses each quarter
- Small business owners and building owners can apply for up to \$100,000 in funding to invest in their business
- \$1.5 million in grants awarded so far to 291 business and building owners
- 70% have been minority owned and 67% have been women owned
- 5 businesses opened, 6 businesses under construction, 63 jobs created

4 Improving business attraction capabilities

	Current state	Ideal state
Attraction	Fragmented, reactive deal process, limited outreach	Sector-specific initiatives, proactive lead generation, "white glove" deal execution
Retention/ expansion (BRE)	Perform some retention activities, but limited strategy to encourage expansion	Proactive relationship management with existing companies from sector experts, able to craft business case for expansion
Incentives	Mechanical process with 'one size fits all' approach to incentives	Customizable solutions tailored to meet needs of client, leverage non-financial incentives (e.g. workforce training)
Strategy/ analytics	Extremely limited capacity to develop strategy or provide data/analytical support	Develop/refine overall strategy, support sector-specific initiatives, provide custom data/analytics to new leads and partners
Marketing/ comms	Non-existent	Craft and manage cohesive marketing message for Detroit that is aligned with strategy and integrates with State/Region

Business attraction investments needed

Category

Funding Needed

Team Capacity

- Add additional staff capacity at DEGC:
 - Attraction and retention
 - Incentives
 - Strategy and analytics
 - Marketing and communications

Land Assembly + Infrastructure Investment

- Make additional infrastructure investments in upgrading quality of key commercial streets
- Acquire privately owned parcels to create larger contiguous city-owned parcels as part of land assembly strategy
- Conduct environmental assessments of existing properties
- Relocate utilities and prep sites to make them shovel-ready

Fiscal impact example: industrial development

Key Assumptions	Revenue Source	Years 0-3 Projected Revenue \$000's
• 100,000 square feet manufacturing facility	Land Sales	0
• \$100 construction cost/square foot	Real Property Tax¹	255
• 150 FTEs	Personal Income Tax - Contractors	58
• \$10MM total investment	Personal Income Tax - Employees	345
• Property taxes on improvements to land abated for 12 years	Corporate Income Tax - Contractors	5
	Utility User's Tax	N/A
	Gross Tax Revenue Years 0-3	663

¹Only 50% of property taxes abated on new industrial construction

Incentives Overview – Industrial Development

Incentives Underwriting Process

Step	Description
“But-For” Test	<ul style="list-style-type: none">Applications must demonstrate that “but for” the abatement the project would happen in a different location under consideration because that location provided a better alternative
Fiscal Benefits	<ul style="list-style-type: none">Project must provide a net benefit to the City of Detroit (incremental revenue generated minus incremental cost)
Strategic Impact	<ul style="list-style-type: none">Consistent with overall strategic and tactical plans and supports job creation for Detroiters

Existing Incentives

Industrial Facilities Exemption (PA 198)

Provides property tax abatement of between 50-100% for renovating an existing industrial facility or building a new industrial facility for up to 10 years

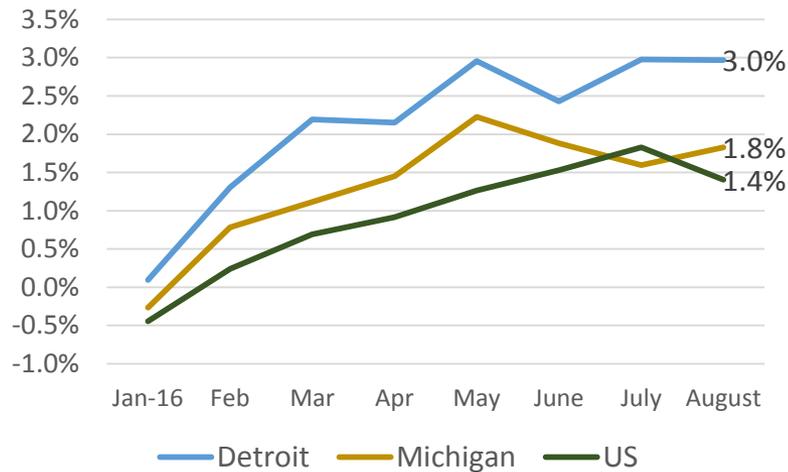
Detroit Next Michigan Development Corporation (D-NMDC) Renaissance Zone (PA 275)

Fully abates property tax (excluding debt mills), City of Detroit corporate income tax, and utility user’s tax for a period of up to 10 years (with a 5-year extension); 9 Ren Zones left to award after Flex-N-Gate

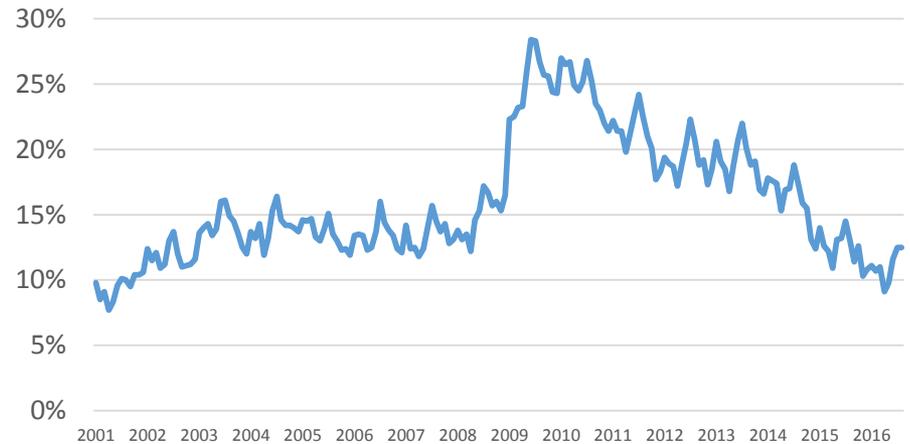
3 Employ More Detroiters

Detroit has made progress

DETROIT EMPLOYMENT GROWTH OUTPACING MICHIGAN, U.S.



UNEMPLOYMENT RATE TRENDING DOWN

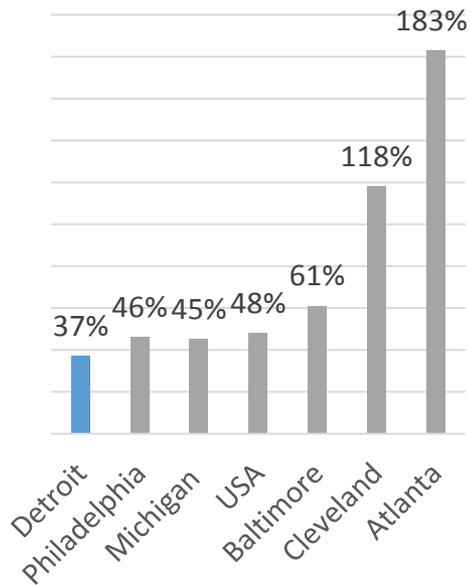


14,247 More Detroiters Employed Since 2014

But still lags in employment and jobs

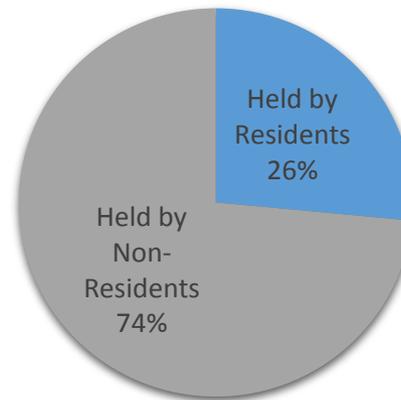
1 job for every 3 residents

Jobs as % of population
2014



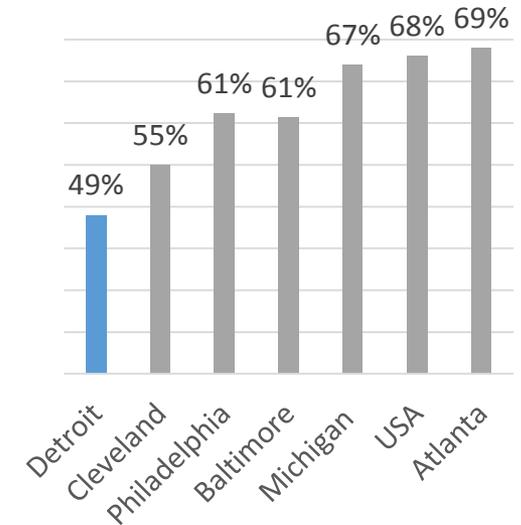
3 out of 4 jobs held by non-residents

Share of jobs in Detroit
2014



Employment rate lags nation

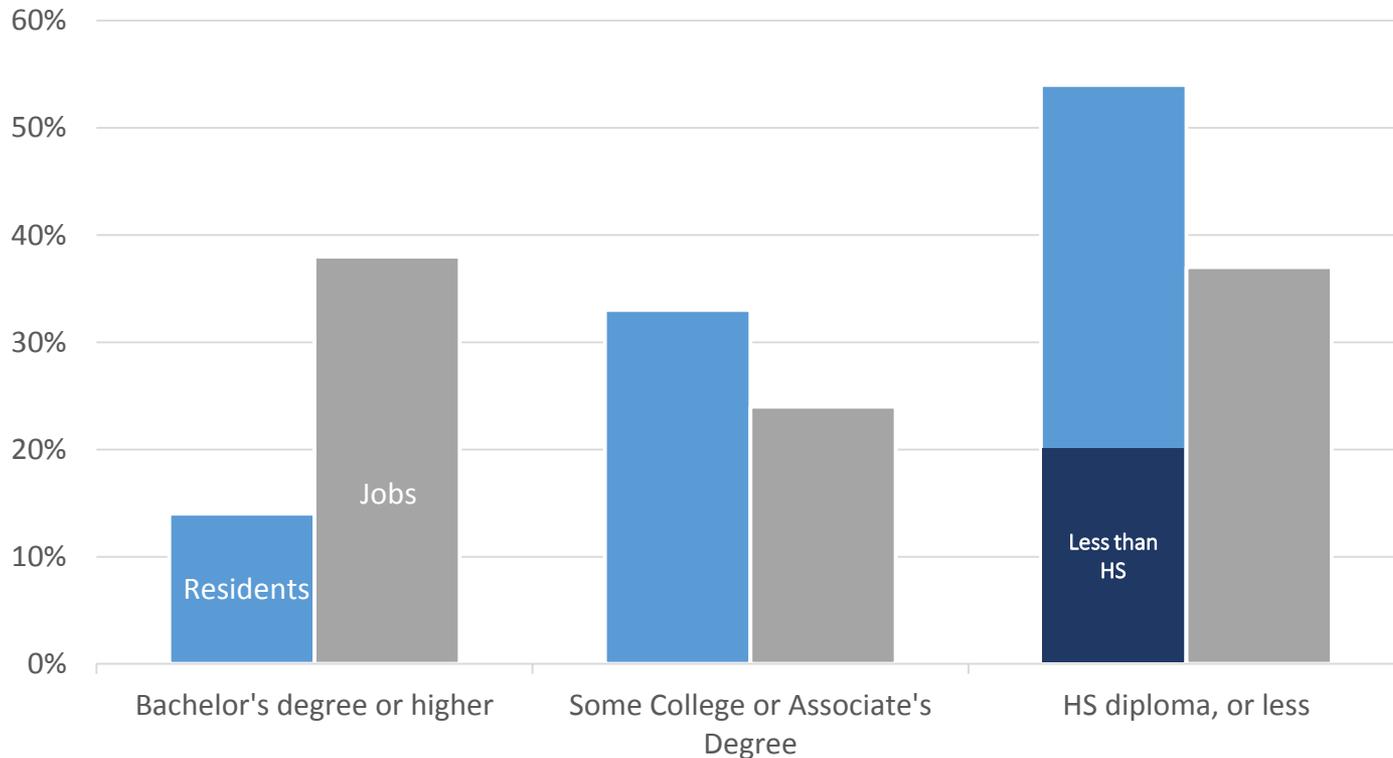
% residents employed ages 16-64
2014



Disconnect between education and requirements

Detroit Educational Attainment vs Job Requirements

2014



Too few Detroiters with Bachelor's degrees, too many with a HS diploma or less

Current and future Detroit-area hiring needs

	City of Detroit Jobs
Now: Average Hires Quarterly (2012 – 2015) “churn rate”	27,000
Future: Projected Retirements (2016-2021)	40,000+

Not to mention the thousands of new jobs coming to the city . . .



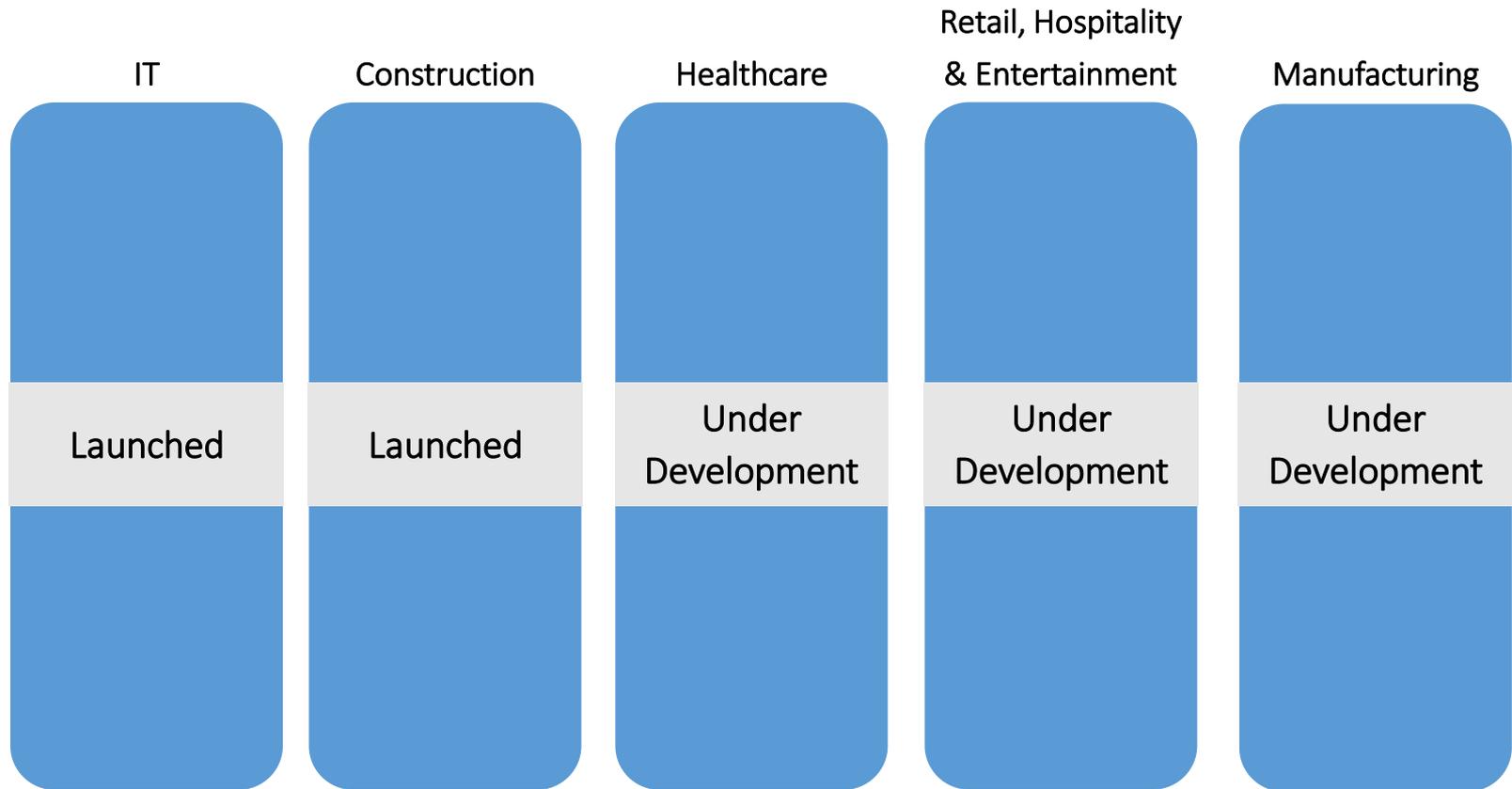
Systematic approach to increasing employment

- Shift system to a needs–based focus, aligning metrics and resources to meet resident and employer needs
 - Leadership of the Mayor’s Workforce Development Board
 - Development of industry training programs
- Enhance and unify existing programs
 - Youth Strategy
- Develop shared infrastructure and funding
 - SNAP 50/50

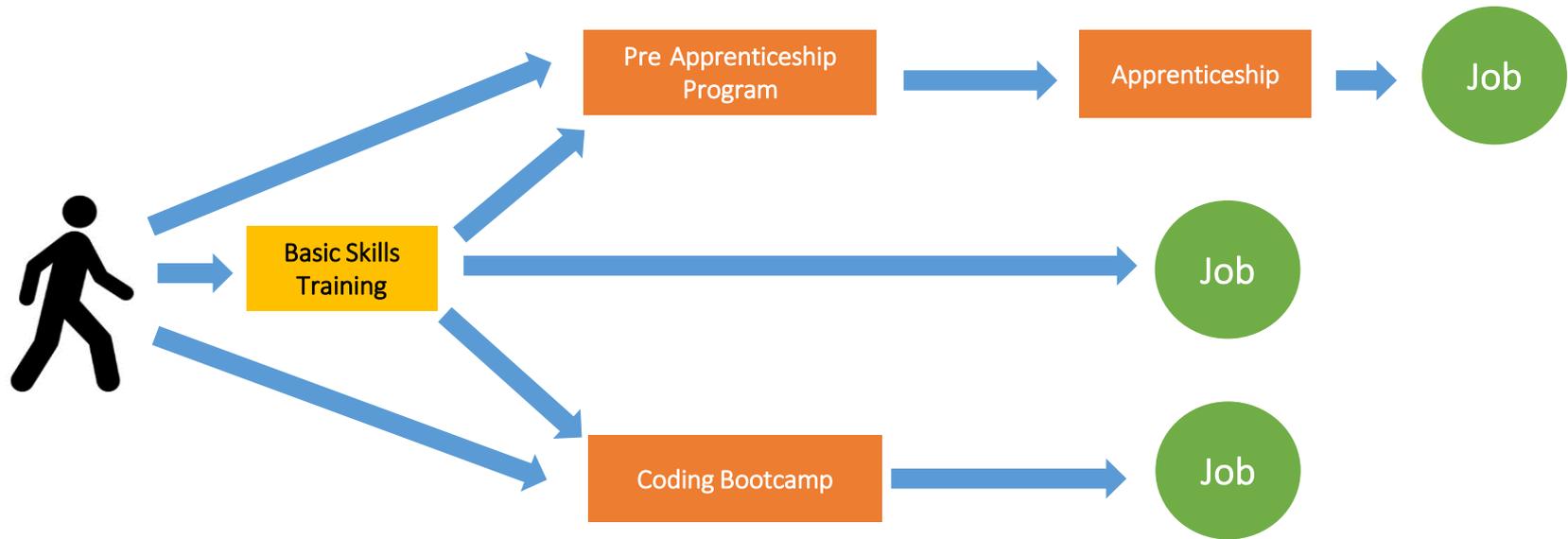
Workforce Development Board Members



Detroit @ Work Industry Partnerships



IT Industry Program: TechHire



Training 152 residents with \$750k in federal, corporate, and philanthropic funds

Aligning existing programs into a youth strategy



Grow Detroit's Young Talent (Summer Youth Employment)

- 8,100 Youth employed in Summer of 2016
- **Enhancing the summer experience and connecting students to career pathways**
- **Youth earn Certifications**



Linked Learning at Detroit Public Schools

- Development of career and industry focused pathways at 20 high schools
- **Adding 200 Co-Op experiences during the school year**
- **Develop World Class Career Technical Center for HS/Adult Skilled Trades/Construction training**



Detroit Promise

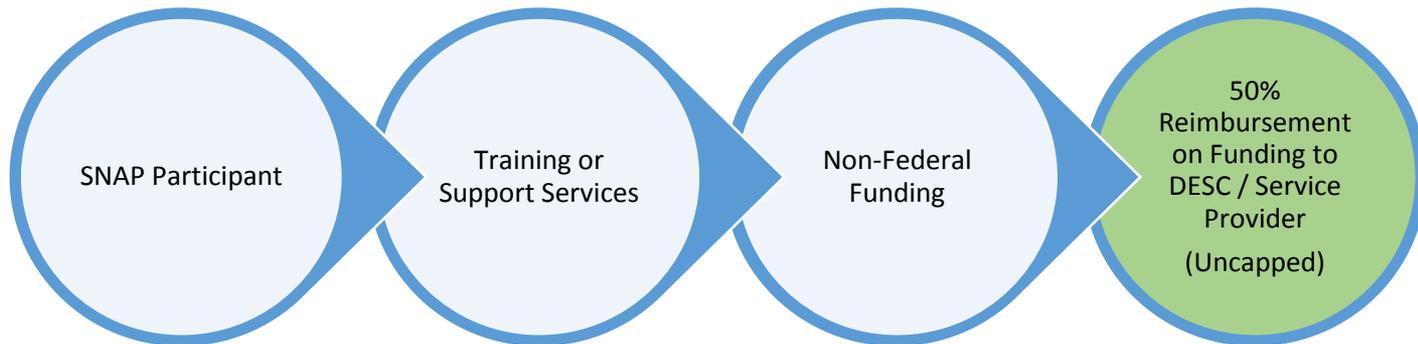
- Tuition-free path to an associate degree or technical certificate for Detroit HS graduates from Henry Ford, Wayne, Oakland, Macomb or Schoolcraft College

Enhancing employment experiences, developing career pathways, and reconnecting Opportunity Youth

SNAP 50/50 Reimbursement Program



- 1.5 million food assistance participants in the State of Michigan
- 270,000 in the City of Detroit
- 160,000 are working age
- Employment is the best way to move people off of nutrition assistance



The SNAP reimbursement program will increase existing funding by 50%

Fiscal impact of increased employment

For every

$$1,000 \times \$30,000 \times 2.4\% = \$720,000$$

Detroiters
who re-enter
the workforce

annual salary, based
on an average \$15/hr
wage

income tax
rate for
residents

in income tax revenue
collected annually

Increased employment is a key revenue driver for the City

City of Detroit economic development overview

1 Attract and Retain Residents

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 - Most aggressive blight removal and land bank program in the country
 - Delivering basic services more efficiently and effectively
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 - Identifying key planning areas to focus resources on
 - Launching “20-Minute Neighborhood” revitalization strategies in key neighborhoods and commercial corridors
- **Transform downtown Detroit** through large-scale development projects like Red Wings Arena, District Detroit and M-1 Rail

2 Create New Jobs

- **Re-industrialize Detroit** by bringing back manufacturing jobs
- **Identify target industries and develop sector strategies** for other sectors
- **Enable small businesses and entrepreneurs** to launch businesses
- **Improve business attraction capabilities** by adding additional staff and expertise

3 Employ more Detroiters

- **Creation of Mayor’s Workforce Development Board** composed of 22 C-suite leaders
- **Creation of industry councils in manufacturing, IT, healthcare, and retail/hospitality** to increase employment in those sectors
- **Focus on special projects** like Summer Youth Employment and Returning Citizens



SEPTEMBER 2016 CONSENSUS REVENUE ESTIMATING CONFERENCE



George A. Fulton, Ph.D.
Research Professor and Director
Research Seminar in
Quantitative Economics (RSQE)
Department of Economics
University of Michigan

John Hill
Chief Financial Officer
City of Detroit

Jay Wortley
Chief Economist and Director
Office of Revenue and Tax Analysis
State of Michigan
Department of Treasury

September 22, 2016

**Commentary for
September 2016 Revenue Estimating Conference
Thursday September 22, 2016
2:00 p.m. – 4:00 p.m.**

George Fulton, PhD, Director, Research Seminar in Quantitative Economics, University of Michigan called the conference to order at 2:07 pm in compliance with PA 182 of 2014 and introduced the City of Detroit Revenue Estimating Conference principals as follows:

- John W. Hill, Chief Financial Officer, City of Detroit
- Jay Wortley, Chief Economist and Director, Office of Revenue and Tax Analysis, State of Michigan Department of Treasury
- George Fulton, PhD, Director, Research Seminar in Quantitative Economics (RSQE), University of Michigan; Research Professor, Institute for Research on Labor, Employment, and the Economy, University of Michigan; Director, Center for Labor Market Research, University of Michigan and Revenue Estimating Conference Chairperson

Opening Remarks:

Dr. Fulton opened the conference with a brief overview of the conference requirements pursuant to the City of Detroit Bankruptcy, and subsequent reporting requirements via the provisions of **MI PA 279 of 1909 Chapter 117, Section 4t(d) commonly known as the “Home Rule City Act”** that mandate conferences be held in February and September of each year. This is the fourth conference and Dr. George Fulton continues to serve as Chairperson of the City of Detroit Revenue Estimating Conference for calendar year 2016.

Dr. Fulton reviewed the agenda and introduced Tanya Stoudemire, J.D., Deputy CFO/Budget Director, OCFO-Office of Budget, City of Detroit and the other City of Detroit representatives as follows:

- Irvin Corley, Executive Policy Manager, City Council Legislative Policy Division
- Mark Lockridge, Auditor General, Office of the Auditor General

Opening remarks were made by each of the principals.

Context for the Economic and Revenue Forecasts and Remarks:

Mr. Wortley provided a brief summary of MI economic revenue and tax analytical findings, and a brief overview of the *“Consensus Revenue Agreement Executive Summary, May 17, 2016 – Economic and Revenue Forecasts for Fiscal Years 2016, 2017 and 2018”*. Updates to the May forecast include:

- GDP growth of 1.9% in 2017; economy slowing down.
- Inflation estimates include a 1% pick-up in 2017 to 1.1%.
- Unemployment estimates remain unchanged with the US unemployment rate estimated at 4.9% for 2016 and 4.8% for 2017.
- Light vehicle sales not expected to meet the 17.6 million previously estimated for 2016.

Dr. Fulton remarked that the RSQE U.S. Economic Outlook (FY 2016 – 2018) forecast was released last week on September 16, 2016.

Dr. Fulton indicated that the City's revenue estimates were tilted towards the "conservative" side of outcomes. There was a 1.7% difference from the previous forecast. State of MI was a little more optimistic with their projections in some cases and that the City of Detroit financial forecasts, especially for revenues, should remain conservative. Dr. Fulton's remarks on the US economic outlook:

- U of M RSQE forecasts moderate growth, GDP estimate at 1.5% for 2016 and 2.4% for 2017.
- No change in inflation estimate for 2016; weaker inflation in 2017 and 2018 (1.7% and 2.0%, respectively).
- No change in unemployment rates.
- Light vehicle sales down from forecast; however sales still at stellar levels. Sales to hold at 17 million units for the forecast period.

Dr. Fulton sees no issues for the City of Detroit's revenue forecast from the underlying US economic forecast model. Also, a recession is not expected in the near future.

John Hill welcomed everyone to the fourth conference and made the following remarks:

- The City continues to be conservative with its revenue estimates.
- The City will continue to hold an additional revenue conference in May of each year to: 1) determine the impact to for the FY 2017 revenues; and, 2) Determine early implications for the 2018 budget. If negative implications are found, he is compelled to make recommendations to the Mayor and City Council to remedy the issue.

City of Detroit Deputy Mayor for Economic Policy, Planning and Strategy, Dr. Carol O'Cleireacain, discussed risks to the forecast.

- Uncertainty exists in the economic forecast; however, no one is calling a recession. The economic expansion is 7 years old- longer than normal. CBO notes long periods of expansion are usually followed by recessions within 2 years. Odds of a recession are within 24%. The CBO expects 2% annual growth over the next decade versus 3.2% historical growth over the past 50 years. Secular stagnation resulting in a fundamental shift in the economy.
- City of Detroit Income Tax Revenues, institutional constraints exist. Good news- income tax returns filed increased by 100,000; bad news- did not result in increased revenues. E-filing made it easier to file. Most of the new returns filed were from non-residents, who pay at the lower rate. The State of MI has mailed letters to taxpayers who owe with little results. Universal withholding is a major compliance tool. If universal withholding was in place, the City would have collected \$15 million to \$25 million more in income taxes. Until universal withholding is in place, the City is held hostage to ineffective revenue collections.

Mr. Hill asked a question regarding a fundamental shift in the U.S. economy regarding capital flowing to other economies. Is it possible that there will be a shift in capital back to the U.S.? Dr. Carol O'Cleireacain responded that fiscal policy is not as effective in turning the economy as monetary policy. There is a need for infrastructure investment, and can that infrastructure investment come to Detroit? Mr. Wortley commented that there is a cyclical response and investment overseas that can swing back to the U.S.

Dr. Fulton remarked that he wanted to lend his voice to the importance of universal withholding. He is on the same page as Dr. O’Cleireacain.

Presentation & Discussion of the City’s Revenue Conference Estimates:

Mr. Fulton introduced Tanya Stoudemire to present the City’s revenue estimates, which were developed through a collaborative effort between the Office of Budget, Auditor General’s Office and the Legislative Policy Division, Detroit City Council.

Ms. Stoudemire provided an overview of the process used by the revenue estimating consensus participants to discuss City revenue collections for the City’s Fiscal Year-end 2016, and estimate collections for the next four fiscal years (FY 2017 – FY 2021). Discussions included a forecast of economic conditions that impact the City of Detroit revenues presented by Dr. Eric Scorsone, of Michigan State University.

Ms. Stoudemire noted the September FY 2016 conference General Fund estimate was \$1.045 billion compared to \$1.048 billion from the February consensus. A discussion of the charts presented on Pages 1 through 3 followed. Revenues are estimated to increase \$3.3 million over audited FY 2015 collections after adjustments for one-time activity. A description of the five major categories of City revenues was also provided.

Income Tax Collections:

Income Taxes discussion shown on Page 5 are trending upward. The conference participants estimated a 2% growth rate for FY 2017 through FY 2021.

- Dr. Fulton asked why the participants agreed on a 2% steady growth when the growth rate over the past 4 years was 3.6%- very conservative estimate. Ms. Stoudemire answered that there was concern regarding refund activity with the State and delays with fully staffing. The participants decided on a "wait and see approach".
- Debra Pospiech, OCFO-Deputy Treasurer-Tax, City of Detroit, commented that the State still has 55,000 returns to process. Current refunds are at the previous year’s levels. Also, there are 32,500 returns with an amount owed to the City, amounting to \$15 million.
- With regard to Municipal Income Tax collections, Mr. Wortley asked of the \$268 million collected, how much was received from corporations? Ms. Pospiech answered 5%. Corporate income tax revenues has been at the 3 to 5% level for the past 3 to 6 years, which is contradictory to the development activity occurring in the city.
- Mr. Hill asked for a discussion on the City’s improved compliance efforts. Ms. Pospiech commented that the City, in partnership with the State, has improved analytics to pursue non-filers/non-payers. The City has developed good working relations with the State, the IRS and the business community. The Detroit Regional Chamber of Commerce has asked the City to host a seminar on filing city taxes.
- Mr. Irvin Corley asked about the E-pay process. Ms. Pospiech responded that there will be some boost in collections, but this is still an issue without universal withholding.

Property Taxes:

Property Taxes presented on Page 6 are shown as declining. The conference participants lowered revenue estimates to \$117 million in FY 2017 with 0% growth projected for FY 2018 through FY 2021.

- Dr. Fulton inquired that the property tax consensus was zero growth for FY 2017-2021; after reassessments, will that result in a one-time hit to revenues. Deputy CFO, Chief Assessor, Mr. Alvin Horhn indicated that reappraisals will not significantly change the property tax valuations.
- Mr. Wortley indicated that the city should receive \$4 million from Personal Property Tax reimbursements from the state due to losses occurring from the change in state law. MI Treasury estimates the \$4 million reimbursement due to losses on the debt service millage- losses occurring in the Renaissance Zones. No losses calculated due to the city's operating millage.
- Mr. Wortley asked about the city's improved property tax collection rate. Mr. Horhn answered that this higher collection should continue. Ms. Pospiech commented that the Treasury office is working on a variety of methods to improve payments and payment options.
- With regards to the Wayne County Revolving Fund: Mr. Horhn commented that we don't know what foreclosure levels will be. The state law that temporarily lowered interest rates on delinquent property taxes is set to expire and will increase back to 18%. More people on payment plans means money to the city but less from the Wayne County Revolving Fund.
- Property assessments: from Mr. Horhn, assessments are going up in certain areas of the city; offset by lower values in other areas. Property Taxes in commercial areas are consistent; just started the commercial property reappraisals. Some of the work was performed by city employees.

Utility Users' Taxes:

Utility Users tax projections remain flat. Question from Dr. Fulton: Would new construction help utility users' tax revenues? Answered by Ms. Stoudemire: New construction would help revenues; however, it would be offset by more demolition activity in the city leading to more green space.

Casino Taxes:

Ms. Stoudemire indicated 2% growth is forecasted for casino revenues. Citing the City Council Legislative Policy Division Report most recent report reflects casino revenues are up 5.4% for the 1st half of the year. Dr. Fulton commented that looking at the State's casino forecast, the State has projected a lower growth rate of 1%.

Mr. Wortley indicated that the State uses the same basis in calculating projections as the City, and the projections included in the report were more optimistic than the State's projections through FY 2021. The State's forecast includes a 1% growth rate through 2019.

Both Dr. Fulton and Mr. Wortley considered the City's casino revenue forecast the "least conservative estimate".

Mr. Hill recommended an adjustment to the property tax forecast and to reduce casino revenues to the State's projected growth rate of 1%.

State Revenue Sharing:

A growth rate of less than 1%, (.5%) was forecasted for State Revenue Sharing. Dr. Fulton commented that the City's estimates were lower than the State's estimate. Mr. Wortley indicated that the estimates for both the City and the State are the same in 2017 and slightly higher in 2018 and 2019.

Departmental Revenues and Other Funds:

Ms. Stoudemire continued with a brief overview of the Department Revenue Analysis and All Other General Fund Revenues. Ms. Stoudemire indicated there is a slight decline in departmental revenues due to the deferral of restructuring initiatives and the shifting of some revenues to the grant funds (see chart on Page 9). Other noteworthy changes include reduction to the estimates for real property and equipment sales. However, estimates may change as all assets are being reviewed as part of the City's Capital Agenda preparation. Mr. Corley commented that City Council is greatly interested in the City's Capital Agenda (5- Year Capital Improvement Plan) due on November 1, 2016.

Mr. Hill commented that this is the area that causes him the most concern. The City is taking another look at the Plan of Adjustment initiatives; to replace with better estimates and also to enhance them. There is a lot of pressure on these initiatives to fund future needs and move revenues upward. We will take another look at department revenues in the February conference- believes that estimates are extremely conservative – below where he thinks estimates should be.

Ms. Stoudemire presented a brief review of Non General Fund activity shown on Page 12. The status of the set-asides was discussed. An initial \$111 million budget was reserved in FY 2015: this overfunding of the reserve was reduced in FY 2016 by \$49 million to be used for general fund operations.

Ms. Stoudemire noted an insertion to the Sinking and Interest (Debt Service) Fund on Page 15. The city refunded general obligation bonds in August 2016 that will result in lower principal and interest payments.

Potential downward and upward risks to the forecast were discussed. Dr. Fulton asked Mr. Wortley and Mr. Hill, if there were any additions to the risks; none were noted. Mr. Hill noted that universal withholding is very important to the city. Dr. Fulton commented that there were more downside risks than upward risks and Mr. Hill stated that it is because there are greater consequences to over spending. Dr. Fulton expressed that increasing the tax base is an important positive potential.

Closing Remarks:

Dr. Fulton opened the meeting for remarks from Irvin Corley, City Council Legislative Policy Division and Mark Lockridge, Auditor General. Mr. Corley expressed City Council's concerns about revenues since it is the main source of funding for capital spending. The revenue conference is extremely important to determine the level of spending for capital projects in the future. Mr. Lockridge reiterated that it is important to be conservative in our estimates.

Mr. Fulton had a final question on an update to the issue of "untimely postings". Mr. Hill stated the City has taken several actions:

- Currently performing reconciliations;
- Transferring knowledge from consultants to City employees;

- Turning on functionalities in the new ERP system that will force transactions into the subsystems.

Public Comment:

Mr. Fulton opened the conference to “Public Comment”. There was none.

Consideration & Vote on the Economic and Revenue Forecasts:

Dr. Fulton called for a motion to accept the Consensus Revenue Conference Estimates with adjustments. Mr. Wortley motioned; Mr. Hill seconded the motion. All approved.

The Official Forecast was hereby approved and the forecast will be distributed to the Mayor, City Council and published to the City’s web-site.

Conclusion:

Concluding remarks from the revenue conference principals:

Mr. Wortley thanked his staff and the City staff; and, indicated he was impressed with the approach for reviewing revenues.

Mr. Hill thanked the conference principals and acknowledged Ms. Stoudemire and OCFO staff, City Council staff and the Auditor General staff for their work on the revenue conference. Mr. Hill noted that it takes a lot of the guess work out of the revenue process.

Mr. Fulton thanked everyone for all of their hard work.

Adjournment:

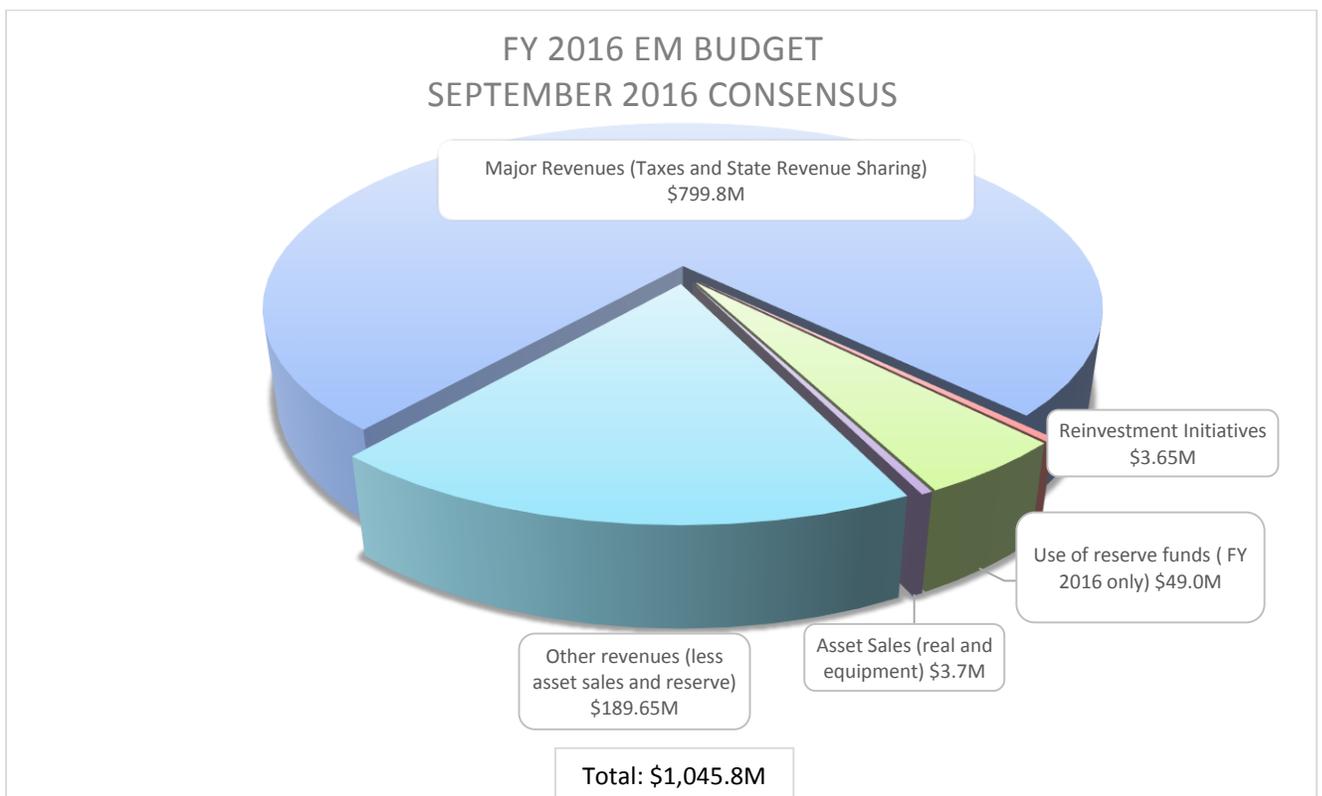
The conference was adjourned at 3:55 p.m.

City of Detroit Consensus Revenue Estimating Conference – Final Report September 2016

The Directors of the City of Detroit Office of Budget, Office of the Auditor General and City Council Legislative Policy Division met in August and September 2016 to discuss the City’s revenue collections for the fiscal year ending 2016, current fiscal year and estimate collections for the next four fiscal years. The participants reviewed and recommended revenue estimates/projections for Fiscal Year 2016 through Fiscal Year 2021. Discussions included a forecast of economic conditions that impact the City of Detroit revenues presented by Dr. Eric Scorsone, of Michigan State University.

OVERVIEW OF CONFERENCE RESULTS

The September 2016 consensus estimate for General Fund revenues for FY 2016 is \$1,045.8 million. The vast majority of the General Fund revenues, over 75%, are from the Major Revenues: Taxes and State Revenue Sharing.



The FY 2016 General Fund Adopted Budget is \$1,071.5 million. This represents a \$25.8 million variance between the September FY 2016 consensus estimate and the FY 2016 General Fund Adopted Budget. This variance is due to an increase in the major revenues of \$48.3 million, offset by a decrease in the reinvestment initiatives of \$37.1 million and a decline in the city's departmental revenues (including asset sales) of \$37 million.

FY 2016 EM BUDGET

<i>General Fund (in millions)</i>	FY 2016 Baseline Budget	One Time/ Reinvestment Initiatives	FY 2016 Total Budget	2016 February Consensus Estimate	2016 September Consensus Estimate	Variance (September Consensus to Budget)	Variance (September Consensus to February)
Major Revenues (Taxes and State Revenue Sharing)	\$ 751.5		\$ 751.5	\$ 786.4	799.8	\$ 48.3	\$ 13.4
<i>Reinvestment Initiatives</i>		40.7	40.7	7.2	3.7	(37.1)	(3.5)
<i>Use of reserve funds (2016 only)</i>		49.0	49.0	49.0	49.0	0.0	0.0
<i>Asset Sales (real and equipment)</i>	9.9		9.9	9.9	3.7	(6.2)	(6.2)
<i>Other revenues (less asset sales and reserve)</i>	220.4		220.4	196.0	189.6	(30.8)	(6.4)
Total (adjusted for bond sales)	\$ 981.8	\$ 89.7	\$ 1,071.5	\$ 1,048.5	\$ 1,045.8	\$ (25.8)	\$ (2.7)

The September 2016 consensus estimate reflects a \$2.7 million (0.3%) decrease from the February 2016 consensus estimate of \$1,048.5 million. This variance between the September and February consensus estimates is due to an increase in the major revenues of \$13.4 million, offset by a decrease in the reinvestment initiatives of \$3.5 million and a decline in the city's departmental revenues (including asset sales) of \$12.6 million.

SEPTEMBER 2016 REVENUE CONSENSUS COMPARISON

When comparing September FY 2016 revenue estimates to FY 2015 CAFR, September FY 2016 revenues have decreased \$14 million. However, FY 2015 CAFR includes the following one-time activity: \$43.3 million Hardest Hit grant revenues and bankruptcy-related recoveries of \$23 million and FY 2016 includes a one-time \$49 million revenue from budget reserve. When taking into account one-time activity, the September FY 2016 revenues are \$3.3 million more than the FY 2015 CAFR.

\$ In millions	FY 2015 Actuals (CAFR)	FY 2016 September Consensus Estimates	Variance FY 2016 Sept Consensus to FY 2015 Actuals	2016			
				EM 2-Year Budget	Feb 2016 Consensus	Sept 2016 Consensus	Variance Sept 2016 to Feb 2016 Consensus
Income Taxes	\$263.4	\$268.0	\$4.6	\$268.4	\$264.0	\$268.0	\$4.0
Property Taxes	126.4	127.9	1.5	100.8	117.0	127.9	10.9
Utility Users Taxes	37.9	35.2	(2.7)	15.9	37.0	35.2	(1.8)
Wagering Taxes	172.5	174.3	1.8	169.0	173.5	174.3	.8
State Rev Sharing	194.8	194.4	(.4)	197.4	194.9	194.4	(.5)
Other Revenues	264.8	246.0	(18.8)	320.0	262.1	246.0	(16.1)
Total General Fund	\$1,059.8	\$1,045.8	(\$14.0)	\$1,071.5	\$1,048.5	\$1,045.8	(\$2.7)

Note:

- [Utility Users Tax Budget](#) FY 2015 actuals and FY 2016 consensus are shown at gross amounts and include the \$12.5M for the Public Lighting Authority.
- The FY 2016 Consensus estimate for [State Revenue Sharing](#) was revised downward in the 2016 February Consensus Conference by the Revenue Conference Principals after receiving additional information from the MI Department of Treasury.
- [Other Revenues FY 2015 Actuals](#) do not include the budgeted Prior Years Surplus amount of \$151.3 million and exit financing/bond proceeds (CAFR adjustment, shown as Other Financing Sources).
- [Other Revenues FY 2016 Actuals*](#) do not include \$9M for Fire Escrow funds allocated to Blight remediation that did not post to the General Fund or Public Lighting revenues of \$26 million not realized by the General Fund; reimbursements by DTE were made directly to the contractor.
- [Other Revenues](#) excludes bond proceeds in both FY 2015 and 2016 of \$154.9 million and \$245.0 million, respectively.

SEPTEMBER 2016 REVENUE CONSENSUS RESULTS

The September 2016 conference includes a consensus estimate for Fiscal Year-end 2016 and determined revenue projections for Fiscal Years 2017, 2018 and 2019. The conference developed a trend line forecast of General Fund Revenues for Fiscal Years 2020 and 2021.

	Income Tax	Property Tax	Utility Users	Wagering Tax	State Rev Sharing	Other Revenues	Total General Fund Revenues
FY 2017 *							
Sept 2016 Consensus	\$ 273.4	\$ 117.0	\$ 35.0	\$ 175.9	\$ 195.3	\$ 211.7	\$ 1,008.3
Feb 2016 Consensus	266.6	117.0	37.0	175.2	195.9	218.1	1009.8
Variance Sept over Feb	2.6%	0.0%	-5.4%	0.4%	-0.3%	-2.9%	-0.2%
* (Total excludes budget surplus of \$67.85 million)							
FY 2018							
Sept 2016 Consensus	\$ 278.8	\$ 117.0	\$ 35.0	\$ 178.2	\$ 196.9	\$ 213.4	\$ 1,019.3
Feb 2016 Consensus	269.3	117.6	37.0	177.0	196.9	220.9	1018.7
Variance Sept over Feb	3.5%	-0.5%	-5.4%	0.7%	0.0%	-3.4%	0.1%
FY 2019							
Sept 2016 Consensus	\$ 284.4	\$ 117.0	\$ 35.0	\$ 179.9	\$ 197.5	\$ 214.0	\$ 1,027.8
Feb 2016 Consensus	272.0	118.2	37.0	178.8	197.9	222.6	1,026.4
Variance Sept over Feb	4.6%	-1.0%	-5.4%	0.6%	-0.2%	-3.9%	0.1%
Long Term Trend							
FY 2020	\$ 290.1	\$ 117.0	\$ 35.0	\$ 181.7	\$ 198.3	\$ 216.2	\$ 1,038.3
	2.0%	0.0%	0.0%	1.0%	0.4%	1.0%	1.0%
FY 2021	\$ 295.9	\$ 117.0	\$ 35.0	\$ 183.6	\$ 199.2	\$ 219.9	\$ 1,050.6
	2.0%	0.0%	0.0%	1.0%	0.5%	1.7%	1.2%

Note: The FY 2017 Consensus estimates for [State Revenue Sharing](#) was revised downward in the 2016 February Consensus Conference by the Revenue Conference Principals after receiving additional information from the MI Department of Treasury.

MAJOR REVENUES DISCUSSION

The City of Detroit has five major revenues that represent over 75% of General Fund revenues per the fiscal year 2015 results: Income Tax, Property Tax, State Revenue Sharing, Wagering Tax (Casinos) and Utility Users' Tax. This year, the City's internal participants began the process with an in-depth review of department revenues followed by a discussion of the city's major revenues and current economic climate. The task was to estimate General Fund major revenues and department revenues for the fiscal year-end 2016, and project revenues for the current Fiscal Year 2017 through Fiscal Year 2021. Using financial system reports, department sub-ledger reports, current operational analysis and local economic data, the participants individually determined their forecasts. Department- "Other revenues" of the General Fund were discussed in terms of baseline- on-going revenues, one-time activity and reinvestment initiatives. Revenues from all City funds were also considered as required by Public Act 182 of 2014.

Municipal Income Tax

As authorized under Public Act 284 of 1964, as amended by PA 56 of 2011 and again in 2012, the City of Detroit levies an Income Tax on income from all sources with minimum exemptions. Income Tax revenue includes withholding- annual and quarterly payments. More than 85% of income tax actual collections are derived from withholdings. The current Municipal Income tax rate is 2.4% for residents, 1.2% for non-residents and 2.0% for corporations. Public Act 394 of 2012 designated income tax revenues of .2% of resident individual tax collections and .1% of non-resident individual tax collections for Police operations. This public act also fixed income tax rates at 2.4% (residents, 1/2 – non-residents) until the repayment of any debt issued by the Public Lighting Authority.

In January 2016, the State of Michigan began processing the City's resident and non-resident individual income tax returns. Taxpayers had an opportunity to e-file their city tax returns for the first time. An estimated 100,000 new tax returns were filed in 2016. The City continued to process withholding activity, corporate and partnership returns for this first year of the transition to the state. Processing of this activity will subsequently transfer to the State on January 1, 2017. The City pre-funded refunds in 2016.

Income Tax Collections Five Year History					
(in millions)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 (unaudited)
Actuals (per CAFR)	\$233.0	\$248.0	\$253.8	\$263.4	\$268.0
% change	2.1%	6.4%	2.3%	3.9%	1.7%

- Income Tax FY 2016 year-end collections are estimated to increase by 1.5% over the February 2016 revised consensus estimate of \$264 million. The year over year growth rate is 1.7%. Actual income tax withholdings increased by 3.2% for the fiscal year.

- The September 2016 consensus estimate includes reinvestment initiatives

to increase delinquent income tax collections; such as use of an outside collection agency, hiring of additional staff to perform field audits and e-filing of the City's tax returns.



- The September 2016 consensus revised upward the February estimate for FY 2016 to \$268 million from \$264 million. Anticipated increased refund activity from the State tempered overall collections in FY 2016. Income tax collections for FY 2017 continue its upward trend with growth estimated at 2.0%. Projections for FY 2018 through FY 2021 maintain a growth rate of 2%.
- The September 2016 consensus estimates considered improved local economic conditions based upon blue chip economic forecasts as presented by Dr. Eric Scorsone, Michigan State University.

Current Property Taxes

Article IX of the State Constitution, Sections 3 and 6 (General Property Tax) authorize the levy of taxes on real and personal property not otherwise exempt. The City currently levies the maximum tax permitted by law.

Property Tax Collections Five Year History					
(in millions)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 (unaudited)
Actuals (per CAFR)	\$147.8	\$132.8	\$129.4	\$126.4	\$127.9
% change	(19.1%)	(10.1%)	(2.6%)	(2.3%)	1.2%

- Property Tax collections for FY 2015 benefited from an internal process change in the handling of checks received by mail. This activity was previously administered through a lockbox arrangement, but now checks are processed in-house eliminating a 6- 8 week lag in cash receipts. In addition, the city received unanticipated proceeds of \$6 million from the Wayne

County auction of foreclosed property. Again, actual collections were enhanced by an internal change in processing that included the summer tax levy in the auction bids.



- The FY 2016 Adopted Budget of \$100.8 million assumed a 10% decline in collections that the prior year's actual collections did not confirm. FY 2016 year-end results are currently \$127.9 million. This represents a 1.2% increase over FY 2015 actual collections. The previous consensus estimate was increased to reflect actual collection activity. The original estimate was based on a continued decline in property taxable values due to required citywide reassessments and foreclosure activity. Improvement in the City's collection rate from 50% to over 70% is a factor in increased collections for FY 2015 and FY 2016.
- The September consensus lowered property tax revenues for FY 2017 to \$117.0 million, the same as the February consensus estimate. This is 8.5% less than FY 2016 year-end collections of \$127.9 million, due to concerns regarding future reductions to the Wayne County Revolving Fund payments. In addition, personal property tax valuations for FY 2017 were reduced by 13% (Industrial Facilities Personal Property taxes declined by 55%).
- Consensus projections remain flat for property tax revenues for FY 2018 and includes no growth for FY 2019 through FY 2021.
- The City Assessor's outlook on the Ad Valorem valuations for Fiscal Year 2017 indicates a continued decline in assessed values, but at a slower rate than previously estimated. Of note, the city is experiencing growth in property values in certain areas of the city that may eventually lead to increased taxable valuation for the city. The citywide reassessment of residential properties continues and is expected to be completed by December 2016 impacting property tax collections for the FY 2018 Budget. Commercial reassessments are scheduled to be completed in calendar year 2017 impacting collections for the FY 2019 Budget.
- In Fiscal Year 2017, the City anticipates receiving approximately \$4 million from the State of Michigan in reimbursement for personal property exemption loss under the Local Community Stabilization Authority (LCSA) Public Act 86 of 2014. It was determined that the reimbursement is primarily due to non-general fund activity.

Utility Users' Tax

The City of Detroit levies a Utility Users' Tax as permitted under Public Act 100 of 1990 and as amended in 2012. The tax is based on consumption of electricity, gas, steam and telephone (land lines) in the City of Detroit. The City currently levies the maximum tax rate of 5%. Revenues are budgeted in the Police Department per the public act and have a restricted purpose to retain or hire police officers. In 2012, the law was amended to provide \$12.5 million annually for the Public Lighting Authority for the repayment of debt proceeds used for street lighting infrastructure improvements in the City. To offset the loss of Utility Users' tax revenue to the Police Department, state law (Public Act 394 of 2012) authorized the payment of income tax revenues for police officers (to hire/retain).

(in millions)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 (unaudited)
Actuals (per CAFR)	\$39.8	\$35.3	\$42.4	\$37.9	\$35.2
% change	(10.8%)	(11.3%)	20.1%	(10.6%)	(7.1%)

- The September consensus estimate for FY 2016 was lowered to \$35 million; this was a \$2 million decline over the previous consensus estimate based on Fiscal Year-end 2016 results.
- The September 2016 consensus revised downward to \$35 million our previous FY 2017 estimate for Utility Users' Taxes.



This downward revision was based on lower natural gas prices; lower utility consumption; and the prior year's actual collections. We estimate similar collections for FY 2018 through FY 2021 with no growth projected for this period. Estimates/projections were determined on a gross basis, inclusive of the \$12.5 million Public Lighting transfer.

Wagering Taxes (Casino Revenues)

The City is authorized to levy a tax on the adjusted gross receipts of a gaming licensee under Initiated Law 1 of 1996, as Amended by Public Act 306 of 2004. The current tax rate in effect is 10.9% for the three casinos operating in Detroit. The City receives additional revenues from the casinos as specified in the casinos' operating agreements that increases the total percentage to 11.9%

(in millions)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 (unaudited)
Actuals (per CAFR)	\$181.4	\$174.6	\$167.9	\$172.5	\$174.3
% change	2.5%	(3.7%)	(3.8%)	2.7%	1.0%

- Original Wagering Tax estimates recognized downward pressure on revenues resulting from the opening of casinos in Ohio. Although Detroit's casino revenues did not decline to levels previously speculated by some, the City's budget anticipated continued downward pressure on revenues for Fiscal Years 2015

and 2016.

- September 2016 consensus estimate revised the previous consensus upward due to increased actual collections in FY 2016. Consensus estimate for FY 2017 was increased to \$175.9 million, a 0.4% increase over the previous consensus and adopted budget. The long-term forecast for Fiscal Years 2018 through 2021 includes a growth factor of 1.3% for Fiscal Year 2018 and 1% for Fiscal Years 2019-2021; no change from the 2016 February consensus conference.
- The long-term forecast for Fiscal Years 2018 through 2021 includes a growth factor of 1.3% for Fiscal Year 2018 and 1% thereafter; no change from the 2016 February consensus conference.



State Revenue Sharing

Revenue Sharing payments from the State are derived from two components: constitutional and statutory. Constitutional payments are guaranteed under the State Constitution and are calculated as 15% of 4% of the State Sales Tax gross collections. Statutory payments are based upon municipalities meeting the requirements of the City, Village and Township Revenue Sharing (CVTRS). For FY 2016 and FY 2017, the maximum amount available is 78.51044% of the FY 2010 total statutory payment (if a municipality complies with all requirements).

State Revenue Sharing Collections					
Five Year History					
(in millions)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 (unaudited)
Actuals (per CAFR)	\$172.3	\$182.4	\$189.8	\$194.8	\$194.4
% change	(28%)	5.9%	4.1%	2.6%	(.2%)

- Fiscal Year-end Revenue Sharing payments for 2016 of \$194.4 million were \$.4 million less than the FY 2015 actuals and \$3 million less than the FY 2016 Budget of \$197.4 million. Prior consensus estimate of \$194.9 million was based on the current State Revenue Sharing payments projected by the Michigan Department of Treasury

and revised Sales Tax revenue projections. Treasury payments are based on the State of Michigan May 2016 Consensus Revenue Estimates and FY 2016 appropriation.

- The September 2016 consensus estimate for FY 2017 is \$195.3; 0.3% lower than the February consensus of \$195.9 million.
- FY 2018 through FY 2021 includes growth in Constitutional payments from Sales Tax revenues; assumes statutory payments to remain flat. The growth rates range from 0.8% in FY 2018 to 0.4% in FY 2021.
- Risks from economic trends forecasting lower National/Local Sales Tax Revenues, in addition to challenges to the state budget due to several crises in local finances may exert downward pressure on this revenue source.



All Other General Fund Revenues

The following is a brief description of the types and sources of revenue that are included in each category shown in departmental budgets:

1. *Sales and Charges for Services* – Inter-fund revenue generated from maintenance and construction, Casino Municipal Service fees, Cable Franchise fees, recreation fees, property tax administrative fees; inter-fund reimbursements including personal services reimbursements, Emergency Medical Services billings, and other minor sales and service fees.
2. *Revenue From Use of Assets* - Earnings on investments, various interest earnings, building rentals, marina rentals, concessions, equipment rentals and sales of real property.
3. *Other Taxes, Assessments, and Interest* - Special assessments, Industrial Facilities Taxes, other miscellaneous property taxes and interest paid on delinquent property taxes.

4. *Fines, Forfeits, and Penalties* - Ordinance, court and parking fines, property tax penalties, and various fines, forfeits, and penalties.
5. *Licenses, Permits and Inspection Charges* - Various permits and licenses, safety inspection charges, and business licenses charges.
6. *Contributions, Transfers, and Miscellaneous* – Various revenues and contributions due to/or due from one fund resulting in revenues to one fund and an expenditure for another; other miscellaneous revenues and receipts, and sale of equipment.

Departmental Revenue Analysis

The consensus for Other General Fund department revenues was developed after discussions with the OCFO-Office of Departmental Financial Services on the individual department revenues including departments with General Fund operations or departments receiving General Fund assistance. Our departmental analysis began with discussions on baseline assumptions for each department as presented in the Four-Year Financial Plan and any adjustments to the baseline. Revenue initiatives are included in the consensus numbers presented in this conference if deemed achievable within the period under review.

Internal participants convened and discussed individual calculations by staff of the City Council, Auditor General and OCFO-Office of Budget. Upon review, the total revenue estimate differed among the three estimators mainly due to a difference in assumptions of reinvestment initiatives and non-recurring budget items.

The varying methodologies were utilized by the participants, which included analysis of historical collection patterns, trend line fitting, moving averages, major revenue category analysis, individual agency revenue account analyses, and the utilization of run rates. All participants considered and accounted for other known items that impact collections. Participants used a conservative approach in projecting future revenues; speculative revenues were not considered in the consensus numbers, but outlined as potential upward adjustments to revenues discussed later in this report.

SEPTEMBER 2016 CONSENSUS FORECAST						
Other- Departmental General Fund Revenues						
(in millions)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Baseline (on-going) revenues	\$ 193.4	\$ 204.1	\$ 203.0	\$ 203.0	\$ 205.0	\$ 208.7
One Time Activity	294.0	67.9	-	-	-	-
Reinvestment Initiatives	3.6	7.6	10.5	11.1	11.2	11.3
Total	\$ 491.0	\$ 279.6	\$ 213.5	\$ 214.1	\$ 216.2	\$ 220.0

- Other Revenues forecast for FY 2016 includes \$193.4 million from on-going sources, \$49 million for use of budget reserve funds, reinvestment initiatives of \$3.6 million. Bond sale proceeds of \$245 million are recorded as a one-time activity involving the sale of exit financing debt. The February consensus estimated \$507.1 million in Other Revenues, inclusive of bond proceeds and budget reserves. This represents a decrease of \$16.1 million over the February consensus, primarily due to reductions in on-going, baseline revenues (\$12.5) million and a decrease in reinvestment initiatives of (\$3.6) million from the previous consensus estimate.
- Other Revenues projections for FY 2017 include the use of \$67.85 million in the prior years' budget surplus to fund capital improvement projects and blight. FY 2017 consensus shows a \$1.4 million decrease in on-going, baseline revenues to \$204.1 million from the February consensus of \$205.5 million. Reinvestment initiatives decreased to \$7.6 million, declining by \$5 million over the previous consensus. Year over year comparison shows both baseline and reinvestment initiatives increasing by 6% and 105%, respectively, over Fiscal Year 2016 results.
- Projections for on-going, baseline revenues remain flat for FY 2018 and FY 2019, with reinvestment initiatives ranging from \$10.5 to 11.1 million. This represents a 1.2% decrease in baseline revenues and a 33.1% decrease in the reinvestment initiatives. FY 2020 and FY 2021 forecast includes a 0.8% growth rate on baseline and reinvestment revenues.
- Noteworthy changes to Departmental Revenues:
 1. Consensus estimates for sales of equipment and real estate were reduced for lower than expected revenues in FY 2016 and FY 2017. The lower estimates for this activity were included in the forecast for Fiscal Years 2018 through 2021.
 2. Interagency billings for services provided by the Human Resources, Law and Office of Chief Finance Officer to other Non-General Fund city departments were reduced for a lower volume of reimbursable activity.
 3. Parking Advance revenue and related expense of \$6.6 million recorded in the Non-departmental agency budget in FY 2016 were deleted. This activity was required under the Parking Revenue bonds covenant that has subsequently been satisfied with the repayment of the outstanding debt. A similar transaction recorded in the Municipal Parking Department fund was also deleted.
 4. Fire Escrow revenues of \$9 million to fund blight remediation was deleted as this transaction resulted in a direct transfer to the Detroit Land Bank, (non- General Fund transaction).
 5. Restructuring initiatives were deleted or reduced for the following agencies:
 - *Fire Department*- initiatives related to grants transferred to special revenue funds, certain initiatives deleted for FY 2016, not expected to be realized, still in early stage of implementation. Revenues included in the forecast for FY 2017 through FY 2021.
 - *Municipal Parking* - certain revenue initiatives still under implementation- reduced to \$2.56 million in FY 2016, increasing to \$3.5 million by FY 2021.

- *Office of the Chief Financial Officer*- revenues reduced in FY 2016 for delay in restructuring activity due to staffing. Revenues included in core/ongoing revenues.
 - *Law*- initiative deleted, not expected to be realized.
 - *Police*- certain initiatives reclassified to grant funds; other initiatives not expected to be realized.
 - *General Services*- restructuring initiatives eliminated in FY 2016, not expected to be realized. Restructuring initiatives expected to generate revenues of \$1.2 million beginning in FY 2017.
6. Restructuring initiatives for Human Rights and 36th District Court are expected to generate \$0.120 and \$0.9 million, respectively, in FY 2016. A similar amount is anticipated for FY 2017 with a gradual increase in revenues projected for the forecast period.
 7. Reimbursement for the 2016 Presidential Primary Election was included in FY 2016 revenues, now deferred to FY 2017 for the Elections Department. The September consensus also includes this revenue in the FY 2021 projections for the next election cycle.

Other General Fund Activity

Risk Management Fund

The City is exposed to various types of risk of loss including torts; theft of, damage to, or destruction of assets; loss due to errors or omissions; job-related illnesses or injuries to employees; natural disasters; and environmental occurrences. The City is self-insured against certain third-party claims. The City currently reports the risk management activities (excluding health and dental) of non-Enterprise Funds and the Transportation Fund (an Enterprise Fund) in its General Fund. The General Fund and DDOT pay insurance premiums into the Risk Management Fund based on past claims activities. Because the Transportation Fund is included in the General Fund's risk management activities, it does not record a liability in its financial statements. Risk management activities for the other Enterprise Funds are recorded and reported separately in those funds. Contributions to the Risk Management Fund in the form of insurance payments total \$49.5 to \$50.9 million for Fiscal Year-end 2016 through FY 2021.

The City also has a Budget Reserve Fund and a Public Lighting Department (PLD) Decommissioning Fund recorded in the General Fund Class. The Budget Reserve Fund received \$111.3 million in FY 2015 as a condition of its mandatory reserve requirement; \$49 million was appropriated in FY 2016 for operating purposes.

Other City Funds (Non-General Fund)

Public Act 279 of 1909, as amended in 2014 (The Home Rule City Act), requires the City to forecast anticipated revenues of the City for the current fiscal year and the succeeding two fiscal years. The chart shown below lists all of the City's Special Revenue Funds and Enterprise Funds; funds shown but not forecasted are the Trustee and Fiduciary (Retirement System) Funds. The revenue projections presented for these funds were based on historical data, trend lines and/or current department estimates

CITY OF DETROIT FUNDS (EXCLUDES GENERAL FUND CLASS)

(in millions)

FUND NAME	FY 2016 Revised Adopted Budget	FY 2016 February Consensus	FY 2016 September Consensus	FY 2017 Consensus Projection	FY 2018 Consensus Projection	FY 2019 Consensus Projection
Community Dev Block Grant Fund	\$ 30.7	\$ 40.4	\$ 37.2	\$ 29.9	\$ 28.4	\$ 24.4
UDAG and Discretionary Grants	2.80	6.86	8.00	8.00	8.00	8.00
Sec 108 Loans - Development	-	-	-	-	-	-
Neighborhood Stabilization Program I/III (Note 1)	-	-	-	-	-	-
Department Grant Funds (Note 2):	-	-	-	-	-	-
- Airport Grants Fund	-	-	-	-	-	-
- Fire Grants Fund	-	2.00	2.00	2.00	2.00	14.40
- General Services Dept. Grants Fund	-	-	-	-	-	-
- Health Grants Fund	-	23.70	25.70	25.70	25.70	25.70
- Homeland Security Grants Fund	-	0.80	0.20	0.20	0.20	0.20
- Mayor's Office Grants Fund	-	0.09	0.07	0.07	0.07	0.07
- Police Grants Fund	-	6.47	5.47	5.47	5.47	5.47
- Dept. of Public Works Grants Fund	-	-	-	-	-	-
- Recreation	-	0.47	3.40	0.47	0.47	0.47
- Environmental Affairs Grants	-	-	-	-	-	-
Construction Code Fund	19.50	20.60	21.50	21.50	21.50	21.50
- Fire Recovery Fund (Fire Escrow)	-	-	-	-	-	-
Drug Law Enforcement Fund	1.00	1.60	1.80	1.80	1.80	1.80
- Federal Forfeiture Funds	-	-	-	-	-	-
Library Funds	30.50	33.00	33.00	33.20	33.20	33.20
Quality of Life - Special Revenue (Note 3)	-	-	-	-	-	-
Major and Local Streets Fund	56.60	56.60	56.60	67.50	72.00	83.00
PA 48 2002 Fund	2.50	2.50	2.50	2.20	2.20	2.20
Solid Waste Management	40.60	44.00	46.70	47.00	47.00	47.00
General Grants (Phase out to Dept Grants)	31.20	0.80	-	-	-	-
Sinking Interest & Redemption	61.80	61.80	61.80	68.00	66.70	66.70
Special Hsg Rehab programs (HRD Dept)	6.63	6.07	6.07	4.20	4.20	4.20
Airport Funds *	1.50	1.50	1.10	1.10	1.10	1.10
Municipal Parking Funds	17.40	8.20	11.30	9.00	8.20	8.20
Transportation Funds (DDOT) **	141.80	140.00	133.10	133.10	133.10	133.10
Sewage Disposal Funds	716.00	-	-	-	-	-
Water Funds	570.30	-	-	-	-	-
Detroit Water & Sewerage Department- Retail	-	667.30	667.30	667.30	667.30	667.30
Retirement Systems	-	-	-	-	-	-
Trust Funds	-	-	-	-	-	-
TOTAL	\$ 1,730.8	\$ 1,124.8	\$ 1,124.8	\$ 1,127.7	\$ 1,128.6	\$ 1,148.0

Note 1: NSP I and III Federal funding closed; no allocations expected. The City has permission to expend existing allocation.

Note 2: Department Grant Funds represent the reorganization of grants previously recorded in the General Grants Fund 3601; not all departments will receive annual grant awards. Grants are budgeted upon receipt of award.

Note 3: Quality of Life Fund records the proceeds of a one-time sale of bond for reinvestment initiatives in FY 2015.

* Totals include Contributions from the General Fund: Airport FY 2015: \$668,064; FY 2016-\$666,053; and FY 2017 and FY 2018 - \$785,731.

** Totals include Contributions from the General Fund: DDOT: FY 2015- \$63.3 million; FY 2016-\$61.5 million and the same for FY 2017- FY 2018: \$61.5 million.

FUNDS WITH GENERAL FUND IMPACT

Airport

The [Coleman A. Young International Airport](#) is an Enterprise Agency of the City of Detroit. Revenues from landing fees, rentals, fuel concessions and Federal/State grants maintain the operations of the Airport. In addition, the Airport FY 2016 Budget includes a General Fund contribution of \$666,053 which is expected to be paid. Consensus projections for FY 2017 and FY 2018 increase the contribution to \$785,731 recognizing the most likely level of support from the General Fund based on historical trends. Enterprise revenues of \$1.1 million are expected for FY 2017 and forecasted for FY 2018 through FY 2019.

Buildings & Safety

The [Buildings & Safety Engineering & Environmental Department \(BSEED\)](#) is an Enterprise Agency of the City of Detroit as mandated by State law. BSEED's mission is to safeguard public health, safety and welfare by enforcing construction, property maintenance, environmental compliance and zoning codes. Revenues from the Construction Code Fund include civil infraction fines, safety inspection charges, construction inspections and other licenses, permits and inspection charges. Revenues generated in support of the General Fund operations are from the business licensing activity. General Fund revenues are expected to remain at their current levels (\$2.0 to \$2.1 million) for FY 2017 through FY 2019. Revenues from the enterprise activity are projected at \$21.5 million for the forecast period.

Transportation

The [Detroit Department of Transportation \(DDOT\)](#) is an Enterprise Agency that provides transit services to the city of Detroit. Revenues are generated from fare boxes, State operating assistance, State and Federal grants, contribution from the General Fund and other miscellaneous revenues. The General Fund contribution for DDOT for FY 2016 was \$63.3 million. The consensus for FY 2017 through FY 2018 estimates the General Fund contribution to remain at \$61.5 million. Without additional restructuring efforts, this level of General Fund support will continue for the foreseeable future. Revenue from State operating assistance declined in FY 2014 due to a shift in the distribution formula. This shift resulted in a \$7 million decline in grant revenues in FY 2014. Increased Transportation funding is included in the road funding bills passed by the State Legislature in 2014- 2015. This legislation provides additional funding for DDOT, at the discretion of the City's Administration, by authorizing a city that meets specific criteria to allocate some of its Michigan Transportation Fund (MTF) revenues for public transit purposes. Enterprise revenues of \$133 million are forecasted for FY 2017 through FY 2019.

Municipal Parking

The [Municipal Parking Department](#) is organized into two operations: the Parking Violation Bureau and the Automobile Parking and Area System. The Parking Violations Bureau is a General Fund operation responsible for enforcing on-street and off-street ordinances in the city of Detroit and the processing and collection of parking violation notices. The Auto Parking and Area System revenues are currently assigned to pay debt service for post-bankruptcy loans. The future of the revenue stream for this division is

uncertain as additional bankruptcy settlement items may further dilute revenues. In addition, certain parking structures have been transferred or optioned for future purchase under terms of the bankruptcy settlement. Parking Violation for FY 2017 through FY 2019 is estimated as \$11.4 million from on-going, baseline operations and one-half- \$3.4 million of its budgeted reinvestment initiatives of \$6.8 million. Total agency revenues estimated for FY 2016 is \$25.3 million; \$23 million is projected for the FY 2017 through FY 2019 forecast period.

Solid Waste Fund

The [Solid Waste Management Fund](#) is a Special Revenue Fund. The City of Detroit uses the Solid Waste Management Fund to account for local revenue collected for curbside rubbish pick-up and discard. The majority of Solid Waste Management Fund revenues comes from a residential Solid Waste Fee that is assessed to every home whether or not currently occupied. The solid waste service fee replaced the 3-mill tax for solid waste collection that was eliminated in 2006. The solid waste fee is assessed annually at \$240 for single family homes, and an additional \$100 for multi-family dwellings. Commercial fees are \$1,000.

- A change in processing of delinquent tax bills in FY 2015-16 resulted in improved collections of solid waste fees. The February 2016 consensus projects total revenues of \$44 million and assumes similar collection rates for FY 2017 through FY 2019. The September consensus increased revenue expectations to \$47 million for the forecast period.
- The City privatized the solid waste activity in FY 2014. Contracts were awarded to two companies to service the east and west side of the City on February 21, 2014. The outsourcing of this activity is expected to be revenue/cost neutral. However, service is anticipated to greatly improve under this arrangement.

OTHER CITY FUNDS

Grants: The City receives various Federal and State Grants for various activities administered by city departments. Some of the city's largest programs are noted below.

- The Fire Department received revenues from the Staffing for Adequate Fire & Emergency Response (SAFER) grant, a Federal grant sponsored by Federal Emergency Management Agency (FEMA).
- The Health Department administers grants from Federal and State sources for HIV/AIDS, Housing Opportunities for Persons with Aids (HOPA) grants, Immunization, Women, Infants and Children (WIC) and Essential Local Public Health Services (ELPHS) grants.
- The Housing and Revitalization Department administers programs and contracts funded by the Community Development Block Grant (CDBG), the Emergency Solutions Grant, Hardest Hit funds for demolition and HOME funds.
- The Police Department receives grants from various State and Federal sources including the Department of Justice-Justice Assistance grants (JAG), Community Oriented Policing (COPS) grants, Auto Theft and Victim's Assistance grants.

Library

The Library Fund records the operations of the Detroit Public Library (DPL). DPL is an enterprise agency of the City of Detroit. It is Michigan's largest public library system consisting of a Main Library and 21 neighborhood branches. DPL has a collection of 6.6 million items that includes books, journals, photographs, government documents, and DVDs. A bookmobile makes weekly visits to schools and community centers, and the Library for the Blind & Physically Handicapped serves those with various physical challenges. The February and September 2016 consensus projects revenues of \$33 million for this fund for the forecast period.

Major and Local Street Funds

Activity recorded in this fund provides for the construction and maintenance of streets, bridges, traffic signals and non- motorized improvements. This fund accounts for State Gas and Weight Tax revenue that support various projects and accounts for State and Federal grants on a project basis. The Department of Public Works staff manages the Street Fund. The following three divisions are wholly or partially funded through the Street Fund: Street Maintenance Division, City Engineering Division and the Traffic Engineering Division. An increase in road funding was enacted with the passage of State legislation amending various public acts in 2014- 2015. The City projects receiving \$10-15 million in additional Gas & Weight Taxes for the forecast period. Revenues from this source are projected to range from \$56 to \$83 million for Fiscal Year-end 2016 through FY 2019.

Sinking and Interest Funds

The Sinking (bond) and Interest Redemption Fund provides for the scheduled retirement of principal and interest on long-term City debt. This debt derives from the issuance of un-limited tax general obligation bonds. The debt service on Enterprise Funds appears in the Enterprise Agency Sections. The revenues for the Sinking and Interest (Debt Service) Fund are derived from a separate debt service millage on real and personal property located in the city of Detroit. The budgeted debt service schedules require funding totaling \$61.8 to \$68 million for the forecast period. This does not reflect the August 2016 refunding of bonds that will lower principal and interest requirements for debt service.

Detroit Water & Sewerage- Retail

The Department was reorganized into two separate entities: the regional Great Lakes Water Authority (GLWA) and the Detroit Department of Water and Sewage Disposal- Retail (DWSD-Retail), effective January 1, 2016. Projections presented for the forecast period are for DWSD-Retail only. Revenues of \$667 million are projected for Fiscal Year-end 2016 and the forecast period FY 2017 through 2019.

Under the reorganization, Detroit maintains its own local system. Detroit keeps exclusive control of the local water and sewer system in DWSD – under authority of Mayor and City Council. The Detroit local system is made up of approximately 3,000 miles of local sewer pipe and 3,400 miles of local water mains serving the neighborhoods of Detroit. Detroit has full authority to repair and rebuild the local system.

Great Lakes Water Authority (GLWA) is an authority formed to operate the regional system. GLWA operates the regional water and sewer assets. The GLWA Board is made up of 6 members: 2 appointed by the Mayor of Detroit, 1 each by Wayne, Oakland and Macomb Counties, and 1 by the Governor from

the service area outside the three counties. The Authority provides services to communities in Oakland, Wayne and Macomb counties, estimated as 4 million customers from 127 communities.

The Authority sets the rates for all water and sewerage services. Rate increases are capped at 4% annually per agreement. GLWA entered into a long-term 40-year lease of the water and sewer assets owned by the Detroit Water and Sewerage Department. Lease terms provide for the payment of \$50 million per year for the next 40 years to the City of Detroit for water and sewer infrastructure improvements. This will allow Detroit to finance up to \$500-\$800 million in bonds to rebuild the city's aged water and sewer system.

SET ASIDES

The FY 2015 Budget included a reserve of \$111.3 million, which more than satisfied the State's budget reserve requirement of 5% of expenditures. In FY 2016, \$49 million of the excess Budget Reserve is designated for use in General Fund operations leaving a remaining balance of \$62.3 million in reserves for FY 2016. This represents 5.8% of estimated General Fund appropriations for FY 2016. The Plan of Adjustment allows for surplus funding to be used for reinvestment projects. The FY 2017 Budget includes \$67.85 million in surplus for capital and blight spending.

POSSIBLE DOWNWARD ADJUSTMENTS TO FORECAST

These estimates take into account the expected real revenue to the City subject to certain inherent risks outlined below:

- Trigger of a Headlee roll-back in property tax millage assessed due to possible loss in the personal property tax base, in combination with near zero/negative inflation factor.
- Risks to estimated property tax collections due to the impact of Wayne County chargebacks netted against the delinquent accounts revolving fund payment.
- Continued property valuation declines; foreclosure activity remaining at high levels in the near future.
- Possible negative impact in reductions to personal property tax collections due to state legislation.
- Decline in property tax collections due to city-wide reassessments and adjustments to the rolls.
- Challenges to State budget from declining local finances and other critical issues.
- Lower consumer confidence depresses spending and reduces sales tax revenues.

- Rising interest rates resulting in lower consumer spending.
- Declines in Michigan Sales Tax revenues negatively impacts local government share.
- Lower gas prices impacts MI Sales Tax revenues and negatively impacts local government share.
- Declines in Sales and Charges for Services due to economic factors.
- Implementation risks due to deferred/delayed results from the City's restructuring efforts.
- Reinvestment initiatives resulting in lower than expected revenue collections/growth.
- Proposed casino developments in Lansing and Romulus could dampen Detroit casino's long-term revenue projections.

POTENTIAL UPWARD ADJUSTMENTS TO FORECAST

- Ongoing improvements to collection efforts in FY 2016 results in additional tax revenues not currently reflected in the consensus estimates.
- State of Michigan processing of the City's income tax and subsequent withholding collections results in increased compliance and generate additional revenues for the city. E-pay payment option should improve collection activity.
- Passage of State legislation requiring non-Detroit businesses to withhold income taxes of employees residing in Detroit should significantly increase income tax collections.
- Revenue initiatives in the Four-Year Financial Plan, but not included in the consensus estimates/projections may result in additional revenues if timely and successfully implemented.
- Sales tax on internet purchases may increase state local share distributions to city/villages/townships.
- The potential for increased economic development to increase the city's tax base and generate additional revenues for the city.

Conference Participants

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Carol O’Cleireacain, Deputy Mayor for Economic Policy, Planning and Strategy
John Naglick, Jr., Chief Deputy Chief Financial Officer / Finance Director
John H. Hageman, Chief of Staff to the Chief Financial Officer
Tanya Stoudemire, OCFO-Deputy CFO, Budget Director
Tina Tolliver, OCFO-Office of Budget, Deputy Budget Director
Irvin Corley, Jr., City Council Legislative Policy Division, Executive Policy Manager
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September 2016 Consensus Revenue Estimating Conference

Detroit Economic Forecast



**City of Detroit
Office of the Deputy Mayor for
Economic Policy, Planning & Strategy**

DETROIT REVENUE FORECASTING CONFERENCE

September 22, 2016

Carol O’Cleireacain, PhD

1. There have been two formal consensus revenue forecasting conferences in the City of Detroit already in 2016:
 - ✓ February, which focused on preparing for the FY2017 budget forecast.
 - ✓ May update, which examined collections in FY2016 with implications for the upcoming FY2017 budget.
2. Given the short time lapse since May and that we are only into the third month of FY2017, I am not re-working my commentary from those two events. The city refinanced a series of bonds backed by distributable state aid over the summer through the State’s Finance Authority. Although this is basically a State credit, S&P affirmed its Detroit GO ‘B’ credit rating (from year earlier) and reiterated that S&P judges the Detroit economy as “very weak” and with a “limited tax base.”¹

Risks Facing Detroit’s Revenue Forecast for FY2017

Uncertainties in the Economic Outlook

The September Blue Chip consensus forecast is for real growth in US GDP of 1.5% in 2016 and 2.2% in 2017 – both down from the 2.6% of 2015. On a q4/q4 basis, the Blue Chip consensus is 1.8% in 2016 and 2.2% in 2017 and the CBO sees growth of 2% in 2016 and 2.4% in 2017.² The current economic expansion, at 7 years, is now longer than the postwar average (about 5 years). Forecasters are notoriously bad at calling a cycle’s turning point, preferring “likelihood” or probability estimates. The CBO points out that “over the past 30 years, expansions that have lasted at least 6 years and that are characterized by a relatively low unemployment rate...have tended to fall into recession within 2 years.”(p.53) Note that even as the Blue Chip “consensus continues to predict that economic growth and inflation in 2017 will exceed the increases registered in 2016,” September’s survey participants put the odds of a recession in 2017 at 24%.

¹ Standard & Poor’s Ratings Direct. Michigan Finance Authority Detroit, Michigan; General Obligation; Miscellaneous Tax. July 21, 2016. **[S&P]** Moody’s Investor Service. Issuer In-depth. City of Detroit, MI: *New Income Tax Revenue Bonds Provide Greater Credit Protection than City’s General Obligation*. August 12, 2015. **[Moody’s]**

² *Blue Chip Economic Indicators for September 2016*. CBO https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/51908-2016_Outlook_Update_OneCol-2.pdf

In the longer term, CBO is expecting annual growth of only 2% over the coming decade, as compared to the average of 3.2% per year from 1950-2015.³ This is in line with a widely held view of “secular stagnation,” i.e. that there has been a fundamental structural change in the sources of economic growth in the US economy and that the long term growth path of the US economy is about half what it used to be.

Detroit City Income Tax

In my previous remarks at these consensus forecasting events, I have stressed the institutional constraints on forecasting the city’s income tax: the number of individual tax filers had been falling and our data and analytics have been poor.

Fortunately, the new partnership with the State – e-filing, processing and enforcement of the City’s income tax for 2015 onwards – changes our information and analytics. The good news is that we had about 100,000 new filers for 2015 than for 2014. The bad news is that so far this has not resulted in increased revenue.

Why? Well, the tax revenue has been coming in through employer withholding during the tax year, as in prior years (at least 85%), mostly from nonresidents working in Detroit (whose tax rate is 1.2%). E-filing simply made filing easier. The largest potential source of income tax revenue that we are missing is from Detroit residents, whose tax rate is 2.4%. Two out of three residents work outside the city, where withholding is not required by law. Their employers withhold for federal and state taxes, but not for Detroit taxes, so the city does not receive a big chunk of our rightful revenue. The state is sending enforcement letters to taxpayers who live in Detroit, filed a 2015 return, but did not pay the tax owed. However, the State concedes if there is no response to the letters, further collection efforts will have limited results.

Withholding is the major collection tool for the income tax everywhere. The Mayor, and I, have worked to impress on the State the need for universal withholding. If universal withholding had been in place for 2015 we would already have collected somewhere between an additional \$10 million and \$25 million; instead, the State is trying to chase it down. Until city income tax withholding is modernized to match the reality of where people work, the City-State income tax partnership will be held hostage to collecting from residents who face the shock of a lump-sum payment. Not only unfair, this is an expensive, inefficient and outmoded way to collect taxes and does not improve efforts to forecast revenues accurately.

³ CBO attributes about three-fifths of this slower growth to slower growth in the labor force and two-fifths to slower growth in productivity. CBO *Why is CBO’s Projection of GDP Growth Slower than Past Rates of Growth?* https://www.cbo.gov/publication/51976?utm_source=feedblitz&utm_medium=FeedBlitzEmail&utm_content=812526&utm_campaign=0 [accessed Sept. 8, 2016]

SUMMARY OF US ECONOMIC OUTLOOK					
	2015 Actual ¹	August 2016 ^{2,3,4,5}	2016 Forecast ¹	2017 Forecast ¹	2018 Forecast ¹
Real GDP	2.6 %	1.1%	1.4%	2.4%	2.2%
Payroll Employment (Non-Farm) (in millions)	141.8	144.6	144.3	146.4	148.3
Unemployment (%)	5.3%	5.0%	4.9%	4.7%	4.6%
Inflation (CPI-U) (% change)	.1%	.2	1.1%	1.7%	2.0%
3 Month T-Bill Rate	.1%	.3%	.3%	.8%	1.3%
10- Year Treasury Rate	2.1%	1.6%	1.7%	2.2%	2.6%
Light Vehicle Sales (in millions)	17.4	16.9	17.2	17.1	17.0
Private Housing Starts (in millions)	1.1	1.1	1.2	1.3	1.3

SUMMARY OF CERTAIN MI ECONOMIC TRENDS		
	2015 Actual ³	July/Aug 2016 ⁶
Payroll Employment (Non-Farm) (in thousands)	4,243.7	4,324.6
Unemployment (%)	5.4%	4.5%
Private Housing Starts	18,226	2,170

DETROIT AREA ECONOMIC TRENDS		
	2015 Actual ³	Aug 2016 ³
Payroll Employment (Non-Farm) (in thousands) DWD-MSA	1,936	1,979.1
Payroll Employment (Non-Farm) (in thousands) DDL-MD	735.1	742.9
Unemployment (%) Detroit	12.4%	12.5%
Unemployment (%) DWD MSA	6.2%	4.9%
Unemployment (%) DDL-MD	7.3%	7.4%
Inflation (CPI-U) (% change) Detroit CMSA	(1.4%)	1.7%

Note: DWD= Detroit-Warren-Dearborn- Metropolitan Statistical Area (MSA); DDL= Detroit-Dearborn-Livonia-Metropolitan Division (MD); Detroit CMSA= US Bureau of Labor Statistics classification "C " for Metropolitan Statistical Areas

¹ Research Seminar in Quantitative Economics, University of Michigan, The U.S. Economic Outlook for 2016-2018 Executive Summary: September 2016 <http://rsqe.econ.lsa.umich.edu/?page=forecasts&name=US>

²U.S. Department of Treasury, Daily Yield Curve Rates, <https://www.treasury.gov/resource-center/data-chart-center/interestrates/Pages/Text-View.aspx?data=yieldYear&year=2016>

³Establishment Data State and Area Employment Annual Averages, Table 1. Employees On Nonfarm Payrolls In States And Selected Areas By Major Industry http://www.bls.gov/sae/eetables/sae_annavg115.pdf

⁴ Fed Funds Rate as of August 31, 2016, <https://apps.newyorkfed.org/markets/autorates/fed%20funds>

⁵US. Bureau of Economic Analysis, Light Weight Vehicle Sales: Autos and Light Trucks [ALTSALES], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/ALTSALES>, September 21, 2016.

⁶U.S. Census, Buildings Permit Survey, Permit by State, Annual Data 2015, <https://www.census.gov/construction/bps/stateannual.htm>.

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CITY OF DETROIT

Office of the Chief Financial Officer

Financial Report for the Two Months ended August 31, 2016

October 31, 2016



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Executive summary

- The CFO's Office had its second meeting with Cheiron to discuss the pension funding financial model.
- The City is finalizing its Capital Agenda and will be submitting it to City Council shortly.
- The Office of Budget distributed Budget Instructions to departments the week of October 24th.
- August YTD actuals indicate that FY 2017 results are expected to be in line with budget.
 - The major tax revenues are based on the September 2016 Consensus Revenue Estimating Conference results. (page 3)
 - Payroll and benefits related expenditures are trending below budget as a result of lower headcount. (page 4 and page 10)
- August YTD cash flow activity indicates that liquidity remains stable. (page 5)
 - Beginning cash balance in FY 2017 was approximately \$160m higher than the prior year primarily due to the collection of remaining 2012 Refunding/Self Insurance bond proceeds, higher tax revenues, and lower operating expenditures.
 - YTD net cash flow is lower than the prior year primarily due to higher personnel related expenditures as a result of increasing headcount, which remains below budget.
- Exit financing expenses incurred were further analyzed resulting in the reclassification of expenditures. There was a net decrease of \$0.8m from the prior month. (page 9)
- The Police Department increased by 3 heads and the Fire Department decreased by 10 heads in the month of August. (page 10)
- The total amount of grants awarded increased \$5.6m on a net basis from the prior month. Health & Wellness Promotion was awarded an additional \$4.3m to an existing grant. The Police Department closed one grant and Recreation Department closed two grants. Both private grants and donations increased resulting from new awards totaling \$1.6m. (page 11)



Total General Fund revenues from the September 2016 Consensus Revenue Estimating Conference results were in line with February Conference estimates

<i>\$ in millions</i>	Income Tax	Property Tax	Utility Users	Wagering Tax	State Rev Sharing	Other Revenues	Total General Fund Revenues
FY 2017 *							
Sept 2016 Consensus	\$ 273.4	\$ 117.0	\$ 35.0	\$ 175.9	\$ 195.3	\$ 211.7	\$ 1,008.3
Feb 2016 Consensus	266.6	117.0	37.0	175.2	195.9	218.1	1,009.8
Variance Sept over Feb	2.6%	0.0%	-5.4%	0.4%	-0.3%	-2.9%	-0.2%
* Total excludes budget surplus of \$67.9m							
FY 2018							
Sept 2016 Consensus	\$ 278.8	\$ 117.0	\$ 35.0	\$ 178.2	\$ 196.9	\$ 213.4	\$ 1,019.3
Feb 2016 Consensus	269.3	117.6	37.0	177.0	196.9	220.9	1,018.7
Variance Sept over Feb	3.5%	-0.5%	-5.4%	0.6%	0.0%	-3.4%	0.1%
FY 2019							
Sept 2016 Consensus	\$ 284.4	\$ 117.0	\$ 35.0	\$ 179.9	\$ 197.5	\$ 214.0	\$ 1,027.8
Feb 2016 Consensus	272.0	118.2	37.0	178.8	197.9	222.6	1,026.4
Variance Sept over Feb	4.6%	-1.0%	-5.4%	0.7%	-0.2%	-3.9%	0.1%
Long Term Trend							
FY 2020	\$ 290.1	\$ 117.0	\$ 35.0	\$ 181.7	\$ 198.3	\$ 216.2	\$ 1,038.4
	2.0%	0.0%	0.0%	1.0%	0.4%	1.0%	1.0%
FY 2021	\$ 295.9	\$ 117.0	\$ 35.0	\$ 183.6	\$ 199.2	\$ 219.9	\$ 1,050.6
	2.0%	0.0%	0.0%	1.0%	0.5%	1.7%	1.2%



FY 2017 year to date general ledger actuals and annualized projection

\$ in millions

	YTD ANALYSIS						ANNUALIZED PROJECTION ANALYSIS			
	BUDGET	ACTUAL + ENCUMBRANCE			VARIANCE (BUDGET VS. ACTUAL)		BUDGET	PROJECTION	VARIANCE (BUDGET VS. PROJECTION)	
	YTD	ACTUAL (2)	ENCUMBRANCE (3)	TOTAL	YTD		ANNUAL	ANNUAL	ANNUAL	
	ADJUSTED (1)				YTD		ADJUSTED (4)	ESTIMATED	ESTIMATED	
B	C	D	E = C + D	(\$ F = E-B	% G = (E/B)-1	H	I	(\$ J = I-H	% K = (I/H)-1	
REVENUE:										
Municipal Income Tax	44.4	41.9	-	41.9	(2.5)	(5.7%)	266.6	273.4	6.8	2.6%
Property Taxes	19.5	52.1	-	52.1	32.6	167.1%	117.0	117.0	-	-
Wagering Taxes	29.2	27.9	-	27.9	(1.3)	(4.5%)	175.2	175.9	0.7	0.4%
Utility Users' Tax	6.2	2.9	-	2.9	(3.3)	(53.8%)	37.0	35.0	(2.0)	(5.4%)
State Revenue Sharing	32.8	(32.5)	-	(32.5)	(65.3)	(199.3%)	196.5	195.3	(1.2)	(0.6%)
Gas And Weight Taxes	-	-	-	-	-	NA	-	-	-	NA
Sales and Charges for Services	20.6	17.0	-	17.0	(3.5)	(17.3%)	123.4	119.9	(3.5)	(2.9%)
Licenses, Permits, and Inspection Charges (5)	1.9	1.5	-	1.5	(0.4)	(19.2%)	11.2	11.2	(0.0)	(0.1%)
Contributions and Transfers	15.5	-	-	-	(15.5)	(100.0%)	93.0	93.0	-	-
Grants and Other Revenues	0.0	0.0	-	0.0	(0.0)	(44.1%)	0.1	0.1	0.0	2.2%
Fines, Forfeits and Penalties	3.7	2.9	-	2.9	(0.8)	(20.7%)	22.2	22.9	0.7	3.1%
Revenues from Use of Assets	0.2	0.2	-	0.2	(0.1)	(32.1%)	1.3	1.3	-	-
Other Taxes, Assessments, and Interest	1.5	6.6	-	6.6	5.1	339.1%	9.1	8.8	(0.3)	(3.1%)
Sales of Assets and Compensation for Losses	2.4	0.0	-	0.0	(2.4)	(99.9%)	14.4	9.2	(5.3)	(36.6%)
Miscellaneous	1.7	(2.0)	-	(2.0)	(3.7)	(220.4%)	10.1	12.3	2.3	22.6%
Funding to Support Prior Year Encumbrances	4.6	-	-	-	(4.6)	(100.0%)	27.8	27.8	-	-
TOTAL (L)	184.2	118.5	-	118.5	(65.7)	(35.7%)	1,105.0	1,103.1	(1.9)	(0.2%)
EXPENDITURES:										
Salaries and Wages	67.1	57.8	-	57.8	(9.4)	(14.0%)	402.9	388.7	(14.2)	(3.5%)
Employee Benefits	31.2	12.4	(0.0)	12.4	(18.8)	(60.3%)	187.0	179.0	(8.0)	(4.3%)
Professional and Contractual Services	13.3	2.6	19.4	22.0	8.7	65.5%	79.9	77.8	(2.1)	(2.6%)
Operating Supplies	5.8	3.9	12.8	16.8	11.0	190.1%	34.7	32.9	(1.7)	(4.9%)
Operating Services	25.9	5.6	11.7	17.3	(8.6)	(33.3%)	155.3	153.0	(2.3)	(1.5%)
Capital Equipment	0.5	(0.2)	2.0	1.9	1.4	303.4%	2.8	2.8	0.0	0.5%
Capital Outlays	6.1	0.4	2.7	3.0	(3.0)	(50.0%)	36.4	36.4	0.1	0.2%
Debt Service	12.6	0.1	(0.1)	0.0	(12.6)	(99.9%)	75.4	72.9	(2.5)	(3.3%)
Other Expenses	21.8	(34.7)	0.5	(34.2)	(56.0)	(257.2%)	130.7	130.8	0.1	0.1%
TOTAL (M)	184.2	47.8	49.1	96.9	(87.3)	(47.4%)	1,105.0	1,074.4	(30.6)	(2.8%)
DIFFERENCE (L - M)	-	70.6	(49.1)	21.6	21.6	NA	-	28.7	28.7	NA

Notes

- (1) Adjusted monthly budget assumes pro rata distribution of annual adjusted budget.
- (2) Year to date actuals reflect two months ending August.
- (3) Encumbrances include prior year carryforwards and current year activities.
- (4) Adjusted annual budget includes prior year encumbrances of \$27.8m as well as the funding to support those encumbrances.
- (5) \$60.1m invoicing error was removed from general ledger actual, which results in the difference with total actual revenues posted on slide 6.



FY 2017 year to date net cash flows

\$ in millions

General Fund	Actual	Prior Year	
	2 Months	2 Months	Change
General Fund Property Taxes	\$ 57.6	\$ 59.4	\$ (1.8)
Net Income taxes	37.4	37.4	(0.0)
Utility taxes	2.9	3.0	(0.2)
Gaming taxes	28.0	26.7	1.3
Distributable State Aid	32.0	31.8	0.2
Other / Misc.	35.9	26.5	9.4
Total Receipts	193.8	184.8	9.0
Payroll, taxes, & deductions	(71.0)	(61.9)	(9.2)
Benefits	(11.0)	(2.4)	(8.6)
Pension contributions	-	-	-
Subsidy payments	(5.4)	(7.1)	1.7
Materials, contracts & other	(54.3)	(46.7)	(7.6)
Total Disbursements	(141.8)	(118.1)	(23.6)
Operating Surplus (before Reinvestment)	52.0	66.7	(14.7)
Financing Adjustments	(7.1)	(38.1) (1)	31.0
Non-Financing Adjustments	(26.7) (2)	-	(26.7)
Total Adjustments to arrive at Net Cash Flow	(33.8)	(38.1)	4.4
Net Cash Flow (3)	\$ 18.2	\$ 28.6	\$ (10.3)
Beginning cash balance (net of distribution) (4)	\$ 372.1	\$ 211.0	
Net Cash Flow (3)	18.2	28.6	
Lockbox reserves	(0.1)	(0.0)	
Ending cash balance (net of distribution owed) (4)	\$ 390.2	\$ 239.6	

Notes:

(1) Includes \$30m principal repayment on Exit financing made in August 2015.

(2) Includes \$30m contribution to Legacy Pension funding offset by \$3.4m Auto Liability Reserve.

(3) Net Cash Flow is based on General Fund cash activity adjusted for known deposits in transit, prior period adjustments and classification differences.

(4) The main operating account contains cash balances of the Risk Management Fund, Construction Fund, Street Fund, Solid Waste Fund, General Grants and Motor Vehicle Fund.



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

\$ in millions

General Fund	Cash Activity			General Ledger			Difference
	Actuals	Adjustments	Adjusted	Posted	To Be Posted (1)	Total	
General Fund Property Taxes	\$ 57.6	\$ 0.0	\$ 57.6	\$ 56.0	\$ 1.6	\$ 57.6	\$ 0.0
Net Income taxes	37.4	(0.7)	36.7 (2)	41.9	(5.2)	36.7	0.0
Utility taxes	2.9	-	2.9	2.9	-	2.9	0.0
Gaming taxes	28.0	(0.1)	27.9 (2)	27.9	-	27.9	-
Distributable State Aid	32.0	(32.0)	(0.0) (2)	(32.5)	32.5	0.0	0.0
Other / Misc.	35.9	(8.6)	27.4 (3)	83.0	(55.6)	27.4 (4)	0.0
Total Receipts	193.8	(41.4)	152.4	179.1	(26.7)	152.4	0.0
Payroll, taxes, & deductions	(71.0)	10.8	(60.3) (5)	(59.9)	(0.4)	(60.3)	0.0
Benefits	(11.0)	1.0	(10.0) (6)	(8.4)	(2.0)	(10.4)	(0.4)
Pension contributions	-	(3.4)	(3.4) (7)	(3.4)	-	(3.4)	-
Subsidy payments	(5.4)	4.0	(1.4) (8)	38.8	(40.2)	(1.4) (9)	0.0
Materials, contracts & other	(54.3)	39.8	(14.5) (10)	(14.6)	-	(14.6)	(0.1)
Total Disbursements	(141.8)	52.2	(89.6)	(47.5)	(42.6)	(90.0)	(0.5)
Operating Surplus (before Reinvestment)	52.0	10.8	62.9	131.6	(69.2)	62.4	(0.4)
Financing Adjustments	(7.1)	5.6	(1.5) (11)	(0.1)	(1.4)	(1.5)	0.0
Non-Financing Adjustments	(26.7)	26.7	- (12)	-	-	-	-
Total Adjustments to arrive at Net Cash Flow	(33.8)	32.3	(1.5)	(0.1)	(1.4)	(1.5)	0.0
Net Surplus / (Deficit)	\$ 18.2	\$ 43.1	\$ 61.3	\$ 131.6	\$ (70.7)	\$ 60.9	\$ (0.4)

(1) To be posted amounts represent collections and disbursements that have not yet been reconciled.

(2) \$0.7m of Net Income Taxes that occurred in FY2017 related to FY2016 activity. \$0.8m of Gaming Taxes in FY2017 related to FY2016 activity and is offset by \$0.7m of Gaming Taxes recorded in September relating to August. \$32m of DSA revenues collected in FY2016 relate to prior period.

(3) \$2.2m in IAB transactions prior to FY2017, \$4.0m unreconciled receipts in Chase - 2382, \$2.4m Bank 3 Non-Fund 1000 receipts.

(4) \$60.1m invoiced in error to be reversed, \$3.7m parking revenue, \$0.4m HUD, \$0.2m Detroit Ed, \$0.2m Grants, \$0.2m Interest & Other.

(5) \$10.8m of Payroll/withholding relates to FY2016.

(6) \$1.0m of Benefits paid on FY2017 relates to FY2016.

(7) \$3.4m of Pension accrual that will be made in cash at year end.

(8) \$4.0m loan to Land Bank Authority from Demo Advance Fund.

(9) \$40.2m reversed in September relating to DDOT.

(10) \$3.8m of Materials, contracts & other not related to General Fund, \$34.1m related to prior period, \$1.0m related to State of MI admin fee, \$0.9m related to CBDG check write.

(11) \$4.9m DSA debt payment and \$0.7m exit financing.

(12) \$30.0m set aside for legacy pension net of \$3.4m inflow of Refinancing Proceeds in excess of Escrow requirements.



The collection rate for City property taxes year to date was higher than the prior year

\$ in millions

	FY 2017			FY 2016		
	Adjusted Tax roll	Collections YTD (1)	Collection rate	Adjusted Tax roll	Collections YTD (1)	Collection rate
General City	\$ 122.0	\$ 52.2	42.8%	\$ 132.1	\$ 48.5	36.7%
Debt Service	62.6	27.1	43.3%	68.3	26.5	38.8%
Solid Waste	62.7	16.3	26.0%	57.4	14.7	25.6%
Total City (2)	\$ 247.3	95.6	38.7%	\$ 257.8	89.7	34.8%

	FY 2016	FY 2015
Current year collections	\$ 52.2	\$ 48.5
Wayne County settlements (3)	3.5	9.0
TIF distributions (4)	0.0	0.0
Administration Fee	1.9	1.8
Total General City	\$ 57.6	\$ 59.4

Notes:

- (1) Amounts do not include collections from Wayne county settlement checks as a result of foreclosure and auction activity.
- (2) 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.
- (3) Wayne County settlement checks related to the return of historical chargebacks from foreclosure and auction activity.
- (4) Distributions related to Tax Increment Financing districts.



Accounts payable summary

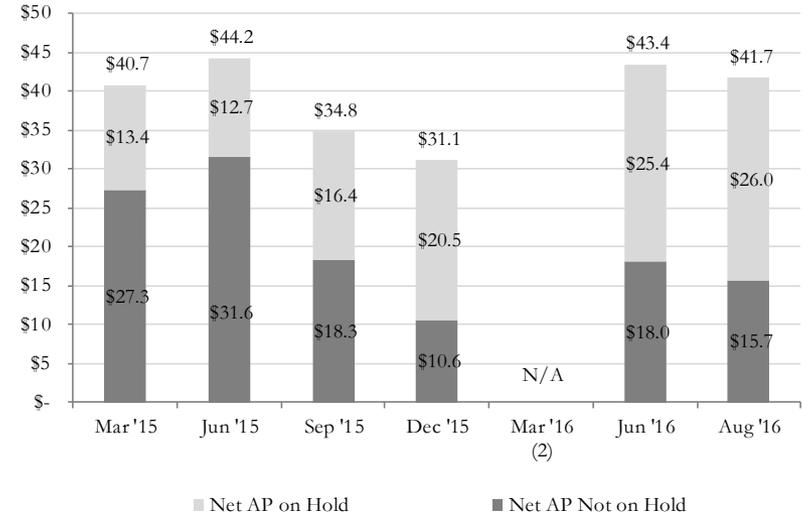
\$ in millions

Accounts Payable (AP) as of 8/31/16	
Total AP	\$ 41.7
Less: Invoices on hold (1)	(26.0)
Net AP not on hold	\$ 15.7

AP Aging (excluding invoices on hold)

	Net AP	Current	Days Past Due		
			1-30	31-60	61+
August Total	\$ 15.7	\$ 3.3	\$ 3.5	\$ 3.1	\$ 5.7
<i>% of total</i>	100%	21%	22%	20%	36%
July Total	\$ 19.0	\$ 2.8	\$ 5.4	\$ 4.1	\$ 6.7
<i>% of total</i>	100%	15%	28%	22%	35%

Total AP



Notes:

- (1) Invoices typically placed on a system hold are pending validation.
- (2) Aging information was not available as the City was in the process of transitioning financial systems.



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

- In the month of August, expenses incurred were further analyzed resulting in the reclassification of expenditures. There was a net decrease of \$0.8m from the prior month.

\$ in millions

	Number of Projects	Amount Approved	Expense Incurred
Available Exit financing proceeds		\$ 233.2	
Project Allocation:			
Dept. of Innovation and Technology	5	\$ (41.5)	\$ (38.2)
General Services	14	(32.1)	(17.6)
Blight	7	(29.7)	(24.8)
Police	6	(29.0)	(18.5)
Fire	9	(22.0)	(13.5)
OCFO	7	(15.8)	(14.3)
BSEED	1	(4.4)	(2.1)
Law	1	(2.2)	(1.1)
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	57	\$ (180.7)	\$ (134.1)
Interest/Fees		(2.8)	(2.8)

Amount reserved for projects under review \$ 49.8



General City headcount is stable as compared to the prior month and remains under budget

	Actual Aug'15	Actual Aug'16	Budget FY 2017	Variance	% Variance
Public safety					
Police	2,736	2,845	3,127	282	9%
Fire	1,244	1,190	1,332	142	11%
Total Uniform	3,980	4,035	4,459	424	10%
Non-public safety					
Budget	7	0	0	0	
Finance	177	0	0	0	
Office of the Chief Financial Officer	0	374	453	79	
Dept. of Public Works (1)	370	347	376	29	
Health & Wellness	6	22	51	29	
Human Resources (2)	73	95	65	(30)	
Housing & Revitalization/Planning & Development (2)	92	111	81	(30)	
Dept. of Innovation and Technology	32	49	134	85	
Law	92	100	108	8	
Mayor	57	71	73	2	
Public Lighting Dept.	6	5	6	1	
Recreation (1)	199	261	285	24	
General Services (1)	460	478	574	96	
Legislative (3)	106	232	252	20	
36th District Court	353	353	326	(27)	
Other (4)	47	49	78	29	
Total Civilian	2,077	2,547	2,862	315	11%
Total General City	6,057	6,582	7,321	739	10%
Enterprise					
Airport	4	3	4	1	
BSEED	179	174	204	30	
Transportation (5)	972	1,083	900	(183)	
Parking	86	78	89	11	
Water/Sewerage	1,356	482	488	6	
Library	302	283	325	42	
Total Enterprise	2,899	2,103	2,010	(93)	-5%
Total City	8,956	8,685	9,331	646	7%

Notes:

- (1) Budget reflects FTE which was adjusted to convert the budget into a headcount equivalent.
- (2) Budget reflects the reduction of funding for positions due reorganizations, which are still in process resulting in the difference between actual and budget heads.
- (3) Includes: Auditor General, Zoning, City Council, Ombudsperson, City Clerk, and Elections. Board of Zoning includes 8 board of review members that are contract staff.
- (4) Includes: Human Rights, Administrative Hearings, Homeland Security, and Non-departmental.
- (5) Actuals include non-active employees that are out on disability.



The City is leveraging funding from external sources

- The total amount of grants awarded increased \$5.6m on a net basis from the prior month. Health & Wellness Promotion was awarded an additional \$4.3m to an existing grant. The Police Department closed one grant and Recreation Department closed two grants. Both private grants and donations increased resulting from new awards totaling \$1.6m.

\$ in millions

Department	Amount Awarded (1)	Number of Grants
Transportation	\$ 332.8	20
Housing & Revitalization	208.8	18
Fire Department	50.9	9
Health & Wellness Promotion	32.4	5
Public Works	30.6	20
Police	15.8	25
Recreation	4.7	17
Coleman A. Young Airport (Airport)	3.1	4
Homeland Security and Emergency Management (HSEM)	1.8	8
General Services	1.5	2
Other (2)	0.7	6
Active Federal/State grants (3)	\$ 683.1	134
Active private grants	28.2	27
Active private donations	33.4	42
Total active grants and donations	\$ 744.7	203

Notes:

- (1) Reflects original amount awarded and amendments. Amount available to be spent will be lower for most departments.
- (2) Other includes BSEED and Historic Designation.
- (3) Total does not include Hardest Hit Fund grants, which are reflected in the Land Bank Authority.



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CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVE., SUITE 1100
DETROIT, MICHIGAN 48226
PHONE: 313-628-2535
WWW.DETROITMI.GOV

October 13, 2016

Detroit Financial Review Commission
3062 W. Grand Blvd.
Detroit, MI 48202

RE: City of Detroit Debt Service Requirements and Certification
Fiscal Year 2017, Quarter 1

Dear Commissioners:

Enclosed with this letter you will find the debt service requirements due on all bonds, leases, and other municipal debt of the City of Detroit in compliance with section 6 of the Michigan Financial Review Commission Act, Act 181, Public Acts of Michigan, 2014.

We hereby certify as of the date of this letter: (1) that the amounts specified herein are accurate statements of the City debt service requirements; and (2) that the City of Detroit is financially able to meet the debt service requirements through the end of the current fiscal year.

With regards,

Mayor, City of Detroit

Chief Financial Officer, City of Detroit

Detroit Council President, on behalf of the Honorable Detroit City Council

**City of Detroit
Debt Obligation Summary**

Debt Obligation	# of Series	Sep. 30, 2016 Principal Balance
LTGO DSA First Lien Bonds	2	\$248,085,000
UTGO DSA Second Lien Bonds	1	96,130,000
LTGO DSA Third Lien Bonds	5	127,895,000
UTGO DSA Fourth Lien Bonds	2	242,040,000
LTGO (Exit Financing, Remarketed)	2	245,000,000
LTGO (B-Notes)	2	631,964,145
LTGO (C-Notes)	1	79,633,570
HUD Notes	15	71,510,000
	30	\$1,742,257,715

FY17 Debt Service	Amount Paid	At Trustee	Amount Remaining/Credit Balance
\$24,441,071	–	\$7,297,984	\$17,143,087
9,828,342	–	8,653,975	1,174,367
13,011,490	–	4,838,016	8,173,474
43,747,176	–	17,560,462	26,186,714
10,903,756	–	6,275,181	4,628,575
25,278,566	–	12,639,283	12,639,283
9,977,155	–	12,462,217	(2,485,062)
8,887,350	7,293,019	–	1,594,331
\$146,074,905	\$7,293,019	\$69,727,118	\$69,054,768

Note: Amounts Paid/At Trustee are as of September 30, 2016.
Does not consider the 2016 refunding proceeds held in escrow for Mar 17 redemption

City of Detroit - LTGO DSA 1st Lien Debt Service Requirements

ISSUE NAME:	Distributable State Aid First Lien Bonds (Limited Tax General Obligation), Series 2010 (Tax-Exempt - Working Capital Bonds)		Distributable State Aid First Lien Bonds (Limited Tax General Obligation), Series 2016B-1 (Taxable - Refunding Local Project Bonds)						
ISSUE NAME(2):									
REPAYMENT	Full faith and credit and resources of the City, additionally Detroit's share of State Shared Revenue payments.		Full faith and credit and resources of the City, additionally Detroit's share of State Shared Revenue payments.						
SOURCE:	Ad valorem taxes levied annually on all property		Ad valorem taxes levied annually on all property						
PURPOSE(S):	Fund Portion of Accumulated Deficit		Restructuring of prior indebtedness (whole or in part)						
ORIGINAL PAR:	\$7,120,000		\$240,965,000			ALL			
DATED DATE:	March 18, 2010		August 11, 2016						
PRINCIPAL DUE:	Annual: November		Annual: November						
INTEREST DUE:	Semi-Annual: November/May		Semi-Annual: November/May						
INTEREST RATE:	5.00%		1.94% to 5.00%						
MATURITY DATE:	November 1, 2016		November 1, 2035						
INSURANCE:	Noninsured		Noninsured						
CALL PROVISIONS:	N/A		Make-Whole						
Fiscal Year Ending June 30,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	\$7,120,000	\$11,727,138	\$18,847,138	-	\$5,593,933	\$5,593,933	\$7,120,000	\$17,321,071	\$24,441,071
2018	-	-	-	-	\$7,745,446	\$7,745,446	-	\$7,745,446	\$7,745,446
2019	-	-	-	-	\$7,745,446	\$7,745,446	-	\$7,745,446	\$7,745,446
2020	-	-	-	\$6,480,000	\$7,583,446	\$14,063,446	\$6,480,000	\$7,583,446	\$14,063,446
2021	-	-	-	\$11,720,000	\$7,128,446	\$18,848,446	\$11,720,000	\$7,128,446	\$18,848,446
2022	-	-	-	\$12,130,000	\$6,717,724	\$18,847,724	\$12,130,000	\$6,717,724	\$18,847,724
2023	-	-	-	\$12,385,000	\$6,461,043	\$18,846,043	\$12,385,000	\$6,461,043	\$18,846,043
2024	-	-	-	\$12,675,000	\$6,170,364	\$18,845,364	\$12,675,000	\$6,170,364	\$18,845,364
2025	-	-	-	\$12,990,000	\$5,855,619	\$18,845,619	\$12,990,000	\$5,855,619	\$18,845,619
2026	-	-	-	\$13,330,000	\$5,518,638	\$18,848,638	\$13,330,000	\$5,518,638	\$18,848,638
2027	-	-	-	\$13,690,000	\$5,159,182	\$18,849,182	\$13,690,000	\$5,159,182	\$18,849,182
2028	-	-	-	\$14,100,000	\$4,743,853	\$18,843,853	\$14,100,000	\$4,743,853	\$18,843,853
2029	-	-	-	\$14,565,000	\$4,276,613	\$18,841,613	\$14,565,000	\$4,276,613	\$18,841,613
2030	-	-	-	\$15,050,000	\$3,793,889	\$18,843,889	\$15,050,000	\$3,793,889	\$18,843,889
2031	-	-	-	\$15,550,000	\$3,295,109	\$18,845,109	\$15,550,000	\$3,295,109	\$18,845,109
2032	-	-	-	\$16,065,000	\$2,779,784	\$18,844,784	\$16,065,000	\$2,779,784	\$18,844,784
2033	-	-	-	\$16,625,000	\$2,219,922	\$18,844,922	\$16,625,000	\$2,219,922	\$18,844,922
2034	-	-	-	\$17,235,000	\$1,612,981	\$18,847,981	\$17,235,000	\$1,612,981	\$18,847,981
2035	-	-	-	\$17,860,000	\$983,903	\$18,843,903	\$17,860,000	\$983,903	\$18,843,903
2036	-	-	-	\$18,515,000	-	\$18,515,000	\$18,515,000	-	\$18,515,000
OUTSTANDING:	\$7,120,000	\$11,727,138	\$18,847,138	\$240,965,000	\$95,385,341	\$317,835,341	\$248,085,000	\$107,112,479	\$355,197,479

NOTES:

City of Detroit - UTGO DSA 2nd Lien Debt Service Requirements

ISSUE NAME:	Distributable State Aid Second Lien Bonds (Unlimited Tax General Obligation), Series 2010 (Taxable - Recovery Zone Economic development Bonds - Direct Payment)		
ISSUE NAME(2):			
REPAYMENT SOURCE:	Full faith and credit and resources of the City & State Shared Revenue payments Ad valorem taxes levied annually on all property		
PURPOSE(S):	Financing capital improvements		
ORIGINAL PAR:	\$100,000,000		
DATED DATE:	December 16, 2010		
PRINCIPAL DUE:	Annual: November		
INTEREST DUE:	Semi-Annual: November/May		
INTEREST RATE:	5.429% to 8.369%		
MATURITY DATE:	November 1, 2035		
INSURANCE:	None		
CALL PROVISIONS:	Make-Whole		
Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$2,105,000	\$7,723,342	\$9,828,342
2018	\$2,240,000	\$7,588,302	\$9,828,302
2019	\$2,395,000	\$7,431,251	\$9,826,251
2020	\$2,575,000	\$7,252,630	\$9,827,630
2021	\$2,765,000	\$7,060,710	\$9,825,710
2022	\$2,970,000	\$6,854,594	\$9,824,594
2023	\$3,195,000	\$6,633,024	\$9,828,024
2024	\$3,455,000	\$6,373,621	\$9,828,621
2025	\$3,755,000	\$6,071,919	\$9,826,919
2026	\$4,085,000	\$5,743,854	\$9,828,854
2027	\$4,440,000	\$5,387,125	\$9,827,125
2028	\$4,825,000	\$4,999,431	\$9,824,431
2029	\$5,250,000	\$4,577,843	\$9,827,843
2030	\$5,705,000	\$4,119,431	\$9,824,431
2031	\$6,205,000	\$3,621,057	\$9,826,057
2032	\$6,750,000	\$3,078,955	\$9,828,955
2033	\$7,335,000	\$2,489,568	\$9,824,568
2034	\$7,975,000	\$1,848,921	\$9,823,921
2035	\$8,675,000	\$1,152,202	\$9,827,202
2036	\$9,430,000	\$394,598	\$9,824,598
OUTSTANDING:	\$96,130,000	\$100,402,380	\$196,532,380

NOTES:

City of Detroit - LTGO DSA 3rd Lien Debt Service Requirements

ISSUE NAME:	Self-Insurance Distributable State Aid Third Lien Bonds (Limited Tax General Obligation) Series 2012(A2) ⁽¹⁾ (Tax-Exempt - Working Capital Bonds)			Self-Insurance Distributable State Aid Third Lien Refunding Bonds (Limited Tax General Obligation), Series 2012B2 (Tax-Exempt - Working Capital Bonds)			Distributable State Aid Third Lien Capital Improvement Refunding Bonds (Limited Tax General Obligation), Series 2012B (Tax-Exempt - Working Capital Bonds)		
ISSUE NAME(2):									
REPAYMENT	Full faith and credit and resources of the City, additionally Detroit's share of State Shared Revenue payments.			Full faith and credit and resources of the City, additionally Detroit's share of State Shared Revenue payments.			Full faith and credit and resources of the City, additionally Detroit's share of State Shared Revenue payments.		
SOURCE:	Ad valorem taxes levied annually on all property			Ad valorem taxes levied annually on all property			Ad valorem taxes levied annually on all property		
PURPOSE(S):	Refinance Certain Obligations & Fund Risk Management Fund			Refinance Certain Obligations & Fund Risk Management Fund			Refinance Certain Obligations & Fund Risk Management Fund		
ORIGINAL PAR:	\$1,415,000			\$1,120,000			\$235,000		
DATED DATE:	March 29, 2012 Conversion Date: August 23, 2012			March 29, 2012 Conversion Date: August 23, 2012			March 29, 2012 Conversion Date: August 23, 2012		
PRINCIPAL DUE:	Annual: November			Annual: November			Annual: November		
INTEREST DUE:	Semi-Annual: November/May			Semi-Annual: November/May			Semi-Annual: November/May		
INTEREST RATE:	5.00%			5.00%			5.00%		
MATURITY DATE:	November 1, 2016			November 1, 2016			November 1, 2016		
INSURANCE:	Noninsured			Noninsured			Noninsured		
CALL PROVISIONS:	N/A			N/A			N/A		
Fiscal Year Ending June 30,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	\$1,415,000	\$1,694,613	\$3,109,613	\$1,120,000	\$1,339,975	\$2,459,975	\$235,000	\$279,263	\$514,263
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-
OUTSTANDING:	\$1,415,000	\$1,694,613	\$3,109,613	\$1,120,000	\$1,339,975	\$2,459,975	\$235,000	\$279,263	\$514,263

NOTES:

City of Detroit - LTGO DSA 3rd Lien Debt Service Requirements

ISSUE NAME:	Self-Insurance Distributable State Aid Third Lien Bonds (Limited Tax General Obligation), Series 2012A2-B (Tax-Exempt - Working Capital Bonds)	Distributable State Aid Third Lien Bonds (Limited Tax General Obligation), Series 2016B-2 (Taxable - Refunding Local Project Bonds)							
ISSUE NAME(2):									
REPAYMENT	Full faith and credit and resources of the City, additionally Detroit's share of State Shared Revenue payments.	Full faith and credit and resources of the City, additionally Detroit's share of State Shared Revenue payments.							
SOURCE:	Ad valorem taxes levied annually on all property	Ad valorem taxes levied annually on all property							
PURPOSE(S):	Restructing of prior indebtedness (whole or in part)	Restructing of prior indebtedness (whole or in part)							
ORIGINAL PAR:	\$1,950,000	\$123,175,000	ALL						
DATED DATE:	August 23, 2012	August 11, 2016							
PRINCIPAL DUE:	Annual: November	Annual: November							
INTEREST DUE:	Semi-Annual: November/May	Semi-Annual: November/May							
INTEREST RATE:	5.00%	1.39% to 3.61%							
MATURITY DATE:	November 1, 2016	November 1, 2032							
INSURANCE:	Noninsured	Noninsured							
CALL PROVISIONS:	N/A	Make-Whole							
Fiscal Year Ending June 30,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	\$1,950,000	\$2,333,575	\$4,283,575	-	\$2,644,065	\$2,644,065	\$4,720,000	\$8,291,490	\$13,011,490
2018	-	-	-	\$3,690,000	\$3,635,368	\$7,325,368	\$3,690,000	\$3,635,368	\$7,325,368
2019	-	-	-	\$3,740,000	\$3,579,672	\$7,319,672	\$3,740,000	\$3,579,672	\$7,319,672
2020	-	-	-	\$6,870,000	\$3,487,207	\$10,357,207	\$6,870,000	\$3,487,207	\$10,357,207
2021	-	-	-	\$7,015,000	\$3,351,451	\$10,366,451	\$7,015,000	\$3,351,451	\$10,366,451
2022	-	-	-	\$7,160,000	\$3,197,882	\$10,357,882	\$7,160,000	\$3,197,882	\$10,357,882
2023	-	-	-	\$7,335,000	\$3,024,353	\$10,359,353	\$7,335,000	\$3,024,353	\$10,359,353
2024	-	-	-	\$7,535,000	\$2,827,671	\$10,362,671	\$7,535,000	\$2,827,671	\$10,362,671
2025	-	-	-	\$7,745,000	\$2,613,538	\$10,358,538	\$7,745,000	\$2,613,538	\$10,358,538
2026	-	-	-	\$7,975,000	\$2,384,754	\$10,359,754	\$7,975,000	\$2,384,754	\$10,359,754
2027	-	-	-	\$8,215,000	\$2,142,267	\$10,357,267	\$8,215,000	\$2,142,267	\$10,357,267
2028	-	-	-	\$8,495,000	\$1,864,475	\$10,359,475	\$8,495,000	\$1,864,475	\$10,359,475
2029	-	-	-	\$8,810,000	\$1,552,120	\$10,362,120	\$8,810,000	\$1,552,120	\$10,362,120
2030	-	-	-	\$9,130,000	\$1,228,303	\$10,358,303	\$9,130,000	\$1,228,303	\$10,358,303
2031	-	-	-	\$9,470,000	\$892,573	\$10,362,573	\$9,470,000	\$892,573	\$10,362,573
2032	-	-	-	\$9,815,000	\$544,478	\$10,359,478	\$9,815,000	\$544,478	\$10,359,478
2033	-	-	-	\$10,175,000	\$183,659	\$10,358,659	\$10,175,000	\$183,659	\$10,358,659
OUTSTANDING:	\$1,950,000	\$2,333,575	\$4,283,575	\$123,175,000	\$39,153,836	\$162,328,836	\$127,895,000	\$44,801,261	\$172,696,261

NOTES:

City of Detroit - UTGO DSA 4th Lien Debt Service Requirements

ISSUE NAME:
ISSUE NAME(2):
REPAYMENT SOURCE:
PURPOSE(S):
ORIGINAL PAR:
DATED DATE:
PRINCIPAL DUE:
INTEREST DUE:
INTEREST RATE:
MATURITY DATE:
INSURANCE:
CALL PROVISIONS:
Fiscal Year Ending June 30,
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
2028
OUTSTANDING:
CALLABLE:

Distributable State Aid Fourth Lien Bonds (Unlimited Tax General Obligation), Series 2016A-1 (Tax-Exempt - Refunding Local Project Bonds)		
Full faith and credit and resources of the City & State Shared Revenue payments Ad valorem taxes levied annually on all property		
Refunding of prior indebtedness		
\$222,185,000		
August 11, 2016		
Annual: April		
Semi-Annual: October/April		
4.00% to 5.00%		
April 1, 2028		
None		
October 1, 2026 @ 100%		
Principal	Interest	Total
\$34,040,000	\$6,880,099	\$40,920,099
\$27,340,000	\$9,407,250	\$36,747,250
\$27,610,000	\$8,040,250	\$35,650,250
\$28,280,000	\$6,659,750	\$34,939,750
\$28,950,000	\$5,245,750	\$34,195,750
\$22,185,000	\$3,798,250	\$25,983,250
\$19,465,000	\$2,689,000	\$22,154,000
\$15,695,000	\$1,715,750	\$17,410,750
\$8,160,000	\$931,000	\$9,091,000
\$3,320,000	\$523,000	\$3,843,000
\$3,485,000	\$357,000	\$3,842,000
\$3,655,000	\$182,750	\$3,837,750
\$222,185,000	\$46,429,849	\$268,614,849

Distributable State Aid Fourth Lien Bonds (Unlimited Tax General Obligation), Series 2016A-2 (Taxable - Refunding Local Project Bonds)		
Full faith and credit and resources of the City & State Shared Revenue payments Ad valorem taxes levied annually on all property		
Refunding of prior indebtedness		
\$19,855,000		
August 11, 2016		
Annual: April		
Semi-Annual: October/April		
1.69% to 3.66%		
April 1, 2028		
None		
Make Whole		
Principal	Interest	Total
\$2,470,000	\$357,077	\$2,827,077
\$2,560,000	\$517,160	\$3,077,160
\$1,260,000	\$464,501	\$1,724,501
\$1,290,000	\$435,937	\$1,725,937
\$1,320,000	\$403,803	\$1,723,803
\$1,420,000	\$367,621	\$1,787,621
\$1,465,000	\$325,817	\$1,790,817
\$1,510,000	\$279,757	\$1,789,757
\$1,560,000	\$230,531	\$1,790,531
\$1,610,000	\$178,115	\$1,788,115
\$1,665,000	\$122,409	\$1,787,409
\$1,725,000	\$63,135	\$1,788,135
\$19,855,000	\$3,745,863	\$23,600,863

ALL		
Principal	Interest	Total
\$36,510,000	\$7,237,176	\$43,747,176
\$29,900,000	\$9,924,410	\$39,824,410
\$28,870,000	\$8,504,751	\$37,374,751
\$29,570,000	\$7,095,687	\$36,665,687
\$30,270,000	\$5,649,553	\$35,919,553
\$23,605,000	\$4,165,871	\$27,770,871
\$20,930,000	\$3,014,817	\$23,944,817
\$17,205,000	\$1,995,507	\$19,200,507
\$9,720,000	\$1,161,531	\$10,881,531
\$4,930,000	\$701,115	\$5,631,115
\$5,150,000	\$479,409	\$5,629,409
\$5,380,000	\$245,885	\$5,625,885
\$242,040,000	\$50,175,712	\$292,215,712

NOTES:

City of Detroit - LTGO Exit (Remarketed) Debt Service Requirements

ISSUE NAME:	Financial Recovery Income Tax Revenue and Refunding Bonds, Series 2014-A (Tax-Exempt)		Financial Recovery Income Tax Revenue and Refunding Bonds, Series 2014-B (Taxable)					
ISSUE NAME(2):	Exit Financing (Remarketed)		Exit Financing (Remarketed)					
REPAYMENT	Income Taxes & Full faith and credit and resources of the City		Income Taxes & Full faith and credit and resources of the City					
SOURCE:	Income Taxes		Income Taxes					
PURPOSE(S):	Financial Recovery		Financial Recovery					
ORIGINAL PAR:	\$134,725,000		\$110,275,000					
DATED DATE:	September 1, 2015		September 1, 2015					
PRINCIPAL DUE:	Annual: October		Annual: October					
INTEREST DUE:	Semi Annual: October/April		Semi Annual: October/April					
INTEREST RATE:	3.40% to 4.50%		4.60%					
MATURITY DATE:	October 1, 2029		October 1, 2022					
INSURANCE:	Noninsured		Noninsured					
CALL PROVISIONS:	None		None					
	Principal	Interest	Total	Principal	Interest	Total		
Fiscal Year Ending June 30,			ALL					
2017	-	\$5,831,106	\$5,831,106	-	\$10,903,756	\$10,903,756		
2018	-	\$5,831,106	\$5,831,106	-	\$10,903,756	\$10,903,756		
2019	-	\$5,831,106	\$5,831,106	\$13,425,000	\$10,594,981	\$24,019,981		
2020	-	\$5,831,106	\$5,831,106	\$23,605,000	\$9,743,291	\$33,348,291		
2021	\$2,000,000	\$5,797,106	\$7,797,106	\$22,950,000	\$8,638,526	\$33,588,526		
2022	\$2,000,000	\$5,727,106	\$7,727,106	\$24,390,000	\$7,479,706	\$33,869,706		
2023	\$2,000,000	\$5,653,106	\$7,653,106	\$27,905,000	\$6,248,921	\$34,153,921		
2024	\$15,375,000	\$5,317,216	\$20,692,216	\$15,375,000	\$5,317,216	\$20,692,216		
2025	\$16,285,000	\$4,693,625	\$20,978,625	\$16,285,000	\$4,693,625	\$20,978,625		
2026	\$17,245,000	\$3,979,913	\$21,224,913	\$17,245,000	\$3,979,913	\$21,224,913		
2027	\$18,265,000	\$3,180,938	\$21,445,938	\$18,265,000	\$3,180,938	\$21,445,938		
2028	\$19,350,000	\$2,334,600	\$21,684,600	\$19,350,000	\$2,334,600	\$21,684,600		
2029	\$20,495,000	\$1,438,088	\$21,933,088	\$20,495,000	\$1,438,088	\$21,933,088		
2030	\$21,710,000	\$488,475	\$22,198,475	\$21,710,000	\$488,475	\$22,198,475		
OUTSTANDING:	\$134,725,000	\$61,934,597	\$196,659,597	\$110,275,000	\$24,011,195	\$134,286,195		

City of Detroit - LTGO B-Notes Debt Service Requirements

ISSUE NAME:	Financial Recovery Bonds, Series 2014-B1 (Federally Taxable)			Financial Recovery Bonds, Series 2014-B2 (Federally Taxable)			ALL		
ISSUE NAME(2):	B-Notes			B-Notes					
REPAYMENT SOURCE:	Full faith and credit and resources of the City			Full faith and credit and resources of the City					
PURPOSE(S):	Financial Recovery			Financial Recovery					
ORIGINAL PAR:	\$616,560,047			\$15,404,098					
DATED DATE:	December 10, 2014			December 10, 2014					
PRINCIPAL DUE:	Annual: April			Annual: April					
INTEREST DUE:	Semi Annual: April/October			Semi Annual: April/October					
INTEREST RATE:	4.00% to 6.00%			4.00% to 6.00%					
MATURITY DATE:	April 1, 2044			April 1, 2044					
INSURANCE:	Noninsured			Noninsured					
CALL PROVISIONS:	None			None					
Fiscal Year Ending June 30,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	-	\$24,662,402	\$24,662,402	-	\$616,164	\$616,164	-	\$25,278,566	\$25,278,566
2018	-	\$24,662,402	\$24,662,402	-	\$616,164	\$616,164	-	\$25,278,566	\$25,278,566
2019	-	\$24,662,402	\$24,662,402	-	\$616,164	\$616,164	-	\$25,278,566	\$25,278,566
2020	-	\$24,662,402	\$24,662,402	-	\$616,164	\$616,164	-	\$25,278,566	\$25,278,566
2021	-	\$24,662,402	\$24,662,402	-	\$616,164	\$616,164	-	\$25,278,566	\$25,278,566
2022	-	\$24,662,402	\$24,662,402	-	\$616,164	\$616,164	-	\$25,278,566	\$25,278,566
2023	-	\$24,662,402	\$24,662,402	-	\$616,164	\$616,164	-	\$25,278,566	\$25,278,566
2024	-	\$24,662,402	\$24,662,402	-	\$616,164	\$616,164	-	\$25,278,566	\$25,278,566
2025	\$30,828,003	\$24,662,402	\$55,490,405	\$770,205	\$616,164	\$1,386,369	\$31,598,208	\$25,278,566	\$56,876,774
2026	\$30,828,003	\$23,429,282	\$54,257,285	\$770,205	\$585,356	\$1,355,561	\$31,598,208	\$24,014,637	\$55,612,845
2027	\$30,828,003	\$22,196,162	\$53,024,165	\$770,205	\$554,548	\$1,324,753	\$31,598,208	\$22,750,709	\$54,348,917
2028	\$30,828,003	\$20,963,042	\$51,791,045	\$770,205	\$523,739	\$1,293,944	\$31,598,208	\$21,486,781	\$53,084,989
2029	\$30,828,003	\$19,729,921	\$50,557,924	\$770,205	\$492,931	\$1,263,136	\$31,598,208	\$20,222,853	\$51,821,061
2030	\$30,828,003	\$18,496,801	\$49,324,804	\$770,205	\$462,123	\$1,232,328	\$31,598,208	\$18,958,924	\$50,557,132
2031	\$30,828,003	\$17,263,681	\$48,091,684	\$770,205	\$431,315	\$1,201,520	\$31,598,208	\$17,694,996	\$49,293,204
2032	\$30,828,003	\$16,030,561	\$46,858,564	\$770,205	\$400,507	\$1,170,712	\$31,598,208	\$16,431,068	\$48,029,276
2033	\$30,828,003	\$14,797,441	\$45,625,444	\$770,205	\$369,698	\$1,139,903	\$31,598,208	\$15,167,139	\$46,765,347
2034	\$30,828,003	\$13,564,321	\$44,392,324	\$770,205	\$338,890	\$1,109,095	\$31,598,208	\$13,903,211	\$45,501,419
2035	\$30,828,003	\$18,496,801	\$49,324,804	\$770,205	\$462,123	\$1,232,328	\$31,598,208	\$18,958,924	\$50,557,132
2036	\$30,828,003	\$16,647,121	\$47,475,124	\$770,205	\$415,911	\$1,186,116	\$31,598,208	\$17,063,031	\$48,661,239
2037	\$30,828,003	\$14,797,441	\$45,625,444	\$770,205	\$369,698	\$1,139,903	\$31,598,208	\$15,167,139	\$46,765,347
2038	\$30,828,003	\$12,947,760	\$43,775,763	\$770,205	\$323,486	\$1,093,691	\$31,598,208	\$13,271,246	\$44,869,454
2039	\$30,828,003	\$11,098,080	\$41,926,083	\$770,205	\$277,274	\$1,047,479	\$31,598,208	\$11,375,354	\$42,973,562
2040	\$30,828,003	\$9,248,400	\$40,076,403	\$770,205	\$231,061	\$1,001,266	\$31,598,208	\$9,479,462	\$41,077,670
2041	\$30,828,003	\$7,398,720	\$38,226,723	\$770,205	\$184,849	\$955,054	\$31,598,208	\$7,583,569	\$39,181,777
2042	\$30,828,003	\$5,549,040	\$36,377,043	\$770,205	\$138,637	\$908,842	\$31,598,208	\$5,687,677	\$37,285,885
2043	\$30,828,003	\$3,699,360	\$34,527,363	\$770,205	\$92,424	\$862,629	\$31,598,208	\$3,791,784	\$35,389,992
2044	\$30,827,990	\$1,849,679	\$32,677,669	\$770,203	\$46,212	\$816,415	\$31,598,193	\$1,895,892	\$33,494,085
OUTSTANDING:	\$616,560,047	\$490,165,231	\$1,106,725,278	\$15,404,098	\$12,246,257	\$27,650,355	\$631,964,145	\$502,411,487	\$1,134,375,632

NOTES:

City of Detroit - LTGO C-Notes Debt Service Requirements

ISSUE NAME:	Financial Recovery Bonds, Series 2014-C
ISSUE NAME(2):	C-Notes (Taxable)
REPAYMENT	Parking Revenues & Full faith and credit of the City
SOURCE:	Parking Revenues
PURPOSE(S):	Financial Recovery
ORIGINAL PAR:	\$88,430,021
DATED DATE:	December 10, 2014
PRINCIPAL DUE:	Annual : June 30th
INTEREST DUE:	Annual : June 30th
INTEREST RATE:	5.00%
MATURITY DATE:	December 10, 2026
INSURANCE:	Noninsured
CALL PROVISIONS:	None
Fiscal Year Ending	
June 30,	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	

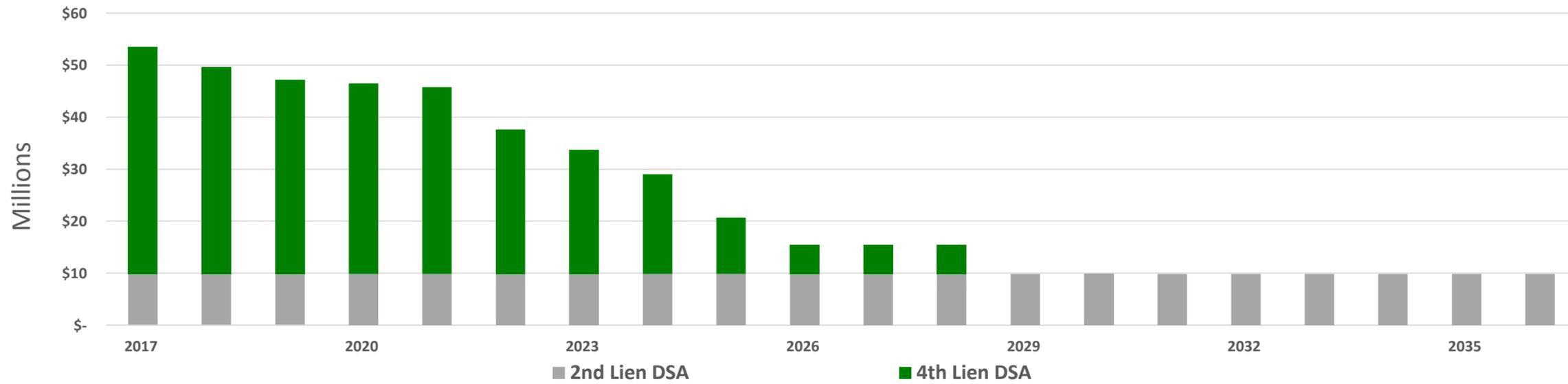
Financial Recovery Bonds, Series 2014-C
C-Notes (Taxable)
Parking Revenues & Full faith and credit of the City
Parking Revenues
Financial Recovery
\$88,430,021
December 10, 2014
Annual : June 30th
Annual : June 30th
5.00%
December 10, 2026
Noninsured
None

	Principal	Interest	Total
	\$5,995,476	\$3,981,679	\$9,977,155
	\$6,295,250	\$3,681,905	\$9,977,155
	\$6,610,012	\$3,367,142	\$9,977,154
	\$6,940,513	\$3,036,642	\$9,977,155
	\$7,287,539	\$2,689,616	\$9,977,155
	\$7,651,916	\$2,325,239	\$9,977,155
	\$8,034,511	\$1,942,643	\$9,977,154
	\$8,436,237	\$1,540,918	\$9,977,155
	\$8,858,049	\$1,119,106	\$9,977,155
	\$9,300,951	\$676,203	\$9,977,154
	\$4,223,116	\$93,847	\$4,316,963
OUTSTANDING:	\$79,633,570	\$24,454,939	\$104,088,509

NOTES:
Final payment due December 10, 2026

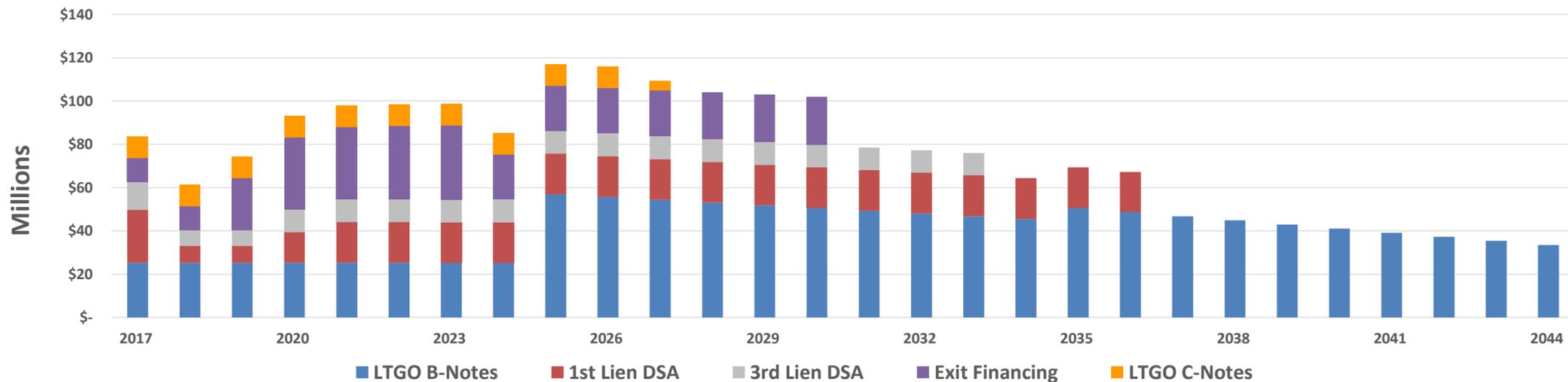
City of Detroit - UTGO Debt Service Requirements

Fiscal Year Ending June 30	2nd Lien DSA	4th Lien DSA	UTGO Obligations
2017	\$ 9,828,342	\$ 43,747,176	\$ 53,575,518
2018	9,828,302	39,824,410	49,652,712
2019	9,826,251	37,374,751	47,201,002
2020	9,827,630	36,665,687	46,493,317
2021	9,825,710	35,919,553	45,745,263
2022	9,824,594	27,770,871	37,595,465
2023	9,828,024	23,944,817	33,772,841
2024	9,828,621	19,200,507	29,029,128
2025	9,826,919	10,881,531	20,708,450
2026	9,828,854	5,631,115	15,459,969
2027	9,827,125	5,629,409	15,456,534
2028	9,824,431	5,625,885	15,450,316
2029	9,827,843	-	9,827,843
2030	9,824,431	-	9,824,431
2031	9,826,057	-	9,826,057
2032	9,828,955	-	9,828,955
2033	9,824,568	-	9,824,568
2034	9,823,921	-	9,823,921
2035	9,827,202	-	9,827,202
2036	9,824,598	-	9,824,598
Total	\$ 196,532,380	\$ 292,215,712	\$ 488,748,092



City of Detroit - LTGO Debt Service Requirements

Fiscal Year Ending June 30	LTGO B-Notes	1st Lien DSA	3rd Lien DSA	Exit Financing	LTGO C-Notes	LTGO Obligations
2017	\$ 25,278,566	\$ 24,441,071	\$ 13,011,490	\$ 10,903,756	\$ 9,977,155	\$ 83,612,037
2018	25,278,566	7,745,446	7,325,368	10,903,756	9,977,155	61,230,291
2019	25,278,566	7,745,446	7,319,672	24,019,981	9,977,154	74,340,819
2020	25,278,566	14,063,446	10,357,207	33,348,291	9,977,155	93,024,665
2021	25,278,566	18,848,446	10,366,451	33,588,526	9,977,155	98,059,144
2022	25,278,566	18,847,724	10,357,882	33,869,706	9,977,155	98,331,033
2023	25,278,566	18,846,043	10,359,353	34,153,921	9,977,154	98,615,037
2024	25,278,566	18,845,364	10,362,671	20,692,216	9,977,155	85,155,971
2025	56,876,774	18,845,619	10,358,538	20,978,625	9,977,155	117,036,711
2026	55,612,845	18,848,638	10,359,754	21,224,913	9,977,154	116,023,304
2027	54,348,917	18,849,182	10,357,267	21,445,938	4,316,963	109,318,267
2028	53,084,989	18,843,853	10,359,475	21,684,600	-	103,972,917
2029	51,821,061	18,841,613	10,362,120	21,933,088	-	102,957,881
2030	50,557,132	18,843,889	10,358,303	22,198,475	-	101,957,799
2031	49,293,204	18,845,109	10,362,573	-	-	78,500,886
2032	48,029,276	18,844,784	10,359,478	-	-	77,233,538
2033	46,765,347	18,844,922	10,358,659	-	-	75,968,928
2034	45,501,419	18,847,981	-	-	-	64,349,400
2035	50,557,132	18,843,903	-	-	-	69,401,035
2036	48,661,239	18,515,000	-	-	-	67,176,239
2037	46,765,347	-	-	-	-	46,765,347
2038	44,869,454	-	-	-	-	44,869,454
2039	42,973,562	-	-	-	-	42,973,562
2040	41,077,670	-	-	-	-	41,077,670
2041	39,181,777	-	-	-	-	39,181,777
2042	37,285,885	-	-	-	-	37,285,885
2043	35,389,992	-	-	-	-	35,389,992
2044	33,494,085	-	-	-	-	33,494,085
Total	\$ 1,134,375,632	\$ 355,197,479	\$ 172,696,261	\$ 330,945,792	\$ 104,088,509	\$ 2,097,303,673





STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

CITY RESOLUTION 2016-17

**APPROVING THE CITY'S OCTOBER 2016 BUDGET AMENDMENT
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 7(c) of the Act provides that during the period of oversight, the Commission review, modify, and approve the City’s proposed and amended operational budgets and that a proposed budget or budget amendment does not take effect unless approved by the Commission; and

WHEREAS, Section 6(3) of the Act further requires the Commission to ensure that the City complies with the requirements of the Uniform Budgeting and Accounting Act; and

WHEREAS, the Uniform Budgeting and Accounting Act prevents the City from deviating from its original general appropriations act without amending it and requires the City to amend its general appropriations act as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of the deviation can be determined; and

WHEREAS, at the Commission meeting on October 31, 2016, the City presented budget amendment requests, 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 October 2016 budget amendment requests, attached as **Exhibit A** to this Resolution but excluding any budget amendments 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.

CITY OF DETROIT BUDGET AMENDMENTS

THE FOLLOWING BUDGET AMENDMENTS ARE BEING SENT TO THE FRC FOR REVIEW AND APPROVAL PURSUANT TO
THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT
For October 31, 2016 MEETING

2015 - 2016 GRANT BUDGET AMENDMENTS

No.	Department	Grantor	Description	Amount		Appr. #
				Revenue	Expense	
1	Detroit City Council (Historic Designation Advisory Board)	Michigan State Housing Development Authority (State Historic Preservation Office)	The City of Detroit's Historic Designation Advisory Board received a grant from the Historic Preservation Fund Certified Local Government (CLG) program for the plans and specifications for the construction of a pass-through between the Belle Isle Aquarium and the Anna Scripps Whitcomb Conservatory. The Belle Isle Conservancy has agreed to contribute additional funding in order to cover the costs. It is likely that the Friends of Belle will raise money for the construction.	9,500.00	9,500.00	14055
Detroit City Council (Historic Designation Advisory Board) Total				9,500.00	9,500.00	
2	Recreation	Michigan Department of Education	The purpose of this grant was to provide meals without cost to children during the summer months of 2015. Expenditures and subsequent reimbursements exceeded original estimates.	68,420.26	68,420.26	14061
Recreation Total				68,420.26	68,420.26	
3	Health	U.S. Department of Health and Human Services Administration	The purpose of this grant is to provide funding under the HIV Ryan White Part A Program. This program provides funding to develop or enhance access to high quality, community based care for low-income individuals and families with HIV.	424,235.00	424,235.00	20149
4	Health	Michigan Department of Health and Human Services	The purpose of this grant is to assist with transition costs incurred for the General Communicable Disease Program.	54,725.00	54,725.00	13931
5	Health	Michigan Department of Health and Human Services	The purpose of this grant is to provide funding to support immunizations, infectious disease control, sexually transmitted disease control and prevention, hearing screening, vision services, food protection.	821,332.00	821,332.00	20210
6	Health	Michigan Department of Health and Human Services	The purpose of this grant is to provide funding under the HIV Ryan White Part B Program. This program assists HIV Positive Clients gain access to various drug therapies.	81,043.00	81,043.00	20216
Health Total				1,381,335.00	1,381,335.00	
Grand Total				1,459,255.26	1,459,255.26	

CITY OF DETROIT BUDGET AMENDMENTS

THE FOLLOWING BUDGET AMENDMENTS ARE BEING SENT TO THE FRC FOR REVIEW AND APPROVAL PURSUANT TO
THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT
For October 31, 2016 MEETING

2016 - 2017 GRANT BUDGET AMENDMENTS

No.	Department	Grantor	Description	Amount		
				Revenue	Expense	Appr. #
1	Recreation	Michigan Department of Education	The purpose of this grant was to provide meals without cost to children during the summer months of 2016. This amendment will allow the department to appropriate excess funds received from the state for last year's program that are, per the program guide, to be rolled over for use during the next season.	41,313.12	41,313.12	20266
Recreation Amendment Total				41,313.12	41,313.12	
2	Health	Michigan Department of Health and Human Services	The purpose of this grant is to provide funding under the HIV & STD Testing and Prevention Program for HIV testing, condom distribution, referral to medical care and other preventative services for HIV positive individuals.	250,000.00	250,000.00	13927
3	Health	Michigan Department of Health and Human Services	The purpose of this grant is to provide funding under the Infant Safe Sleep Program for education and training on ways to keep babies safe while sleeping.	6,000.00	6,000.00	20145
Health Amendment Total				256,000.00	256,000.00	
4	Department of Transportation	Federal Transit Administration	The purpose of this grant is to provide funding to support the city's fixed-route bus service. The funds have been designated for the purchase of replacement buses, preventative maintenance, the design and engineering of the Coolidge terminal rehabilitation, communications equipment, the purchase of signage and employee education and training.	24,127,544.00	24,127,554.00	20287
5	Department of Transportation	Federal Transit Administration	The purpose of this grant is to provide funding for door to door assisted transportation services for low income seniors with disabilities sixty (60) years or older within the City of Detroit with limited trips to nearby suburban communities.	377,758.00	377,758.00	13901
Dept. of Transportation Amendment Total				24,505,302.00	24,505,312.00	
6	Police	Michigan Department of Health and Human Services	The purpose of this grant is to provide funding under the Victims of Crime Act (VOCA) Grant to provides services to victims of rape and homicide crimes.	13,645.00	13,645.00	20230
Police Amendment Total				13,645.00	13,645.00	
Grand Total				24,816,260.12	24,816,270.12	

CITY OF DETROIT BUDGET AMENDMENTS

THE FOLLOWING BUDGET AMENDMENTS ARE BEING SENT TO THE FRC FOR REVIEW AND APPROVAL PURSUANT TO
THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT
For October 31, 2016 MEETING

2016 - 2017 Non-Grant Budget Amendments

No.	Department	Brief Description	Budget Amendment Amount		
			Revenue	Expense	Appr. #
The purpose of this amendment is to establish a cost center under appropriation 04739 - Non Departmental General Revenue for receiving application fees for secondary naming of streets in the City of Detroit and to increase appropriations for associated expenses.					
1	Office of the Chief Financial Officer (OCFO)	Increase Revenues	3,325.00		04739
		Increase Appropriations - City Planning	-	3,250.00	14026
		Increase Appropriations - City Clerk	-	75.00	00265
		Net Change	3,325.00	3,325.00	

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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

CITY RESOLUTION 2016-18

APPROVING THE CITY'S OCTOBER 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 October 31, 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 October 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.

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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 October 31, 2016 Meeting

Prepared By: Boysie Jackson, Chief Procurement Officer

City Council and Water Board Approvals Through October 25, 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
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CONTRACTS GREATER THAN \$750K

1	FIRE	2859838	Contract Amount: \$8,416,200.00 Contract Period: 2/2/12 through 7/23/18 Source: 100% City Funding Purpose: To Provide HIPPA Language to EMS Billing Services Contractor: AccuMed Billing, Inc. Location: 23521 Telegraph Road, Brownstown, MI 48138	Amendment to Add Language	Yes	Yes	9/20/2016	10/31/2016	This Amendment is to add HIPPA language ONLY. (Health Insurance Portability and Accountability).
2	GENERAL SERVICES	3003218	Contract Amount: \$1,678,509.00 Contract Period: One Time Purchase Source: 100% City Funding Purpose: To Provide Nine (9) Additional Live Bottom Trucks Contractor: Wolverine Freightliner Location: 107 S. Groesbeck Highway, Mt. Clemens, MI 48043	New	Yes	Yes	9/13/2016	10/31/2016	
3	HEALTH AND WELLNESS	6000359	Contract Amount: \$40,339,948.00 Contract Period: Upon FRC Approval through 9/30/18 Source: 61.58% State Funding and 38.42% Federal Funding Purpose: To provide Fiduciary Fiscal Management Services for Administration and Contract Management Contractor: Southeastern Michigan Health Association Location: 200 Fisher Building, 3011 West Grand Boulevard, Detroit, MI 48202	New	Yes	Yes	10/25/2016	10/31/2016	Twenty Five Companies reviewed the Bid. Only one company submitted proposal. Health Department and Procurement developing strategy to encourage more bidders.
4	HUMAN RESOURCES	6000366	Contract Amount: \$2,246,400.00 Contract Period: Upon FRC Approval through 12/31/19 Source: 100% City Funding Purpose: To Provide Group Dental Insurance Contractor: Golden Dental Plans Location: 29377 Hoover, Warren, MI 48093	New	Yes	Yes	10/25/2016	10/31/2016	
5	HUMAN RESOURCES	6000387	Contract Amount: 2,119,920.00 Contract Period: Upon FRC Approval through 12/31/19 Source: 100% City Funding Purpose: To Provide Group Dental Insurance Contractor: DENCAP Dental Plans Location: 45 E. Milwaukee St., Detroit, MI 48202	New	Yes	Yes	10/25/2016	10/31/2016	
6	POLICE & Droit	3004870	Contract Amount: \$989,552.00 Contract Period: One Time Purchase Source: 100% Federal Funding Purpose: To Provide License Plate Recognition Readers Contractor: Motorola Solutions, Inc. Location: 1301 E. Algonquin Road, Schaumburg, IL 60196	New	Yes	Yes	10/25/2016	10/31/2016	

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
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CONTRACTS GREATER THAN \$750K--continued

7	POLICE	6000322	Contract Amount: \$11,868,220.00 Contract Period: Upon FRC Approval through 6/30/21 Source: 100% City Funding Purpose: To Provide a Service Agreement to Maintain the 800MHZ Radio System Contractor: Motorola Solutions, Inc. Location: 1301 E. Algonquin Road, Schaumburg, IL 60196	Yes	No	Yes	10/25/2016	10/31/2016	Five (5) year Service Agreement for maintenance, repair, loaners, etc. Pricing Association of Mi-Deal Co-Operative Agreement
8	MUNICIPAL PARKING	2805136	Contract Amount: \$1,200,000.00 Contract Period: Upon FRC Approval through 12/31/16 Source: 100% City Funding Purpose: To Provide Municipal Parking Complete Management and Operation of Vehicle Tow, Storing, Inventorying, Auctioning and Disposal of Abandoned Vehicles; Provide an Alternate Payment Center Contractor: Pierce, Monroe & Associates, LLC Location: 535 Griswold St., Suite 2200, Detroit, MI 48226	Wind down of Services under old contract	Yes	Yes	10/4/2016	10/31/2016	Contract to wind down services under old contract while new contract is being Finalized.

CONTRACTS GREATER THAN 2 YEARS

9	GENERAL SERVICES	6000286	Contract Amount: \$400,000.00 Contract Period: Upon FRC Approval through 9/29/17 Source: 100% City Funding Purpose: To Provide Repair Service, Labor and/or Parts for all Brands Fire Apparatus Vehicles Contractor: R&R Fire Truck Repair, Inc. Location: 751 Dohemy Drive, Northville, MI 48167	New	Yes	Yes	10/4/2016	10/31/2016	
10	OCFO – OFFICE OF THE TREASURY	6000285	Contract Amount: \$1.00 (REVENUE) Contract Period: 10/31/16 through 9/30/19 Source: 100% Other (Transactional) Funding Purpose: To Provide an Independent Registered Municipal Advisor to OCFO Treasury. The IRMA will Assist and Guide the City through the Process of Determining and Implementing the Best Course of Action for Debt Service Obligation Bond Sales, and Other Debt Management Services and Policies. Contractor: FirstSouthwest, a Division of Hilltop Securities Location: 1201 Elm St., Suite 3500, Dallas, TX 75270	New	Yes	Yes	10/18/2016	10/31/2016	Costs will be paid out of Bond Proceeds
11	PUBLIC WORKS	6000263	Contract Amount: \$937,500.00 Contract Period: 10/1/16 through 9/30/17 Source: 100% State Funding Purpose: To Provide Operation and Maintenance of the Traffic Management Center Including General Operation Communications, Equipment Management, and System Management Contractor: Michigan Department of Transportation Location: P.O. Box 30050, Lansing, MI 48909	New	Intergovernmental Agreement	Intergovernmental Agreement	10/4/2016	10/31/2016	
12	RECREATION	6000365	Contract Amount: \$0.00 Contract Period: 8/9/15 through 4/29/40 Source: 100% City Funding Purpose: To Provide a Funding Agreement to Pay for Conversion Services Contractor: Detroit International Bridge Company Location: 12225 Stephens Road, Warren, MI 48089	New	Funding Agreement to support Land Exchange Agreement	Funding Agreement to support Land Exchange Agreement	10/25/2016	10/31/2016	This Funding Agreement is related to the Land Exchange Agreement
13	RECREATION	6000362	Contract Amount: \$0.00 Contract Period: 8/9/15 through 4/29/40 Source: 100% City Funding Purpose: To Secure Conversion Services for Riverside Park per the Land Exchange Agreement Contractor: Economic Development Corporation Location: 500 Griswold, Suite 2200, Detroit, MI 48226	New	Intergovernmental Agreement	Intergovernmental Agreement	10/25/2016	10/31/2016	

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
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CONTRACTS GREATER THAN 2 YEARS--continued

14	RECREATION	6000364	<p>Contract Amount\$ \$125,000.00 (Amount City Receives) Contract Period: 10/25/16 through 10/22/22 Source: DONATION Purpose: To Provide a Concession, License and Operating Agreement with the Detroit Fitness Foundation at its expense that will construct and install an indoor-sport complex to be housed inside an air-supported structure to be located on a portion of the Playfield, Agreement duration will be for six (6) years with a one (1) - six (6) year renewal option. A donation of \$125,000.00 will be given to the City of Detroit, earmarked and used to pay for additional outdoor recreational improvements to the Playfield Contractor: Detroit Fitness Foundation Location: 17190 Denver St., Detroit, MI 48224</p>	New	Donation	Donation	10/18/2016	10/31/2016	
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WITH 1 ENTITY, WITHIN 1 YEAR, GREATER THAN \$750K

15	DOIT	3005831	<p>Contract Amount: \$134,687.00 Contract Period: One time Purchase Source: 100% State Funding Purpose: To Provide DPSH Control Station Antenna System: To Ensure Normal Operation of 911 Calls Taking and Dispatch Communications Across Pubic Safety for the City of Detroit Contractor: Motorola Solutions Location: 1301 E. Algonquin Road, Schaumburg, IL 60196</p>	New	No	No	10/11/2016	10/31/2016	There are two other contracts for this entity, #6000322 - \$11,868,220.00 and 3004810 - \$989,552.00
16	TRANSPORTATION	2882989	<p>Contract Amount: \$732,329.90 Contract Period: 10/31/13 through 10/31/16 Source: 80% Federal, 20% State Funding Purpose: To Provide JARC/New Freedom Transportation Services Contractor: Wrightway Transportation Location: 672 Woodbridge #2, Detroit, MI 48226</p>	Wind down of Services for Job Access Reverse Commute	Yes	Yes	10/4/2016	10/31/2016	

	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
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CONTRACTS GREATER THAN \$750,000.00

17	Water and Sewerage	PC-794	<p>Contract Amount Not to Exceed: \$1,600,000.00 Contract Period: November 1, 2016 - September 30, 2017 Source: Operations and Maintenance funded Purpose: To Provide Assistance with the Exchange, Maintenance and Repair of Meters and Meter Interface Units (MIUs) throughout the City of Detroit for Correcting exceptions within the Automated Meter Reading System Contractor: Lakeshore Global Corporation Location: 7310 Woodward, Suite 500A Detroit, MI 48202</p>	Service	Yes	Yes	10/19/2016	10/31/16	Contract PC-793 was in place prior to the bifurcation of DWSD, and hence assumed by GLWA. This new agreement, PC-794 was created as the primary contract for DWSD for the management of the maintenance of meters and meter interface units.
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CONTRACTS GREATER THAN 2 YEARS

			No Contracts Submitted for this Category						
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WITH 1 ENTITY, WITHIN 1 YEAR, GREATER THAN \$750K

			No Contracts Submitted for this Category						
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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: October 27, 2016
TO: Financial Review Commission Members
FROM: Ron L. Rose, Executive Director, Financial Review Commission
Drew Van de Grift, Administrative Law Specialist
SUBJECT: Contract Summary - October 2016 City of Detroit FRC Meeting

The City has submitted 17 contracts for review at the October 31, 2016 commission meeting. These contracts have been vetted by the FRC Advisory Subcommittee on Contracts and Procurement. Additionally, all of these contracts have been approved by the Office of the Chief Financial Officer. Each contract is summarized below:

Contract 1 – Amendment to Existing EMS Billing Contract to Add HIPPA Provisions.

Contractor	Nature of Contract Amendment	City Council Approval Date	Proposed Cost Increase	Total Contract Cost	Budgeted Funding Source
AccuMed Billing, Inc.	Add HIPPA compliant language to contract	Sept 20, 2016	\$0	\$8,416,200	General Fund

This Contract Amendment is subject to FRC review because it amends an existing contract which exceeds \$750,000. The Subcommittee and city officials discussed how this amendment adds Health Insurance Portability and Accountability Act (HIPAA) terms. The new terms also make minor changes to the fee structure for EMS runs and a contractual update to the allocation of certain hardware costs (Contractor pays more). If approved, this contract would continue through July 23, 2018. The original contract was competitively bid and AccuMed Billing, Inc. was the lowest respondent.

Contract 2 – New Contract to Purchase Nine Live Bottom Trucks (14 Cubic Yard)

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Total Value of all Contracts with Vendor	Budgeted Funding Sources
Wolverine Freightliner	New Contract (2nd Contract with Vendor)	Sept 13, 2016	\$1,678,509	Yes	\$3,498,269	Street Find, Major Street Operations

This contract is subject to FRC review because the contract amount exceeds the statutory standard of \$750,000. This contract will purchase nine trucks which the city needs to replace aging vehicles. City officials discussed how the average age of the city's current fleet is beyond the expected service life for these trucks. The purchase of these new truck will lower this average fleet age significantly. The city has purchased vehicles from Wolverine Freightliner before. The contract was competitively bid and Wolverine Freightliner was the lowest respondent.

Contract 3 – New Contract to Provide Fiscal Management Services for Administration and Contract Management (For 22 Programs)

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Total Value of all Contracts with Vendor	Budgeted Funding Sources
Southeastern Michigan Health Association	New Contract	Oct 25, 2016	\$40,339,948	Yes	\$40,339,948	State Funding (61.58%) and Federal Funding (38.42%)

This contract is subject to FRC review because exceeds the statutory threshold of \$750,000. This significant contract is entirely funded by state and federal grants, and pay for fiscal management services for 22 programs. These programs included Children Special Health Services, Data to Care (HIV care and prevention), environmental health and food safety, hearing screening, HIV/STD prevention, immunizations, lead program, Local Maternal Child Health, Public Health Emergency Preparedness, and Women Infants and Children (WIC). This contract was competitively bid and 25 companies reviewed the bid. Southeastern Michigan Health Association was the only respondent.

Contract 4 – New Contract to Provide Group Dental Insurance for Employees

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Total Value of all Contracts with Vendor	Budgeted Funding Sources
Golden Dental Plans	New Contract	Oct 25, 2016	\$2,119,920	Yes	\$2,119,920	Employees Benefit Plan Fund

This contract is subject to FRC review because it exceeds the statutory threshold of \$750,000. The city has stated that the proposed contract will maintain current dental benefit levels while realizing savings through improved plan design. The monthly premium for a month of service is \$39 per employee. This value is divided with the city paying %80 (\$31.20). This contract will be one of three dental plan options available to employees. The contract was competitively bid; the HR department wishes to offer to employees all three respondents of which Golden Dental Plans is one.

Contract 5 – New Contract to Provide Group Dental Insurance for Employees

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Total Value of all Contracts with Vendor	Budgeted Funding Sources
DENCAP Dental Plans	New Contract	Oct 25, 2016	\$2,119,920	Yes	\$2,119,920	Employees Benefit Plan Fund

This contract is subject to FRC review because it exceeds the statutory threshold of \$750,000. Currently, the city has a contract for dental services with DENCAP and 1,584 employees have this insurance. This contract would renew this coverage and the city states that current levels of service will be maintained while savings will be realized through plan improvements. The monthly rate for one employee is \$38.66 with the city paying \$28.70. As with contract #4, this matter was competitively bid and the city wishes to offer all three bid respondents to employees.

Contract 6 – New Contract to Provide License Plate Readers for Police

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Total Value of all Contracts with Vendor	Budgeted Funding Sources
Motorola Solutions, Inc.	New Contract	Oct 25, 2016	\$989,552	YES	\$12,992,459	Federal Funding

This grant funded contract is subject to FRC review because it exceeds the statutory threshold of \$750,000. If approved, this contract will provide 158 license plate readers for police officers. This new hardware will assist the city's Real Time Crime Center. This contract was competitively bid, however Motorola was the third lowest bid. The City wishes to engage with Motorola because the existing computer systems are already Motorola products and there may be compatibility issues if a different product is used. This is one of three contracts with Motorola before the FRC this month.

Contract 7 – New Contract to Maintain an 800MHZ Radio System for 5 Years

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Total Value of all Contracts with Vendor	Budgeted Funding Sources
Motorola Solutions, Inc.	New Contract	Oct 25, 2016	\$11,868,220	No	\$12,992,459	General Fund, Police Technology Bureau

This contract is subject to FRC review because it exceeds the statutory minimum of \$750,000. The purpose of this contract is to provide 5 years of maintenance for the city's emergency radio communication system. The scope of this contract includes replacement parts as well as labor and radio optimization. Funding for this significant contract comes from the city's general fund. This contract was not competitively bid. The city explains that the radio system is a Motorola product and so it is proper to have Motorola maintain it.

Contract 8 – Contract Amendment to Extend Parking Management Services

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Total Value of all Contracts with Vendor	Budgeted Funding Sources
Pierce, Monroe & Associates, LLC	Extension of Existing Contract through 12/31/2016	Oct 4, 2016	\$1,200,000	Yes	\$1,200,000	General Fund; 1M to Parking Violations, 200k to NonDepart Restructuring

This contract amends an existing contract which exceeds the FRC review threshold of \$750,000. This is a management contract for the city's parking violations bureau ticket processing and collections system. The original contract ran through November of 2009 and it has been extended several times. This extension continues the contract through the end of this calendar year; the contract has been rebid and a new long term parking management contract will be coming before this commission in the coming months. This extension will provide services until the newly bid contract is approved.

Contract 9 – New Contract to Repair Fire Trucks

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Total Value of all Contracts with Vendor	Budgeted Funding Sources
R&R Fire Truck Repair, Inc.	New Contract	Oct 4, 2016	\$400,000	Yes	\$400,000	General Fund; Fleet Management Fund

The city states that this contract is subject to FRC review because it is effective for more than two years, however the contract materials indicate that it only is effective for one year (through 9/2017). This contract likely does not require FRC review, however because the city has requested review, this contract is included for this meeting. It is a contract for maintenance of fire trucks. The contract was competitively bid however only two firms responded and the other response was found by the city to be incomplete.

Contract 10 – New Contract to Retain an Independent Registered Municipal Advisor (IRMA) for Debt Refunding Services

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Total Value of all Contracts with Vendor	Budgeted Funding Sources
FirstSouthwest, Hilltop Securities	New Contract	10/18/2016	\$1	Yes	\$1	Future expenses will require separate FRC approval

This contract exceeds two years (expires 9/30/2019) and is subject to FRC review. The city's IRMA services have been rebid. While 26 firms reviewed the bid, only FirstSouthwest responded. The city stated during the contract subcommittee call that an IRMA is legally required in order to solicit and evaluate prospective bond restructuring options. Currently, this contract is only for one dollar; any decision to refund or restructure debt would have to return to the FRC for separate approval.

Contract 11 – New Contract with MDOT to Operate Traffic Management Center

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Total Value of all Contracts with Vendor	Budgeted Funding Sources
MDOT	New Contract	10/4/2016	\$937,500	No	\$937,500	20% State Funded, 80% Federal Funded;

This intergovernmental agreement exceeds the review threshold of \$750,000. According to the city, the contract will provide operation and maintenance of the traffic management center including general operation communications, equipment management, and system management. The contract was not competitively bid because it is an intergovernmental agreement with MDOT. This agreement would be effective through September 2017 and is to be funded entirely by grant revenues.

Contract 12 – New Contract to Provide a Funding Agreement for a Land Exchange with the Economic Development Corporation

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Total Value of all Contracts with Vendor	Budgeted Funding Sources
Detroit International Bridge Company	New Contract	10/25/2016	\$0	No	\$0	N/A

This contract is effective through April, 2040, and so is subject to FRC review. The City is engaged in a land swap agreement with the Detroit International Bridge Company and this agreement will provide the funding required to implement the land exchange. Note that the actual land exchange agreement states that the DIBC is responsible for all associated costs borne by the city. Because of the nature of this contract, it was not competitively bid.

Contract 13 – New Contract for Conversion Services for Riverside Park

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Total Value of all Contracts with Vendor	Budgeted Funding Sources
Economic Development Corporation	New Contract	10/25/2016	\$0	No	\$0	N/A

This contract is also effective through April, 2040 and is subject to FRC review. Like contract #12, this contract is related to an existing land exchange agreement. This proposed Agreement with the Economic Development Corporation will assist the City with the conversion of the western portion of Riverside Park, owned by the City, in exchange for the News Warehouse Property, owned by the DIBC. Conversion is required as the term of certain grants received by the City. This contract will not cost the city any money and was not competitively bid.

Contract 14 – New Contract to License a Sport Complex and Accept a Related Donation

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Total Value of all Contracts with Vendor	Budgeted Funding Sources
Detroit Fitness Foundation	New Contract for Donation to City	10/18/2016	\$125,000 Donation	No	Unknown	Donation to City

This contract is effective through 2022 and so is subject to FRC review. The nature of this contract is that the contractor will construct an indoor sport complex. Residents will be able to use the facility for a fee. As a part of this contract, the DFF is donating \$125,000 to the city. This contract was not competitively bid.

Contract 15 – New Contract to Purchase and Install DPHS Control Station Antenna System

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Total Value of all Contracts with Vendor	Budgeted Funding Sources
Motorola	New Contract	10/11/2016	\$134,687	No, MiDeal	\$12,992,459	State Grants

This contract is subject to FRC review because of the aggregate value of the other contracts the city has with Motorola. The purpose of this contract is to purchase a new antenna for improved operations of 911 calls and dispatch. This contract was not competitively bid, however it was identified through the state's MiDeal service.

Contract 16 – Contract Amendment to Wind Down Job Access Reverse Commute Service

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Total Value of all Contracts with Vendor	Budgeted Funding Sources
Wrightway Transportation	Contract Amendment	10/4/2016	\$732,329.90	Yes	\$1,912,329.90	20% State and 80% Federal Funding

This contract is subject to FRC review because it amends a contract which exceeds the threshold of \$750,000. The purpose is to increase the contract value during a wind-down period for certain mass transportation routes. According to the city, the increased cost is justified because the

demand for Job Access Reverse Commute service exceeded what was originally estimated. This contract was originally competitively bid and is funded by state and federal grant monies.

Contract 17 – New Contract to Continue Water Meter Exchange and Repair

Contractor	Nature of Contract	City Council Approval Date	Contract Value	Bid?	Total Value of all Contracts with Vendor	Budgeted Funding Sources
Lakeshore Global Corporation	New Contract	10/19/2106	\$1,600,000	No	\$1,600,000	Operations and Maintenance Fund

This contract is characterized as a service contract. Relevant judicial orders mandate that DWSD service contracts in excess of \$2 million must be approved by the city council. Because this contract is less than \$2 million, it comes to the FRC directly from the Board of Water Commissioners. The Detroit City Council agrees with this determination.

This sole source contract was granted to a firm which was previously retained by DWSD prior to the creation of GLWA. The city stated on the subcommittee call that this contract will be competitively bid next year. Until then, the city is requesting approval to continue using Lakeshore Global to assist the City with water meter maintenance and replacement.