



CITY OF FLINT
OFFICE OF THE EMERGENCY MANAGER



Gerald Ambrose
Emergency Manager

TO: Josh Freeman, President, Flint City Council

From: Jerry Ambrose, Emergency Manager

Cc: Flint City Council
Mayor Dayne Walling
Natasha L. Henderson, City Administrator

DATE: April 13, 2014

RE: Update and Transition Progress

Thank you for your consideration of my request for authorization to apply for the \$7 million loan from the State's Emergency Loan Board. This loan, if approved, will be used to eliminate the City's General Fund deficit ahead of the schedule in our current Deficit Elimination/Reserve Accumulation Plan. This will enable the City to move forward with building adequate reserves necessary to foster financial stability. This, along with the commitments established in ordinance to develop and maintain a multi-year budget based on a strategic plan and to address the funding of long term liabilities, Flint's financial solvency can be sustainable.

Thank you also for your consideration of the proposed consolidation of the 68th and 67th District Court, an action which has been long in the making. Recommended by the State Court Administrators Office and authorized by state law, the consolidation is planned to become effective January 2, 2016. The Memorandum of Understanding, approved today by the Genesee County Board of Commissioners, details the advantages the consolidation will have for the City of Flint. The city will see a reduction in costs of more than \$8.4 million over the first 10 years, providing some much needed funds to support police services. Additionally the new court division is assured of at least 2 probation officers, something which the Court has not had for several years. And, as provided in both law and the agreement, judges will continue to be elected from within the City.

As you know, my focus over the past few months has been and continues to be transitioning the City from oversight by an Emergency Manager to home rule under the guidance of a Receivership Transition Advisory Board.

Much progress has been made in preparing for the transition, including action by the City Council to complete the following:

- Final adoption of the Capital Improvements Plan
- Final adoption of ordinances regarding planning, budgeting, funds balance, and deficit elimination
- Update of the Strategic Plan's Vision, Mission, and Goals
- Adoption of budget priorities to guide development of the FY16/FY17 budget

Additionally, our new City Administrator Natasha Henderson is on board and is assuming duties as the experienced and professionally trained chief administrative officer for the City.

There are several issues which we are continuing to address, including:

- Water safety, quality, and affordability continues to be a top priority. The City's water supply today is safe, as measured by the same MDEQ standards that have been in place for years, and steps are being taken to improve treatment and distribution processes in order to address issues of discoloration and odor, and to assure continued safety. Reviews of our pricing structure are also underway to assure that customers are treated equitably while generating sufficient revenue to operate the system.

Public safety continues to be an area of critical concern. The independent study of our police and fire organization provided a number of recommendations focused on how to best deploy the resources we have, and also confirmed that the staffing levels afforded by our limited resources are extremely low in comparison to comparable municipalities. This emphasizes the critical continuing importance of renewing the two voter-approved public safety millages and working to assure continuing state support through the assignment of state troopers and through financial support of the City lock-up. Loss of any of this support would be a disaster for the City.

- Achieving and then maintaining financial stability will continue to require constant attention. Approval of the ordinances regarding financial stability and the anticipated approval of the \$7 million loan provide additional tools with which to work. Attention will need to be paid to not only developing and adopting budgets for FY16 and FY17 but doing so in the context of understanding the impact of those budgetary decisions into the following three years. Essential to this is making the budget decisions which truly address achievement of the stated vision, mission and goals for the City as adopted by the City Council. Unfortunately, the challenges in doing so will be great, as the City will continue to be faced with the reality of a structural deficit, where for the foreseeable future current expenditure patterns exceed revenue streams – a difficult position, given the City's already low level of services. Complicating this further is the potential impact of the retiree health care lawsuit, once the final outcome is decided.

- Finally progress continues with modernizing the operations of the City and setting the framework for future development. With the Master Plan and Capital Improvement Plan in place, focus is now turning to implementation, including updating the Zoning Ordinance.

As we move forward with preparing for transition, there is much work yet to do. Today I am taking three actions consistent with our path:

- Adoption of an updated purchasing policy – I am enacting the revisions to the Purchasing policy which were reviewed by Council within the past few months. These changes are made with the goal of assuring that the process of obtaining goods and services is consistent with the expectations of the Strategic Plan. There must be proper oversight and transparency, with a goal of obtaining goods and services that best meet the needs of City departments. The process must ensure competitive procurement, conducted in a timely and ethical manner. The City Council has an important role in assuring compliance with the policy, which is not the same as conducting purchasing operations.
- Confirming the role of the City Administrator – Before the search for a new City Administrator was begun, it was determined, within the context of the Seven Point Transition Plan, that an experienced and professional City Administrator would be selected on the basis of an open competitive process, and that the duties of the City Administrator would be structured in a manner which assures the ability to manage and direct the administrative affairs of the City in a professional manner. While those duties and expectations were described in the job description of the City Administrator and in recruitment materials, I am now formally enacting them in Emergency Manager Order Number 3.
- Re-establishing salaries for Mayor and Council – As we are moving towards transition, the duties and responsibilities of the Mayor and City Council are expanding towards the traditional roles of a City operating under home rule. Council meetings are now held twice per month, with committee meetings held once per month. The Mayor is now much more engaged in a Chief Executive role. Consequently, I have determined to re-establish the salaries for Mayor and Council at the levels in place immediately prior to the appointment of an Emergency Manager in November, 2011. Continued receipt of the re-established salaries, however, is contingent upon attainment of certain training. The re-established levels, and the contingency regarding training, is found in Emergency Manager Order Number 4.

Over the next several weeks, there will be much work with respect to finalizing the loan application and developing the FY16 and FY17 budgets along with FY18, FY19, and FY20 projections. Work will also continue with implementing improvements of the water system, and reviewing our associated rate structure. Evaluation and implementation of the recommendations for best use of

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police and fire resources will continue, including corrective action for the police evidence room issues. Summer street maintenance and repair programs, as well as sidewalk repairs will soon be underway. Public meetings regarding the zoning ordinance are being held, with a recommended updated ordinance expected for consideration in late spring. A revision to the City's business licensing ordinance is expected soon. These are but a few of the many activities to be expected as the City makes the best use of its resources to provide the best level of service it can within the resources it has.

I look forward to working with you as we move towards transition to home rule under the guidance of a Receivership Transition Advisory Board. Please contact me if you have any questions.