

CITY OF DETROIT

Office of the Chief Financial Officer

Financial Report for the 4 Months ended October 31, 2015

December 21, 2015



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Executive summary

- The Office of the CFO went live with Oracle Planning and Budgeting Cloud Services, the budget module of the financial management system, in October 2015
 - City departments, in conjunction with the new Office of Departmental Financial Services, are finalizing their FY 2017 Budget Submission Request
 - The Office of the CFO will work with the Mayor's Office to align the FY 2017 Budget with the Mayor's priorities and work with the City Council on its review and approval of the FY 2017 Budget
- The Office of the CFO has had overwhelming interest in new positions as part of its restructuring. As of December 18, 2015, the Office of the CFO has:
 - Made over 150 offers to middle management, professional, and paraprofessional candidates
 - Conducted over 650 structured interviews for professional and paraprofessional candidates
- October YTD actuals indicate that FY 2016 results are favorable to budget
 - The primary tax revenues are based on the September 2015 Consensus Revenue Estimating Conference results. No adjustment was warranted based on actual revenues collected since the Conference
 - Payroll and benefits related expenditures are projected to be below budget as a result of lower headcount, partially offset by a higher number of contract staff and expected wage increases to the public safety employees
 - Reinvestment related expenditures are moving forward consistent with timing of project implementation as well as the amount of Exit financing proceeds available



FY 2016 is projected to result in a General Fund surplus

\$ in millions

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

Notes:

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



The City's YTD net cash flows are ahead of budget

\$ in millions

General Fund	Actual	Prior Year		Budget (1)	
	4 months	4 months	Difference	4 months	Variance
General Fund Property taxes	67.1	87.1	(20.1) (2)	59.9	7.2
Net Income taxes	78.5	73.6	4.9	80.9	(2.4) (3)
Utility taxes	5.7	4.7	1.0	4.2	1.5
Gaming taxes	56.5	60.7	(4.2)	57.4	(0.9)
Distributable State aid	64.2	63.4	0.8	65.2	(1.0)
Other	65.9	121.4	(55.5) (4)	63.4	2.5
Total Receipts	337.8	410.9	(73.1)	331.0	6.8
Payroll, taxes, & deductions	(126.1)	(122.2)	(3.9)	(130.3)	4.3
Benefits	(17.3)	(40.8)	23.4	(22.8)	5.5
Pension contributions	-	-	-	-	-
Subsidy payments	(8.3)	(7.2)	(1.1)	(12.1)	3.8
Materials, contracts & other operating expenditures	(98.6)	(175.2)	70.5 (4)	(89.5)	(15.2) (5)
Total Disbursements	(250.3)	(345.3)	89.0	(254.7)	(1.6)
Operating Surplus (before Reinvestment)	87.5	65.6	15.9	76.2	5.2
Financing Adjustments	(62.7)	(28.3)	(28.2)	(26.5)	(30.0) (6)
Non-Financing Adjustments	18.2	17.2	1.0	(44.6)	62.8 (7)
Total Adjustments to arrive at Net Cash Flow	(44.5)	(11.1)	(27.3)	(71.2)	32.8
Net Cash Flow (8)	43.0	54.4	(11.4)	5.1	38.0

Memo:

Beginning cash balance (net of dist. owed) (9)	207.9	156.8
Net Cash Flow (8)	43.0	54.4
Lockbox reserves	(0.0)	(0.2)
Ending cash balance (net of dist. owed) (9)	251.0	211.0

Notes:

- (1) Budget has been spread based on historical cash activity.
- (2) Negative difference versus prior year primarily due to Wayne County settlement checks as a result of foredoresure activity.
- (3) \$4m in income tax refunds issued in FY'16 are related to FY'15.
- (4) Negative trend in other receipts is offset by positive trend in materials, contracts & other operating expenditures and is primarily attributable to the segregation of DPW, BSEED, and Grants proceeds.
- (5) Variance partially due to Bankruptcy-related payments not included in the Budget.
- (6) Actuals include \$30m principal repayment on Exit financing made in August 2015.
- (7) Actuals include property tax collections related to Wayne County foredoresure activity. Budget includes \$44.6m of reinvestment payments in excess of Exit financing proceeds.
- (8) Net Cash Flow was determined based on General Fund cash activity adjusted for known deposits in transit, prior period adjustments and classification differences.
- (9) The main operating account contains cash balances of the Risk Management Fund, Construction Fund, Street Funds, Solid Waste Fund, General Grants, and Motor Vehicle Fund.



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

\$ in millions

General Fund	Notes	Cash Actual	General Ledger			Difference
			Posted	To Be Posted	Total	
General Fund Property taxes		\$ 67.1	\$ 67.8	\$ -	\$ 67.8	\$ 0.7
Net Income taxes	(1)	78.5	61.6	-	61.6	(16.9)
Utility taxes		5.7	1.7	4.0	5.7	0.0
Gaming taxes	(2)	56.5	13.7	42.9	56.5	-
Distributable State aid	(1)	64.2	-	-	-	(64.2)
Other	(3)	65.9	33.9	5.0	38.9	(27.0)
Total Receipts		337.8	178.6	51.9	230.5	(107.3)
Payroll, taxes, & deductions	(4)	(126.1)	(99.2)	(11.8)	(111.0)	15.1
Benefits	(5)	(17.3)	(29.7)	-	(29.7)	(12.4)
Pension contributions		-	-	-	-	-
Subsidy payments		(8.3)	(10.0)	-	(10.0)	(1.8)
Materials, contracts & other operating expenditures	(6)	(98.6)	(42.0)	-	(42.0)	56.6
Total Disbursements		(250.3)	(181.0)	(11.8)	(192.8)	57.5
Operating Surplus (before Reinvestment)		87.5	(2.4)	40.1	37.7	(49.9)
Financing Adjustments	(7)	(62.7)	(19.0)	-	(19.0)	43.6
Non-Financing Adjustments	(8)	18.2	-	-	-	(18.2)
Subtotal Adjustments		(44.5)	(19.0)	-	(19.0)	25.5
Net Surplus/(Deficit)		\$ 43.0	\$ (21.4)	\$ 40.1	\$ 18.6	\$ (24.4)

Notes:

- (1) City records activity related to FY 2015 in the general ledger that was collected in FY 2016 (Income Taxes (\$14m) and DSA (\$64m))
- (2) City will be recording amounts to be posted in the general ledger by the end of December
- (3) Difference primarily due to \$13m collected in FY 2016 to be recorded in FY 2015 and \$6m of cash specific transactions
- (4) Difference primarily due to cash actuals including payroll expenses incurred in FY 2015, but paid in FY 2016
- (5) General Fund transferred less than total invoice amounts as the Benefits Fund (Fund 7500) had a cash balance of \$13m at the beginning of the fiscal year.
- (6) Cash actuals include grants (\$3m), non-General Fund entities (\$6m), cash specific transactions (\$11m), and invoices related to FY 2015 paid in FY 2016 (\$34m), partially driven by the accounts payable amnesty program
- (7) Cash actuals include Exit financing principal repayment (\$30m) and set asides for both Note C (\$4m) and DSA secured LTGO bonds (\$10m)
- (8) Cash actuals include collections from FY 2015, primarily related to property tax revenues (\$17m)



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

\$ in millions

	FY 2016			FY 2015		
	Adjusted tax roll (1)	Collections YTD (2)	Collection rate	Adjusted tax roll (1)	Collections YTD (2)	Collection rate
General City	\$ 131.8	\$ 62.8	47.7%	\$ 132.6	\$ 59.0	44.5%
Debt Service	69.6	32.1	46.2%	73.8	33.5	45.4%
Solid Waste	59.6	19.0	31.9%	57.0	17.5	30.8%
Total City (3)	\$ 260.9	\$ 113.9	43.7%	\$ 263.3	\$ 110.1	41.8%

Note:

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

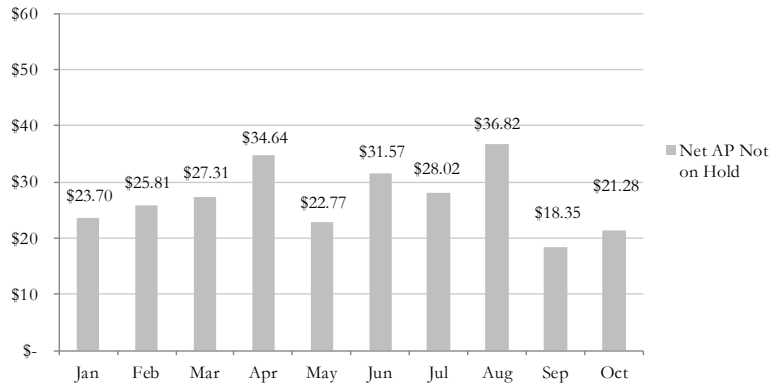


The City is paying invoices timely. Invoices on hold or bankruptcy related may take longer to pay

\$ in millions

Accounts Payable (AP) as of 10/30/15	
Total AP	\$ 52.74
Less: Bankruptcy-Related AP (1)	(8.98)
Less: AP on Hold (2)	(22.48)
Net AP Not on Hold (3)	\$ 21.28

Historical Accounts Payable
Excluding Bankruptcy-Related and Invoices on Hold AP



Notes:

- (1) Bankruptcy-related invoices are excluded as they will not be paid in the ordinary course, but instead will be resolved as part of the bankruptcy process.
- (2) Invoices typically placed on a system hold are pending validation.
- (3) Total Net AP Not on Hold include retainage holdbacks to be paid upon completion of projects, which total \$2.9m primarily in amounts over 31 days past due.

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

Department	Net AP	Current	Days Past Due			
			1-30	31-60	61-90	91+
1 Department of Public Works	\$ 2.61	\$ 0.68	\$ 0.72	\$ 0.22	\$ 0.27	\$ 0.72
2 Information Technology Services	2.29	1.00	0.08	0.01	1.20	(0.00)
3 Planning and Development Department	1.45	0.06	0.85	0.19	0.34	0.01
4 Department of Transportation	1.20	1.02	0.11	0.08	-	(0.01)
5 Recreation Department	0.93	0.03	0.08	0.65	0.02	0.15
6 Health Department	0.91	0.30	0.60	-	-	-
7 Police Department	0.77	5.65	0.15	0.12	0.01	0.12
8 Public Lighting Department	0.49	0.08	0.38	-	0.01	0.01
9 Law Department	0.42	0.38	0.29	0.05	0.00	0.01
10 General Service Dept	0.41	0.22	0.11	0.00	0.01	0.07
11 Fire Department	0.40	0.06	0.21	0.07	-	0.06
12 Non-Departmental	0.32	-	0.29	0.00	-	0.03
13 Municipal Parking Department	0.27	0.08	0.09	-	0.05	0.06
14 36th District Court	0.17	0.33	0.00	-	-	-
15 Buildings and Safety Department	0.08	0.00	0.03	-	-	0.04
16 Airport Department	0.06	0.00	0.01	0.05	-	-
17 Department of Elections	0.06	0.00	0.01	-	-	0.05
18 Library	0.05	-	0.00	0.01	0.04	0.00
19 City Council	0.01	0.01	0.00	0.00	0.00	0.00
20 Department of Administrative Hearings	0.01	-	0.00	-	0.01	-
Other Departments (21 depts)	0.02	1.49	0.00	0.00	0.00	0.00
Subtotal - Non DWSD	\$ 12.93	\$ 11.40	\$ 4.03	\$ 1.44	\$ 1.97	\$ 1.33
	100%	88%	31%	11%	15%	10%
Water Department	5.65	1.04	3.72	0.68	0.06	0.16
Sewerage Department	2.69	0.34	1.82	0.28	0.05	0.22
Subtotal - DWSD	\$ 8.35	\$ 1.38	\$ 5.53	\$ 0.96	\$ 0.11	\$ 0.38
Total	\$ 21.28	\$ 12.78	\$ 9.56	\$ 2.41	\$ 2.08	\$ 1.70
	100%	60%	45%	11%	10%	8%



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

- Total number of projects decreased by two from the September report due to a facilities capital project that was consolidated under General Services

\$ in millions

	Number of Projects	Amount Approved	Total Amount Paid
Available Exit financing proceeds		\$ 233.2	
Project Allocation:			
Dept. of Innovation and Technology	5	\$ (34.2)	\$ (19.8)
Blight	7	(29.7)	(17.6)
Police	6	(29.0)	(17.0)
Fire	9	(22.0)	(10.6)
General Services	13	(20.3)	(17.1)
OCFO	6	(15.7)	(14.7)
BSEED	1	(4.4)	(1.2)
Law	1	(2.2)	(0.4)
DDOT	1	(1.8)	(1.8)
Recreation	1	(1.2)	(1.2)
Human Resources	2	(0.8)	(0.7)
Other	3	(0.3)	(2.9)
Total	55	\$ (161.6)	\$ (105.1)
Interest/Fees Paid		(2.8)	
Amount reserved for projects under review		\$ 68.9	



General City headcount is increasing and remains under budget

	Actual Oct'14	Actual Oct'15	Budget FY 2016 (1)	Variance	% Variance
Public safety					
Police	2,683	2,766	2,990	224	7%
Fire (2)	1,158	1,234	1,339	105	8%
Total Uniform	3,841	4,000	4,329	329	8%
Non-public safety					
Budget	10	8	16	8	
Dept. of Public Works (3)	370	360	345	(15)	
Finance	182	182	219	37	
Health & Wellness	7	8	8	0	
Human Resources	77	81	95	14	
Housing & Revitalization/Planning & Development	92	96	130	34	
Dept. of Innovation and Technology	36	33	48	15	
Law	86	94	103	9	
Mayor	49	56	62	6	
Public Lighting Dept.	10	5	17	12	
Recreation (3) (4)	175	176	116	(60)	
General Services (3)	271	299	457	158	
Legislative (5)	128	96	97	1	
36th District Court	353	353	353	0	
Other (6)	46	62	75	13	
Total Civilian	1,892	1,909	2,141	232	11%
Total General City	5,733	5,909	6,470	561	9%
Enterprise					
Airport	3	3	4	1	
BSEED	175	178	205	27	
Transportation	916	999	917	(82)	
Parking	84	85	94	9	
Water/Sewerage	1,477	1,310	1,674	364	
Library	315	297	334	37	
Total Enterprise	2,970	2,872	3,228	356	11%
Total City	8,703	8,781	9,698	917	9%

Notes:

- (1) Includes positions for reinvestment projects that have been approved for funding.
- (2) Budget reflects 1,189 FTE per Four Year Financial Plan and 150 funded by SAFER grants.
- (3) Includes seasonal workers anticipated to complete work at the departments in the near-term.
- (4) Budget for Recreation includes FTEs, however, actuals are reported by headcount including seasonal (temporary) workers.
- (5) Includes: Auditor General, Zoning, City Council, Ombudsperson, City Clerk, and Elections.
- (6) Includes: Human Rights, Administrative Hearings, Homeland Security, Non-departmental, and some reinvestment.



The City is leveraging funding from external sources

- During October, the Office of Grants Management worked with departments to close out grants that had been fully expended
- The City received 13 new grants in Housing & Revitalization, Police, and Recreation

\$ in millions

Department	Amount Awarded	Number of Grants
Housing & Revitalization	\$ 252.6	20
Transportation	163.9	39
Fire	33.4	8
Health & Wellness Promotion	26.2	4
Public Works	35.1	24
Police	28.8	38
Recreation	4.8	23
Homeland Security and Emergency Management	1.5	6
General Services	1.5	2
Other (1)	1.9	10
Active Federal/State grants (2)	\$ 549.7	174
Active private grants	17.9	17
Active private donations	20.7	31
Total active grants and donations	\$ 588.3	222

Notes:

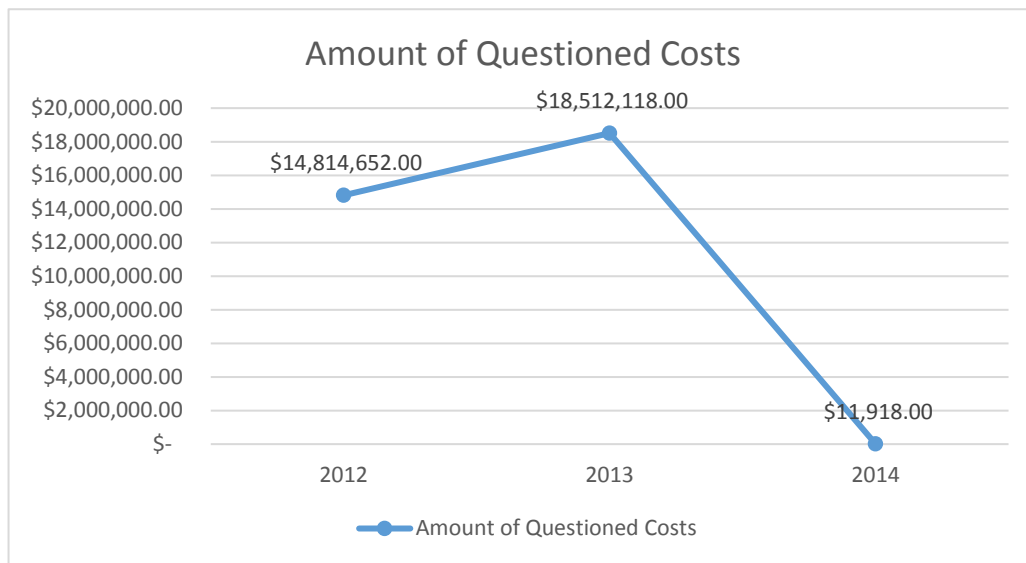
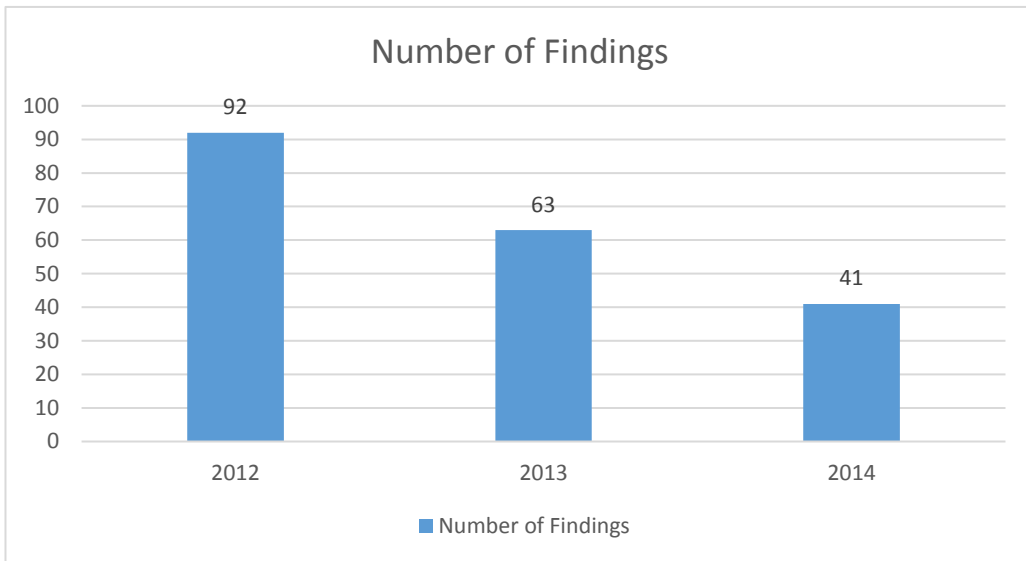
- (1) Other includes BSEED, Airport, and Office of Grants Management
- (2) Total does not include Hardest Hit Fund grants, which are reflected in the Land Bank Authority



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Year	2012	2013	2014
Number of Findings	92	63	41
Amount of Questioned Costs	\$ 14,814,652.00	\$ 18,512,118.00	\$ 11,918.00





STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

RESOLUTION 2015-18

**CONSENTING TO THE CITY’S TIME EXTENSION FOR ITS ANNUAL
AUDIT REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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(3) of the Act requires the Commission to ensure that the City complies with the requirements of, among other things, MCL 141.427(4); and

WHEREAS, MCL 141.427(4) requires that the City file with the State Treasurer its annual audit report for the fiscal year ended June 30, 2015 no later than December 31, 2015; and

WHEREAS, the City has requested the State Treasurer to extend the date by which it must file its annual audit report for the fiscal year ended June 30, 2015 from December 31, 2015 to no later than March 31, 2016, and the State Treasurer is willing to consent to such extension pursuant to MCL 141.427(4); and

WHEREAS, the City has requested this Commission to similarly extend the date to file its annual audit report to no later than March 31, 2016.

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

1. That the Commission hereby consents to the extension of time for the City to complete and file its annual audit report for the fiscal year ended June 30, 2015 with the State Treasurer from December 31, 2015 to no later than March 31, 2016.
2. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
3. This Resolution shall have immediate effect.

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

DETROIT FINANCIAL REVIEW COMMISSION

By _____
Darrell Burks, Detroit Financial Review Commission
Member

By _____
Michael Duggan, Detroit Financial Review
Commission Member

By _____
Stacy Fox, Detroit Financial Review Commission
Member

By _____
Lorron James, Detroit Financial Review Commission
Member

By _____
Brenda Jones, Detroit Financial Review Commission
Member

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

By _____
William Martin, Detroit Financial Review
Commission Member

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

By _____
Tony Saunders, Detroit Financial Review Commission
Member

Date: _____
Detroit, Michigan



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

RESOLUTION 2015-19

**APPROVING THE COLLECTIVE BARGAINING AGREEMENT
AMENDMENTS BETWEEN THE CITY OF DETROIT AND THE
DETROIT POLICE OFFICERS ASSOCIATION, THE DETROIT POLICE
LIEUTENANTS AND SERGEANTS ASSOCIATION, AND THE DETROIT
POLICE COMMAND OFFICERS ASSOCIATION**

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(9) of the Act requires that during the period of oversight, the City shall submit new and amended collective bargaining agreements, to which it is a party, to the Commission for review and approval after approval by the City’s governing body and mayor; and

WHEREAS, Section 6(9) of the Act further requires the Commission to approve or reject collective bargaining agreements submitted to it within 45 days of submission; and

WHEREAS, the Mayor and City Council of Detroit approved collective bargaining agreement amendments between the City of Detroit and the Detroit Police Officers Association, the Detroit Police Lieutenants and Sergeants Association, and the Detroit Police Command Officers Association on December 17, 2015, for a term expiring June 30, 2020; and

WHEREAS, at the Commission meeting on December 21, 2015, the City presented the aforementioned collective bargaining agreement amendments to the Commission.

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

1. That the City's collective bargaining agreement amendments between the City of Detroit and the Detroit Police Officers Association, the Detroit Police Lieutenants and Sergeants Association, and the Detroit Police Command Officers Association, presented to the Commission on December 21, 2015, are hereby approved.
2. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
3. This Resolution shall have immediate effect.

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

DETROIT FINANCIAL REVIEW COMMISSION

By _____
Darrell Burks, Detroit Financial Review Commission
Member

By _____
Michael Duggan, Detroit Financial Review
Commission Member

By _____
Stacy Fox, Detroit Financial Review Commission
Member

By _____
Lorron James, Detroit Financial Review Commission
Member

By _____
Brenda Jones, Detroit Financial Review Commission
Member

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

By _____
William Martin, Detroit Financial Review
Commission Member

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

By _____
Tony Saunders, Detroit Financial Review Commission
Member

Date: _____
Detroit, Michigan



CFO MEMORANDUM
No. 2015-004

TO: Michael E. Duggan, Mayor; Honorable Detroit City Council
FROM: John W. Hill, Chief Financial Officer *John W. Hill*
SUBJECT: Fiscal Impact of the Proposed Contracts between the City of Detroit and the (1) Detroit Police Officers Association (“DPOA”), the (2) Detroit Police Lieutenants and Sergeants Association (“DPLSA”), and the (3) Detroit Police Command Officers Association (“DPCOA”)
ISSUANCE DATE: December 16, 2015

1. AUTHORITY

1.1. State of Michigan Public Act 182 of 2014 (“PA 182”), Section 4s(2)(d) states the chief financial officer shall submit in writing to the mayor and the governing body of the city his or her opinion on the effect that policy or budgetary decisions made by the mayor or the governing body of the city will have on the city’s annual budget and its 4-year financial plan.

2. PURPOSE

2.1. To provide financial information to Michael E. Duggan, Mayor, and the Honorable Detroit City Council as they consider action on the proposed contracts between the City of Detroit and the (1) DPOA, the (2) DPLSA, and the (3) DPCOA.

3. OBJECTIVE

3.1. This Memorandum supersedes CFO Memorandum No. 2015-003.
3.2. This Memorandum serves as the report on the fiscal impact of the proposed contracts between the City of Detroit and the (1) DPOA, the (2) DPLSA, and the (3) DPCOA in relation to the city’s FY 2016 budget and 4-Year Financial Plan for FY 2016 – FY 2019.

4. SCOPE

4.1. This Memorandum is not intended to convey any statements nor opinions on the advisability of entering into the provisions in proposed contracts, including but not limited to Work Rules, except for those components of the proposed contracts that have or may have a fiscal impact on the city’s FY 2016 budget and 4-Year Financial Plan for FY 2016 – FY 2019.

5. STATEMENT

5.1. Conclusion: Funds are sufficient and the proposed contracts will not impact the city’s FY 2016 budget and 4-Year Financial Plan for FY 2016 – FY 2019.
5.2. Background: The proposed contracts’ financial provisions provide for the following incremental cost for three bargaining units: (1) a wage increase; (2) a tuition



reimbursement; (3) a requirement to conduct promotional exams every 2 years; (4) an employee referral incentive; (5) an education salary step increase; and (6) standby time. Refer to the fiscal summary below for a description of each incremental cost. The proposed contracts would also eliminate 42 Police Assistant positions resulting in cost savings described in the fiscal summary below.

5.3. Fiscal Impact

- 5.3.1. The proposed contracts would result in savings from eliminating 42 Police Assistants from the city's FY 2016 budget and 4-Year Financial Plan for FY 2016 – FY 2019.
- 5.3.2. FY 2016 Fiscal Impact: In conjunction with budget surplus that has been realized in the Detroit Police Department between July 2015 and November 2015 and the reallocation of funding for the DPD 8th Precinct Project from budget surplus to unused bond proceeds, the savings attributable to Section 5.3.1 are adequate to support the FY 2016 incremental cost in the proposed contracts.
- 5.3.3. FY 2017 – FY 2019 Fiscal Impact: In conjunction with principal and interest savings from the city's \$30,000,000.00 debt payment made at syndication and the reallocation of funding for the DPD 8th Precinct Project from budget surplus to unused bond proceeds, the savings attributable to Section 5.3.1 are adequate to support the FY 2017 – FY 2019 incremental cost in the proposed contracts.



Table A

City of Detroit

Detroit Police Department (DPD) - Human Resources Plan ("Plan")
\$ in 000's

		Fiscal Year			
		2016	2017	2018	2019
Incremental Cost of Plan- Three Bargaining Units					
Wage Increase	(1) \$	3,494	\$ 7,552	\$ 8,077	\$ 8,290
Tuition Reimbursement	(2)	200	440	484	532
Conduct Promotional Exams Every 2 Years	(3)	-	-	250	-
Employee Referral Incentive	(4)	13	25	25	25
Education Salary Step Increase	(5)	951	2,031	2,152	2,256
Standby Time	(6)	628	1,287	1,319	1,352
Total Incremental Cost of Plan- Three Bargaining Units		\$ 5,286	\$ 11,335	\$ 12,307	\$ 12,456
(-) Savings from DPD Operational Changes	(7)	(1,432)	(1,468)	(1,504)	(1,542)
Total Cost of Plan- Three Bargaining Units		\$ 3,854	\$ 9,867	\$ 10,802	\$ 10,914
Savings Applied to Offset Additional Cost of Plan					
(-) Savings from Pre-Payment of a Portion of Exit Financing	(8)	-	(4,909)	(10,802)	(10,914)
(-) DPD Budget Reallocation	(9)	(2,309)	(4,959)	-	-
(-) DPD FY 16 Budget Surplus	(10)	(1,546)	-	-	-
Total Savings Applied to Offset Additional Costs		\$ (3,854)	\$ (9,867)	\$ (10,802)	\$ (10,914)
Net Cost of Plan		\$ -	\$ -	\$ -	\$ -

Descriptions:

- (1) \$4,299 wage increase to the entry level wages; 4% wage increase to maximum Police Officer wage; Step increases and DPLSA/DPCOA wages adjusted accordingly.
- (2) \$2,000 reimbursement for undergraduate or graduate studies.
- (3) Promotional exams to be conducted every 2 years.
- (4) \$250 payment for successful referral.
- (5) 2% salary increase for at least 2 years of college (DPOA). 2% salary increase for at least 4 years of college (DPLSA)
- (6) 1 hour of straight time earned for every 8 hour standby shift assigned.
- (7) Eliminate 42 Police Assistant positions for cost savings.
- (8) Portion of savings from \$30M debt payment made at syndication.
- (9) Reallocation of funding for the Detroit Police Dept. 8th Precinct Project from budget surplus to unused bond proceeds.
- (10) Reallocation of FY 16 DPD budget surplus that has been realized between July 2015 and November 2015.

Summary of Detroit Police Officers (DPOA), Detroit Lieutenants and Sergeants (DPLSA), and Detroit Police Command Officer (DPCOA) Collective Bargaining Proposal

History

DPOA, DPLSA, and DPCOA took a 10% cut in wages in 2012, in addition to pension and health care cuts received by other unions. In 2014, under collective bargaining agreements ratified during bankruptcy, DPOA received an 8% base wage increase and DLSA and DPCOA received 5%. DPOA received higher base wage because they agreed to significant work rule changes that paid for the difference.

Comparison of Detroit Police Officer wages compared to other surrounding cities

Starting Officers		5 Year Officers	
Detroit Today	\$31,700	Detroit Today	\$51,700
Southfield	\$43,100	Southfield	\$62,200
Sterling Hts.	\$43,800	Sterling Hts.	\$75,500
Warren	\$45,800	Warren	\$64,900
Farm Hills	\$49,600	Farm. Hills	\$71,400

The Impact: We currently have 221 vacant police officer positions

Average Attrition Rate: 13 per month (160 per year) 160

New officers needed to be hired over 12 months for full force: 381

Filling Police Officer Positions: The 6 Month Training Academies

New officers go through a 6-month training academy before being placed in service. Goal is to hire 180 new officers a year to offset 160 currently leaving. If we can cut attrition to 10 per month, (120 per year), we can gain 60 filled positions a year.

Training Academy Schedule for FY 15-16:

July 20, 2015	27 (20 remaining in class)
Sept 28, 2015	24 (19 remaining in class)
Nov 23, 2015	16 (14 remaining in class)
Jan 18, 2016	30

Recommended Proposal for New CBAs for 3 Police Unions

A new contract would be based on meeting 3 goals:

- 1) Dramatically improve the quality and quantity of new police officer applicants
- 2) Increase the commitment to education/professionalism in the department
- 3) Cut the attrition rate for sworn officers from 13 per month to 10 per month

The Proposal:

- 1) Raise all sworn officers salaries 4% effective 1/1/16
- 2) Give 2% wage bump to all DPOA members with minimum 2 years of college
- 3) Give 2% wage bump to all DPLSA members with minimum 4 years of college
- 4) Offer all sworn officers tuition reimbursement up to \$2,000 per year
- 5) Raise starting salary from \$31,700 to \$36,000

Sources of Funding will come from exit financing and restructuring savings from the POA.

A Step Toward Competitive Wages After Proposed CBA

Starting Officers		5 Year Officers	
Detroit Today	\$31,700	Detroit Today	\$51,700
Detroit Proposed	\$36,000 (\$36,700 w/ educ)	Detroit Proposed	\$53,800 (\$55,000 w/ educ)
Southfield	\$43,100	Southfield	\$62,200
Sterling Hts.	\$43,800	Sterling Hts.	\$75,500
Warren	\$45,800	Warren	\$64,900
Farm Hills	\$49,600	Farm. Hills	\$71,400

Comparison of 2014 Police CBA's with Tentative 2015 CBA's

Collective Bargaining Agreements Entered into with Command Officers' Association (COA), Detroit Police Lieutenants and Sergeants Association (DPLSA), and Detroit Police Officers Association (DPOA) during the bankruptcy process:

DCOA Base Pay Increases

<u>2014 CBA</u>	<u>Proposed 2015 CBA</u>
7/1/14 5.0%	7/1/14 5.0%
	1/1/16 4.0%
7/1/16 2.5%	7/1/16 2.5%
7/1/17 2.5%	7/1/17 2.5%
7/1/18 2.5%	7/1/18 2.5%
	7/1/19 3.0%
 12.5% thru 6/30/19	 19.5% over thru 6/30/20

DPLSA Base Pay Increases

<u>2014 CBA</u>	<u>Proposed 2015 CBA</u>
7/1/14 5.0%	7/1/14 5.0%
	1/1/16 4.0%
7/1/16 2.5%	7/1/16 2.5%
7/1/17 2.5%	7/1/17 2.5%
7/1/18 2.5%	7/1/18 2.5%
	7/1/19 3.0%
 12.5% thru 6/30/19	 19.5% over thru 6/30/20

DPOA Base Pay Increases

<u>2014 CBA</u>	<u>Proposed 2015 CBA</u>
10/1/14 8.0%	10/1/14 8.0%
	1/1/16 4.0%
7/1/16 2.5%	7/1/16 2.5%
7/1/17 2.5%	7/1/17 2.5%
7/1/18 2.5%	7/1/18 2.5%
	7/1/19 3.0%
 15.5% thru 6/30/19	 22.5% over thru 6/30/20

Note: Under the bankruptcy CBA, all unions also received 3% in one-time bonuses in 2015

DPCOA Contract Proposals

I. Contract Extension

The Contract will be extended from its current expiration date of June 30, 2019 to June 30, 2020.

II. Wage Increases

a. 4% wage increase effective on January 1, 2016. Future wage increases remain the same as currently in the contract.

b. 3% wage increase effective July 1, 2019.

III. Tuition Reimbursement

City agrees to provide tuition reimbursement up to a maximum of \$2,000 per fiscal year to cover classes necessary in securing an Associate's, Bachelor's, Master's, Law or Doctorate Degree.

To Be Eligible for Reimbursement:

- Member must have successfully completed one (1) year of continuous service
- Each course must be taken through an accredited college or university

- Each course must grant college level credits
- Each member must receive at least a "C" grade in the course
- In pass/fail courses, member must receive a "pass" grade
- Proof of enrollment, tuition payment and course completion is required to receive tuition reimbursement
- Tuition will be reimbursed for the following types of education:
 - o Coursework that is directly job-related or expands the employee's overall job skills

IV. Employee Referral Incentive.

A member shall receive \$250 for every individual referred and hired into uniformed and essential DPD positions as identified by the Director of Police Personnel, in conjunction with the Chief of Police.

DPLSA Contract Proposals

I. Contract Extension

The Contract will be extended from its current expiration date of June 30, 2019 to June 30, 2020.

II. Wage Increases

a. 4% wage increase effective on January 1, 2016. Future wage increases remain the same as currently in the contract.

b. 3% wage increase effective July 1, 2019.

c. Stand By Time Compensation

Stand by time is defined as that time a member is scheduled to be available to work in case of emergency.

The member is compensated for being required to be available to provide emergency services during a specified period of time.

Scheduling is determined by departmental procedures. If scheduled, a member can pursue personal activities, but when called must be able to promptly, effectively carry out their duties

while designated to be on stand by time.

All members scheduled pursuant to department stand by procedures will be compensated at the following rate: one (1) hour of straight time earned for every eight (8) hours of stand by time. For the one (1) hour of straight time the member shall have the option of pay or compensatory time.

III. Tuition Reimbursement

City agrees to provide tuition reimbursement up to a maximum of \$2,000 per fiscal year to cover classes necessary in securing an Associate's, Bachelor's, Master's, Law or Doctorate Degree.

To Be Eligible for Reimbursement:

- Member must have successfully completed one (1) year of continuous service
- Each course must be taken through an accredited college or university
- Each course must grant college level credits
- Each member must receive at least a "C" grade in the course

- In pass/fail courses, member must receive a "pass" grade
- Proof of enrollment, tuition payment and course completion is required to receive tuition reimbursement
- Tuition will be reimbursed for the following types of education:
 - o Coursework that is directly job-related or expands the employee's overall job skills

IV. Employee Referral Incentive.

A member shall receive \$250 for every individual referred and hired into uniform and essential DPD position as identified by the Director of Police Personnel, in conjunction with the Chief of Police.

V. Wage-Differential Language

Beginning January 2016, any member covered by this Agreement who has attained at least four (4) years of college credits from an accredited college or university shall receive a 2% wage increase of

DPLSA Contract Proposals

their base salary, upon submission of transcripts.

Qualifications incentives are not included in the wage differential language.

VI. Work Rule Concessions.

a. 4 hour sick day language in paragraph 35(c) of the contract will be changed to be limited to one occurrence per quarter of the year.

DPOA Contract Proposals

I. Contract Extension

The Contract will be extended from its current expiration date of June 30, 2019 to June 30, 2020.

II. Wage Increases

a. Starting salary for Police Officers will increase to \$36,000 effective January 1, 2016.

b. Five Year Police Officer wages increased by 4% wage effective January 1, 2016.

c. Steps increased accordingly to reflect new starting salary and Five Year Police Officer wages.

d. Future wage increases in current contract remain.

e. 3% wage increase effective July 1, 2019.

Stand By Time Compensation

Stand by time is defined as that time a member is scheduled to be available to work in case of emergency.

The member is compensated for being required to be available to provide emergency services during a specified period of time.

Scheduling is determined by departmental procedures. If scheduled, a member can pursue personal activities, but when called must be able to promptly, effectively carry out their duties while designated to be on stand by time.

All members scheduled pursuant to department stand by procedures will be compensated at the following rate: one (1) hour of straight time earned for every eight (8) hours of stand by time. For the one (1) hour of straight time the member shall have the option of pay or compensatory time.

III. Tuition Reimbursement

City agrees to provide tuition reimbursement up to a maximum of \$2,000 per fiscal year to cover classes necessary in securing an Associate's, Bachelor's, Master's, Law or Doctorate Degree.

To Be Eligible for Reimbursement:

- Member must have successfully completed one (1) year of continuous service after successful completion of the Police Academy
- Each course must be taken through an accredited college or university

- Each course must grant college level credits
- Each member must receive at least a "C" grade in the course
- In pass/fail courses, member must receive a "pass" grade
- Proof of enrollment, tuition payment and course completion is required to receive tuition reimbursement
- Tuition will be reimbursed for the following types of education:
 - o Coursework that is directly job-related or expands the employee's overall job skills

IV. Employee Referral Incentive.

A member shall receive \$250 for every individual referred and hired into uniform and essential DPD positions as identified by the Director of Police Personnel, in conjunction with the Chief of Police.

V. Wage-Differential Language

Beginning January 2016, any member covered by this Agreement who has attained at least two(2) years of college credits from an accredited college or university shall receive a 2% wage increase of

DPOA Contract Proposals

their base salary, upon submission of transcripts.

VI. Work Rule Concessions.

a. 4 hour sick day language in paragraph 34(c) of the contract will be changed to be limited to one occurrence per quarter of the year.



DWSD-R: POST BIFURCATION OVERVIEW

FRC DISCUSSION

12/21/2015

The conditions precedent for the leasing of water and sewer operating assets to GLWA have been completed; allowing for a January 1 bifurcation of DWSD



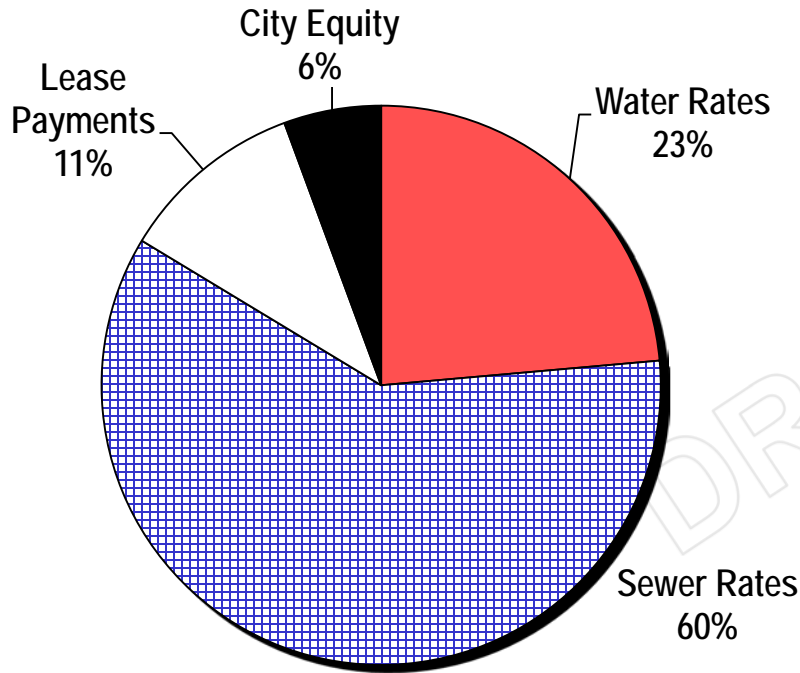
- ▶ Bondholder consents have been secured
- ▶ Shared services agreements between DWSDR and GLWA have been approved by the BOWC, Mayor and the GLWA board
- ▶ Agreement on methodology for allocating pension funding and investment expenses to GLWA / DWSDR has been completed
- ▶ Wholesale customers have agreed to the assignment of contracts from DWSDR to GLWA

DRAFT

After the 1/1/2016 bifurcation of DWSD the remaining local system will be a 425 employee \$466 million organization

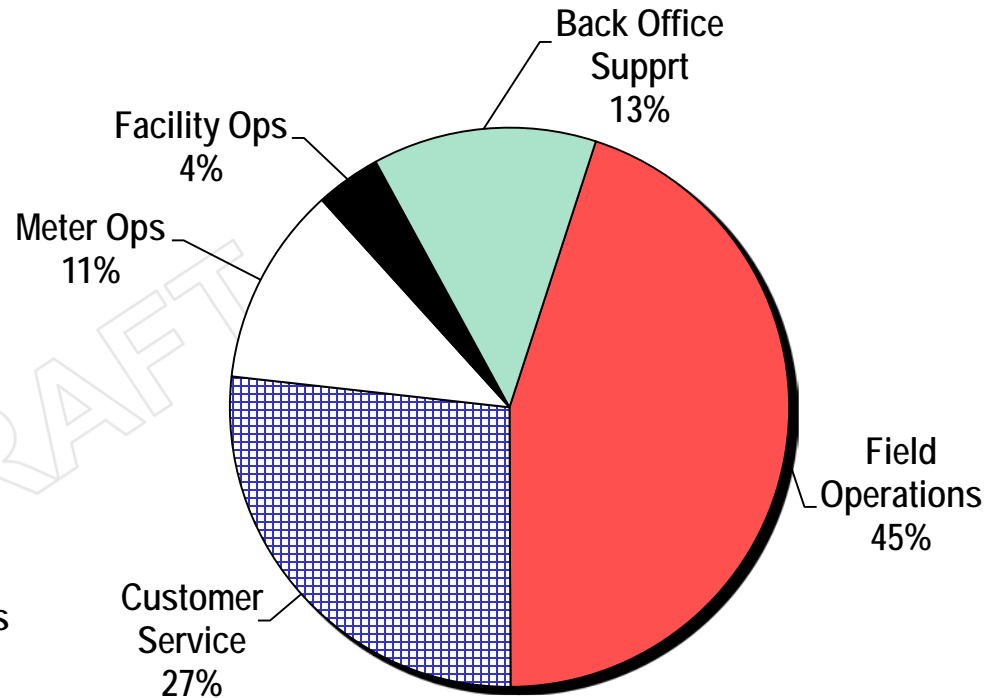


DWSD Annual Revenue Distribution



Total Revenue ~ \$466 MM

DWSD Employee Base Distribution



Employees ~ 425 FTEs

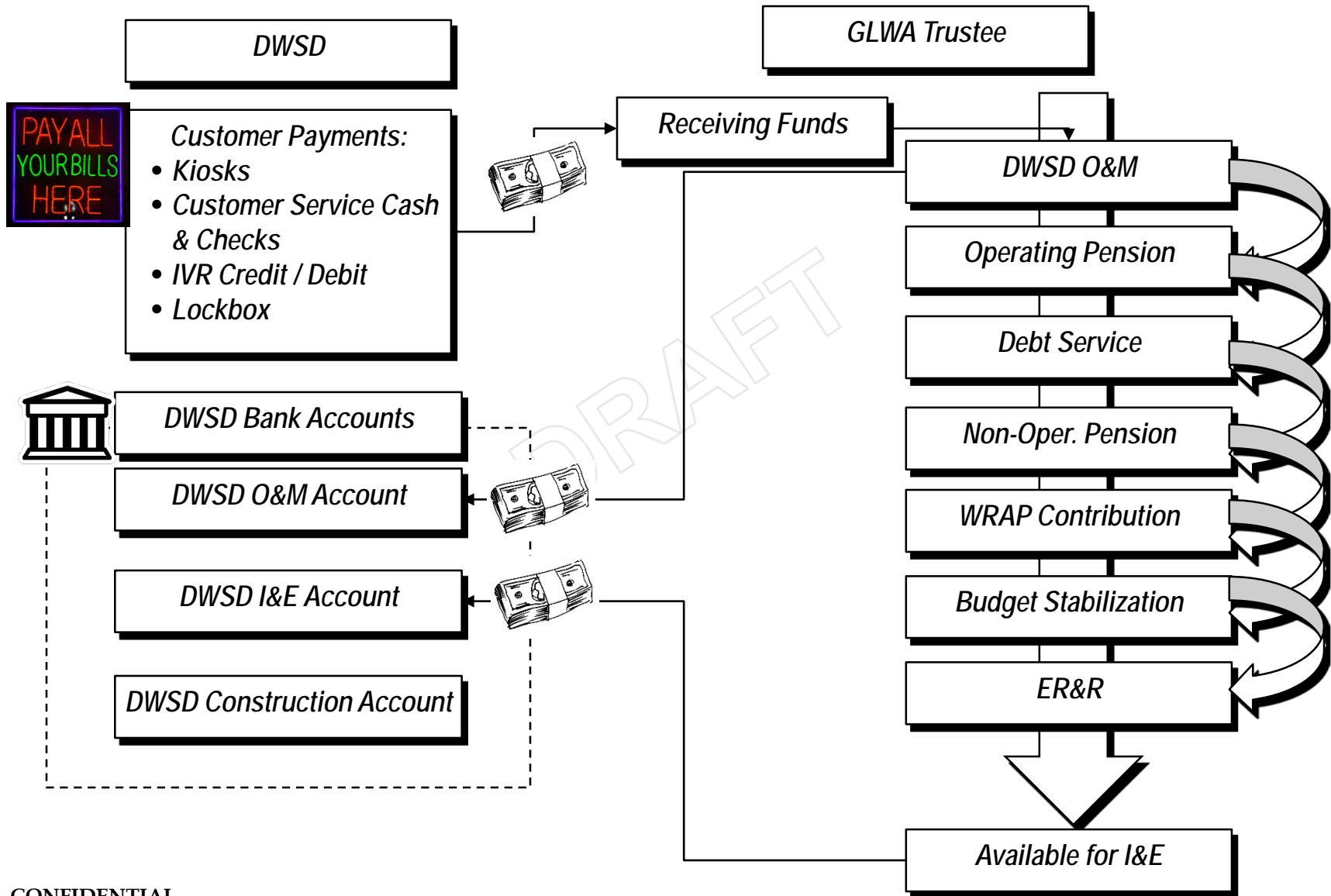
- Currently operating with approximately 394 FTE's
- Biggest headcount gaps in meter operations and customer service

DWSD has assembled an executive team with a broad array of experience to move the operations forward



Team Member	Position	Background
Gary Brown	<ul style="list-style-type: none"> Executive Director 	<ul style="list-style-type: none"> BS Degree from Wayne State University Master's Interdisciplinary Technology - Eastern Michigan University 26 Years - Detroit Police Executive 3.5 Years - President Pro Tem - Detroit City Council 18 Months Chief Operating Officer - City of Detroit (Bankruptcy) 2 Years Chief Operating Officer - Mayor Michael Duggan Administration 18 Months - Member of Root Cause Committee for DWSD under Judge Sean Cox Vice Chair of Great Lakes Water Authority Interim Director of DWSD
Rob Presnell	<ul style="list-style-type: none"> Chief Operating Officer 	<ul style="list-style-type: none"> Tier One Consulting background in Strategy, Operations and Technology MBA from Ross School of Business at the University of Michigan Served as Chief of Staff and Special Projects for Detroit COO during bankruptcy Experience with both public and private entities delivering multi-million dollar transformation projects
Palencia Mobley	<ul style="list-style-type: none"> Deputy Director / Chief Engineer 	<ul style="list-style-type: none"> 15 Years of Engineering Planning, Design and Construction Experience for municipal water and wastewater utilities Licensed for 10 Years as Professional Engineer in the State of Michigan BS Chemical Engineering (University of Michigan) and MS Civil Engineering (Wayne State University) Specializes in Asset Mgmt. and Capital Improvement Program Mgmt. Focused on data driven decision making for optimal organizational efficiency
Marcus Hudson	<ul style="list-style-type: none"> Chief Financial Officer 	<ul style="list-style-type: none"> 23 Years of Financial, Operational, and Strategy experience MBA from University of Michigan Extensive restructuring experience CPA, CMA, Certified Turnaround Professional, Certified Insolvency & Restructuring Advisor Served as VP of Purchasing / Supply Chain and Treasurer for \$1 billion public company

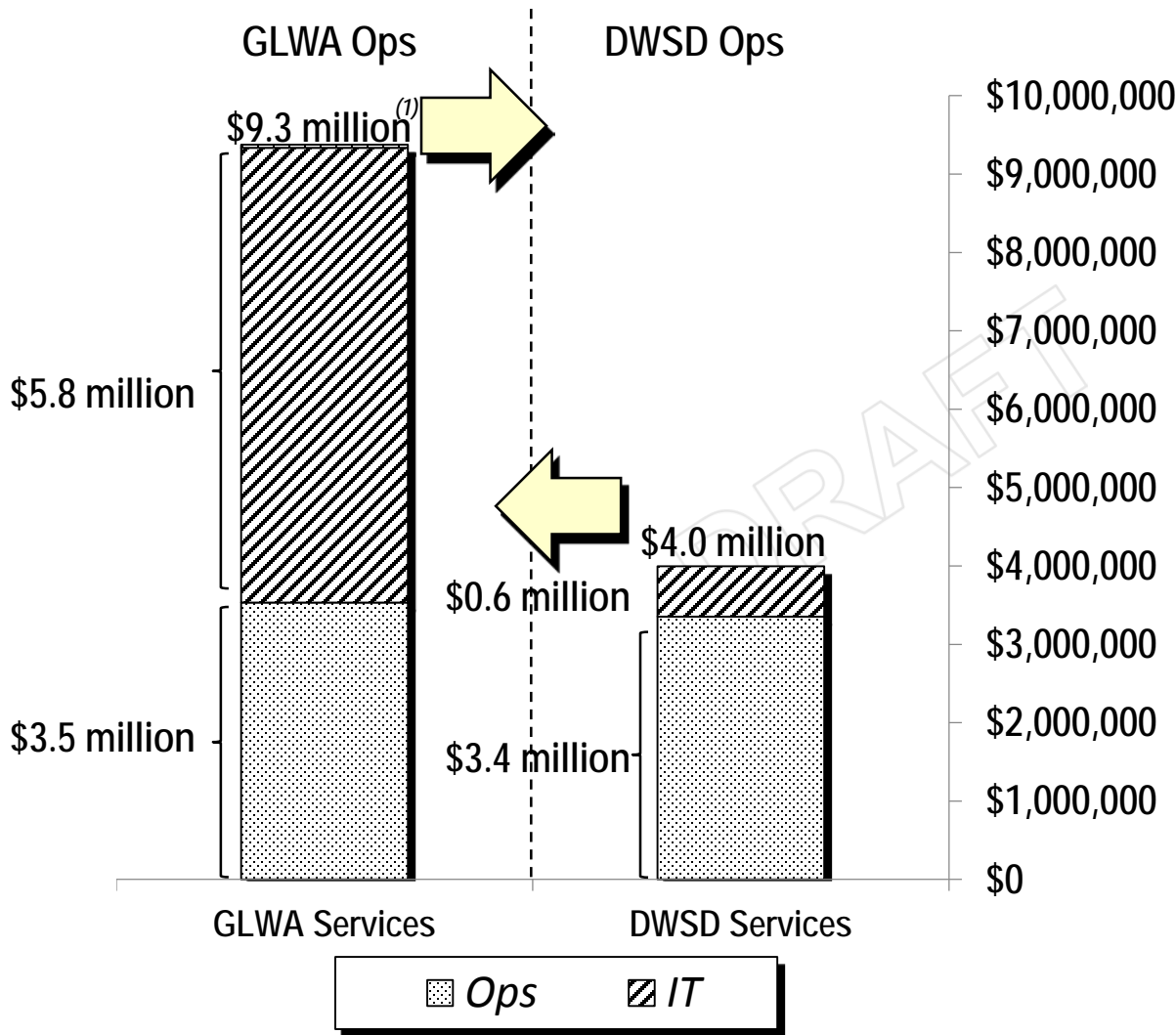
DWSD continues to collect retail revenues; however, collections are pledged to GLWA and run through a “flow of funds” before DWSD can use for I&E



DWSD and GLWA will continue to share certain back office functions; each party will pay the other for services received



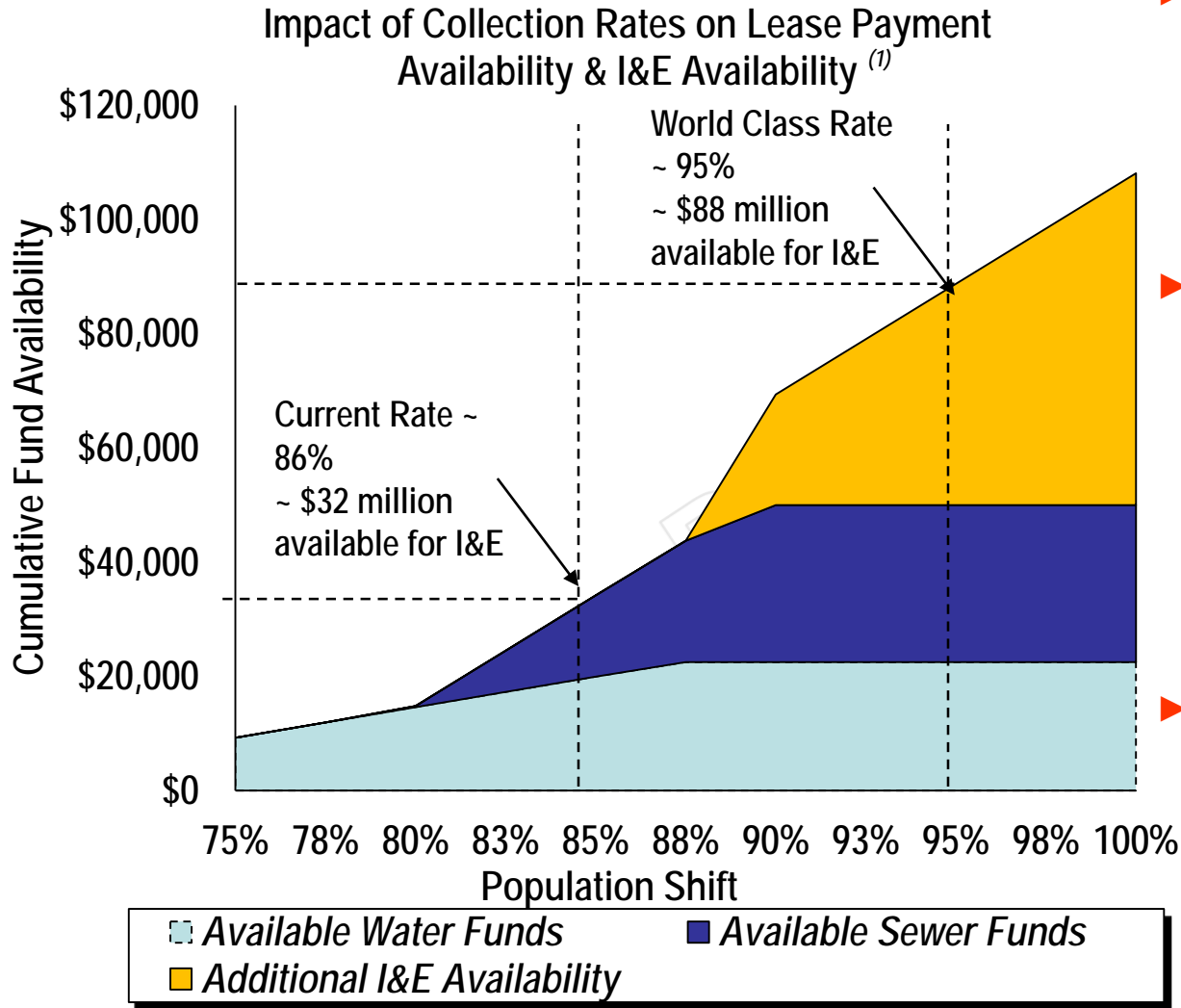
GLWA vs. DWSD Shared Service Costs



- ▶ On balance, DWSD will pay GLWA \$5.3 million, most of this relates to IT services
 - IT servers transferred to GLWA
 - Requisition and inventory management systems transferred to GLWA
 - Required IT personnel support
- ▶ Payments for shared services will be netted on a monthly basis
 - Invoices will be created listing all shared service charges
 - CFO's of GLWA and DWSDR will confer on appropriate net payment for the month
- ▶ The shared services agreements contain true-up provisions
 - Cost allocations will be evaluated by an independent third party
 - Under or overpayments will be settled in cash

(1) Excludes approximately \$38,000 in payment for procurement services

DWSD's ability to generate funds for system improvement will ride on our ability to improve and sustain our collection rate above 85%



- ▶ DWSD lease payments can be used for one of three purposes
 - Paydown of debt in support of rates
 - Improvement & extension of the local system
 - Monetization for construction
- ▶ In FY 2016, DWSD used approximately \$22 million to support rates; without improvement in collection rates this amount is likely to continue
 - Volumes are flat to declining
 - Organization has already reduced headcount significantly
 - Costs are likely to rise, not fall going forward
- ▶ World class collection rates exceed 95%; achieving this rate would raise an additional \$56 million for investment
 - Cut system replacement time from 50 years to 20
 - Improve self funding viability
 - Improve pipe leakage issues; reducing customer costs

(1) All figures calculated assuming 4% maximum rate increase

Shut-offs will only take us so far – optimizing the collection rate requires redefining DWSD as a customer oriented organization; this is our mission



Refocusing DWSD Priorities

- ▶ While shut-offs can be somewhat successful in driving increased collection; it's limited in its ability to drive sustainable value
 - Expensive to conduct
 - Promotes conflict between the utility and the customer and a desire to “beat the system”
 - Doesn't address root causes of non-payment including accessibility and affordability

- ▶ Reaching the goal of making DWSD a world class organization will require a different approach: the customer has to be first. Accordingly, we are redefining the priorities of our organization...

- ▶ ...First priority: Improve customer service

- ▶ ...Second priority: See our first priority

- ▶ ...Third priority: See the first two priorities

To hit the ground running, we have already begun formulating projects around the “three A’s” of customer management to support our mission



DWSD Project Focus / Thought Starters

Three A's	Purpose	Projects / Studies	Potential Impact
Accountability	<ul style="list-style-type: none"> • Drive personal accountability to customers that have an ability to pay 	<ul style="list-style-type: none"> • Upgrading of IT systems to become PCI compliant • Linking of accounts to names and social security numbers • Changes in account opening process • Examination of landlord / tenant requirements 	<ul style="list-style-type: none"> • Tie accounts to responsible parties; decreasing ability to “walk away” from bad debt • Redirect bills to parties ultimately responsible for properties • Decrease bad debts built into rate structure
Accessibility	<ul style="list-style-type: none"> • Improve convenience of paying for customers • Increase customers ability to contact DWSD 	<ul style="list-style-type: none"> • Leverage of DTE payment Kiosk infrastructure • Upgrading / improving of IVR system • Centralized complaint system 	<ul style="list-style-type: none"> • Increased customer payment touch points • Quicker / focused response to customer complaints • Improvement in cash collections
Affordability	<ul style="list-style-type: none"> • Minimize cost of service for all customer classes and ensure equitable allocation of costs between classes 	<ul style="list-style-type: none"> • Blue Ribbon Panel study • Examination of rate allocations & wholesale rate advocacy • Investment in green infrastructure • Investigation into broader fund source for plumbing retrofit • Revision of drainage charges 	<ul style="list-style-type: none"> • Lower costs for low usage customers • Improve efficiency of system • Improve efficiency of extended infrastructure; i.e., housing stock • Reduce allocation of fixed charges to retail customers

Though there is some low hanging fruit, implementation of projects and “fixing” the department will take time



- ▶ Significant data clean-up issues must be resolved
 - Billing / customer data
 - Fixed asset data

- ▶ System upgrades / modifications required to billing system to support potential changes in rate calculations
 - Multiple rates blocks
 - Impervious area charges

- ▶ System requirements for integration into DTE kiosks yet to be defined

- ▶ Cost studies required to support changes in rate structure and allocation methodology

- ▶ Legal review of any proposed changes in landlord / tenant arrangements and drainage revisions



Appendix: Detroit Resident Dynamics

DRAFT

In hopes of facilitating an affordability solution, we have analyzed the Detroit customer base to answer several basic questions



DETROIT RESIDENTIAL ANALYSIS OVERVIEW

The Data	<ul style="list-style-type: none"> Monthly CCF usage of 128,000 Households out of 217,000 retail customers with focus on 1" pipe size and lower <ul style="list-style-type: none"> Eliminated churches Eliminated residential businesses Eliminated outliers Households grouped into 1,017 census tracts for regression analysis 	
Questions	Why Its Important	What We Found
What are the drivers of water usage?	<ul style="list-style-type: none"> Determines focus, design, and potential effectiveness of varying water affordability programs 	<ul style="list-style-type: none"> Income, household population, structural age major drivers of usage
What is the basic level of water use in the typical Detroit?	<ul style="list-style-type: none"> Points to most basic level of monthly usage; i.e., lifeline usage Determines potential starting point for inclining blocks 	<ul style="list-style-type: none"> Base water usage appears to approximate 2.5 CCF for a household of two at the lowest income levels
What is the distribution of water usage for Detroit customers	<ul style="list-style-type: none"> Determines reach of potential solutions; i.e., who is aided by water affordability programs and who isn't Determines magnitude of potential issues Highlights other issues that may be important to providing affordable rates 	<ul style="list-style-type: none"> Wide distribution of water usage across and within income classes suggesting "cheap" water isn't the sole issue
What is the probability of customer payment given income and water prices?	<ul style="list-style-type: none"> Highlights other issues that may be important to providing affordable water 	<ul style="list-style-type: none"> Strong relationship between income and probability to pay and days outstanding



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

RESOLUTION 2015-20

**APPROVING THE CITY’S DECEMBER 2015 FISCAL YEAR 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 December 21, 2015, the City presented fiscal year 2016 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 December 2015 fiscal year 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.

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

DETROIT FINANCIAL REVIEW COMMISSION

By _____
Darrell Burks, Detroit Financial Review Commission
Member

By _____
Michael Duggan, Detroit Financial Review
Commission Member

By _____
Stacy Fox, Detroit Financial Review Commission
Member

By _____
Lorron James, Detroit Financial Review Commission
Member

By _____
Brenda Jones, Detroit Financial Review Commission
Member

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

By _____
William Martin, Detroit Financial Review
Commission Member

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

By _____
Tony Saunders, Detroit Financial Review Commission
Member

Date: _____
Detroit, Michigan

City of Detroit Water & Sewerage Department
Local Water & Sewer System Budget
January 1, 2016 through June 30, 2016

Exhibit A

Appropriation Categories (2)	Initial Budget for New DWSD Funds (1)		BOWC Approved Budget		Cash on Day 1	Budget Submission to FRC	Comments
	FTEs	Budget	FTEs	Budget			
Water Revenues							
1		\$ -		\$ 49,703,100	\$ 36,547,876	\$ 86,250,976	
2		-		-	-	-	
3		\$ -		\$ 49,703,100	\$ 36,547,876	\$ 86,250,976	
Water Expenditures							
4		\$ -		4,342,006	\$ -	\$ 4,342,006	Includes Pension Reimbursement
5		-		18,404,738	-	18,404,738	Includes \$5.65 million of Allocated Expenses
6		-		2,194,735	-	2,194,735	
7		-		860,259	-	860,259	
		-		4,412,992	-	4,412,992	
8		-		27,169	-	27,169	
9		\$ -		\$ 30,241,900	\$ -	\$ 30,241,900	
10		\$ -		16,192,900	15,100,000	31,292,900	
11		-		211,100	111,382	322,482	WRAP payment
12		-		1,893,700	20,172,981	22,066,681	Net Lease Payment to I&E
13		-		1,163,500	1,163,513	2,327,013	Budget Stabilization
14		-		19,461,200	36,547,876	56,009,076	
15		\$ -		\$ 49,703,100	\$ 36,547,876	\$ 86,250,976	
Capital Funds							
16				15,000,000		15,000,000	
17				15,000,000		15,000,000	
Sewer Revenues							
18		\$ -		\$ 122,622,500	\$ 55,967,279	\$ 178,589,779	
19		-		-	-	-	
		\$ -		\$ 122,622,500	\$ 55,967,279	\$ 178,589,779	
Sewer Expenditures							
20		\$ -		\$ 3,307,762	\$ -	\$ 3,307,762	Includes Pension Reimbursement
21		-		90,282,218	-	90,282,218	Includes \$82.3 million of Allocated Expenses
22		-		2,045,909	-	2,045,909	
23		-		689,218	-	689,218	
24		-		4,412,992	-	4,412,992	
25		\$ -		\$ 100,738,100	\$ -	\$ 100,738,100	
26		\$ -		16,760,200	\$ 35,100,000	51,860,200	Includes \$5.6 million of Budget Stabilization
27		-		3,643,300	6,542,518	10,185,818	Includes WRAP & Share of Lease Payment
28		-		1,480,900	11,529,026	13,009,926	Additional Reserves From Lease payment
29		-		-	2,795,735	2,795,735	
30		-		21,884,400	55,967,279	77,851,679	
31		\$ -		\$ 122,622,500	\$ 55,967,279	\$ 178,589,778	
Capital Funds							
32				-			
33				-			
34		\$ -		\$ 130,980,000	\$ -	\$ 130,980,000	
35		\$ -		\$ 41,345,600	\$ 92,515,154	\$ 133,860,754	
36		\$ -		\$ 172,325,600	\$ 92,515,154	\$ 264,840,754	

Note 1: All amounts are zero as this is the initial budget.

Note 2: "R" indicates the local "retail" system.

City of Detroit Water & Sewerage Department
Comparison of FY16 Budgets

Exhibit A

	FTEs	BOWC Approved Full Year Budget	DWSD Half Year Budget	Stub Year DWSD-R Budget***	Stub Year GLWA Budget****	
Water Revenues						
1		\$ 402,093,889	201,046,945	\$ 49,703,100	\$ 151,343,845	20173 - WDWSR-R Operating Revenue
2		94,700	47,350	-	47,350	20176 - WDWSR-R Non-Operating Revenue
3		1,035,700	517,850	-	517,850	
4		404,500	202,250	-	202,250	
5		170,500	85,250	-	85,250	
6		-	-	-	-	
7		\$ 403,799,289	\$ 201,899,645	\$ 49,703,100	\$ 152,196,545	Total Water Revenues
Water Expenditures						
8	105	\$ 22,801,250	\$ 11,400,625.16	\$ 4,369,175	\$ 7,031,450	20166 - WDWSR-R Administration
9	98	4,152,832	2,076,416	860,260	1,216,156.00	20169 - WDWSR-R Finance
10	293	35,851,009	17,925,504	-	17,925,504.48	
11	151	57,702,082	28,851,041	18,404,738	10,446,303.20	20167 - WDWSR-R Operations
13	68	29,999,065	14,999,533	2,194,735	12,804,797.52	20168 - WDWSR-R Compliance
14	187	11,475,318	5,737,659	4,412,992	1,324,667.10	20170 - WDWSR-R Customer Svc
15	14	783,732	391,866	-	391,866.00	20171 - WDWSR-R Planning
16	916	\$ 162,765,289	\$ 81,382,644.46	\$ 30,241,900	\$ 51,140,744	Total Water O&M
17		\$ 193,362,800	\$ 96,681,400.00	\$ 16,192,900	\$ 80,488,500	20172 - WDWSR-R Debt Svc & Amort
18		20,566,100	10,283,050	1,893,700	8,389,350	20174 - WDWSR-R Long-Term Planning
19		1,981,200	990,600	211,100	779,500	20173 - WDWSR-R Operating Revenue
20		22,500,000	11,250,000	-	11,250,000	
21		-	-	-	-	
22		2,623,900	1,311,950.00	1,163,500	148,450	20175 - WDWSR-R Reserves
23		241,034,000	120,517,000.00	19,461,200	101,055,800	Total Water Non-O&M
24		\$ 403,799,289	\$ 201,899,644	\$ 49,703,100	\$ 152,196,544	Total Water Expenditures Budget
Capital Funds**						
25		\$ 203,587,500	\$ 101,793,750.00	\$ 15,000,000	\$ 86,793,750	13522 - Water Bond Fund Series 2011 Revenue
26		203,587,500	101,793,750.00	15,000,000	86,793,750	13522 - Water Bond Fund Series 2011 Expense
Sewer Revenues						
27		\$ -	\$ -	\$ -	\$ -	Sewer Revenues
28		527,302,247	263,651,124	122,622,500	141,028,624	20184 - SDWSR-R Operating Revenue
29		135,900	67,950	-	67,950	20187 - SDWSR-R Non-Operating Revenue
30		1,387,300	693,650	-	693,650	
31		365,400	182,700	-	182,700	
32		244,700	122,350	-	122,350	
33		See 'Capital Fund' section	See 'Capital Fund' section	-	-	
34		\$ 529,435,547	\$ 264,717,774	\$ 122,622,500	\$ 142,095,274	Total Sewerage Revenues
Sewer Expenditures						
35	-	\$ 33,030,424	\$ 16,515,212.24	\$ 3,307,762	\$ 13,207,450	20177 - SDWSR-R Administration
36	-	6,229,241	3,114,621	689,218	2,425,402	20180 - SDWSR-R Finance
37	-	19,314,387	9,657,194	-	9,657,194	
38	442	116,690,401	58,345,200	38,508,205	19,836,995	20178 - SDWSR-R Operations
40	-	28,897,005	14,448,503	-	14,448,503	
41	-	10,726,750	5,363,375	4,412,992	950,383	20181 - SDWSR-R Customer Svc
42	-	1,805,438	902,719	-	902,719	
43	442	\$ 216,693,647	\$ 108,346,823	\$ 48,964,087	\$ 59,382,737	Total Sewer O&M
44		\$ 253,468,400	\$ 126,734,200.00	\$ 68,534,213	\$ 58,199,987	20183 - SDWSR-R Debt Svc & Amort
45		25,958,300	12,979,150.00	1,480,900	11,498,250	20185 - SDWSR-R Long-Term Planning
46		2,610,800	1,305,400.00	-	1,305,400	
47		27,500,000	13,750,000.00	3,643,300	10,106,700	20184 - SDWSR-R Operating Revenue
48		3,204,400	1,602,200.00	-	1,602,200	20186 - SDWSR-R Reserves
49		-	-	-	-	
50		312,741,900	156,370,950.00	73,658,413	82,712,537	Total Sewer Non-O&M
51		\$ 529,435,547	\$ 264,717,773	\$ 122,622,500	\$ 142,095,274	Total Sewerage Expenditures Budget
Capital Funds**						
52		\$ 6,000,000	\$ 3,000,000	\$ -	\$ 3,000,000	
53		6,000,000	3,000,000	-	3,000,000	
54	1,358	\$ 379,458,936	\$ 189,729,468	\$ 79,205,987	\$ 110,523,481	Total Water & Sewer O&M
55		\$ 553,775,900	\$ 276,887,950	\$ 93,119,613	\$ 183,768,337	Total Water & Sewer Non-O&M
56		933,234,836	466,617,418	172,325,600	294,291,818	Total Budgeted Expenditures
57						
58		209,587,500	104,793,750	15,000,000	89,793,750	Water & Sewer Capital Funds**

* Noted that the Triennial Budget published by the City has discrepancies between the high-level summary and detailed amounts of FTEs. The total from the detailed listing is shown here for comparison. The high-level summaries stated 1,161 FTEs for Water and 683 FTEs for Sewer.

**The capital funds are identified in a separate section of the BOWC approved budget. Capital funds were included in non-O&M expenditures budget in the FRC approved budget.

***This is a guideline only. There may be additional adjustments between appropriations.

****The GLWA budget represents the budget amount to be zeroed out.

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 DECEMBER 21, 2015 MEETING

Non-Grant Budget Amendments

No.	Department	Brief Description	Budget Amendment Amount	Appropriation No.
1	Dept. of Transportation	To allow DDOT successful achievement of their operational goals.	(450,828.00)	00149
			55,354.00	00146
			395,474.00	00150
2	Housing & Revitalization Dept. (HRD)	Reduce funding from sale of property for new international bridge to be used for demolition activities	(750,000.00)	13168
		Increase funding to reflect the use of proceeds from the sale of property for new international bridge to establish Appropriation 14103 to demolish blighted structures in Delray.	750,000.00	14103
3	Police Department	Monetary donation from The Parade Company to defray costs associated with the Thanksgiving Day Parade.	100,000.00	00547

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 DECEMBER 21, 2015 MEETING					
Grant Budget Amendments					
No.	Department	Grantor	Brief Description	Budget Amendment Amount	Appropriation No.
4	Recreation Dept.	Detroit Recreation Foundation	Brighter Future Summer Day Camp Program FY 2013-2014	80,516.18	13649
5	Recreation Dept.	Detroit Recreation Foundation	FY 2015 Brighter Future Summer Day Camp - Listed as \$250,000 on resolution.	250,000.00	14101
6	Dept. of Health and Wellness Promotion	Michigan Dept. of Community Health	WIC breastfeeding program	3,900.00	20132
7	Dept. of Health and Wellness Promotion	Detroit Wayne Mental Health Authority	Increase appropriation for the Medicaid Substance Abuse Program	42,099.00	13445
8	Dept. of Health and Wellness Promotion	Michigan Dept. of Community Health	Increase appropriation for Vision to reflect anticipated revenue from fees and collections for vision screening services.	70,000.00	20148
9	Recreation Dept.	Healthy Environments Partnership (HEP)	Will allow the Recreation Dept. to purchase additional equipment	2,000.00	14104
10	Recreation Dept.	Detroit International Bridge Company	To complete renovations at Riverside Park	5,000,000.00	14106
11	Mayor's Office	Skillman Foundation	Salary support for a Director of Youth Services	90,000.00	14112
12	Recreation Dept.	Michigan Recreation & Park Association	Pathway to A Healthier Michigan grant	8,000.00	14109
13	Recreation Dept.	Recreation and Park Association	2014-2015 MDCH Active Living Obesity Prevention Program Active Living Grant	1,600.00	14110

Grant Budget Amendments					
No.	Department	Grantor	Brief Description	Budget Amendment Amount	Appropriation No.
14	Recreation Dept.	AT & T	To grant AT&T an easement at Clark Park for the purpose of park improvements, equipment and/or general recreation use.	3,000.00	14115
15	Recreation Dept.	National Recreation and Park Association	NRPA 2015 Grow Your Park grant	8,000.00	14116
16	Fire Dept.	Dept. of Homeland Security	The Department of Homeland Security has awarded the City of Detroit Fire Department a grant for Assistance to Firefighters for \$999,791.	999,791.00	20125
17	Homeland Security	Dept. of Homeland Security	Purchase equipment to downlink aviation camera feed to Emergency Operation Center and purchase equipment repair for fireboat	206,250.00	20189
18	Police Dept.	Services, Training, Officers and Prosecutors (STOP)	Providing first step statistical information on the investigations, arrest, prosecution and follow up for domestic violence.	50,741.00	00118
19	Police Dept.	Marathon Petroleum Company	The Marathon Petroleum Company (MPC) providing \$250,000 to pay overtime costs to Detroit Police Department Officers to provide traffic enforcement in the vicinity of the M-85 (Fort Street) during the Bascule Bridge Replacement.	250,000.00	10082
20	Police Dept.	DTE Energy Company	Efforts to reduce copper and energy theft in the City of Detroit	200,000.00	00119
21	Dept. of Public Works	Dept. of Environmental Quality	Increase residents understanding of the importance of recycling.	95,000.00	14111
22	Dept. of Health and Wellness Promotion	Michigan Dept. of Community Health	Increase Appropriation for Food Safety & Environmental Services to reflect anticipated revenue from license and inspection activities.	1,300,000.00	13765
23	Dept. of Health and Wellness Promotion	Michigan Dept. of Community Health	Increase Appropriation for Food Safety & Environmental Services to reflect anticipated revenue from license and inspection activities.	200,000.00	13919
24	Buildings, Safety Engineering, and Environmental Dept.	United States environmental Protection Agency (EPA)	Brownsfield Site-specific Assessment grant. Assess hazardous materials at Riverside Park, parcel #3 at 3085 W. Jefferson	350,000.00	14108

Grant Budget Amendments					
No.	Department	Grantor	Brief Description	Budget Amendment Amount	Appropriation No.
25	Dept. of Transportation	Southeastern Michigan council of Governments, SEMCOG	To support transportation planning, studies and related activities.	314,304.00	20158
26	HRD	HUD	Flood Management Grant - CDBG-DDR	8,900,000.00	20239
27	HRD	NSP 3	Program Income - NSP3	725,493.89	13564
28	HRD	HUD	Increase Cass Community Social Services Public Service Grant Award	75,000.00	11838
	HRD	HUD	Wayne State University Public Service Grant Reduction for Cass Community Social Services	(75,000.00)	11842
	HRD	Community Dev Block Grant	PDD - FRM Direct Staffing	82,492.00	13594
	PDD	Community Dev Block Grant	Sec 106 Clearances	115,280.00	14027
	PDD	Community Dev Block Grant	Sec 106 Clearances	(115,280.00)	13611
	HRD	Community Dev Block Grant	UNASSIGNED PROJECTS	(2,738,209.00)	12945
	HRD	Community Dev Block Grant	Economic Development Small Business Development	1,000,000.00	13837
	HRD	Community Dev Block Grant	Economic Development	(1,782,253.00)	11507
	HRD	Community Dev Block Grant	Eight Mile Blvd. Assoc	100,000.00	05797
	HRD	Community Dev Block Grant	Techtown Detroit	230,000.00	20152
	HRD	Community Dev Block Grant	Alternatives for Girls	84,600.00	11784
	HRD	Community Dev Block Grant	Cass Community Social Services	84,600.00	11838
	HRD	Community Dev Block Grant	Coalition on Temporary Shelter (COTS)	84,600.00	11785
	HRD	Community Dev Block Grant	Community Social Services of Wayne County	84,600.00	11838
	HRD	Community Dev Block Grant	Covenant House Michigan	84,600.00	11786

Grant Budget Amendments					
No.	Department	Grantor	Brief Description	Budget Amendment Amount	Appropriation No.
	HRD	Community Dev Block Grant	Detroit Non-Profit Housing	100,000.00	05742
	HRD	Community Dev Block Grant	Detroit Rescue Mission Ministries	100,000.00	11882
	HRD	Community Dev Block Grant	Homeless Public Service/Emmanuel House	(2,452,747.00)	12168
	HRD	Community Dev Block Grant	Freedom House	84,600.00	11791
	HRD	Community Dev Block Grant	Legal Aid and Defender Association	100,000.00	6505
	HRD	Community Dev Block Grant	Mariners Inn	84,600.00	11798
	HRD	Community Dev Block Grant	Matrix Human Services	84,600.00	11893
	HRD	Community Dev Block Grant	Michigan Legal Services	187,347.00	11799
	HRD	Community Dev Block Grant	Michigan Veterans Foundation	84,600.00	11800
	HRD	Community Dev Block Grant	NSO - Tumaini Center	200,000.00	11801
	HRD	Community Dev Block Grant	Neighborhood Legal Services	200,000.00	10663
	HRD	Community Dev Block Grant	Operation Get Down Inc.	100,000.00	11839
	HRD	Community Dev Block Grant	Salvation Army	84,600.00	13644
	HRD	Community Dev Block Grant	St. John Community Center	84,600.00	12426
	HRD	Community Dev Block Grant	Southwest Counseling Solutions	200,000.00	10626
	HRD	Community Dev Block Grant	The Noah Project (Central United Methodist Church)	150,000.00	11896
	HRD	Community Dev Block Grant	United Community Housing Coalition	100,000.00	11806
	HRD	Community Dev Block Grant	YWCA Interim House	84,600.00	11809
	HRD	Community Dev Block Grant	Emergency Home Repair	(1,000,000.00)	13558
	HRD	Community Dev Block Grant	Conventional Home Repair	500,000.00	20153
	HRD	Community Dev Block Grant	CDBG Housing Rehab Loan Program	2,184,089.00	13609

Grant Budget Amendments					
No.	Department	Grantor	Brief Description	Budget Amendment Amount	Appropriation No.
29	HRD	Community Dev Block Grant	PDD - Housing Services - Staffing	(500,000.00)	13170
	HRD	Community Dev Block Grant	Adult Wellbeing Services	125,000.00	4735
	HRD	Community Dev Block Grant	Bridging Communities	130,000.00	10154
	HRD	Community Dev Block Grant	Chapel Hill MBC Non-Profit Hsg/Christian Social Outreach	105,000.00	5915
	HRD	Community Dev Block Grant	Detroit Central City Comm Mental Health	200,000.00	11787
	HRD	Community Dev Block Grant	East Michigan Environmental Action Council	100,000.00	20154
	HRD	Community Dev Block Grant	Elmhurst Home, Inc.	165,000.00	5661
	HRD	Community Dev Block Grant	Focus: HOPE	100,000.00	6698
	HRD	Community Dev Block Grant	Franklin-Wright Settlements	100,000.00	6514
	HRD	Community Dev Block Grant	Healthy Kidz, Inc.	100,000.00	
	HRD	Community Dev Block Grant	Liberty Temple Baptist Church - Senior Project	105,000.00	13839
	HRD	Community Dev Block Grant	North Rosedale Civic Association	100,000.00	13645
	HRD	Community Dev Block Grant	PW Community Development Non-Profit Hsg Corp	75,000.00	13027
	HRD	Community Dev Block Grant	Samaritan Center	150,000.00	12432
	HRD	Community Dev Block Grant	SHAR, Inc.	100,000.00	20155
	HRD	Community Dev Block Grant	Urban Neighborhood Initiatives	200,000.00	13556
	HRD	Community Dev Block Grant	Summer Jobs Program (NRSA)	1,500,000.00	13837
	HRD	Community Dev Block Grant	Accounting Aid Society	61,000.00	7523
	HRD	Community Dev Block Grant	DAPCEP	61,000.00	4139
	HRD	Community Dev Block Grant	Dominican Literacy Center	61,000.00	5983
HRD	Community Dev Block Grant	Green Door	61,000.00	13560	

Grant Budget Amendments					
No.	Department	Grantor	Brief Description	Budget Amendment Amount	Appropriation No.
	HRD	Community Dev Block Grant	Greening of Detroit	61,000.00	11167
	HRD	Community Dev Block Grant	Mack Alive	61,000.00	4279
	HRD	Community Dev Block Grant	Mercy Education Project	61,000.00	11554
	HRD	Community Dev Block Grant	Project SEED	61,000.00	11499
	HRD	Community Dev Block Grant	Siena Literacy Center	61,000.00	20156
	HRD	Community Dev Block Grant	YMCA	61,000.00	13646
	HRD	Community Dev Block Grant	Joy-Southfield CDC	67,600.00	12420
	HRD	Community Dev Block Grant	Greater Detroit Agency for Blind	67,600.00	12998
	HRD	Community Dev Block Grant	Greater Families for Detroit	67,600.00	20157
	HRD	Community Dev Block Grant	Muslim Center	67,600.00	4681
	HRD	Community Dev Block Grant	The Society of St. Vincent de Paul	67,600.00	12719
	HRD	Community Dev Block Grant	World Medical Relief	67,600.00	4178
	HRD	Community Dev Block Grant	Alkebu-lan Village	100,000.00	10105
	HRD	Community Dev Block Grant	Clark Park Coalition	50,000.00	11547
	HRD	Community Dev Block Grant	People's Community	100,000.00	5428
	HRD	Community Dev Block Grant	Police Athletic League	105,731.00	10113
	HRD	Community Dev Block Grant	Teen Hype	50,000.00	13397
	HRD	Community Dev Block Grant	Jefferson Business Association	100,000.00	10620
	HRD	Community Dev Block Grant	Southwest Detroit Business Assoc	105,731.00	5544
	HRD	Community Dev Block Grant	Delray United Action Council	82,229.40	6403
	HRD	Community Dev Block Grant	L&L Adult Day Care	82,229.40	10621

Grant Budget Amendments					
No.	Department	Grantor	Brief Description	Budget Amendment Amount	Appropriation No.
	HRD	Community Dev Block Grant	LASED	82,229.00	5662
	HRD	Community Dev Block Grant	Matrix Human Services - Reuther Older Adult & Wellness Center	82,229.00	11893
	HRD	Community Dev Block Grant	St. Patrick Senior Center	82,229.00	5149
	HRD	Community Dev Block Grant	Section 108 Loans	(2,324,088.00)	13529
	HRD	Community Dev Block Grant	General Services Dept. - Public Park Improvement	(400,956.00)	13635
	HRD	Community Dev Block Grant	Planning and Development Letter of Credit	744,083.00	6102



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

RESOLUTION 2015-21

APPROVING THE CITY'S DECEMBER 2015 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 December 21, 2015, 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 December 2015 contract requests, attached as **Exhibit A** to this Resolution but excluding any contracts a majority of Commission members present has agreed to exclude as noted in the minutes, are hereby approved.

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

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

DETROIT FINANCIAL REVIEW COMMISSION

By _____
Darrell Burks, Detroit Financial Review Commission
Member

By _____
Michael Duggan, Detroit Financial Review
Commission Member

By _____
Stacy Fox, Detroit Financial Review Commission
Member

By _____
Lorron James, Detroit Financial Review Commission
Member

By _____
Brenda Jones, Detroit Financial Review Commission
Member

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

By _____
William Martin, Detroit Financial Review
Commission Member

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

By _____
Tony Saunders, Detroit Financial Review Commission
Member

Date: _____
Detroit, Michigan

CITY OF DETROIT CONTRACT SUBMISSION TO FINANCIAL REVIEW COMMISSION
THE FOLLOWING CONTRACTS ARE BEING SENT TO THE FRC FOR REVIEW AND APPROVAL PURSUANT TO
SECTION 6, SUBSECTION 6 OF THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT
For December 21, 2015 Meeting

Prepared By: Boysie Jackson, Chief Procurement Officer - 12/17/2015

City Council and Water Board Approvals Through December 17, 2015

Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a New contract, was the original contract competitively bid?	Lowest Bid? If not bid, what procedure was used?	City Council Approval Date	Office of the Chief Financial Officer Approval Date	Comments
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CONTRACTS GREATER THAN \$750K

1	GENERAL SERVICES	2853050	Contract Amount: \$1,716,981.00 (Renewal) Contract Period: Upon FRC Approval through 11/30/2016 Source: 100% City Funding Purpose: To Provide Security Guard Services Contractor: LaGarda Security Location: 2123 S. Canter Road, Burton, MI 48519	Renewal	Yes	Renewal	11/24/2015	12/21/2015	Plan to Rebid in 2016
2	TRANSPORTATION	2907326	Contract Amount: \$840,000.00 (Increase of Funds and Extension of Time) Contract Period: Upon FRC Approval through 2/29/2016 Source: 100% City Funding Purpose: To Provide Door-to-Door Paratransit Services Contractor: S.W. Transport d/b/a/ Checker Cab Company Location: 2128 Trumbull, Detroit, MI 4821	Time Extension and Funds Increase	Yes	Amendment	11/24/2015	12/21/2015	Wind-down of contract services. Contract was Rebid in 2015. Supplier selection underway. Extension needed to finalize contract. Total Contract Amount: \$1,828,704.29 This Amendment #1 is for increase of funds and extension of time. The original amount is \$998,704.29 and original contract period is April 1, 2015 through September 30, 2015
3	TRANSPORTATION	2906651	Contract Amount: \$1,734,597.00 (Increase of Funds and Extension of Time) Contract Period: 7/1/2015 through 2/29/2016 Source: 100% City Funding Purpose: To Provide Door-to-Door Paratransit Services Contractor: Enjoi Transportation Location: 1545 Clay, Suite #1, Detroit, MI 48211	Time Extension and Funds Increase	Yes	Amendment	12/17/15	12/21/2015	Wind-down of contract services. Contract was Rebid in 2015. Supplier selection underway. Extension needed to finalize contract. Total Contract Amount: \$2,484,542.00 This Amendment #1 is for increase of funds and extension of time. Original contract amount is \$749,945.80, and original contract date is April 1, 2015 through June 30, 2015.
4	TRANSPORTATION	2883536	Contract Amount: \$4,770,000.00 (Increase of Funds Only) Contract Period: Upon FRC Approval through 10/31/2016 Source: 100% Federal Funding Purpose: To Provide Transportation Services for JARC/New Freedom Program Contractor: S.W. Transport Co. d/b/a Checker Cab Location: 2128 Trumbull, Detroit, MI 48216	Funds Increase	Yes	Amendment	11/24/2015	12/21/2015	Plan is to Rebid in 2016. Contract already in place. Total Contract Amount: \$6,570,000.00 This Amendment #1 is for increase of funds only. The original amount is \$1,800,000.00

CONTRACTS GREATER THAN 2 YEARS

			No Contracts Submitted for this Category						
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	Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a New contract, was the original contract competitively bid?	Lowest Bid? If not bid, what procedure was used?	City Council Approval Date	Office of the Chief Financial Officer Approval Date	Comments
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WITH 1 ENTITY, WITHIN 1 YEAR, GREATER THAN \$750K

5	FIRE	2916770	Contract Amount: \$345,690.00 (New) Contract Period: 11/30/2015 through 11/29/2016 Source: 100% City Funding Purpose: To Provide Fire Equipment and Tools Contractor: Apollo Fire Equipment Co. Location: 12584 Lakeshore Drive, Romeo, MI 48065	New	Yes	Only One Qualified Bid Rec'd	12/03/15	12/21/2015	2 Bids received. Quote was for 38 items, second company quoted only 21 items. Different contract #2909649, totaling \$2,100,000.00 and approved by FRC on September 27, 2015.
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WITH 1 ENTITY, WITHIN 1 YEAR, GREATER THAN \$750K -- continued

6	LAW	2911447	Contract Amount: \$57,007.00 (New) Contract Period: One Time Purchase Source: 100% City Funding Purpose: To Provide Renovations at the Law Department and 36th District Court (Carpentry - New Walls and Modifications, 14 Work Stations Installed, Data and Power Relocation/New (Power Poles), Paint, Doors, Flooring Rubber Base at New Wall Carpet Contractor: KEO and Associates, Inc. Location: 18286 Wyoming St., Detroit, MI 48221	New	Yes	Yes	11/24/2015	12/21/2015	Different contract in 2014 #2895758, totaling \$2,500,000.00
7	LAW	2911449	Contract Amount: \$125,000.00 (New) Contract Period: One Time Purchase Source: 100% City Funding Purpose: To Provide and Install Tractable Partitions on the 5th Floor Law Department (Provide and Install Tractable Partition; Steel Smart Track System with Steel Wheeled Trolleys Structural Steel Support and Drywall Pocket Enclosure; Design of Support Header Included) Contractor: KEO and Associates, Inc. Location: 18286 Wyoming St., Detroit, MI 48221	New	Yes	Yes	11/24/2015	12/21/2015	Different contract in 2014 #2895758, totaling \$2,500,000.00
8	TRANSPORTATION	2770652	Contract Amount: \$300,000.00 (Increase of Funds and Extension of Time) Contract Period: 9/10/2015 through 9/10/2016 Source: 100% City Funding Purpose: To Provide Tire Repairs and Recapping Contractor: Shrader Tire and Oil Location: 25445 Outer Drive, Melvindale, MI 48122	Time Extension and Funds Increase	Yes	Amendment	12/03/15	12/21/2015	Contract already in place. Plan to Rebid in 2016. Total Contract Amount: \$2,493,333.00 This Amendment #1 is for increase of funds only. Original contract amount is \$2,193,333.00 and original contract period is January 1, 2009 through September 10, 2015.
9	TRANSPORTATION	2897042	Contract Amount: \$295,999.00 (Increase of Funds and Extension of Time) Contract Period: 7/1/2015 through 2/29/2016 Source: 100% City Funding Purpose: To Provide Door-to-Door Paratransit Services Contractor: Lakeside Division Location: 1990 Bagley, Detroit, MI 48216	Time Extension and Funds Increase	Yes	Amendment	11/24/2015	12/21/2015	Wind-down of contract services. Contract was Rebid in 2015. Supplier selection underway. Extension needed to finalize contract. Total Contract Amount: \$1,336,412.00 This Amendment #1 is for increase of funds and extension of time. The original amount is \$1,040,413.00 and original contract period is August 1, 2014 through October 31, 2015.

	Department	Contract Number	Description	Contract Request Type	Competitively Bid? If not a New contract, was the original contract competitively bid?	Lowest Bid? If not bid, what procedure was used?	City Council Approval Date	Office of the Chief Financial Officer Approval Date	Comments
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DEPARTMENT OF WATER AND SEWAGE CONTRACTS

CONTRACTS GREATER THAN \$750,000.00

10	Water and Sewerage	CS-1512 (Change order #1)	<p>Contract Amount Not to Exceed: \$5,342,313.00 [\$1,000,000.00 increase] Initial Contract Period: 1/07/13 - 1/07/16 [New expiration 1/07/17] Source: 100% Operation & Maintenance funding Purpose: To provide experienced and licensed Operations Personnel services to assist DWSD in its operation of the water and wastewater treatment systems Contractor: Alfred Benesch & Company (formerly Tucker Young Jackson, Tull Inc.) Location: 615 Griswold, Suite 600 Detroit, MI 48226</p>	Time Extension and Funds Increase	Yes	Amendment	N/A; below \$5 mil/yr approval requirement for contracts relative to Construction	N/A BOWC Approval 12/16/15	CS-1512 Proposed Amendment No.1 is needed so operational services can continue during the transition of the Detroit Water and Sewerage Department (DWSD) to the Great Lakes Water Authority (GLWA). To continue this service, the staff required for the 24-hour operation of the Inlay Pumping Station, other operational support at the various pumping stations, and Systems Control Center(SCC) are required. DWSD Human Resources has been actively working to recruit water operators. Upon hiring and training of the appropriate staff, this contract will be ended.
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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

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: December 18, 2015

TO: Financial Review Commission members

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

SUBJECT: FRC December 2015 City of Detroit Contracts Review

The City is requesting 10 contract approvals at the December 21, 2015 FRC Meeting. The following is a summary of the requests, which were reviewed by and discussed with the FRC Advisory Subcommittee on Contracts and Procurement on December 15, 2015. Overall, the City's December 2015 contract requests reflect a continued commitment to competitively bid for ongoing City needs.

Contract Request Type	Count	Contract List Item #s	Competitively Bid? If not a new contract, was the original contract competitively bid?	Lowest Bid? If not competitively bid or re-bid, what procedure was used?
New Contracts	3	5, 6, 7	Yes	Yes
Funds Increase	1	4	Yes	Amendment
Time Extension and Funds Increase	5	2, 3, 8, 9, 10	Yes	Amendment
Renewal	1	1	Yes	Renewal

All 3 new contracts were competitively bid, and the City selected the lowest bidder. The City is also requesting approval of 6 contract amendments and 1 renewal. For all 7 of those requests, the original contract was itself competitively bid, and the City plans to re-bid them in the near term. The City is not re-bidding now because it needs additional time to evaluate, re-bid, and award new contracts over the next year. Additional details are summarized below:

- Citywide Security Guard Services renewal to 11/30/2016 (item #1)
- Door-to-Door Paratransit Services extension to 2/29/2016 (items #2, 3, 9)
- Transportation for Job Access and Reverse Commute/New Freedom Program extension to 10/31/2016 (item #4)
 - Grant-funded contract, ridership substantially exceeding original expectations
- Tire Repairs and Recapping for DDOT Vehicles extension to 9/10/2016 (item #8)
- Operational Services for Water and Sewer Systems extension to 1/7/2017 (item #10)
 - May be replaced with permanent staff, part of Great Lakes Water Authority transition

Last month, the subcommittee requested a summary of restructuring consultant contracts for reference purposes. The City has provided that summary list, and it is attached to this memo.

Attachment: City of Detroit Overview of Major Active Restructuring, Staff Augmentation and Bankruptcy Consultant Contracts

City of Detroit

Overview of Major Active Restructuring, Staff Augmentation and Bankruptcy Consultant Contracts

Consultant	Dept.	Contract	Role	Contract Terms	Future OCFO Staff Role?
Ernst & Young Restructuring	OCFO	2916755	Assist with Cash Management, Departmental Reviews, Forecasting, and Bankruptcy Matters	Time: 12/12/2015 to 12/31/2016 Contract Amt: \$3,405,000 plus expenses	Yes, workstreams will transition to OCFO.
Ernst & Young ERP	DoIT	2916757	Assist with ERP implementation	Time: 1/4/2016 to 7/11/2016 Contract Amt: \$1,553,000 plus expenses	No, workstreams are project-specific. Knowledge transfer will occur.
Ernst & Young HR	DoIT	2916756	Assist with HRIS implementation	Time: 1/1/2016 to 3/30/2016 Contract Amt: \$465,000 plus expenses	No, workstreams are project-specific. Knowledge transfer will occur.
Conway Mackenzie	OCFO	2874390	Assist with OCFO, DoIT and HRD/PDD restructuring; staff support in Income Tax and Financial Planning & Analysis	Time: 12/11/2014 to 6/30/2016 Contract Amt: \$6,408,000	Partial. Restructuring workstreams are project-specific. Staff support in Income Tax and Financial Planning & Analysis will transition to OCFO.
Miller Canfield	Law	2870456	Bond and Claims Counsel	Time: 1/1/2016 to 12/31/2016 Contract Amt: \$1,200,000	No, workstreams not performed by OCFO staff.
Miller Buckfire	OCFO	2874157	Bond Advisor	Start Date: 12/10/2014 (no end date) Contract Amt: \$200,000 per month	No, workstreams not performed by OCFO staff.
Jones Day	Law	2877753	Bankruptcy Counsel	Start Date: 7/1/2013 (no end date) Contract Amt: No limit	No, workstreams not performed by OCFO staff.
Foley & Lardner	Law	2883547	Claims Counsel	Time: 7/22/2013 to 6/30/2016 Contract Amt: \$750,000	No, workstreams not performed by OCFO staff.
Public Consulting Group	OCFO	2898266	Assist in Grants Management, Departmental Financial Services, Income Tax and Procurement	Time: 10/1/2015 to 10/31/2016 Contract Amt: \$1,430,840	No, workstreams are project-specific. Knowledge transfer will occur.
Pierce Monroe	OCFO	2895089	OCFO staff augmentation and data cleansing to support ERP implementation	Time: 10/1/2015 to 6/30/2016 Contract Amt: \$3,730,300	Partial. Staff augmentation will transition to OCFO. Data cleansing is project-specific, knowledge transfer will occur.
Kurtzman Carson Consultants	Law	2884516	Claims Agent	Time: 6/26/2013 to 12/31/2016 Contract Amt: \$4,539,295	No, workstreams not performed by OCFO staff.
Randy Lane	OCFO	2913902	CAFR Audit Support	Time: 7/1/2015 to 6/30/2016 Contract Amt: \$190,000	Yes, workstreams will transition to OCFO.
Plante Moran	OCFO	2911783	CAFR Audit Support	Time: 11/23/15 to 6/30/2016 Contract Amt: \$766,089	Yes, workstreams will transition to OCFO.
Allen Law Group	Law, HR	2909514	Restructuring Support, Labor Strategies	Time: 1/1/2015 to 6/30/2016 Contract Amt: \$104,838	No, workstreams not performed by OCFO staff.