

CITY OF DETROIT

Office of the Chief Financial Officer

Financial Report for the Seven Months ended January 31, 2018

March 26, 2018



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Executive summary

- Following the City Council’s review and decisions on the Mayor’s recommended budget, the City submitted its FY 2019-2022 Four-Year Financial Plan to the Financial Review Commission on March 23, in accordance with Public Act 181 of 2014.
- The City is redeeming all of the outstanding principal on its Financial Recovery Bonds, Series 2014C (the “C Notes”), which will save \$11.7 million in interest expense. The City issued its 30-day redemption notice on March 14, with a redemption date of April 13.
- The City Council and the Retirement Systems’ Investment Committees have appointed their members to the Retiree Protection Fund (RPF) Investment Advisory Committee, which will advise the CFO on investing RPF assets.
- FY 2018 is currently projected to end with an operating surplus of approximately \$33M. The gain over the previous month is primarily due to the recognition of property tax revenue payable for tax increment financing distributions.
 - Revenue projections reflect the February 2018 Revenue Estimating Conference results, which remain above budget. (page 3)
 - Payroll and employee benefit expenditures are trending below budget as a result of position vacancies. (page 3)
 - Revenues and expenditure projections now include the pass-through of \$18.7M in “Grand Bargain” contributions to the City’s legacy pension plans. Although the impact is budget neutral, a formal budget amendment is forthcoming. (page 3)
 - The General City active employee count decreased in January and remains below budget. (page 4)
- The January YTD General City property tax collection rate was 70.6%. The City continued to collect current property taxes through February 28, and preliminary results show the current collection rate for the year at 80.8%. (page 7)
- Accounts Payable as of January had a net decrease of \$4.4 M compared to December. Net AP not on hold had a net increase of only \$900K. The number of open invoices not on hold decreased by 198. (page 8)
- In January, two projects were approved using Exit Financing: the Department of Innovation and Technology space build out at the Detroit Public Safety Headquarters and the Earned Income Tax Credit Expansion Initiative. (page 9)
- In January, there was a net federal/state grants decrease of \$30M, which reflects the successful completion of 8 grants by HRD, DPD, and DDOT. The most significant new award in January was \$1.9M for DHD through the Ryan White HIV/AIDS Program. (page 10)



FY 2018 year-to-date general ledger actuals and annualized projection

| GENERAL FUND <i>\$ in millions</i> | YTD ANALYSIS | | | | | | ANNUALIZED PROJECTION ANALYSIS | | |
|---|-------------------|------------------------------------|-------------------------------|-------------------|---------------------------------|-----------------|--------------------------------|---------------------|-------------------------------------|
| | BUDGET | ACTUAL + ADJUSTMENTS + ENCUMBRANCE | | | VARIANCE (BUDGET VS. ACTUAL) | | BUDGET | PROJECTION | VARIANCE (BUDGET VS. PROJECTION) |
| | YTD | ACTUAL (2) | ADJUSTMENTS + ENCUMBRANCE (3) | TOTAL | YTD | | ANNUAL | ANNUAL | ANNUAL |
| | AMENDED (1) | | | | (F) F = E-B | (G) % G = (F/B) | AMENDED | ESTIMATED (4) | ESTIMATED |
| | B | C | D | E = C + D | (F) F = E-B | (G) % G = (F/B) | H | I | (J) J = I-H |
| REVENUE: | | | | | | | | | |
| Municipal Income Tax | \$ 138.4 | \$ 172.3 | \$ - | \$ 172.3 | \$ 33.8 | 24.4% | \$ 283.3 | \$ 292.1 | \$ 8.9 |
| Property Taxes | 100.4 | 84.7 | - | 84.7 | (15.7) | (15.7%) | 124.0 | 133.1 | 9.1 |
| Wagering Taxes | 101.2 | 105.6 | - | 105.6 | 4.4 | 4.4% | 177.8 | 179.0 | 1.2 |
| Utility Users' Tax | 20.4 | 12.4 | 7.3 | 19.7 | (0.7) | (3.3%) | 35.0 | 40.0 | 5.0 |
| State Revenue Sharing | 65.7 | 67.6 | - | 67.6 | 1.8 | 2.8% | 196.1 | 199.5 | 3.3 |
| Sales and Charges for Services | 73.0 | 48.7 | - | 48.7 | (24.4) | (33.4%) | 121.1 | 112.1 | (8.9) |
| Licenses, Permits, and Inspection Charges | 7.4 | 4.5 | - | 4.5 | (2.9) | (39.3%) | 11.7 | 12.4 | 0.7 |
| Contributions and Transfers (5) | 38.1 | 26.3 | - | 26.3 | (11.8) | (31.1%) | 68.1 | 90.2 | 22.0 |
| Grants and Other Revenues | 0.7 | 0.2 | - | 0.2 | (0.5) | (71.6%) | 1.4 | 1.5 | 0.2 |
| Fines, Forfeits and Penalties | 14.7 | 13.1 | - | 13.1 | (1.6) | (11.1%) | 25.3 | 23.6 | (1.7) |
| Revenues from Use of Assets | 1.9 | 1.8 | - | 1.8 | (0.2) | (9.0%) | 3.3 | 2.4 | (0.9) |
| Other Taxes, Assessments, and Interest | 4.2 | 5.7 | - | 5.7 | 1.5 | 35.7% | 7.3 | 6.9 | (0.4) |
| Sales of Assets and Compensation for Losses | 3.2 | 1.1 | - | 1.1 | (2.1) | (64.9%) | 5.6 | 2.4 | (3.2) |
| Miscellaneous | 7.3 | 5.2 | - | 5.2 | (2.0) | (28.1%) | 12.4 | 7.2 | (5.2) |
| Adjust for Prior Year Carry-forward (6) | 120.7 | - | 120.7 | 120.7 | - | | 120.7 | 120.7 | - |
| TOTAL (L) | \$ 697.6 | \$ 549.2 | \$ 128.0 | \$ 677.2 | \$ (20.4) | (2.9%) | \$ 1,192.9 | \$ 1,222.9 | \$ 30.1 |
| EXPENDITURES: | | | | | | | | | |
| Salaries and Wages | \$ (247.2) | \$ (232.4) | \$ - | \$ (232.4) | \$ 14.8 | 6.0% | \$ (428.1) | \$ (412.3) | \$ 15.8 |
| Employee Benefits | (197.3) | (167.3) | - | (167.3) | 30.1 | 15.2% | (278.6) | (272.6) | 5.9 |
| Professional and Contractual Services | (47.4) | (28.5) | (35.7) | (64.2) | (16.8) | (35.4%) | (79.0) | (84.0) | (5.0) |
| Operating Supplies | (23.9) | (26.4) | (7.2) | (33.6) | (9.7) | (40.7%) | (40.1) | (39.9) | 0.2 |
| Operating Services | (71.9) | (41.7) | (3.3) | (45.0) | 26.9 | 37.4% | (120.3) | (119.5) | 0.9 |
| Capital Equipment | (0.7) | 0.4 | 1.0 | 1.4 | 2.1 | 286.0% | (0.9) | (0.9) | - |
| Capital Outlays | (17.2) | (4.3) | (4.1) | (8.4) | 8.8 | 51.1% | (29.0) | (29.0) | (0.0) |
| Debt Service | (35.7) | (49.3) | - | (49.3) | (13.5) | (37.9%) | (61.3) | (61.3) | - |
| Other Expenses | (102.4) | (72.6) | (1.8) | (74.4) | 28.0 | 27.4% | (155.6) | (170.2) | (14.6) |
| TOTAL (M) | \$ (743.8) | \$ (622.1) | \$ (51.1) | \$ (673.2) | \$ 70.6 | 9.5% | \$ (1,192.9) | \$ (1,189.7) | \$ 3.1 |
| VARIANCE (N = L + M) | \$ (46.2) | \$ (72.9) | \$ 76.9 | \$ 4.0 | \$ 50.2 | N/A | \$ - | \$ 33.2 | \$ 33.2 |

- Notes**
- (1) Amended monthly budget assumes pro rata as well as seasonal distribution of annual amended budget.
 - (2) Year-to-date actuals reflect seven months ending January 31, 2018.
 - (3) Reflects encumbrances, pending adjustments, and the gross up of Utility Users' Tax collections to include amounts for the Public Lighting Authority.
 - (4) Projected revenues are based on the City's September 2017 Revenue Estimating Conference results.
 - (5) This revenue line also includes the use of fund balance totaling \$50M to support one-time spending on capital (\$20M) and blight (\$30M).
 - (6) This revenue line reflects fund balance assigned to support prior year encumbrances and carry-forwards, for which equivalent amounts are captured within expenditures.



Monthly active employee count compared to budget

| | MONTH-OVER-MONTH ACTUAL ⁽¹⁾ | | | BUDGET VS. ACTUAL | | |
|---|--|------------------------|--------------------------------------|---|--|------------|
| | Actual December 2017 | Actual January 2018 | Change Jan. 2018 vs. Dec. 2017 | Amended Budget FY 2018 ⁽²⁾ | Variance Under/(Over) Budget vs. January 2018 | |
| Public Safety | | | | | | |
| Police | 3,072 | 3,063 | (9) | 3,121 | 58 | 2% |
| Fire | 1,173 | 1,149 | (24) | 1,274 | 125 | 10% |
| Total Public Safety | 4,245 | 4,212 | (33) | 4,395 | 183 | 4% |
| Non-Public Safety | | | | | | |
| Office of the Chief Financial Officer | 418 | 439 | 21 | 482 | 43 | |
| Public Works - Regular | 379 | 379 | 0 | 419 | 40 | |
| Public Works - Seasonal | 17 | 17 | 0 | 26 | 9 | |
| Health and Wellness Promotion | 65 | 66 | 1 | 76 | 10 | |
| Human Resources | 96 | 94 | (2) | 108 | 14 | |
| Housing and Revitalization | 81 | 83 | 2 | 91 | 8 | |
| Innovation and Technology | 97 | 96 | (1) | 134 | 38 | |
| Law | 105 | 104 | (1) | 118 | 14 | |
| Mayor's Office (includes Homeland Security) | 72 | 72 | 0 | 72 | 0 | |
| Planning and Development | 28 | 28 | 0 | 41 | 13 | |
| Recreation - Regular | 266 | 271 | 5 | 326 | 55 | |
| Recreation - Seasonal | 0 | 0 | 0 | 264 | 264 | |
| General Services - Regular | 350 | 350 | 0 | 504 | 154 | |
| General Services - Seasonal | 25 | 7 | (18) | 219 | 212 | |
| Legislative ⁽³⁾ | 244 | 207 | (37) | 259 | 52 | |
| 36th District Court | 313 | 316 | 3 | 331 | 15 | |
| Other ⁽⁴⁾ | 107 | 110 | 3 | 110 | 0 | |
| Total Non-Public Safety | 2,663 | 2,639 | (24) | 3,580 | 941 | 26% |
| Total General City | 6,908 | 6,851 | (57) | 7,975 | 1,124 | 14% |
| Enterprise | | | | | | |
| Airport | 4 | 4 | 0 | 4 | 0 | |
| BSEED | 205 | 209 | 4 | 230 | 21 | |
| Transportation | 946 | 908 | (38) | 927 | 19 | |
| Municipal Parking ⁽⁵⁾ | 81 | 81 | 0 | 95 | 14 | |
| Water and Sewerage | 522 | 522 | 0 | 579 | 57 | |
| Library | 304 | 296 | (8) | 332 | 36 | |
| Total Enterprise | 2,062 | 2,020 | (42) | 2,167 | 147 | 7% |
| Total City | 8,970 | 8,871 | (99) | 10,142 | 1,271 | 13% |

Notes:

- (1) Actuals are based on active employees only (both permanent and temporary) and include full-time, part-time, seasonal employees and PSCs if funded by vacant budgeted positions.
- (2) Amended Budget reflects amendments and other adjustments impacting approved position counts compared to the original budget. It excludes personal services contractors (PSCs).
- (3) Includes: Auditor General, Inspector General, Zoning, City Council, Ombudsperson, City Clerk, and Elections.
- (4) Includes: Civil Rights Inclusion & Opportunity, Administrative Hearings, Public Lighting Department, and Non-departmental.



FY 2018 year-to-date net cash flows

For 7 Months Ending January 31, 2018

\$ in millions

Cash Flows - General Pool Cash

| | FY18 Actual 7 Months | FY17 Actual 7 Months | Variance |
|---|---------------------------------|---------------------------------|-----------------|
| Property Taxes | \$ 93.5 | \$ 78.2 | \$ 15.3 (1) |
| Municipal Income Taxes | 179.7 | 160.1 | 19.6 (2) |
| Utility Users Taxes | 12.6 | 10.6 | 2.0 |
| Wagering Taxes | 106.3 | 105.8 | 0.5 |
| State Revenue Sharing | 100.9 | 130.8 | (29.9) (3) |
| Other / Misc. | 151.9 | 118.9 | 33.0 (4) |
| Total Receipts | 644.8 | 604.4 | 40.4 |
| Salaries and Wages | (255.6) | (231.5) | (24.1) (5) |
| Employee Benefits | (71.6) | (62.3) | (9.3) (6) |
| Materials, Contracts & Other | (215.5) | (232.9) | 17.4 |
| Total Disbursements | (542.7) | (526.7) | (16.0) |
| Operating Surplus (before Reinvestment) | 102.1 | 77.7 | 24.4 |
| Debt Service | (50.5) | (46.1) | (4.4) (7) |
| Non-Financing Adjustments | 0.0 | 3.4 | (3.4) (8) |
| Total Adjustments to arrive at Net Cash Flow | (50.5) | (42.7) | (7.8) |
| Net Cash Flow | \$ 51.6 | \$ 35.0 | \$ 16.6 |
| Beginning cash balance | \$ 186.3 (9) (10) | | |
| Net Cash Flow | 51.6 | | |
| Ending cash balance | 237.9 (9) | | |
| Budget Reserve Fund | 62.3 (11) | | |
| Total Cash Balance | \$ 300.2 | | |

Notes:

This schedule represents cash inflows and outflows during the fiscal period. It is not intended to tie to actual revenues and expenditures recorded in the general ledger due to accrual accounting and non-cash transactions.

- (1) Variance is attributed to the timing of payments.
- (2) Increase is due to a reduction in the amount of refunds processed offset by increase in revenue.
- (3) FY17 includes \$32m FY16 payment received in July 2017.
- (4) FY18 includes \$19.5m MDOT receipt for Gordie Howe Municipal Bridge Project and \$15m from sale of Premier Garage used to redeem C Note principal in January.
- (5) Increase in FY18 payroll attributed to salary increases and additional positions filled.
- (6) Increase in FY18 due to increased benefits expense and more timely payments, partially offset by smaller YTD set aside for Retiree Protection Fund
- (7) The August 2016 refunding of Distributable State Aid notes resulted in reduced outflow offset by \$15m Note C redemption from Premier Garage proceeds.
- (8) In FY17 the General Fund received a \$3.4m inflow of excess self-insurance dollars.
- (9) The main operating pool contains cash balances of the Risk Management Fund, Street Fund, Solid Waste Fund, General Grants and Motor Vehicle Fund.
- (10) Beginning balance has been reduced to reflect the removal of Fund 7003 (Prop Tax Distributions) and State of MI Trust Fund Balance.
- (11) The Budget Reserve Fund is in excess of 5% of the annual budget and in a segregated account.



FY 2018 year-to-date cash flow to general ledger reconciliation

For 7 Months Ending January 31, 2018
\$ in millions

| Cash Flows | Cash Activity | | | | General Fund General Ledger | | | Difference |
|---|----------------|-------------------|------------------|------|-----------------------------|--------------|------------------|---------------|
| | General Pool | Adjustments | General Fund | | Posted | To Be Posted | Total | |
| Property Taxes | \$ 93.5 | \$ (8.8) | \$ 84.7 | (1) | \$ 84.7 | \$ - | \$ 84.7 | \$ 0.0 |
| Municipal Income Taxes | 179.7 | (7.4) | 172.3 | (2) | 172.3 | - | 172.3 | 0.0 |
| Utility Users Taxes | 12.6 | (0.2) | 12.4 | (3) | 12.4 | - | 12.4 | 0.0 |
| Wagering Taxes | 106.3 | (0.7) | 105.6 | (4) | 105.6 | - | 105.6 | 0.0 |
| State Revenue Sharing | 100.9 | (33.3) | 67.6 | (5) | 67.6 | - | 67.6 | 0.0 |
| Other / Misc. | 151.9 | (45.3) | 106.6 | (6) | 106.6 | - | 106.6 | 0.0 |
| Total Receipts | 644.8 | (95.6) | 549.2 | | 549.2 | - | 549.2 | 0.0 |
| Salaries and Wages | (255.6) | 23.2 | (232.4) | (7) | (232.4) | - | (232.4) | 0.0 |
| Employee Benefits | (71.6) | (95.7) | (167.3) | (8) | (167.3) | - | (167.3) | 0.0 |
| Materials, Contracts & Other | (215.5) | 42.4 | (173.1) | (9) | (173.1) | - | (173.1) | 0.0 |
| Total Disbursements | (542.7) | (30.1) | (572.8) | | (572.8) | - | (572.8) | 0.0 |
| Operating Surplus (before Reinvestment) | 102.1 | (125.7) | (23.6) | | (23.6) | - | (23.6) | 0.0 |
| Debt Service | (50.5) | 1.2 | (49.3) | (10) | (49.3) | - | (49.3) | 0.0 |
| Non-Financing Adjustments | - | - | - | | - | - | - | - |
| Total Adjustments to arrive at Net Cash Flow | 51.6 | (124.5) | (72.9) | | (72.9) | - | (72.9) | 0.0 |
| Net Inflows /(Outflows) | \$ 51.6 | \$ (124.5) | \$ (72.9) | | \$ (72.9) | \$ - | \$ (72.9) | \$ 0.0 |

Notes:

- (1) \$26m pertains to FY17 offset by \$17.2m of revenue pending distribution to the General Fund.
- (2) \$7.4m difference due to changes in refund liability.
- (3) \$0.2m of Utility Users Tax collected in FY2018 pertained to FY17.
- (4) \$1.0m of Wagering Taxes collected in FY2018 pertained to FY17 offset by \$0.3m collected in February.
- (5) \$33.3m State Revenue Sharing receipt pertained to FY17.
- (6) \$22.2m non-General Fund 1000 receipts, \$12.6m of collections are cash specific, and \$16.5m pertained to prior years offset by \$6m Gaming Revenue accrual.
- (7) Approximately \$18.3m of the difference relates to FY17 activity and the balance is non-General Fund disbursements.
- (8) Approximately \$1.4m of Benefits is FY17 activity & \$23.9m attributed to the timing of payments offset by \$90m relating to prior years RPF set aside & \$31m FY18 Pension obligation.
- (9) Approx. \$30.3m of disbursements are non-General Fund, \$36.3m related to FY17 offset by \$24.1m Risk Management & insurance premium non-cash book transfers.
- (10) \$1.2m represents timing of payments for debt set aside.



FY 2018 year-to-date property tax collections

For 7 months ended January 31, 2018

\$ in millions

| | FY 2018 | | | FY 2017 | | |
|---------------------------|-------------------|---------------------|---------------------|-------------------|---------------------|---------------------|
| | Adjusted Tax Roll | Collections YTD (1) | Collection Rate YTD | Adjusted Tax Roll | Collections YTD (1) | Collection Rate YTD |
| General Ad Valorem | | \$ 78.8 | | \$ 89.7 | | |
| General Special Acts | | 2.5 | | 2.7 | | |
| General Total | \$ 115.2 | \$ 81.3 | 70.57% | \$ 120.7 | \$ 92.4 | 76.55% |
| Debt Service Total | \$ 50.9 | \$ 35.6 | 69.94% | \$ 62.0 | \$ 47.2 | 76.13% |
| Solid Waste Total | \$ 52.4 | \$ 28.4 | 54.20% | \$ 54.8 | \$ 26.6 | 48.54% |

| | | FY 2018 | | FY 2017 |
|---|-----|----------------|--|----------------|
| General City Ad Valorem Collections YTD | (2) | \$ 78.8 | | \$ 89.7 |
| Delinquent Tax Revolving Fund (DTRF) Collections YTD | (3) | 5.9 | | 6.9 |
| Total Property Tax Collections (Ad Val + DTRF) | | \$ 84.7 | | \$ 96.6 |
| Admin Fee, Interest, Penalty YTD | (4) | \$ 4.9 | | \$ 5.6 |

Preliminary: For 8 months ended February 28, 2018

\$ in millions

| | FY 2018 | | | FY 2017 | | |
|---------------------------|-------------------|-----------------|---------------------|-------------------|-----------------|---------------------|
| | Adjusted Tax Roll | Collections YTD | Collection Rate YTD | Adjusted Tax Roll | Collections YTD | Collection Rate YTD |
| General Ad Valorem | | \$ 90.5 | | \$ 93.5 | | |
| General Special Acts | | 2.6 | | 2.7 | | |
| General Total | \$ 115.2 | \$ 93.1 | 80.82% | \$ 120.7 | \$ 96.2 | 79.70% |
| Debt Service Total | \$ 50.9 | \$ 41.7 | 81.93% | \$ 62.0 | \$ 50.2 | 80.97% |
| Solid Waste Total | \$ 52.4 | \$ 28.5 | 54.39% | \$ 54.8 | \$ 29.0 | 52.92% |

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 monthly DTRF settlement checks.
- (4) Special Act, Admin Fee, Interest and Penalty are recorded in Budget's Other Taxes, Assessments, and Interest category.



Accounts payable summary

- Accounts Payable as of January had a net decrease of \$4.4 M compared to December. Net AP not on hold had a net increase of only \$900K. The number of open invoices not on hold decreased by 198.

All Funds

\$ in millions

| Accounts Payable (AP) as of Jan-18 | |
|--|------------|
| Total AP (Dec-17) | \$ 36.0 |
| Plus: Jan-18 invoices processed | \$ 118.8 |
| Less: Jan-18 Payments made | \$ (123.2) |
| Total AP month end (Jan-18) | \$ 31.6 |
| Less: Invoices on hold (1) | \$ (11.8) |
| Less: Installments/Retainage Invoices(2) | \$ (0.0) |
| Net AP not on hold | \$ 19.9 |

AP Aging

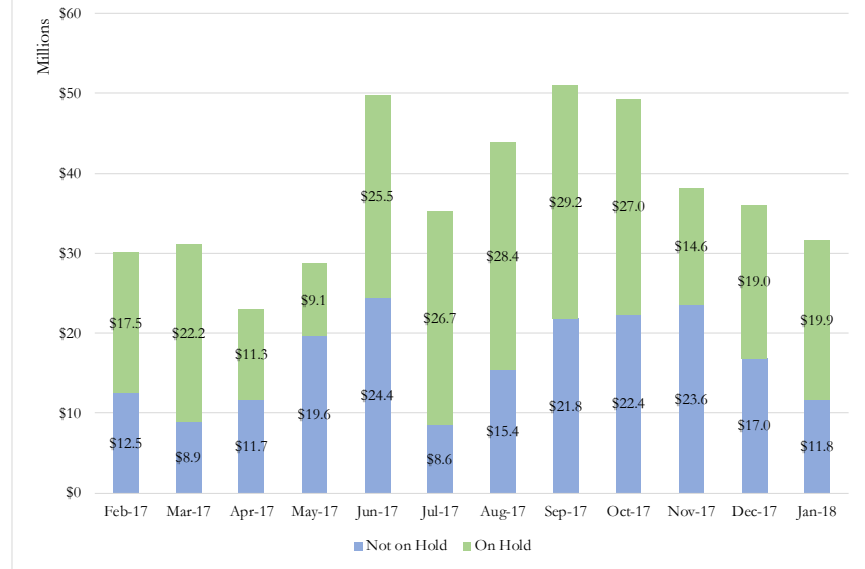
(excluding invoices on hold)

| | Net AP | Current | Days Past Due | | |
|--------------------------|---------|---------|---------------|--------|--------|
| | | | 1-30 | 31-60 | 61+ |
| Jan-18. Total | \$ 19.9 | \$ 9.1 | \$ 2.2 | \$ 5.2 | \$ 3.3 |
| <i>% of total</i> | 100% | 46% | 11% | 26% | 17% |
| <i>Change vs. Dec-17</i> | \$ 0.9 | \$ 2.8 | \$ (5.9) | \$ 1.9 | \$ 2.2 |
| Total Count of Invoices | 1,386 | 922 | 318 | 42 | 104 |
| <i>% of total</i> | 100% | 67% | 23% | 3% | 8% |
| <i>Change vs. Dec-17</i> | (198) | 276 | (116) | (105) | (253) |
| Dec-17. Total | \$ 19.0 | \$ 6.3 | \$ 8.2 | \$ 3.4 | \$ 1.2 |
| <i>% of total</i> | 100% | 33% | 43% | 18% | 6% |
| Total Count of Invoices | 1,584 | 646 | 434 | 147 | 357 |
| <i>% of total</i> | 100% | 41% | 27% | 9% | 23% |

Notes:

- Invoices with system holds are pending validation. Some reasons include: pending receipt, does not match purchase order quantity/price and legal holds
- Invoices on retainage are on hold until the supplier satisfies all contract obligations
- Invoices are processed and aged based on the invoice date. If the invoices were aged based on the date received the aging would show improved current category values
- DWSD amount of \$14.3M payable to Great Lakes Water Authority, which remains under negotiations is excluded above.

Total Accounts Payable



Exit financing utilized to jump start technology, neighborhoods, and public safety improvements

- In January, two projects were approved using Exit Financing: the Department of Innovation and Technology space build out at the Detroit Public Safety Headquarters and the Earned Income Tax Credit Expansion Initiative.

\$ in millions

| | Open and Closed Projects | | |
|---|--------------------------|--|-----------------------|
| | Number of Projects | Amount of Approved and Authorized Projects | Total Amount Expensed |
| Available Exit Financing Proceeds | | \$233.2 | |
| Project Allocation: | | | |
| Department of Innovation and Technology | 6 | (39.4) | (39.4) |
| Blight | 9 | (29.3) | (25.4) |
| Police | 7 | (25.3) | (21.1) |
| Fire | 9 | (36.0) | (26.2) |
| General Services | 14 | (27.6) | (26.2) |
| Office of the Chief Financial Officer | 13 | (25.4) | (18.1) |
| Building, Safety Engineering & Environmental Department | 1 | (4.4) | (2.7) |
| Law | 1 | (1.1) | (1.1) |
| Detroit Department of Transportation | 1 | (1.8) | (1.8) |
| Recreation | 1 | (1.2) | (1.2) |
| Human Resources | 2 | (0.7) | (0.7) |
| Other | 5 | (0.5) | (0.3) |
| Subject to Reconciliation | – | – | (0.8) |
| Subtotal Projects | 69 | (\$192.7) | (\$165.1) |
| Post-Petition Financing Interest and Other Fees | – | (2.8) | (2.8) |
| Totals | 69 | (\$195.4) | (\$167.9) |
| AMOUNT RESERVED FOR PROJECTS UNDER REVIEW | | \$37.7 | |

Note: 50 Closed Projects. Unaudited amounts subject to reconciliation.

Source: Oracle Cloud Financials, Office of Financial Planning & Analysis



The City is leveraging funding from external sources

- In January, there was a net federal/state grants decrease of \$30M, which reflects the successful completion of 8 grants by HRD, DPD, and DDOT. The most significant new award in January was \$1.9M for DHD through the Ryan White HIV/AIDS Program.

| <i>\$ in millions</i> | Amount Awarded (1) | | Number of Grants |
|--|----------------------------|---------------------------|------------------|
| | Appropriation Approved (2) | Appropriation Pending (2) | |
| Department/Agency | | | |
| Transportation | 372.2 | - | 18 |
| Housing & Revitalization | 249.7 | - | 20 |
| Health | 39.2 | - | 5 |
| Public Works | 30.6 | - | 20 |
| Fire | 30.3 | - | 8 |
| Police | 18.6 | - | 26 |
| Homeland Security and Emergency Management | 2.7 | - | 7 |
| Recreation | 1.7 | - | 5 |
| Other (3) | 1.6 | - | 6 |
| Active Federal/State grants | \$ 746.6 | \$ - | 115 |
| Active private grants and donations | 69.1 | - | 175 |
| Total active grants and donations (4) | \$ 815.7 | \$ - | 290 |

Notes:

- Reflects original amounts awarded and amendments for active grants as of January 31, 2018. Remaining amount available to be spent will be lower for most departments.
- The amounts awarded as of January 31 are separated between grant appropriations already approved and any that may be pending approval as of the date this report is presented.
- Other includes departments and agencies totaling less than \$1M.
- The City also partners with third-party agencies to directly pursue and implement grants aligned with the City's priorities. Such grants are included above for private funds but not federal/state grants.



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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 2018-6

**APPROVING THE CITY'S MARCH 2018 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 March 26, 2018 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 March 2018 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 March 26, 2018 Meeting

FY 2017 - 2018 Non-Grant Budget Amendments

| No. | Department | Brief Description | Budget Amendment Amount | | |
|--|--|--|-------------------------|----------------------|---------|
| | | | Revenue | Expense | Appr. # |
| This budget amendment will allow the Detroit Economic Growth Corporation to hire seven (7) District Business Liaisons. There will be one for each district and they will build relationships with neighborhood-based businesses. | | | | | |
| 1 | Housing & Revitalization / Innovation & Technology | Increase Detroit Economic Growth Corporation Appropriation | 0.00 | 288,000.00 | 00597 |
| | | Decrease DoIT Central Data Processing Appropriation | 0.00 | (288,000.00) | 00024 |
| | | Net Change | 0.00 | 0.00 | |
| This budget amendment is needed to appropriate loan proceeds from the Drinking Water Revolving Fund (DWRP) to be used for various water main replacement projects. | | | | | |
| 2 | Water and Sewerage | Increase Water Bond Fund Appropriation | 24,460,000.00 | 24,460,000.00 | 20301 |
| | | Net Change | 24,460,000.00 | 24,460,000.00 | |
| This amendment will allow for the appropriation of a cash donation. The donation allowed the department to offer free rides on select routes on select Saturdays during the holiday season. | | | | | |
| 3 | Transportation | Increase QLCIF Routes Cash Donation Appropriation | 9,900.00 | 9,900.00 | 20493 |
| | | Net Change | 9,900.00 | 9,900.00 | |

CITY OF DETROIT

FY 2019-2022 Four-Year Financial Plan

March 26, 2018



Overview of FY 2019-2022 Four-Year Financial Plan

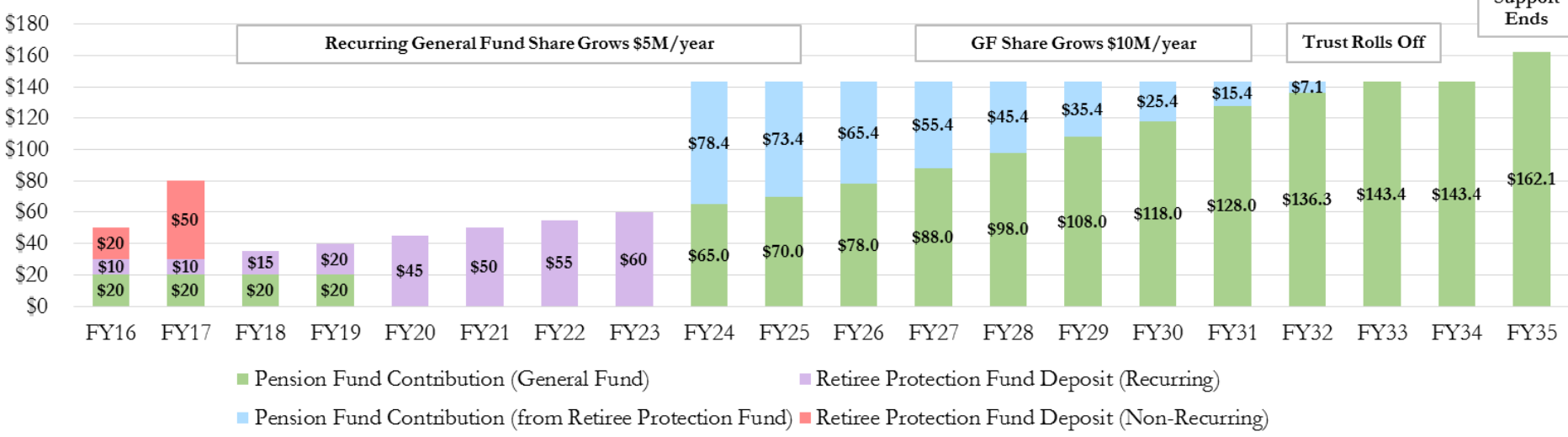
- City submitted its budget to the Financial Review Commission on March 23, in accordance with Public Act 181 of 2014
- Reflects conservative revenues approved by the Revenue Estimating Conference participants at the February conference
- FY19 Total Budget is \$2,081m which includes \$1,074m for the General Fund
- FY19 Total City Budget includes 10,014 positions
- \$100m of unassigned fund balance to fund capital projects, blight reduction, and other one-time projects, a 100% increase from the prior year
- 5% budget reserve maintained for each fiscal year
 - Balance is \$62.3m
 - Minimum requirement is \$53.6m for FY19



Retiree Protection Fund Update

- Consistent with the City’s policy, the OCFO has revised the legacy pension funding model based on FY16 plan valuations, FY17 actual plan returns (12.9%), FY18 projected returns (8.4%), and 6.75% return thereafter*
- Changes include, (1) ramping up faster by increasing recurring General Fund by an additional \$3m / year beginning in FY26 and (2) RPF resources exhausted in FY32 rather than FY33
- No changes required to this Four Year Financial Plan, which includes \$170m to the Retiree Protection Fund

FY 2019 Recommendation
(\$ in millions)



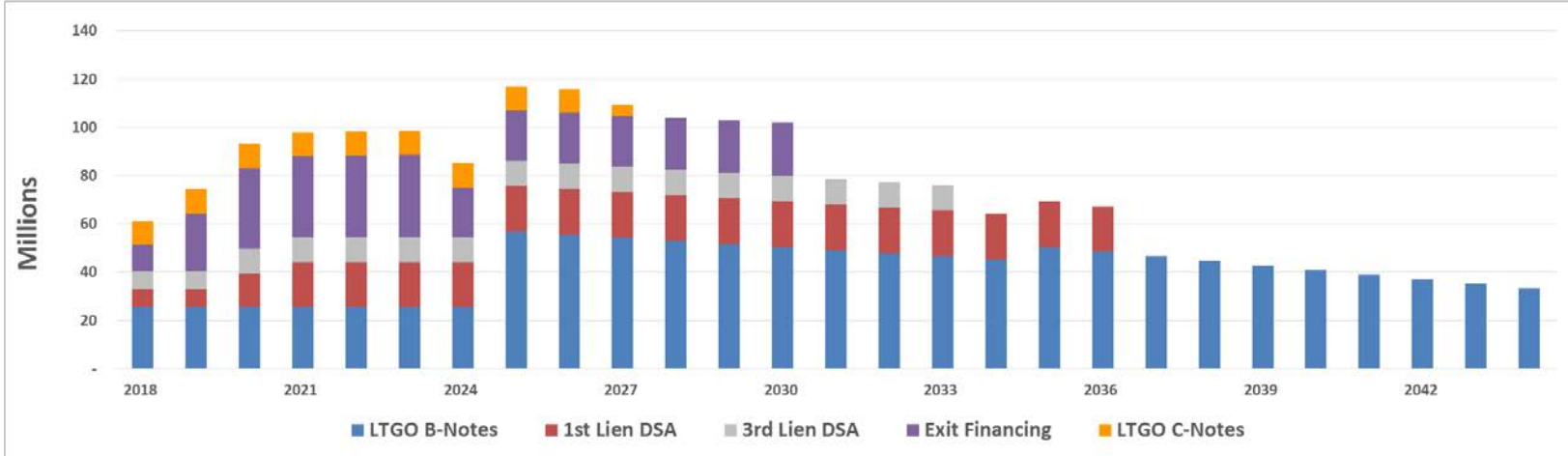
* FY17 valuations have not yet been completed. Projected FY18 legacy pension plan returns are based on actual six-month annualized return of 10% from Retirement Systems’ Interim Financials, followed by estimated annualized return of 6.75% for remaining six months. Estimates subject to change based on actual results.



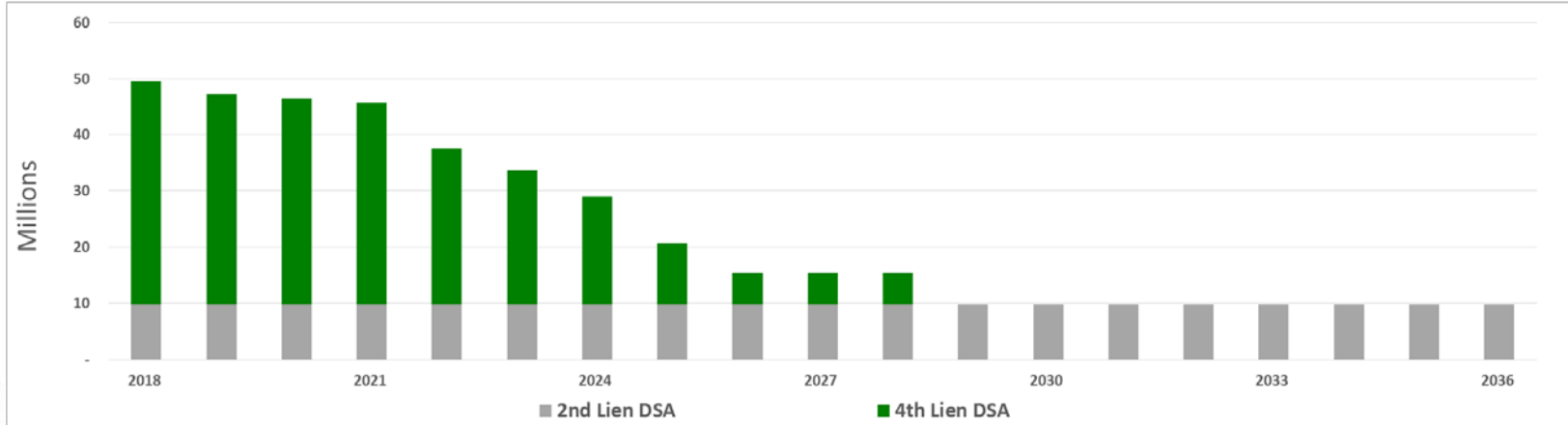
Debt Service

- \$55m recently approved by City Council to help reduce debt service. City is redeeming all outstanding principal on the C-Notes, which will save the City approximately \$9m / year in debt service (about \$9m in Net Present Value Savings) compared to prior debt service below

Limited Tax General Obligation Debt Service



Unlimited Tax General Obligation Debt Service



All Funds Budget

| FY18 | FY19 | VAR | FY20 | VAR | FY21 | VAR | FY22 | VAR |
|----------|----------|------|----------|-------|----------|------|----------|-----|
| \$1,929M | \$2,081M | 7.9% | \$1,998M | -4.0% | \$2,024M | 1.3% | \$2,036M | .6% |

Highlights:

- \$100m of unassigned fund balance to fund capital projects, blight reduction, and other one-time projects, a 100% increase from the prior year
- Approximately \$10m increase in DPW as a result of increased road funding and new initiatives
- \$10m increase in the Health Department, including \$6m in grants and \$4m to ensure compliance with the City’s Maintenance of Effort agreement with the State
- \$8m increase in Police to expand Ceasefire and additional initiatives discussed on the next slide
- FY19 DWSD-R budget is pending approval by the Board of Water Commissioners and is expected soon. Their budget increase is nearly \$45m
- Consistent with the City’s policy, there is no prior years’ surplus funding reflected in FY20, FY21 or FY22. Funding will be identified on an annual basis
- Increases in FY21 and FY22 reflects anticipated adjustments to the General Fund’s contribution to the Risk Management Fund
- Central Service agencies, including OCFO, HR, and DoIT, have provided savings that have been used to support increased programs and services to Detroiters



Total City Positions

| | FY18 | FY19 | VAR | FY20 | VAR | FY21 | VAR | FY22 | VAR |
|--------|-------|-------|-----|-------|-----|-------|-----|-------|-----|
| GF | 6,950 | 7,242 | 292 | 7,305 | 63 | 7,285 | -20 | 7,285 | 0 |
| Non-GF | 2,600 | 2,772 | 172 | 2,695 | -77 | 2,695 | 0 | 2,695 | 0 |

Highlights:

- Over 90 positions converted from PSCs to temporary administrative special services
- Police Department accounts for 119 (or 41%) of the 292 additional General Fund positions and 22 of the Non-General Fund positions (total 141 new positions in Police)
 - Expanded Ceasefire and increased capacity of Project Greenlight results in 92 new positions
 - COPS grant provides 15 new police officers
 - Additional 14 positions for civilization, which will put more police officers on the street
 - 20 temporary positions for various initiatives
- Health Department continues to improve and expand services and programs with the addition of 43 General Fund positions, including 6 Animal Control Officers and certain SEMHA positions that are now a part of the City
- Enterprise Agencies have increased by 73 positions, with DWSD-R adding 39 positions
- Legislative Agencies have increased by 52 General Fund positions, including 37 positions in Elections



Potential Upsides and Risks

- Potential Upsides
 - Major development projects, announced or in process, are not included in revenue estimates until revenue materializes. Increased economic development would increase the City's tax base and generate additional revenue
 - State of MI processing of the City's income tax and withholding collections results in increased compliance and generates additional revenues
 - Passage of State legislation requiring non-Detroit businesses to withhold collections results in increased compliance and generate additional revenues
- Potential Risks
 - Changes to federal fiscal policy may negatively impact federal entitlement programs resulting in a loss of funds
 - Challenges to the State budget may unfavorably impact State Revenue Sharing
 - Impact of Wayne County chargebacks netted against the delinquent accounts revolving fund payments
 - Lower consumer confidence depresses spending and reduces sales tax revenue.
 - Rising interest rates resulting in lower consumer spending/housing activity. Uncertainty in federal actions on when/how much Fed Fund Rate will rise
 - Rising inflation adversely impacts economic performance
 - Declines in MI Sales Tax revenues (for example due to lower gas prices) negatively impacts local government share



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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 2018-7

APPROVING THE CITY'S MARCH 2018 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 March 26, 2018 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 March 2018, 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.

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 March 26, 2018

Prepared By: Boysie Jackson, Chief Procurement Officer

City Council and Water Board Approvals Through March 20, 2018

| | Department | Contract Number | Description | Contract Request Type | Competitively Bid? If not a New contract, was the original contract competitively bid? | Highest Ranked or Lowest Bid? If not a New contract, was the original contract the lowest bid? | BOWC or City Council Approval Date | Office of the Chief Financial Officer Approval Date | Comments |
|--|--------------------|-----------------|--|-----------------------|--|--|------------------------------------|---|---|
| CONTRACTS GREATER THAN \$750K (Yes = Lowest Bid Unless Specified) | | | | | | | | | |
| 1 | WATER AND SEWERAGE | 6001305 | Contract Amount: \$7,873,029.00 Contract Period: Upon City Council Approval through June 30, 2021 Source: 100% Operations & Maintenance Funding Purpose: To Provide Water Service Interruption and Restoration Services for Delinquent Accounts Contractor: Homrich Wrecking, Inc. Location: 65 Cadillac Square, Ste. 2701, Detroit, MI 48226 | New | Yes | Yes | 3/20/2018 | 3/26/2018 | Work Limited to Operating Curbstops for Water Service Interruption and Restoration and Limited Repairs to Curbstops Due to Pending Changes to the Lead and Copper Rule. |
| 2 | POLICE | 6001303 | Contract Amount: \$5,500,000.00 Contract Period: Upon City Council Approval through February 28, 2023 Source: 100% Federal Funding Purpose: To Provide Electronic Controlled Weapons (ECW) for the Police Department Contractor: Axon Enterprise Inc. Location: 17800 N. 85th Street, AZ 85255 | New | Yes | Yes | 3/20/2018 | 3/26/2018 | Contract Provides 2,500 Tasers, 1,000 Taser Cameras and Other Amenities & Accessories. |
| 3 | FIRE | 6001295 | Contract Amount: \$4,463,801.35 Contract Period: April 1, 2018 through March 31, 2020 Source: 100% City Funding Purpose: To Provide Parts and Services for Breathing Apparatus Equipment Contractor: Apollo Fire Equipment Company Location: 12584 Lakeshore Drive, Romeo, MI 48065 | New | Yes | Yes | 3/20/2018 | 3/26/2018 | Contract to Provide Parts and Repair Services for Self-Contained Breathing Apparatus including Gaskets, Seals, Cylinders, etc. |
| 4 | GENERAL SERVICES | 6001265 | Contract Amount: \$2,975,821.00 Contract Period: March 1, 2018 through February 28, 2019 Source: 100% City Funding Purpose: To Provide Construction Management to Complete Building Repairs and Renovation Tasks for the Davison Rouge (West District) and Chandler (East District) Service Yard. Contractor: W-3 Construction Location: 7601 Second St., Detroit, MI 48202 | New | Yes | Yes | 2/28/2018 | 3/26/2018 | Work includes Installation of New Roofs, Air Conditioning Units, Salt Dome and Repairs to Collapsed Storm Sewer System. |
| 5 | FIRE | 3021778 | Contract Amount: \$2,182,372.00 Contract Period: One Time Purchase Source: 95% Federal / 5% City Funding Purpose: To Provide (515) Portable Radios, (9) Mobile Radios, (1) Aeroflex Test Set and an APX Accountability System Contractor: Motorola Solutions, Inc. Location: 1301 E. Algonquin Road, Schaumburg, IL 60196 | New | Piggybacking off MiDeal State Contract | Piggybacking off MiDeal State Contract | 3/20/2018 | 3/26/2018 | |

| | Department | Contract Number | Description | Contract Request Type | Competitively Bid? If not a New contract, was the original contract competitively bid? | Highest Ranked or Lowest Bid? If not a New contract, was the original contract the lowest bid? | BOWC or City Council Approval Date | Office of the Chief Financial Officer Approval Date | Comments |
|---|--------------|-----------------|---|-----------------------|--|--|------------------------------------|---|---|
| 6 | PUBLIC WORKS | 3021025 | Contract Amount: \$837,740.00 Contract Period: March 27, 2018 through June 30, 2018 Source: 100% Solid Waste Funding Purpose: To Provide (4) Rear Loader Refuse Packer Collection Trucks Contractor: Bell Equipment Company Location: 78 Northpointe Drive, Lake Orion, MI 48359 | New | Yes | Highest Ranked | 3/6/2018 | 3/26/2018 | Contract Ranked Highest Due to Cost of Ownership Based on Fuel Economy, Larger Truck Capacity and Parts Availability. |

CONTRACTS GREATER THAN 2 YEARS

| | | | | | | | | | |
|---|--------------|---------|---|-----------|------------------|------------------|-----------|-----------|--|
| 7 | PUBLIC WORKS | 6000795 | Contract Amount: \$215,291.29 Contract Period: Upon City Council Approval through February 28, 2021 Source: 100% Street Funding Purpose: To Provide a (3) Three Year Contract for Bentley Systems Computer Aided Software Licenses and Training Contractor: Bentley Systems Incorporated Location: 685 Stockton Drive, Exton, PA 19341 | Amendment | No (Sole Source) | No (Sole Source) | 3/13/2018 | 3/26/2018 | Bentley Software Technology was Sole Sourced In Order To Ensure Compatibility with MDOT Software (MDOT Utilizes Bentley Software As Well). |
|---|--------------|---------|---|-----------|------------------|------------------|-----------|-----------|--|

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

| | | | | | | | | | |
|----|----------------------------|---------|---|-----------|-----|----------------|-----------|-----------|---|
| 8 | PUBLIC WORKS | 3021035 | Contract Amount: \$500,256.00 Contract Period: March 27, 2018 through October 31, 2018 Source: 100% Street Funding Purpose: To Provide (3) Fifth Wheel Tractors for Hauling Heavy Duty Construction Equipment Contractor: Wolverine Freightliner-Eastside Location: 107 S. Groesbeck Hwy., Mt. Clemens, MI 48043 | New | Yes | Highest Ranked | 3/6/2018 | 3/26/2018 | Contract Ranked Highest Due to Better Warranty and Faster Delivery. |
| 9 | HOUSING AND REVITALIZATION | 6001310 | Contract Amount: \$500,000.00 Contract Period: Upon City Council Approval through February 28, 2019 Source: 100% Federal Funding Purpose: To Provide Park Improvement at the Jayne Lasky Playfield Park Contractor: W-3 Construction Location: 7601 Second St., Detroit, MI 48202 | New | Yes | Yes | 3/20/2018 | 3/26/2018 | |
| 10 | HEALTH | 6000793 | Contract Amount: \$359,511.00 Contract Period: Upon City Council Approval through June 30, 2018 Source: 100% City Funding Purpose: To Provide Construction and Renovation for the Health Department's Teen Pregnancy Clinics Contractor: W-3 Construction Company Location: 7601 Second St., Detroit, MI 48202 | Amendment | Yes | Yes | 3/6/2018 | 3/26/2018 | Contract Includes Upgrading and Bringing All Fire Safety Systems to Code. |

| | Department | Contract Number | Description | Contract Request Type | Competitively Bid? If not a New contract, was the original contract competitively bid? | Highest Ranked or Lowest Bid? If not a New contract, was the original contract the lowest bid? | BOWC or City Council Approval Date | Office of the Chief Financial Officer Approval Date | Comments |
|----|------------------|-----------------|--|-----------------------|--|--|------------------------------------|---|---|
| 11 | PUBLIC WORKS | 3020162 | Contract Amount: \$72,900.72 Contract Period: One Time Payment Source: 100% Solid Waste Funding Purpose: To Provide Extension of Lease Vehicles Used By DPW Contractor: Enterprise Rent A Car Location: 29301 Grand River Ave., Farmington Hills, MI 48336 | New | N/A | N/A | 3/6/2018 | 3/26/2018 | PO Required to Pay for Damaged Vehicles and Additional Months Rental. |
| 12 | PUBLIC WORKS | 6000341 | Contract Amount: \$41,635.56 Contract Period: Upon City Council Approval through December 31, 2019 Source: 100% Street Funding Purpose: To Provide Construction, Engineering and Inspection Services Contractor: Hubbell, Roth, & Clark, Inc. Location: 535 Griswold Street, Ste. 1680, Detroit, MI 48226 | Amendment | Yes | Yes | 2/28/2018 | 3/26/2018 | |
| 13 | GENERAL SERVICES | 6001129 | Contract Amount: \$40,573.00 Contract Period: January 30, 2018 through August 31, 2018 Source: 100% City Funding Purpose: To Provide Salt for 2017-2018 Season Contractor: Detroit Salt Company Location: 12841 Sanders Street, Detroit, MI 48217 | New | Piggybacking off MiDeal State Contract | Piggybacking off MiDeal State Contract | 1/23/2018 | 3/26/2018 | |
| 14 | HEALTH | 3020709 | Contract Amount: \$34,399.50 Contract Period: March 28, 2018 through March 28, 2019 Source: 100% City Funding Purpose: To Provide Radios and Charging Stations for the Animal Control Unit Contractor: Motorola Solutions, Inc. Location: 2465 Riverside Drive, #308, Trenton, MI 48182 | New | Piggybacking off MiDeal State Contract | Piggybacking off MiDeal State Contract | 3/6/2018 | 3/26/2018 | |
| 15 | POLICE | 6000336 | Contract Amount: \$0 Contract Period: December 12, 2017 through April 30, 2018 Source: 100% City Funding Purpose: To Provide In-Car Video Cameras and License Plate Readers in Detroit Police Vehicles. Contractor: Canfield Equipment Service Co., Inc. Location: 48545 Grand River Ave., Novi, MI 48374 | Amendment | Yes | Yes | 1/30/2018 | 2/26/2018 | Extended for time only. |



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: March 22, 2017
TO: Financial Review Commission Members
FROM: Kevin Kubacki, Executive Director – City of Detroit FRC

SUBJECT: Contract Summary - March 2018 City of Detroit FRC Meeting

The City has submitted 15 contracts for review/approval at the March 26, 2018 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, and where required, City Council. Each contract is summarized below:

Contract 1 – New Contract for Water Interruption and Restoration Services for Delinquent Accounts

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|------------------------|--------------------|----------------------------|----------------|------|-------------------------------|--|
| Homrich Wrecking, Inc. | New | 3/20/2018 | \$7,783,029 | Yes | Yes | DWSD – Operations and Maintenance Fund |

This contract is subject to FRC review because it exceeds the statutory threshold of \$750,000 and because the terms exceed two years. This contract provides for trained field service workers to ensure that water services are restored for DWSD customers who meet requirement, as well as address, in a timely fashion, DWSD's delinquent accounts that meet criteria for service interruption work. The Department will evaluate bringing this function back in-house after the conclusion of this contract. This contract was competitively bid and three vendors responded. The vendor being recommend for approval provided the lowest bid.

Contract 2 – New Contract to Provide Electronic Controlled Weapons for the Police Department

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|-----------------------|---------------------------|-----------------------------------|-----------------------|-------------|--------------------------------------|---------------------------------|
| Axon Enterprise, Inc. | New | 3/20/2018 | \$ 5,500,000 | Yes | Yes | Grant Fund |

This contract is subject to FRC review because it exceeds the statutory threshold of \$750,000 and because the terms exceed two years. This contract provides for the purchase of 2,500 Tasers, 1,000 Taser Cams, and other amenities (i.e. holsters). This contract was competitively bid and only one vendor responded. The City noted there are few vendors who can provide this type of technology and the City successfully negotiated the recommend vendor's initial offer down \$560k.

Contract 3 – New Contract to Provide Parts and Services for Fire Department Breathing Apparatus Equipment

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|-------------------------------|---------------------------|-----------------------------------|-----------------------|-------------|--------------------------------------|---------------------------------|
| Apollo Fire Equipment Company | New | 3/20/2018 | \$4,463,801 | Yes | Yes | General Fund |

This contract is subject to FRC review because it exceeds the statutory threshold of \$750,000. This contract will provide parts and repair services for the self-contained breathing apparatuses used by the Fire Department. The contract cost is based on the estimated annual requirement for 300 of the various parts to the breathing apparatus such as seal rings, gaskets, etc. This contract was competitively bid; however, only one vendor responded. During the subcommittee call, the City noted this is the only certified vendor within a reasonable range that can work on the type of breathing apparatuses used by the Department.

Contract 4 – New Contract for Construction Services at Three Service Yards

| Contractor | Nature of Contract | BOWC Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|-------------------|---------------------------|---------------------------|-----------------------|-------------|--------------------------------------|---------------------------------|
| W-3 Construction | New | 2/28/2018 | \$2,975,821 | Yes | Yes | Bond Fund |

This contract is subject to FRC review because it exceeds the statutory threshold of \$750,000. This contract will provide building repairs and renovation tasks at Davidson Service Yard,

Chandler Service Yard, and Rouge Park Service Yard. The City noted that these service yards have not seen investment in decades and are in bad need of repairs. Currently, over 320 General Service Department staff are working out of these service yards. This contract was competitively bid and three vendors responded. The vendor being recommended for approval provided the lowest bid.

Contract 5 – New Contract for Radios and a Personal Accountability System

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|--------------------------|---------------------------|-----------------------------------|-----------------------|-------------|--------------------------------------|---------------------------------|
| Motorola Solutions, Inc. | New | 2/28/2018 | \$2,182,372 | MiDeal | MiDeal | Grant Fund and General Fund |

This contract is subject to FRC review because it exceeds the statutory threshold of \$750,000. This contract provides for the purchase of 515 portable radios, 9 mobile radios, and related accessories that will replace existing Fire Department radios that are no longer supported by the manufacturer. This contract's pricing is consistent with the State's MiDeal pricing.

Contract 6 – New Contract for 4 Garbage Trucks

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|------------------------|---------------------------|-----------------------------------|-----------------------|-------------|--------------------------------------|---------------------------------|
| Bell Equipment Company | New | 3/6/2018 | \$837,740 | Yes | Highest Ranked | General Fund |

This contract is subject to FRC review because it exceeds the statutory threshold of \$750,000. This contract is for the purchase of 4 garbage trucks that will be replacing 9 year old units. This contract was competitively bid and two vendors responded. The recommendation for approval is to the highest ranked vendor. The City noted that this contract was reviewed by its vehicle steering committee and the trucks provided by the recommended vendor had a lower cost of ownership based on fuel economy, repair services, and parts are more readily available.

Contract 7 – Contract Amendment for Road Design Software Licenses and Training.

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|----------------------|---------------------------|-----------------------------------|-----------------------|-------------|--------------------------------------|---------------------------------|
| Bentley Systems Inc. | Amendment | 3/13/2018 | \$215,291 | Sole Source | Sole Source | Street Fund |

This contract amendment is subject to FRC review because it exceeds the statutory threshold of \$750,000 and because the terms exceed two years. This contract provides for software that allows the city to create construction design drawings for roads, bridges and other structures. The City desires to use the same software provider that is utilized by MDOT. This allows the City to share plans electronically with MDOT and not incur compatibility issues when transferring the information. Thus, this contract was not competitively bid and the City recommends this contract be sole sourced.

Contract 8 – New Contract for the Purchase of Three 5-Wheel Tractors

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|---------------------------------|---------------------------|-----------------------------------|-----------------------|-------------|--------------------------------------|---------------------------------|
| Wolverine Freightliner-Eastside | New | 3/6/2018 | \$500,256 | Yes | Highest | Street Fund |

This contract is subject to FRC review because the aggregate sum of the City's contracts with this contractor exceed \$750,000. This contract provides for the purchase of three 5-wheel tractors that will be utilized in hauling heavy duty construction equipment for DPW. This contract was competitively bid and two vendors. The vendor being recommend for approval provided the highest ranked bid. The highest ranked bid is being recommended because the vendor provides a better warranty, air filters, automatic transmission, and faster delivery time.

Contract 9 – New Contract for Park Improvements

| Contractor | Nature of Contract | City Council Approval Date | Contract Amendment Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|-------------------|---------------------------|-----------------------------------|---------------------------------|-------------|--------------------------------------|---------------------------------|
| W-3 Construction | New | 3/20/2018 | \$500,000 | Yes | Yes | Block Grant Fund |

This contract is subject to FRC review because the aggregate sum of the City's contracts with this contractor exceed \$750,000. This contract provides for park renovations at Jayne Playfield and Lasky Recreation Center. This contract was competitively bid and four vendors responded. The vendor being recommended for approval provided the lowest bid.

Contract 10 – Contract Amendment for Construction and Renovation for Teen Pregnancy Clinics

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|-------------------|---------------------------|-----------------------------------|--|-------------|--------------------------------------|---------------------------------|
| W-3 Construction | Amendment | 3/6/2018 | \$359,511 Increase; \$505,439 Total Value | Yes | Yes | General Fund |

This contract amendment is subject to FRC review because the aggregate sum of the City's contracts with this contractor exceed \$750,000. This contract provides for the renovations at 2 health department teen pregnancy clinics (Butzel Recreation Center and the Northeast Clinic). The amendment is for an increase of scope that allows for an upgrade of the Fire Safety Systems at these locations, bringing them back up to code.

Contract 11 – New Contract for Leased Vehicle Services Used by DPW

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|-----------------------|---------------------------|-----------------------------------|-----------------------|-------------|--------------------------------------|---------------------------------|
| Enterprise Rent-A-Car | New | 3/6/2018 | \$72,901 | N/A | N/A | Solid Waste Management Fund |

This contract is subject to FRC review because the aggregate sum of the City's contracts with this contractor exceed \$750,000. This contract is to pay Enterprise Rent-A-Car for damages to rental vehicles and for additional months of rental through March 31, 2018. The vehicles were leased by DPW based on the increased service levels provided by the department and the need for additional vehicles to provide those services while the purchase of light duty vehicles is currently in process. Lease vehicles are required to bridge the gap for those services provided by DPW.

Contract 12 – Contract Amendment for Construction, Engineering and Inspection Services

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|------------------------------|---------------------------|-----------------------------------|---|-------------|--------------------------------------|---------------------------------|
| Hubbell, Roth, & Clark, Inc. | Amendment | 2/28/2018 | \$41,636 Increase; \$2,068,955 Total Value | Yes | Yes | Street Fund |

This contract amendment is subject to FRC review because the aggregate sum of the City's contracts with this contractor exceed \$750,000. This contract provides for 6 safety projects. The amendment increases the scope to 7 safety projects. The additional project will include the installation of delineators at the railroad crossing at E. Warren and St. Jean St.

Contract 13 – New Contract for Bulk Salt for 2017-18 Winter Season

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|----------------------|---------------------------|-----------------------------------|-----------------------|-------------|--------------------------------------|---------------------------------|
| Detroit Salt Company | New | 1/23/2018 | \$40,573 | MiDeal | MiDeal | General Fund |

This contract is subject to FRC review because the aggregate sum of the City's contracts with this contractor exceed \$750,000. This contract is for the purchase of 1,300 tons of salt to be used to melt snow on roadways. During the subcommittee call, it was noted that the price per ton was \$31.21, a decrease of 11.16 per ton from the previous year. The pricing for this contract is consistent with the State's MiDeal pricing.

Contract 14 – New Contract for Radios and Charging Stations for Animal Control Unit

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|--------------------------|---------------------------|-----------------------------------|-----------------------|-------------|--------------------------------------|---------------------------------|
| Motorola Solutions, Inc. | New | 3/6/2018 | \$34,400 | MiDeal | MiDeal | General Fund |

This contract is subject to FRC review because the aggregate sum of the City's contracts with this contractor exceed \$750,000. This contract provides for the purchase of 12 radios, 2 chargers, and other various accessories. These radios will be utilized by the Animal Control Unit. The pricing for this contract is consistent with the State's MiDeal pricing.

Contract 15 – Contract Amendment for In-Car Video Cameras and License Plate Readers

| Contractor | Nature of Contract | City Council Approval Date | Contract Amendment Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|--|---------------------------|-----------------------------------|---|-------------|--------------------------------------|---------------------------------|
| Canfield Equipment Services, Co., Inc. | Amendment | 1/30/2018 | \$0 increase; \$273,356 Total Value | Yes | Yes | Quality of Life Fund |

This contract amendment is subject to FRC review because the aggregate sum of the City's contracts with this contractor exceed \$750,000. This contract provides for the installation of the In-Car video systems in 250 police vehicles and license plate readers to be installed in 79 vehicles. The amendment to this contract will allow for additional 6 months of time to complete the work.