

DETROIT FINANCIAL REVIEW COMMISSION

REGULAR MEETING

Monday, March 27, 2017 at 1:00 p.m.
Cadillac Place, Suite L-150
3062 West Grand Boulevard
Detroit, MI 48202

AGENDA

- I. Call to Order**
- II. Roll Call**
- III. Approval of Proposed Minutes from the February 27, 2017 City Meeting**
- IV. Executive Director's Report**
- V. Old Business**
 - None
- VI. New Business**
 - a. Presentation of the City's Monthly Financial Report.
 - b. Presentation of the City's 2018-2021 Four-Year Financial Plan
 - c. Consideration of City's Time Extension Request for its Fiscal Year 2016 Comprehensive Annual Financial Report to May 31, 2017 (FRC Resolution 2017-5)
 - d. Consideration of the City's March fiscal year 2017 budget amendment requests per MCL 141.1637(c) (FRC Resolution 2017-6)
 - e. Consideration of the City's March 2017 contract approval requests per MCL 141.1636(6) (FRC Resolution 2017-7)
- VII. Public Comment**
- VIII. Next Meeting Date**
 - a. Regular Meeting: Monday, April 17, 2017 at 1:00 p.m. at Cadillac Place, 3062 West Grand Boulevard, Suite L-150, Detroit, MI 48202.
- IX. Adjournment**

CITY OF DETROIT

Office of the Chief Financial Officer

Financial Report for the Seven Months ended January 31, 2017

March 27, 2017



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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 2018-2021 Four-Year Financial Plan to the Financial Review Commission on March 23, 2017, in accordance with Public Act 181 of 2014.
- January YTD actuals indicate that FY 2017 is in line with the budget.
 - Revenue projections are based on the February 2017 Consensus Revenue Estimating Conference results. (page 3)
 - Payroll and employee benefit expenditures are trending below budget as a result of position vacancies. (page 3)
 - The General City active employee count, while still below budget, increased in January compared to December. (page 4)
- January YTD net cash flow remains positive but is lower than the previous year due to increased salaries/wages and other disbursements partially offset by increased tax revenues. (page 5)
- January YTD Ad Valorem property tax collection rate exceeds the prior year by 3%. (page 7)
- The Accounts Payable aging balance as of January 2017 was \$24.2M. The Invoices on Hold decreased by \$9.6M from \$17.6M to \$8M, and the Non Hold invoices increased by \$6.1M from \$10.1M to \$16.2M compared to the December aging. The AP summary now includes the invoice counts in addition to the dollar values. (page 8)
- In January, approved Exit Financing projects increased by \$3.2M for the Citizen Tax Help Center. (page 9)
- In January, the active federal and state grants had a net decrease of \$14.1M, due to the closeout of 13 grants across various departments. The City received 2 new grants and an increase to an existing grant. The main private grants and donations received were \$612K for the Health Department's Ready 2 Learn initiative from the Kresge Foundation and \$198K from the Erb Family Foundation for the Health Department's Environmental Health and Equity Fellow. (page 10)



FY 2017 year-to-date general ledger actuals and annualized projection

GENERAL FUND

\$ in millions

| | YTD ANALYSIS | | | | | | ANNUALIZED PROJECTION ANALYSIS | | | | |
|--|-------------------|--------------------------------|---------------------------|-------------------|------------------------------|---------------|--------------------------------|---------------------|----------------------------------|---------------|--|
| | BUDGET | ACTUAL + ACCRUAL + ENCUMBRANCE | | | VARIANCE (BUDGET VS. ACTUAL) | | BUDGET | PROJECTION | VARIANCE (BUDGET VS. PROJECTION) | | |
| | YTD | ACTUAL (2) | ACCRUAL + ENCUMBRANCE (3) | TOTAL | YTD | | ANNUAL | ANNUAL | ANNUAL | | |
| | ADJUSTED (1) | | | | | | ADJUSTED | ESTIMATED (4) | ESTIMATED | | |
| | B | C | D | E = C + D | (\$ F = E-B) | % G = (F/B) | H | I | (\$ J = I-H) | % K = (J/H) | |
| REVENUES: | | | | | | | | | | | |
| Municipal Income Tax | \$ 130.2 | \$ 145.0 | \$ 0.6 | \$ 145.6 | \$ 15.4 | 11.8% | \$ 266.6 | \$ 275.0 | \$ 8.4 | 3.2% | |
| Property Taxes | 94.8 | 74.3 | 22.3 | 96.6 | 1.8 | 1.9% | 117.0 | 124.0 | 7.0 | 6.0% | |
| Wagering Taxes | 104.0 | 105.0 | - | 105.0 | 1.1 | 1.0% | 175.2 | 176.0 | 0.8 | 0.5% | |
| Utility Users' Tax | 21.6 | 13.9 | - | 13.9 | (7.7) | (35.7%) | 37.0 | 35.0 | (2.0) | (5.4%) | |
| State Revenue Sharing | 65.3 | 65.9 | - | 65.9 | 0.6 | 1.0% | 196.5 | 195.2 | (1.3) | (0.7%) | |
| Sales and Charges for Services | 72.0 | 42.4 | - | 42.4 | (29.6) | (41.1%) | 123.4 | 119.4 | (3.9) | (3.2%) | |
| Licenses, Permits, and Inspection Charges | 6.5 | 6.7 | - | 6.7 | 0.1 | 1.8% | 11.2 | 11.2 | (0.0) | (0.1%) | |
| Contributions and Transfers | 54.3 | 0.0 | 67.9 | 67.9 | 13.6 | 25.0% | 93.0 | 91.2 | (1.8) | (1.9%) | |
| Fines, Forfeits and Penalties | 13.0 | 11.8 | - | 11.8 | (1.2) | (9.3%) | 22.2 | 24.5 | 2.2 | 10.1% | |
| Revenues from Use of Assets | 0.8 | 1.3 | - | 1.3 | 0.6 | 71.4% | 1.3 | 1.3 | (0.0) | (2.3%) | |
| Other Taxes, Assessments, and Interest | 5.3 | 8.8 | - | 8.8 | 3.5 | 66.9% | 9.1 | 7.7 | (1.3) | (14.7%) | |
| Sales of Assets and Compensation for Losses | 8.4 | 0.1 | - | 0.1 | (8.3) | (98.2%) | 14.4 | 7.0 | (7.5) | (51.6%) | |
| Miscellaneous | 5.9 | 3.0 | - | 3.0 | (2.8) | (48.4%) | 10.2 | 9.4 | (0.8) | (7.7%) | |
| Prior Year Encumbrances and Carry-forwards (6) | 0.1 | - | 39.5 | 39.5 | 39.4 | 43320.8% | 39.5 | 39.5 | - | - | |
| TOTAL (L) | \$ 582.1 | \$ 478.3 | \$ 130.3 | \$ 608.6 | \$ 26.5 | 4.6% | \$ 1,116.7 | \$ 1,116.5 | \$ (0.2) | (0.0%) | |
| EXPENDITURES: (6) | | | | | | | | | | | |
| Salaries and Wages | \$ (229.7) | \$ (209.2) | \$ - | \$ (209.2) | \$ 20.4 | 8.9% | \$ (400.8) | \$ (377.4) | \$ 23.4 | 5.8% | |
| Employee Benefits | (108.1) | (47.3) | 0.0 | (47.3) | 60.8 | 56.3% | (187.1) | (177.1) | 9.9 | 5.3% | |
| Professional and Contractual Services | (60.7) | (31.5) | (26.0) | (57.5) | 3.3 | 5.4% | (88.2) | (90.8) | (2.5) | (2.9%) | |
| Operating Supplies | (24.8) | (11.8) | (23.7) | (35.5) | (10.7) | (43.3%) | (36.6) | (39.0) | (2.4) | (6.5%) | |
| Operating Services | (92.6) | (31.4) | (11.7) | (43.1) | 49.5 | 53.4% | (154.6) | (150.1) | 4.5 | 2.9% | |
| Capital Equipment | (2.6) | (0.6) | (2.0) | (2.6) | (0.0) | (0.9%) | (2.8) | (3.0) | (0.2) | (6.1%) | |
| Capital Outlays | (19.9) | (2.1) | (14.3) | (16.4) | 3.5 | 17.5% | (35.2) | (35.2) | 0.0 | 0.1% | |
| Debt Service | (44.0) | (45.0) | 0.1 | (44.9) | (0.9) | (2.0%) | (75.4) | (66.6) | 8.8 | 11.7% | |
| Other Expenses | (81.8) | (50.9) | (0.4) | (51.3) | 30.5 | 37.3% | (136.1) | (137.6) | (1.5) | (1.1%) | |
| TOTAL (M) | \$ (664.2) | \$ (429.8) | \$ (78.0) | \$ (507.8) | \$ 156.4 | 23.5% | \$ (1,116.7) | \$ (1,076.6) | \$ 40.1 | 3.6% | |
| DIFFERENCE (L - M) | \$ (82.1) | \$ 48.5 | \$ 52.3 | \$ 100.8 | \$ 182.9 | 222.8% | \$ (0.0) | \$ 39.8 | \$ 39.8 | N/A | |

Notes

- (1) Adjusted monthly budget assumes pro rata as well as seasonal distribution of annual adjusted budget.
- (2) Year-to-date actuals reflect seven months ending January 31, 2017.
- (3) Reflects encumbrances and pending accruals, including prior year carry-forwards and current year activities.
- (4) Revenues are based on the February 2017 Consensus Revenue Estimating Conference results.
- (5) YTD revenue in this category will appear to exceed the projection until distributions to other jurisdictions are completed later in the year.
- (6) This revenue line reflects funding to support prior year encumbrances and carry-forwards, for which equivalent amounts are captured within expenditures.



Monthly active employee count compared to budget

| | Actual Dec. 2016 ⁽¹⁾ | Actual Jan. 2017 ⁽¹⁾ | Budget FY 2017 ⁽¹⁾ | Budget vs. Jan. 2017 | |
|---|------------------------------------|------------------------------------|----------------------------------|-------------------------|------------|
| Public Safety | | | | | |
| Police | 2,891 | 2,888 | 3,127 | 239 | 8% |
| Fire | 1,179 | 1,200 | 1,332 | 132 | 10% |
| Total Public Safety | 4,070 | 4,088 | 4,459 | 371 | 8% |
| Non-Public Safety | | | | | |
| Office of the Chief Financial Officer | 428 | 443 | 453 | 10 | |
| Dept. of Public Works | 329 | 336 | 376 ⁽²⁾ | 40 | |
| Health & Wellness | 37 | 39 | 51 | 12 | |
| Human Resources | 95 | 83 | 65 | (18) ⁽³⁾ | |
| Housing & Revitalization / Planning & Development | 89 | 95 | 81 | (14) ⁽³⁾ | |
| Dept. of Innovation and Technology | 72 | 90 | 134 | 44 | |
| Law | 99 | 106 | 108 | 2 | |
| Mayor (Includes Homeland Security) | 66 | 65 | 73 | 8 | |
| Public Lighting Department | 5 | 5 | 6 | 1 | |
| Recreation | 204 | 205 | 285 ⁽²⁾ | 80 | |
| General Services | 291 | 286 | 574 ⁽²⁾ | 288 | |
| Legislative ⁽⁵⁾ | 138 | 153 | 252 | 99 | |
| 36th District Court | 312 | 312 | 326 | 14 | |
| Other ⁽⁶⁾ | 62 | 85 | 78 | (7) ⁽⁴⁾ | |
| Total Non-Public Safety | 2,227 | 2,303 | 2,862 | 559 | 20% |
| Total General City | 6,297 | 6,391 | 7,321 | 930 | 13% |
| Enterprise | | | | | |
| Airport | 4 | 4 | 4 | 0 | |
| BSEED | 192 | 200 | 204 | 4 | |
| Transportation | 926 | 898 | 900 | 2 | |
| Parking | 75 | 89 | 89 | 0 | |
| Water and Sewerage | 448 | 445 | 488 | 43 | |
| Library | 289 | 293 | 325 | 32 | |
| Total Enterprise | 1,934 | 1,929 | 2,010 | 81 | 4% |
| Total City | 8,231 | 8,320 | 9,331 | 1,011 | 11% |

Notes:

- (1) Budget and Actuals exclude personal services contractors (PSCs). Actuals are based on active employees only (both permanent and temporary) and include full-time, part-time and seasonal employees.
- (2) The Budget counts for these departments are modified in the report to include budgeted positions for employees that are not full-time.
- (3) Variances are due to ongoing departmental reorganizations occurring during FY 2017.
- (4) Variance is due to Media Services positions, which were budgeted as PSCs and subsequently converted to administrative special services positions.
- (5) Includes: Auditor General, Zoning, City Council, Ombudsperson, City Clerk, and Elections.
- (6) Includes: Civil Rights Inclusion & Opportunity, Administrative Hearings and Non-departmental.



FY 2017 year-to-date net cash flows

For 7 Months Ended January 31, 2017

\$ in millions

Cash Flows - General Pool Cash

| | Actual 7 Months | Prior Year | |
|---|--------------------|-----------------|------------------|
| | | 7 Months | Change |
| Property Taxes | \$ 96.6 | \$ 104.8 | \$ (8.2) |
| Municipal Income Taxes | 159.8 | 141.5 | 18.3 |
| Utility Users Taxes | 17.9 (1) | 16.5 | 1.4 |
| Wagering Taxes | 105.8 | 102.6 | 3.2 |
| State Revenue Sharing | 130.8 | 129.9 | 0.9 |
| Other / Misc. | 118.9 | 115.3 | 3.6 |
| Total Receipts | 629.8 | 610.6 | 19.2 |
| Salaries and Wages | (231.5) | (210.8) | (20.7) |
| Employee Benefits | (32.3) | (32.1) | (0.2) |
| Materials, Contracts & Other | (259.9) (2) | (171.8) | (88.1) |
| Total Disbursements | (523.7) | (414.7) | (109.0) |
| Operating Surplus (before Reinvestment) | 106.1 | 195.9 | (89.8) |
| Debt Service | (46.1) | (77.0) (3) | 30.9 |
| Non-Financing Adjustments | (26.6) (4) | - | (26.6) |
| Total Adjustments to arrive at Net Cash Flow | (72.7) | (77.0) | 4.3 |
| Net Cash Flow (5) | \$ 33.4 | \$ 118.9 | \$ (85.5) |
| Beginning cash balance (net of distribution) (6) | \$ 372.1 | \$ 211.0 | \$ 161.1 |
| Net Cash Flow (5) | 33.4 | 118.9 | (85.5) |
| Lockbox reserves | - | - | - |
| Ending cash balance (net of distribution owed) (6) | \$ 405.5 | \$ 329.9 | \$ 75.6 |

Notes:

- (1) Reporting of Utility Users Tax now includes Public Lighting Authority funds to be transferred at the end of the fiscal year. This additional amount equates to approximately \$1m per month.
- (2) Materials, Contracts & Other encompasses Subsidy payments which were \$39m through January 2017.
- (3) Includes \$30m principal repayment on Exit financing made in August 2015.
- (4) Includes \$30m set aside for future legacy pension contribution net of \$3.4m inflow of excess self-insurance requirements.
- (5) Net Cash Flow is based on cash activity adjusted for known deposits in transit, prior period adjustments and classification differences.
- (6) The main operating pool contains cash balances of the Risk Management Fund, Street Fund, Solid Waste Fund, General Grants and Motor Vehicle Fund.



FY 2017 year-to-date cash flow to general ledger reconciliation

For 7 Months Ended January 31, 2017

\$ in millions

| Cash Flows | Cash Activity | | | | General Ledger | | | | Difference |
|---|-------------------|-------------------|-------------------|--------|-------------------|------------------|-------------------|---------------|------------|
| | General Pool Cash | Adjustments | General Fund Cash | | Posted | To Be Posted (1) | Total | | |
| Property Taxes | \$ 96.6 | \$ - | \$ 96.6 | | \$ 74.3 | \$ 22.3 | \$ 96.6 | \$ 0.0 | |
| Municipal Income taxes | 159.8 | (14.2) | 145.6 | (2) | 145.0 | 0.6 | 145.6 | 0.0 | |
| Utility Users taxes | 17.9 | (4.0) | 13.9 | (2) | 13.9 | - | 13.9 | 0.0 | |
| Wagering Taxes | 105.8 | (0.8) | 105.0 | (2) | 105.0 | - | 105.0 | 0.0 | |
| State Revenue Sharing | 130.8 | (64.9) | 65.9 | (2) | 65.9 | - | 65.9 | 0.0 | |
| Other / Misc. | 118.9 | (43.6) | 75.3 | (2)(3) | 74.3 | 1.0 | 75.3 | 0.0 | |
| Total Receipts | \$ 629.8 | \$ (127.5) | \$ 502.3 | | \$ 478.4 | \$ 23.9 | \$ 502.3 | \$ 0.0 | |
| Salaries and Wages | \$ (231.5) | \$ 22.3 | \$ (209.2) | (4) | \$ (209.2) | \$ - | \$ (209.2) | \$ 0.0 | |
| Employee Benefits | (32.3) | (15.0) | (47.3) | (5) | (47.3) | - | (47.3) | 0.0 | |
| Materials, contracts & other | (259.9) | 131.6 | (128.3) | (6) | (128.3) | - | (128.3) | 0.0 | |
| Total Disbursements | \$ (523.7) | \$ 138.9 | \$ (384.8) | | \$ (384.8) | \$ - | \$ (384.8) | \$ 0.0 | |
| Operating Surplus (before Reinvestment) | \$ 106.1 | \$ 11.4 | \$ 117.5 | | \$ 93.6 | \$ 23.9 | \$ 117.5 | \$ 0.0 | |
| Debt Service | \$ (46.1) | \$ 1.1 | \$ (45.0) | (7) | \$ (45.0) | \$ - | \$ (45.0) | \$ 0.0 | |
| Non-Financing Adjustments | (26.6) | 26.6 | - | (8) | - | - | - | - | |
| Total Adjustments to arrive at Net Cash Flow | \$ (72.7) | \$ 27.7 | \$ (45.0) | | \$ (45.0) | \$ - | \$ (45.0) | \$ 0.0 | |
| Net Inflows /(Outflows) | \$ 33.4 | \$ 39.1 | \$ 72.5 | | \$ 48.6 | \$ 23.9 | \$ 72.5 | \$ 0.0 | |

Notes:

- (1) To be posted amounts represent collections and disbursements that have not yet been reconciled.
- (2) \$14.2 of Municipal Income Tax, \$4m of Utility Users' Tax, \$0.8m of Wagering Taxes, \$64.9m of State Revenue Sharing, \$7.3m of Other Revenue (Wagering Municipal Svc Fees) in FY2017 related to FY 2016 activity.
- (3) \$8m of revenues collected in FY2017 related to activity in FY2016. \$22.1m of collections are cash specific transactions, \$6.2m are non-General Fund 1000 receipts.
- (4) Approximately \$12.7m of the difference relates to FY2016 activity and the balance is non-General Fund disbursements.
- (5) Approximately \$1.0m of Benefits paid in FY2017 relates to FY2016, \$13.4m is Pension accrual to be paid at the end of FY2017 and the balance relates to the timing of payments within this fiscal year.
- (6) Approximately \$33.1m of disbursements are non-General Fund, \$54.0m related to prior period and \$44.5m are cash specific transactions.
- (7) \$14.2m of Financing Costs related to prior period offset by \$5.5m exit financing, \$7.3m Public Lighting Authority and \$2.5m State Revenue Sharing debt set aside.
- (8) \$30.0m set aside for legacy pension net of \$3.4m inflow of excess self-insurance escrow requirements.



FY 2017 year-to-date property tax collections

For 7 Months Ended January 31, 2017

\$ in millions

| | FY 2017 | | | FY 2016 | | |
|---------------------------|-------------------|---------------------|---------------------|-------------------|---------------------|---------------------|
| | Adjusted Tax roll | Collections YTD (1) | Collection Rate YTD | Adjusted Tax roll | Collections YTD (1) | Collection Rate YTD |
| General Ad Valorem | \$ 118.0 | \$ 89.7 | 75.97% | \$ 126.4 | \$ 92.0 | 72.78% |
| Debt Service Total | 62.0 | 47.2 | 76.13% | 68.3 | 50.8 | 74.41% |
| Solid Waste Total | 62.4 | 29.1 | 46.68% | 57.4 | 29.3 | 51.11% |

| | | FY 2017 | FY 2016 |
|-----------------------------------|-----|----------------|-----------------|
| General City Collections YTD | (2) | \$ 89.7 | \$ 92.0 |
| General City Collections DTRF YTD | (3) | 6.9 | 12.9 |
| Total General City | | \$ 96.6 | \$ 104.8 |
| Admin Fee, Interest, Penalty YTD | (4) | \$ 5.6 | \$ 5.9 |

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 and auction activity.
- (4) Admin Fee and Penalty are mapped in the Other/Misc. Revenue category.



Accounts payable summary

- The Accounts Payable aging balance as of January 2017 was \$24.2M. The Invoices on Hold decreased by \$9.6M from \$17.6M to \$8M, and the Non Hold invoices increased by \$6.1M from \$10.1M to \$16.2M compared to the December aging.

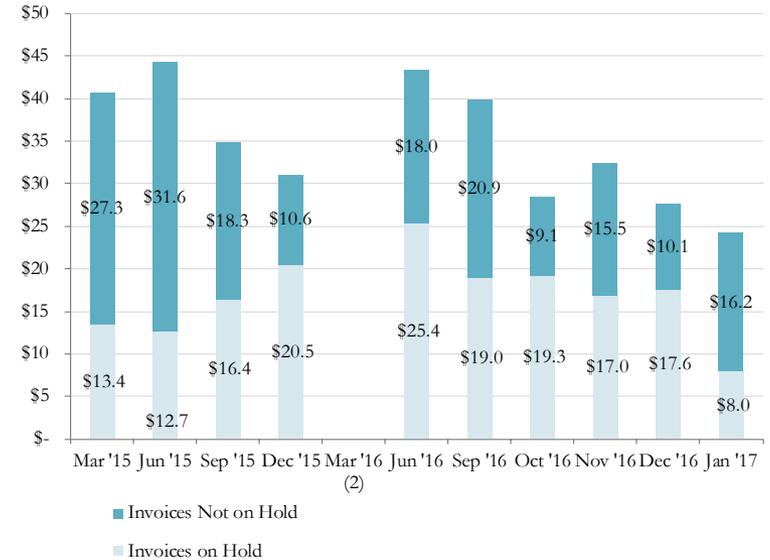
\$ in millions

| Accounts Payable (AP) as of 31-JAN-2017 | |
|---|---------|
| Total AP | \$ 24.2 |
| Less: Invoices on hold (1) | (8.0) |
| Net AP not on hold | \$ 16.2 |

AP Aging (excluding invoices on hold)

| | Net AP | Current | Days Past Due | | |
|-------------------------|---------|---------|---------------|--------|--------|
| | | | 1-30 | 31-60 | 61+ |
| Jan. Total | \$ 16.2 | \$ 5.8 | \$ 4.0 | \$ 2.0 | \$ 4.4 |
| <i>% of total</i> | 100% | 36% | 24% | 12% | 27% |
| Total Count of Invoices | 955 | 373 | 348 | 46 | 188 |
| <i>% of total</i> | 100% | 39% | 36% | 5% | 20% |
| Dec. Total | \$ 10.1 | \$ 3.1 | \$ 3.0 | \$ 1.5 | \$ 2.4 |
| <i>% of total</i> | 100% | 30% | 30% | 15% | 24% |
| Total Count of Invoices | 1,262 | 277 | 291 | 195 | 499 |
| <i>% of total</i> | 100% | 22% | 23% | 15% | 40% |

Total AP



- Notes:
- (1) Invoices with system holds are pending validation. Some reasons include: retainage, pending receipt, does not match purchase order quantity/price, and legal holds.
 - (2) Aging information was not available as the City was in the process of transitioning financial systems



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

- In January, approved projects increased by \$3.2M for the Citizen Tax Help Center.

| <i>\$ in millions</i> | Number of Projects | Amount of Approved and Authorized Projects | Total Amount Expensed ¹ |
|---|-----------------------|---|--|
| Available Exit Financing Proceeds | | \$233.2 | |
| Project Allocation: | | | |
| Department of Innovation and Technology | 5 | (41.5) | (39.3) |
| Blight | 7 | (29.7) | (26.1) |
| Police | 6 | (29.0) | (19.2) |
| Fire | 10 | (25.5) | (18.6) |
| General Services | 14 | (32.1) | (18.9) |
| Office of the Chief Financial Officer | 10 | (19.7) | (14.8) |
| Building, Safety Engineering & Environmental Department | 1 | (4.4) | (1.7) |
| Law | 1 | (2.2) | (1.2) |
| Detroit Department of Transportation | 1 | (1.8) | (1.8) |
| Recreation | 1 | (1.2) | (1.2) |
| Human Resources | 2 | (0.8) | (0.7) |
| Other | 3 | (0.5) | (0.3) |
| Unclassified/Subject to Reconciliation | | - | (4.2) |
| Subtotal Projects | 61 | (\$188.3) | (\$148.1) |
| Interest Expense/Other Fees Paid | - | (2.8) | - |
| Totals | 61 | \$ (191.1) | \$ (148.1) |
| Amount Reserved for Projects Under Review | | \$42.1 | |

¹ Spend number subject to change and/or reclassification.



The City is leveraging funding from external sources

- In January, the active federal and state grants had a net decrease of \$14.1M, due to the closeout of 13 grants across various departments. The City received 2 new grants and an increase to an existing grant. The main private grants and donations received were \$612K for the Health Department's Ready 2 Learn initiative from the Kresge Foundation and \$198K from the Erb Family Foundation for the Health Department's Environmental Health and Equity Fellow.

\$ in millions

| Department | Amount Awarded (1) | Number of Grants |
|---|-------------------------------|-----------------------------|
| Transportation | \$ 384.0 | 22 |
| Housing & Revitalization | 237.7 | 19 |
| Public Works | 30.6 | 20 |
| Fire Department | 28.7 | 8 |
| Health & Wellness Promotion | 25.9 | 4 |
| Police | 17.7 | 23 |
| Recreation | 3.7 | 15 |
| Coleman A. Young Airport (Airport) | 3.1 | 4 |
| General Services | 0.8 | 1 |
| Homeland Security and Emergency Management (HSEM) | 1.3 | 5 |
| Other (2) | 1.1 | 5 |
| Active Federal/State grants (3) | \$ 734.6 | 126 |
| Active private grants and donations | 56.0 | 67 |
| Total active grants and donations | \$ 790.6 | 193 |

Notes:

- (1) Reflects original amount awarded and amendments. Amount available to be spent will be lower for most departments.
- (2) Other includes BSEED and Historic Designation Advisory Board.
- (3) Does not include Hardest Hit Fund, which is received by the external Detroit Land Bank Authority.



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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

RESOLUTION 2017-5

**CONSENTING TO THE CITY’S TIME EXTENSION FOR ITS ANNUAL
AUDIT REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

WHEREAS, Section 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, 2016 no later than December 31, 2016; 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, 2016 from December 31, 2016 to no later than May 31, 2017, 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 May, 31, 2017.

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, 2016 with the State Treasurer from December 31, 2016 to no later than May 31, 2017.
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
MAYOR'S OFFICE

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVE., SUITE 1126
DETROIT, MICHIGAN 48226
PHONE 313•224•3400
FAX 313•224•4128
WWW.DETROITMI.GOV

March 17, 2017

Mr. Nick Khouri, Treasurer
State of Michigan
Department of Treasury
P.O. Box 30716
Lansing, MI 48909

Dear Treasurer Khouri:

We are aware that the State of Michigan Uniform Budget and Accounting Act requires that an audit report shall be filed within 6 months after the fiscal year end of a local unit of government. The City of Detroit's most recent fiscal year ended on June 30, 2016. Accordingly, under the Act the audit report for the City is required to be filed by December 31, 2016. The Act also provides that the Chief Administrative Officer of a local unit may request an extension of the filing date from the State Treasurer, and the State Treasurer may grant the request for reasonable cause. The Act also requires that the Chief Administrative Officer who requests an extension shall, within 10 days of making the request, inform the governing body in writing of the requested extension. We previously requested, and you granted, an extension of time to file the audit report by March 31, 2017. Staff of the City's Office of the Chief Financial Officer have been working with its independent auditor, Plante Moran, and have made considerable progress on the audit for the fiscal year ended June 30, 2016; however a number of open matters preclude our ability to finalize the audit by March 31, 2017. The financial statements of certain component units are in process, but not complete as of the date of this letter (Detroit Building Authority, Detroit Housing Commission and Detroit Public Library). These financial statements are required elements of the City's Comprehensive Annual Financial Report. In addition, the City and Great Lakes Water Authority officials are still working through some complex technical accounting issues related to the split of operations of the Detroit Water and Sewerage Department into the regional authority and the local system.

Based primarily upon these issues, we request an additional extension of time to file the audit report until May 31, 2017.

Sincerely,

Michael E. Duggan
Mayor, City of Detroit

John W. Hill
Chief Financial Officer

**City of Detroit
Audit Completion Timeline
Fiscal Year 2016**

March 24, 2017

City All City sample requests, open items and issues will be resolved for areas outside of DWSD (per Eric Higgs)
City/DWSD Interfunds will be resolved between the City, GLWA, and DWSD for 12.31 and 6.30
City/DWSD All items will be provided by the City to DWSD (per Eric Higgs)
PM Preliminary draft CAFR provided to City by PM
Single audit Allowability population for CDBG and HOME provided to PM (including support)
Single audit All samples requested to date for CDBG and HOME provided to PM

March 28, 2017

DWSD DWSD 12.31 and 6.30—all GL adjustments posted other than the bifurcation entry

March 31, 2017

City All component unit financial statements received
City Summary schedule of prior audit findings for CAFR
DWSD DWSD all PBC's will be final (exclusive of bifurcation)
Single audit Final Single Audit PBC's provided to PM: SEFA, SEFA to CAFR reconciliation, SEFA footnotes.
Single audit Corrective action plan and management responses for all programs except HOME and CDBG due to PM.
Single audit Summary schedule of prior audit findings for all programs due to PM.

April 4, 2017

DWSD Initial draft of the 12.31.15 balance sheet is prepared, with proposed bifurcation between GLWA and DWSD (this can be used to work towards an agreement)
PM CDBG and HOME testing completed and through technical review. Findings provided to the City.

April 15, 2017

DWSD Bifurcation entries will be posted & agreed to and the two parties ready to sign a representations letter that amounts are reasonable given the agreements to date
DWSD All DWSD PBC's will be updated to reflect the bifurcation entries and posted on the collaboration site
DWSD The general ledger will have been validated for all system conversion issues, bifurcation journal entries, and balances in the old funds
Single audit Corrective action plan and management responses for CDBG and HOME do to PM.

April 21, 2017

PM City and DDOT audit and technical review complete
DWSD Water 6.30.16 and Sewer 6.30.16 financial statements will be provided to PM for review (all bifurcation elements updated and reflected)

April 28, 2017

PM Final CAFR draft (through standards review) to City for comment
PM Bifurcation and DWSD Audit Complete
PM Single Audit audit testing complete
PM PM to provide City with the CAFR audit findings

May 5, 2017

City City CAFR comments due to PM
City Management responses and corrective action plan for CAFR findings due to PM.
PM Management representation letter presented to the City

May 9, 2017

PM Final CAFR draft to City for approval before submission

May 12, 2017

PM CAFR and Single Audit uploaded to the State

The CAFR upload to the State on May 12, 2017 is dependent on the milestones on the above timeline being hit. Delays in achieving any of the above dates will delay audit completion and completion of the CAFR.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

CITY RESOLUTION 2017-6

**APPROVING THE CITY'S MARCH 2017 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 27, 2017, 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 2017 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 27, 2017
2016 - 2017 GRANT BUDGET AMENDMENTS

| No. | Department | Grantor | Grant / Program | Description | Amount | | |
|--|--------------------------|---|--|---|-------------------|-------------------|---------|
| | | | | | Revenue | Expense | Appr. # |
| | | | | To reprogram unused CDBG funds for programs that no longer exist or funds unlikely to be used in a timely manner. This amendment is needed to ensure the department meets its timeliness test which occurs sixty (60) days before the end of the program year for CDBG recipients | | | |
| 1 | Housing & Revitalization | U.S. Department of Housing and Urban Development (HUD) | Community Development Block Grant (CDBG) | Reprogramming CDBG /NOF: | | | |
| | | | | Increase Section 108 Loan Defeasance | - | 4,091,767.00 | 13529 |
| | | | | Decrease Commercial Improvement (West Village) | - | (150,000.00) | 04738 |
| | | | | Decrease Commercial Improvement (Alberta King Shopping Center) | - | (172,400.00) | 10351 |
| | | | | Decrease New Housing Construction (North Star) | - | (312,571.00) | 10099 |
| | | | | Decrease New Housing Construction (Corinthian Development) | - | (226,796.00) | 04680 |
| | | | | Decrease Housing Multi-Family Staffing | - | (600,000.00) | 20238 |
| | | | | Decrease Commercial Rehab (Tech Town) | - | (230,000.00) | 20152 |
| | | | | Decrease Demolition (Arnold House) | - | (1,233,000.00) | 13574 |
| | | | | Decrease Demolition - Blight Removal | - | (1,167,000.00) | 10829 |
| | | | | Housing & Revitalization Amendment Total | | | |
| 2 | Police | Detroit Wayne Mental Health Authority | Mental Health First Aid (MHFA) and Question Persuade and Refer (QPR) | This grant will support MHFA and QPR training to create more appropriate dispositions and to alleviate recidivism in the criminal justice system among those with mental illness. | 250,000.00 | 250,000.00 | 20379 |
| Police Department Amendment Total | | | | | 250,000.00 | 250,000.00 | |
| 3 | Fire | Michigan Department of Licensing and Regulatory Affairs | System Maintenance of Knowledge and Education (SMOKE) | This grant supports fire fighter training in a number of areas including investigation, educational methodology and pump operation. | 91,919.25 | 91,919.25 | 20377 |
| Fire Department Amendment Total | | | | | 91,919.25 | 91,919.25 | |
| Grand Total | | | | | 341,919.25 | 341,919.25 | |



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

CITY RESOLUTION 2017-7

APPROVING THE CITY'S MARCH 2017 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 27, 2017, 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 2017, 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 27, 2017 Meeting

Prepared By: Boysie Jackson, Chief Procurement Officer

City Council and Water Board Approvals Through March 21, 2017

| | 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 | GENERAL SERVICES | 6000586 | Contract Amount: \$2,771,757.00 Contract Period: 3/28/17 through 9/27/18 Source: 100% QOL Funding Purpose: To Provide Park Renovations and Improvements Contractor: Michigan Recreational Construction Inc. Location: 1091 Victory Drive, Howell, MI 48843 | New | Yes | Yes Highest Ranked | 3/14/2017 | 3/27/2017 | This contract is for Renovations and Improvements - park concrete walkways, curbing, picnic shelter slabs, park benches, trash receptacles, etc. This is one of three contracts for this type of service. |
| 2 | GENERAL SERVICES | 6000590 | Contract Amount: \$7,944,025.68 Contract Period: 4/1/17 through 3/31/20 Source: 100% City Funding Purpose: To Provide Lot Cutting and Debris Removal in Vacant Lots Contractor: Brilar LLC Location: 13200, Location: Northend, Oak Park, MI 48237 | New | Yes | Yes | 3/14/2017 | 3/27/2017 | Service increase from 3 to 4 cuts annually |
| 3 | GENERAL SERVICES | 6000591 | Contract Amount: \$8,781,471.00 Contract Period: 4/1/17 through 3/31/20 Source: 100% City Funding Purpose: To Provide Lot Cutting and Debris Removal in Vacant Lots Contractor: Payne Landscaping Inc. Location: 7635 E. Davison, Detroit, MI 48212 | New | Yes | Yes | 3/14/2017 | 3/27/2017 | Service increase from 3 to 4 cuts annually |
| 4 | DETROIT BUILDING AUTHORITY | 2832588 | Contract Amount: \$2,500,000.00 Contract Period: 7/1/16 through 6/30/17 Source: 100% City Funding Purpose: To Provide Operational Expenses for the Detroit Public Safety Headquarters Contractor: Detroit Building Authority Location: 1301 Third St., Suite 328, Detroit, MI 48226 | Amendment | No | No | 3/21/2017 | 3/27/2017 | This is tenant operating expenses allocated in each of the Detroit Public Safety Buildings (Police, Fire, DBA and IT) Budget. |
| 5 | HEALTH AND WELLNESS | 6000544 | Contract Amount: \$892,191.00 Contract Period: Upon City Council and FRC Approval through 9/30/17 Source: 100% Grant Funding Purpose: To Provide Women Infant and Children (WIC) Nutrition Services Contractor: Moms and Babes Too Location: 5716 Michigan Avenue, Suite B202, Detroit, MI 48210 | New | Yes | Yes | 3/21/2017 | 3/27/2017 | |
| 6 | HEALTH AND WELLNESS | 6000545 | Contract Amount: \$855,808.00 Contract Period: Upon City Council and FRC Approval through 9/30/17 Source: 100% Grant Funding Purpose: To Provide Women Infant and Children (WIC) Nutrition Services Contractor: Arab American & Chaldean Council Location: 363 West Big Beaver Road, Suite 300, Troy, MI 48084 | New | Yes | Yes | 3/21/2017 | 3/27/2017 | |
| 7 | HOUSING AND REVITALIZATION | 6000577 | Contract Amount: \$3,500,000.00 Contract Period: 4/1/17 through 3/31/19 Source: 100% Grant Funding Purpose: 2017 Grow Detroit's Young Talent Lead Implementation Entity. Contractor: Detroit Employment Solutions Corporation Location: 440 East Congress Street, Detroit, MI 48216 | New | Yes | Yes | 3/14/2017 | 3/27/2017 | Summer Youth Employment Project, 8,000 Youth Ages between 14-24 Years of age for Mentoring, Career Training and Employment Opportunities |
| CONTRACTS GREATER THAN \$750K -- continued (Yes = Lowest Bid Unless Specified) | | | | | | | | | |
| 8 | PUBLIC WORKS | 3009132 | Contract Amount: \$1,283,680.00 Contract Period: One Time Purchase Source: 100% Solid Waste Funding Purpose: To Provide Dump Trucks with Log Loader Contractor: Interstate Trucksource Inc. Location: 2633 Michigan Avenue, Detroit, MI 48216 | New | Yes | Yes | 3/14/2017 | 3/27/2017 | |

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

| | 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 |
|----|----------------------------|-----------------|--|-----------------------|--|--|------------------------------------|---|--|
| 9 | GENERAL SERVICES | 6000587 | Contract Amount: \$544,100.00 Contract Period: 3/28/17 through 9/27/18 Source: 100% QOL Funding Purpose: To Provide Park Renovations and Improvements Contractor: WCI Contractors Location: 20210 Conner St., Detroit, MI 48234 | New | Yes | No Second Highest Ranked | 3/14/2017 | 3/27/2017 | Previous contracts within 12 months total over \$750K. Renovations and improvements - park concrete, walk ways, curbing, picnic shelter. |
| 10 | HOUSING AND REVITALIZATION | 3009979 | Contract Amount: \$344,209.52 Contract Period: One Time Purchase Source: 100% City Funding Purpose: To Provide Residential Demolition: 8.18.16 Group I: District 5 (16 Properties) Contractor: Able Demolition Location: 5675 Auburn Avenue, Utica, MI 48317 | New | Yes | Yes | 3/21/2017 | 3/27/2017 | Previous contracts within 12 months total over \$750K. |
| 11 | HOUSING AND REVITALIZATION | 3009982 | Contract Amount: \$348,310.00 Contract Period: One Time Purchase Source: 100% City Funding Purpose: To Provide Residential Demolition: 12.15.16 Group B: Districts 4 and 5 (17 Properties) Contractor: Rickman Enterprise Group Location: 15533 Woodrow Wilson, Detroit, MI 48238 | New | Yes | Yes | 3/21/2017 | 3/27/2017 | Previous contracts within 12 months total over \$750K. |
| 12 | HOUSING AND REVITALIZATION | 3010081 | Contract Amount: \$557,925.00 Contract Period: One Time Purchase Source: 100% City Funding Purpose: To Provide Commercial Demolition – (Group 48 CDBG) – 9215 – 9265 Southfield and 19590 Tireman Contractor: Adamo Demolition Co. Location: 300 East Seven Mile Road, Detroit, MI 48203 | New | Yes | Yes | 3/21/2017 | 3/27/2017 | Previous contracts within 12 months total over \$750K. |
| 13 | PUBLIC WORKS | 2902708 | Contract Amount: \$277,444.04 Contract Period: Upon FRC Approval through 12/31/17 Source: 100% Street Funding Purpose: To Provide Bituminous Surface Removal and Resurfacing of Curbs, Sidewalks and ADA Ramp Replacement Contractor: Giorgi Concrete Joint Venture with Major Cement Location: 20450 Sherwood, Detroit, MI 48234 | Amendment | Yes | Yes | 3/21/2017 | 3/27/2017 | Previous contracts within 12 months total over \$750K. Contract to handle additional costs incurred by department that were unanticipated during concrete work and resurfacing of sidewalks. |
| 14 | PUBLIC WORKS | 3010077 | Contract Amount: \$707,800.00 Contract Period: One Time Purchase Source: 100% Street Funding Purpose: To Provide (4) 3 Wheel Mechanical Street Sweepers Contractor: Bell Equipment Company Location: 78 Northpointe Drive, Lake Orion, MI 48359 | New | Yes | Yes | 3/14/2017 | 3/27/2017 | Previous contracts within 12 months total over \$750K. |
| 15 | TRANSPORTATION | 6000538 | Contract Amount: \$324,674.94 Contract Period: 2/21/17 through 2/21/18 Source: 100% City Funding Purpose: To Provide Radios, Batteries and Chargers for DDOT Contractor: Motorola Solutions Inc. Location: 1301 E. Algonquin Road, Schaumburg, IL 60196 | New | Yes | Yes | 3/7/2017 | 3/27/2017 | Previous contracts within 12 months total over \$750K. Piggyback off State's MiDeal contract. |

| 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 |
|------------|-----------------|-------------|-----------------------|--|--|------------------------------------|---|----------|
|------------|-----------------|-------------|-----------------------|--|--|------------------------------------|---|----------|

DEPARTMENT OF WATER AND SEWAGE CONTRACTS

CONTRACTS GREATER THAN \$750,000.00

| | | | | | | | | | |
|----|--------------------|---------|--|--------------|-----|-----|----------|-----------|--|
| 16 | Water and Sewerage | WS-698 | <p>Contract Amount Not to Exceed: \$7,752,019.00 Contract Period: April 17, 2017 to October 9, 2018 Source: Capital Improvement Plan Source: Funding : DWSD I&E funds Purpose: Replacement of water main pipes Contractor: Major Cement Company Location: 1551 Rosa 15347 Dale, Detroit, Michigan 48212</p> | Construction | Yes | Yes | 03/15/17 | 3/27/2017 | Proposed Contract No. WS-698 will provide the Detroit Water and Sewerage Department (DWSD) with the ability to continue its program of replacing aged water mains that have exceeded their intended service life. The new water mains and associated infrastructure will enhance the integrity of DWSD's Water System and ensure quality service to its customers. DWSD Contract No. WS-698 is part of an ongoing distribution piping system water main replacement program all of which can be found in DWSD's Capital Improvement Program. (Replacement of water main pipes in residential areas with a history of frequent breaks) |
| 17 | Water and Sewerage | 6000539 | <p>Contract PO Amount Not to Exceed: \$936,408.42 Contract Period: One Year with One (1) Year Renewal Option Source Fund: DWSD O&M Funds Purpose: Purchase ductile iron pipe for ongoing repair and replacement of city's water pipes. Contractor: McWane, Inc. DBA McWane Ductile Location: 2266 South 6th Street, Coshocton, OH 43812</p> | New | Yes | Yes | 11/16/16 | 3/27/2017 | This proposed one (1) year contract with one 1-year renewal option will provide double cement lined, ductile iron pipe in sizes ranging from 3" to 16" in diameter and 18' length to DWSD Store Operations which inventories goods until required by DWSD's Field Service Operations. Given the unpredictable nature of repairs, e.g., main breaks, it is critical to maintain appropriate stock levels to prevent emergency spot buys, which drive up costs, and possible work stoppages. |

CONTRACTS GREATER THAN 2 YEARS

| | | | | | | | | | |
|----|--------------------|---------|---|-----|--------------|----|----------------------------------|----------|--|
| 18 | Water and Sewerage | CS-1837 | <p>Contract Amount Not to Exceed: \$165,000.00 Contract Period: April 1, 2017 to March 31, 2019 -Two Years w/One (1) Year Renewal Option Source: Operation & Maintenance Fund Purpose: Passcode Authentication Software Contractor: Innovis Data Solutions, Inc. Location: 250 East Broad Street, Columbus, Ohio 43215</p> | New | Sole Sourced | No | Approved DWSD Director 2/27/2017 | 03/27/17 | This purchase will support DWSD in its implementation of a comprehensive customer identification and passcode authentication process. Securing identities against accounts assist DWSD in improving collections and guards against potential fraud, unauthorized transactions, claims or other liabilities. The purchase is expected to help DWSD reduce the estimated \$500,000 to \$1,000,000 received annually in fraudulent payments while improving the collection rate and providing approximately a 50% reduction in identity verification costs. Given the expertise of the provider and launch timing of DWSD's retail self service portal, this purchase was sole sourced. |
| 19 | Water and Sewerage | 6000593 | <p>Contract Amount Not to Exceed: \$150,000.00 Contract Period: March 15, 2017 to March 14, 2020 Source: Operation & Maintenance (O&M) Funds Purpose: Cash Transfer Contractor: Total Armored Car Service Location: 2950 Rosa Parks Blvd., Detroit, Michigan 48216</p> | New | Sole Sourced | No | Approved DWSD Director 3/7/2017 | 03/27/17 | DWSD current vendor, Loomis, has provided poor customer service as well as placed DWSD's cash security in jeopardy on several different occasions with missed "pick-ups". Total Armored Car Company was chosen to provide this service. They are the contracted company for the City of Detroit and significant number of county departments located within the city. They are the exclusive vendor for the DIVDAT Kiosk DWSD will be installing in 2017 and therefore is a sole sourced. Department using company on contract with City of Detroit that was competitively bid. Provision of bonded, secure, timely and periodic logistics in transporting cash from our various service centers to designated & approved financial institutions / Banks. |

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

| | 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 |
|----|--------------------|-----------------|---|-----------------------|--|--|------------------------------------|---|---|
| 20 | Water and Sewerage | 6000612 | <p>Contract Amount: \$387,327.00 Contract Period: 12/28/16 through 12/27/17 Source: Purpose: To Provide Software Maintenance, Enterprise Software for WAM System Contractor: Oracle America Inc. Location: 500 Oracle Parkway, Redwood Shores, CA 94065</p> | New | Sole Sourced | No | 2/15/2017 | 3/27/2017 | Annual Oracle Software support for DWSD WAM Integration |



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: March 23, 2017
TO: Financial Review Commission Members
FROM: Ron L. Rose, Executive Director, Financial Review Commission
Kevin Kubacki, Financial Specialist

SUBJECT: Contract Summary - March 2017 City of Detroit FRC Meeting

The City has submitted 20 contracts for review at the March 27, 2017 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 9 Park Renovations and Improvements

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|--|--------------------|----------------------------|----------------|------|-------------------------------|--------------------------|
| Michigan Recreational Construction, Inc. | New Contract | 3/14/2017 | \$2,771,757 | Yes | Both | Quality of Life Fund |

This contract is subject to FRC review because it exceeds the statutory threshold of \$750,000. This RFP included the renovation of 15 parks throughout the city and three vendors responded. Michigan Recreational Construction provided the lowest cost per park bid and was awarded a contract for nine of these parks. Due to capacity concerns, the City's evaluation team awarded the remaining six parks to the other two vendors, one of which is listed under contract 9. Pricing for the parks was based on the specific work required at each park. This contract supports the Mayor's initiative of rehabbing 40 parks within the city.

Contract 2 – New Contract for Lot Cutting and Debris Removal in Vacant Lots

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|------------|--------------------|----------------------------|----------------|------|-------------------------------|--------------------------|
|------------|--------------------|----------------------------|----------------|------|-------------------------------|--------------------------|

| | | | | | | |
|--------------|--------------|---------|-------------|-----|----------------|--------------|
| Brillar, LLC | New Contract | 3/14/17 | \$7,944,026 | Yes | Highest Ranked | General Fund |
|--------------|--------------|---------|-------------|-----|----------------|--------------|

This contract is subject to FRC review because it exceeds the statutory threshold of \$750,000. This RFP was competitively bid and five bids were received for various districts within the RFP. Two Contracts were awarded to Brillar, LLC and Payne Landscaping, Inc. who submitted the second lowest bid for the districts they were awarded. The lowest bidder, Motor City Grounds was determined to not have the capacity to provide the required services. Brillar, LLC is the recommended contractor for Districts 1, 2, 6, 7, and zones 1-11 and 13 in district 5. Payne Landscaping, Inc. is the recommended contractor for Districts 3, 4, and 5 – except zones 1-11 and 13.

This contract provides for 4 cuts per year, whereas the previous contract only provided for 2 cuts per year. During the subcommittee call, it was noted that an estimated 25% of the properties that will be serviced under this contract belong to the Detroit Land Bank. The City charges back the Land Bank for these properties, but noted that the city has historically not recovered 100% of the cost.

Contract 3 – New Contract for Lot Cutting and Debris Removal in Vacant Lots

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid ? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|-------------------------|---------------------------|-----------------------------------|-----------------------|--------------|--------------------------------------|---------------------------------|
| Payne Landscaping, Inc. | New Contract | 3/14/17 | \$8,781,471 | Yes | Highest Ranked | General Fund |

Please see description of this RFP under Contract #2.

Contract 4 – Contract Amendment for Management of Operational Costs at Public Safety Headquarters

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|----------------------------|---------------------------|-----------------------------------|--|-------------|--------------------------------------|---------------------------------|
| Detroit Building Authority | Contract Amendment | 3/21/17 | \$2,500,000; original contract value of \$55,527,000 | No | N/A | General Fund |

This contract amendment is subject to FRC review because it exceeds the statutory threshold of \$750,000. This contract was awarded to the Detroit Building Authority and was not competitively bid. This contract provides for management services for operational expenses such as maintenance, repairs, and utilities at the Public Safety Headquarters building. It was

noted during the subcommittee call, that the city has a contracts with various vendors who perform the work, but is managed under this contract by the DBA.

Contract 5 – New Contract WIC Nutrition Services

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|--------------------|---------------------------|-----------------------------------|-----------------------|-------------|--------------------------------------|---------------------------------|
| Moms and Babes Too | New Contract | 3/21/17 | \$892,191 | Yes | Both | State Grant Fund |

This contract is subject to FRC review because it exceeds the statutory threshold of \$750,000. This contract was competitively bid with three vendors responding. All three vendors were awarded contracts, but only two vendors exceeded the \$750,000 threshold (see contract 6). This contract provides Woman, Infant, and Children (WIC) Nutrition services in the City and is funded through State Grants. Responders estimated their costs based on the number of people historically served.

Mom and Bases Too estimated their cost to be \$188,904.23 per month for the term of the contract.

Contract 6 – New Contract for WIC Nutrition Services

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|----------------------------------|---------------------------|-----------------------------------|-----------------------|-------------|--------------------------------------|---------------------------------|
| Arab American & Chaldean Council | New Contract | 3/21/17 | \$855,808 | Yes | Both | State Grant Fund |

Please see description of the RFP under Contract 5.

Arab American & Chaldean Council estimated their cost to be \$122,258 per month for the term of the contract.

Contract 7 – New Contract for Youth Employment Services

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|------------------------------|---------------------------|-----------------------------------|-----------------------|-------------|--------------------------------------|---------------------------------|
| Detroit Employment Solutions | New Contract | 3/14/2017 | \$3,500,000 | Yes | Both | Block Grant Fund |

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|-------------|--|--|--|--|--|--|
| Corporation | | | | | | |
|-------------|--|--|--|--|--|--|

This contract is subject to FRC review because it exceeds the statutory threshold of \$750,000. This contract was competitively bid with one vendor responding. This contract provides for a vendor to implement the 2017 Grow Detroit's Young Talent Program. The contractor will serve as a "hub" to provide summer employment activities to approximately 4,000 Detroit youth and young adults per year. The term of this contract is for 2 years, at \$1,750,000 per year. During the subcommittee call, the city noted that the previous contract was \$1,500,000 per year. The increase in cost is due to a new requirement that all candidates will receive 12 hours of work readiness skills training, financial literacy training, career planning, and an employer's evaluation.

Contract 8 – New Contract for 10 Dump Trucks with Log Loader

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|-------------------------|---------------------------|-----------------------------------|-----------------------|-------------|--------------------------------------|---------------------------------|
| Interstate Trucks, Inc. | New Contract | 3/14/17 | \$1,283,680 | Yes | Lowest Bid | Solid Waste Fund |

This contract is subject to FRC review because it exceeds the statutory threshold of \$750,000. This contract was competitively bid and five vendors responded. The contractor selected had the lowest bid that met specifications. Included in this RFP is the purchase of 10 dump trucks with a log loader. The trucks will come with a 1-year warranty, and an additional 5 year warranty on the transmission and engine.

Contract 9 – New Contract for 2 Park Renovations and Improvements

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|-------------------|---------------------------|-----------------------------------|-----------------------|-------------|--------------------------------------|---------------------------------|
| WCI Contractors | New Contract | 3/14/17 | \$544,100 | Yes | No | Quality of Life Fund |

This contract is subject to FRC review because the aggregate sum of the city's contracts with this contractor exceeds \$750,000. Please see description of this RFP under Contract 1. The vendor selected for this contract received 2 of the 15 park renovations.

Contract 10 – New Contract for Residential Demolition

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|-------------------|---------------------------|-----------------------------------|-----------------------|-------------|--------------------------------------|---------------------------------|
| Able Demolition | New Contract | 3/21/17 | \$344,210 | Yes | Yes | General Fund |

This contract is subject to FRC review because the aggregate sum of the city's contracts with this contractor exceeds \$750,000. The contract was competitively bid and 6 vendors responded. The vendor selected had the lowest bid. This contract includes demolition of 18 residential properties. Contract costs include debris removal and disposal, hazardous materials abatement, and backfill and site finishing.

Contract 11 – New Contract for Residential Demolition

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|--------------------------|---------------------------|-----------------------------------|-----------------------|-------------|--------------------------------------|---------------------------------|
| Rickman Enterprise Group | New Contract | 3/21/17 | \$348,310 | Yes | Yes | General Fund |

This contract is subject to FRC review because the aggregate sum of the city's contracts with this contractor exceeds \$750,000. The contract was competitively bid and five vendors responded. The vendor selected had the lowest bid. This contract includes demolition of 17 residential properties. Contract costs include debris removal and disposal, hazardous materials abatement, and backfill and site finishing.

Contract 12 – New Contract for Commercial Demolition

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|----------------------|---------------------------|-----------------------------------|-----------------------|-------------|--------------------------------------|---------------------------------|
| Adamo Demolition Co. | New Contract | 3/21/17 | \$557,925 | Yes | Yes | General Fund |

This contract is subject to FRC review because the aggregate sum of the city's contracts with this contractor exceeds \$750,000. This contract was competitively bid and three vendors responded. The vendor selected had the lowest bid. This contract includes demolition of two commercial properties. Contract costs include debris removal and disposal, hazardous materials abatement, and backfill and site finishing.

Contract 13 – Contract Amendment for Bituminous Surface Removal and Resurfacing of Curbs

| Contractor | Nature of Contract | City Council Approval Date | Amendment Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|-------------------------------|---------------------------|-----------------------------------|--|-------------|--------------------------------------|---------------------------------|
| Giorgi Concrete Joint Venture | Contract Amendment | 3/21/17 | \$277,444 total contract value was \$6,550,803 | N/A | N/A | Local Street Fund |

| | | | | | | |
|----------------------|--|--|--|--|--|--|
| with Major Cement | | | | | | |
|----------------------|--|--|--|--|--|--|

This contract amendment is subject to FRC review because the original contract exceeds the statutory threshold of \$750,000. This amendment is to reconcile the estimated contract quantities and costs with the actual quantities and cost required for the completed construction. The contract subcommittee showed concern that these costs were already incurred. The city noted these additional costs were not known during the original RFP and were uncovered as construction started. In an effort to prevent an unsafe situation, these additional construction costs were allowed by the City.

Contract 14 – New Contract to Provide Mechanical Street Sweepers

| Contractor | Nature of Contract | City Council Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|------------------------|---------------------------|-----------------------------------|-----------------------|-------------|--------------------------------------|---------------------------------|
| Bell Equipment Company | New Contract | 3/14/17 | \$707,800 | Yes | Both | Local Street Fund |

This contract is subject to FRC review because the aggregate sum of the city's contracts with this contractor exceeds \$750,000. This contract was competitively bid and two vendors responded. The vendor selected had the lowest bid. This contract includes the purchase of four 3-wheel street sweepers. The Mayor's budget includes budgeted amounts for three cycles of street cleaning in FY18. The Mayor has also increased the budget for the hiring of 34 seasonal employees to perform this work.

Contract 15 – New Contract for Radios, Batteries, and Chargers for DDOT

| Contractor | Nature of Contract | BOWC Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|--------------------------|---------------------------|---------------------------|-----------------------|-------------|--------------------------------------|---------------------------------|
| Motorola Solutions, Inc. | New Contract | 3/15/17 | \$324,675 | Yes | Yes | Transportation Grant Fund |

This contract is subject to FRC review because the aggregate sum of the city's contracts with this contractor exceeds \$750,000. This contract provides for the purchase of radios, batteries, and chargers, required by the Department of Transportation. The contract is using pricing established through Mi-Deal. This contract includes the purchase of 90 portable radios, 110 chargers, and 50 spare batteries that will replace outdated and unrepairable radios used by field technicians for DDOT.

Contract 16 – New Contract for Replacement of Water Main Pipes

| Contractor | Nature of | BOWC Approval | Contract | Bid? | Lowest Bid or | Budgeted Funding |
|-------------------|------------------|----------------------|-----------------|-------------|----------------------|-------------------------|
|-------------------|------------------|----------------------|-----------------|-------------|----------------------|-------------------------|

| | Contract | Date | Value | | Highest Ranked? | Sources |
|----------------------|-----------------|-------------|--------------|-----|------------------------|---------------------------|
| Major Cement Company | New Contract | 3/15/17 | \$7,752,019 | Yes | Lowest | DWSD Capital Improvements |

This contract is subject to FRC review because it exceeds the statutory threshold of \$750,000. This contract was competitively bid and three vendors responded. The vendor selected had the lowest bid. This contract supports the City's program of replacing aged water mains and pipes that have exceeded their intended service life.

Contract 17 – New Contract for Replacement Stock of Water Pipes

| Contractor | Nature of Contract | BOWC Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|-------------------|---------------------------|---------------------------|-----------------------|-------------|--------------------------------------|---------------------------------|
| McWane, Inc. | New Contract | 11/6/16 | \$936,408 | Yes | Lowest | DWSD Capital Improvements |

This contract is subject to FRC review because it exceeds the statutory threshold of \$750,000. This contract was competitively bid and the vendor selected provided the lowest bid. This contract provides for various sized and types of water pipes that the City will keep in its inventory. The city noted during the subcommittee call that it is critical to maintain appropriate stock levels to prevent emergency spot buys which will drive up costs.

Contract 18 – New Contract for Passcode Authentication Software

| Contractor | Nature of Contract | BOWC Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|------------------------------|---------------------------|---------------------------|-----------------------|------------------|--------------------------------------|---------------------------------|
| Innovis Data Solutions, Inc. | New Contract | 2/27/17 | \$165,000 | No, Sole Sourced | N/A | DWSD – Operation & Maintenance |

This contract is subject to FRC review because the terms of the contract exceed two years. This contract provides comprehensive customer identification and passcode authentication process that secures identities against accounts. This contract is expected to reduce the estimated \$500k to \$1 million in fraudulent payments while improving the collection rate for DWSD. Given the expertise of the provider and launch timing of DWSD's retail self-service portal, this contract was sole sourced.

Contract 19 – New Contract for Cash Transfer Services

| Contractor | Nature of Contract | DWSD Director Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|-------------------|---------------------------|------------------------------------|-----------------------|------------------|--------------------------------------|---------------------------------|
| Total Armored Car | New Contract | 3/7/2017 | \$150,000 | No, soul sourced | N/A | DWSD – Operation & Maintenance |

This contract is subject to FRC review because the terms of the contract exceed two years. DWSD's current vendor Loomis has provided poor customer service as well as placed DWSD's cash security in jeopardy on several different occasions. As such another armored car company had to be retained immediately; thus, this contract was not competitively bid. The city noted that Total Armored Car has other contracts with the City that it has won through competitive bid.

Contract 20 – To Provide Software Maintenance, Enterprise Software for WAM System

| Contractor | Nature of Contract | BOWC Approval Date | Contract Value | Bid? | Lowest Bid or Highest Ranked? | Budgeted Funding Sources |
|----------------------|---------------------------|---------------------------|-----------------------|-------------|--------------------------------------|---------------------------------|
| Oracle America, Inc. | New Contract | 2/15/17 | \$387,327 | No | N/A | General Fund |

This contract is subject to FRC review because the aggregate sum of the city's contracts with this contractor exceeds \$750,000. Oracle Work and Asset Management (WAM) is the software packaged used by both the DWSD and the GLWA. This contract provides software maintenance for WAM. 60 percent of this contract value will be charged back to the GLWA.