



CITY OF FLINT  
OFFICE OF EMERGENCY MANAGER  
EDWARD J. KURTZ

June 28, 2013

Mr. Andy Dillon, State Treasurer  
Michigan Department of Treasury  
4th Floor Treasury Building  
430 West Allegan Street  
Lansing, MI 48922

Dear Mr. Dillon:

Attached please find Update 3 for the City of Flint Financial and Operating Plan. This update will also serve as my closing memorandum as specified in the Emergency Manager's contract with the State of Michigan.

This report includes a summary of the financial conditions and goals for the City of Flint, the plan to conduct the operations of the City and the on-going actions being taken to resolve the financial emergency. This update will be posted on the City's website: [www.cityofflint.com](http://www.cityofflint.com).

Respectfully submitted,

Edward Kurtz  
Emergency Manager

cc:  
Governor Rick Snyder  
I. Brown, Clerk of the City of Flint  
E. Koryzno, Dept. of Treasury

**City of Flint Financial and Operating Plan – FY 2013 – Third Update**  
**June 30, 2013**

**Introduction**

This update to the Financial and Operating Plan for the City of Flint is submitted by the Emergency Manager for the City of Flint to Governor Rick Snyder, through the Department of Treasury for the State of Michigan, in accordance with Public Act 436, Section 11.

The City of Flint had previously submitted a Financial and Operating Plan under PA 72 and was not required under PA 436 to submit a new plan. However, as this is the end of the 2013 fiscal year and end of the service of Emergency Manager Kurtz, the City felt it was appropriate to prepare an update to the current plan. This is also the end of the first full fiscal year under the administration of the Emergency Manager. The FY 2014 Budget and Five Year Strategic Plan has been adopted and in October, 2013 a City Wide Master Plan will also be adopted.

This update will also serve as Emergency Manager Kurtz' closing memorandum as specified in the Emergency Manager's contract with the State of Michigan. On June 26, 2013 former EM Michael K. Brown has been reappointed by Governor Snyder as Emergency Manager for the City of Flint.

This report includes a summary of the financial conditions and goals for the City of Flint, the plan to conduct the operations of the City and the on-going actions being taken to resolve the financial emergency. This update will be posted on the City's website: [www.cityofflint.com](http://www.cityofflint.com).

**Summary of the EM/EFM Appointment Sequence and Development of the Operating and Financial Plan**

The Flint Financial Review Team determined in November 2011 that the City of Flint was in a financial emergency. See Attachment #1.

On December 1, 2011 Governor Rick Snyder appointed Michael K. Brown as Emergency Manager. EM Brown developed the Financial and Operating Plan utilizing the resources of a five person Advisory Committee as well as five additional advisory committees. EM Brown sought broad expertise to ensure public engagement and to maintain a sense of continuity with the Mayor and City Council. In fact, all nine City Council members and over fifty other citizens participated in the advisory committees.

EM Brown's original Financial and Operating Plan (45 Day Plan) was submitted to the State Treasurer on January 15, 2012; the first update to the Plan was submitted on June 1, 2012. On August 8, 2012, PA 4 was suspended and Edward J. Kurtz was appointed Emergency Financial Manager under PA 72. (Mr. Brown stepped aside as he was prohibited from serving as EFM due to his recent service as Interim Mayor for the City of Flint.)

EFM Kurtz established a new Advisory Committee in accordance with the requirements of PA 72.

Utilizing the Advisory Committee and the City of Flint management team, EFM Kurtz presented a second update to the Financial and Operating Plan and submitted this to the State Treasurer on February 8, 2013.

### **Operations of the City of Flint**

Shortly after his appointment as EM, Michael Brown took steps to reorganize the city government operations including: elimination of departments, consolidation of departments, elimination of management level positions, adjustment of the compensation of elected and appointed officials, elimination of the Civil Service operation and the Office of Ombudsman.

Management appointments were made to ensure that the essential services necessary for the public's health, safety and welfare are provided and to continue conducting all aspects of the City of Flint's operation within the resources available. Necessary employment contracts were extended with the approval of the Treasury Department.

Department management reconfigurations were completed in anticipation of reductions in staffing levels as provided in the FY 13 Budget (See Attachment # 2 Organizational Chart FY 13). Subsequently, as part of the FY 14 Budget process a Strategic Plan was adopted and more changes in the organizational structure occurred. The primary change was the inclusion of a new Planning and Development Department (See Attachment #3 Organizational Chart FY 14).

When PA 436 became effective in March 2013 the City Council members' and Mayor's compensation was eliminated. EM Kurtz partially restored compensation for Mayor and Council through Orders 1 and 2. These orders also defined specific responsibilities and requirements. For example, the City Council members must complete Level One of the Michigan Municipal League (MML) core course for municipal government and must receive the MML education award within one year.

All Orders and Directives issued by the Emergency Financial Manager (under PA 72) and Orders issued by the Emergency Manager (under PA 436) are listed in Attachment #4: Orders and Directives of the EFM and EM.

### **Financial Status**

The financial condition of the City of Flint has begun to improve, with revenues and expenses generally tracking with budget projections. While the FY12 results showed an increase in the accumulated deficit, that increase was anticipated, due to a decision early on to focus efforts on developing and implementing a budget for FY13 that would maintain essential services while moving the City toward long term

financial solvency.

These efforts are proving successful. To-date, the FY13 budget was balanced without increasing the deficit; and revenues and expenses have been generally in line with expectations. The budget for FY14 has been adopted, with anticipated revenues and expenses balanced. In both FY13 and FY14, difficult decisions have been made with regards to staffing, fringe benefits, organizational structure, levels of service, and increases in fees and taxes.

Development of the FY14 budget was done in the context of developing budgetary projections through FY18, and recognizing the need to eliminate the City's accumulated deficit. With a desire to develop and maintain a multi-year perspective on city resources and operations, the development of the FY15 budget is now beginning. While FY15 will be extremely challenging due to continued property value declines and the anticipated loss of some major grants, the budget for FY15 will be realistically balanced.

Finally, as a result of analyzing projected revenues and expenses for the next five years, it has become clear that the City will continue to face a structural deficit in the area of \$3 million to \$5 million annually. More than anything, the City's stagnant revenue streams (no growth projected over the next 5 years) and its high amount of legacy costs (\$37 million for FY14) have created this situation.

This structural deficit essentially precludes the City from stabilizing service levels even at minimal levels, and prevents it from addressing significant unmet capital needs (currently estimated at more than \$300 million). Without structural change, this situation is not sustainable and the City will not achieve even a minimal level of financial solvency in the long term.

While bankruptcy has been mentioned as a possible solution to this, investigation of the alternative shows it to be expensive, slow, and with outcomes that are far from certain. However, investigation of an alternative which focuses on improving the City's revenue stream while continuing to reduce legacy costs shows promise. For example, an increase in the local income tax rate to the levels afforded other urban centers, coupled with significant additional changes in health care and pensions for active employees and retirees appears to have the potential to overcome the \$3-\$5 million structural deficit while providing a similar amount for stabilizing services and beginning to address capital needs.

### **Cash Flow as of June 30, 2013**

Cash flow has improved with the receipt of revenues from the public safety millage, street light assessment, and waste collection fees. Pooled cash on hand is now in excess of \$25 million, compared to \$13 million as of December, 2011. However, the General Fund still relies heavily on borrowed cash as a result of its \$19 million accumulated deficit. This cannot be resolved without borrowing, as stated in the Draft Deficit Elimination Plan submitted to Treasury in January 2013. As of this date, Treasury has not approved the Deficit Elimination Plan.

### **FY13 Budget – Preliminary Year End Projection**

As of June 1, 2013, revenues and expenses are generally on target. The budget was amended in December to reflect some adjustments to revenues and expenses, including the proceeds of the voter approved millage for police and fire protection, projected revenues and expenses for the operation of the City lock-up; and the extension of a public safety grant from the Mott Foundation which provided continued funding for 11 law enforcement officers. Additional Budget amendments were adopted based on an unplanned special election, the proceeds from two auctions, utility refunds and other minor issues. Income tax revenues appear to be slightly less than projections, and over expenditures in Fire Department overtime have been addressed.

Absent any catastrophic event, such as an adverse decision on modifications of retiree health care, FY13 is projected to end with revenues slightly exceeding expenses.

### **FY13 Budget Decisions**

The FY 13 budget was balanced realistically, and encompassed significant revenue increases and expenditure reductions. The FY13 budget process started with a projected gap of \$25 million between projected revenues and projected expenses. The result was a total budget of \$192 million, of which \$82 million is sewer and water; \$58 million is General Fund and \$30 million is Federal CDBG.

The budget encompassed expenditure reductions which included the elimination of nearly 150 positions (20% of the workforce); employee concessions including a restructuring of health and pension benefits and employee costs; and various organizational changes.

The budget also recognized the implementation of new health care plans and pensions benefits for active employees, as well changes in healthcare plans for retirees. These changes reduced the City's OPEB liability from nearly \$900 million to less than \$400 million.

The change in retiree health care is the subject of litigation in Federal District Court, where a temporary restraining order has been issued and is being appealed. Should the City be precluded from implementing these changes in health care for retirees, there will be a projected (unbudgeted) increase in expenses of \$1.7 million in FY13 and more than that in FY14 and beyond, this will be devastating to efforts to return Flint to financial solvency. On June 25, 2013, the court denied the City's request to stay the order and in fact, applied the injunctive order to all retirees as a class (without actually certifying a class). The City's legal counsel has recommended the City immediately comply with the court's order. The City has authorized legal counsel to immediately apply for relief in the 6<sup>th</sup> Circuit Court.

For future employees, city retiree health care will no longer be an option, and the traditional defined benefit pension plan for non-police and fire employees will be replaced with a hybrid pension plan. There are also numerous changes which increase management flexibility and reduce other employee costs. Note: The City of Flint basically is operating a Medicare system for retirees from the time they retire (as early as

their mid-forties to early fifties) at the same cost as regular employees (\$5,000 to \$17,000) which is unsustainable.

The FY13 budget also implemented new revenues in order to provide the level of revenues still required – in spite of expense reductions – to continue the marginal level of city funded public safety personnel and basic city services. These revenues include numerous fee increases; a \$143 annual fee for waste collection (replacing a dedicated 3 mill tax levy); a \$62 special assessment fee for operation, maintenance, and improvement of street lights (in the past this was a \$2.85 million general fund expense); and an overall 25% increase in water and sewer rates (12.5% water; 45% sewer). Unfortunately, the reliance on fees and assessments will create hardship for many of the City's residents. However, the choices for increasing revenues at this time were limited. For those homeowners who qualify for the property tax exemption, the City recently will waive the street light assessment (\$62) and the ready to serve charge on the water bill (\$52 approximately).

In November 2012, a 6 mill Police and Fire Protection Millage was approved by Flint voters. The first year of this millage is expected to generate \$5.3 million. The Emergency Manager also issued a resolution (2012EFM101) on October 17, 2012 as a charter revision requiring that the new millage revenue would be in addition to the 55.5% of unrestricted General Fund dedicated to Police and Fire departments. The percent dedicated to police and fire will increase to 60% in Fiscal 14.

Though the FY13 budget was been implemented as planned, the City still faces several legal challenges. While the challenges may not be sustained in the long term, any impediments to implementing the budget will have severe financial impacts.

For example, legal challenges which prohibit the City from implementing revenue increases or expenditure decreases will require immediate actions to further reduce spending – including public safety – and may impact the City's ability to function at an adequate level, particularly in light of the marginal cash flow.

Potential challenges the City may face from budgetary perspective include ones associated with the numerous rate increases incorporated into the budget, changes in retiree health care, and the unilateral implementation of changes to three collective bargaining agreements. It should be noted that through the Emergency Manager the City of Flint was able to reach tentative agreements with three of the six bargaining units.

To this point, the City was sued over the implementation of increased water and sewer rates, by the President of the City Council et al. This is a prime example of litigation that could impede the COF's ability to maintain fiscal solvency. With regard to this lawsuit, the City filed a motion to dismiss and in late June 2013 the court dismissed this suit.

Two additional law suits were filed: in late May 2013 AFSCME Local 1600 is seeking to repeal the contract imposed by the EM in April of 2012, and URGE (a retiree organization) is seeking to negate the transfer of the pension plan from FERS to MERS.



## **FY 12 Audit**

The Comprehensive Annual Financial Report (CAFR) for FY12 was completed and was filed with the state in a timely manner. The results were as expected, with fewer auditor comments than in past years. Deficits exist in the General Fund (\$19.1 million) and in the Water Fund (\$8.8 million).

In the FY 13 budget document, prepared in April 2012, the accumulated deficit for the FY12 General Fund was projected to be \$18.1 million. However, this projection did not include the \$1.54 million write down for the value of Genesee Towers. Adding the write down to the projected deficit of \$18.1 million would have resulted in a total of \$19.7 million.

In the FY12 CAFR, the amended budget projected a deficit of \$16.3 million. However, this projection did not include the \$1.54 million write down for Genesee Towers. It also included \$739,406 in federal grant revenues and \$602,192 in local revenues which did not materialize. Taking these items into consideration, the deficit projection would have been \$19.2 million.

The \$19.1 million accumulated deficit reflected an excess of expenditures in the General Fund for FY12 of \$11.1 million. This was anticipated by the Emergency Manager shortly after being appointed, which was almost six months into the FY12 year. Given that FY12 was nearly half over, and that significant unplanned reductions in services, primarily public safety, would need to occur if the projected deficit were to be immediately eliminated, the decision of the Emergency Manager, in consultation with Treasury, was to contain costs as much as possible but without significantly reducing services – especially public safety – for the balance of the year. Instead, focus was concentrated on developing a budget for FY13 which would move towards restoring Flint to long term financial solvency. It was projected that as a result of this decision, the deficit for FY12 could have been as much as \$12 million, resulting in an accumulated deficit of \$20 million.

The deficits identified in the City's Comprehensive Annual Financial Report for FY12, the year ended June 30, 2012, are follows:

General Fund -	\$ 19,184,850
Water Supply Division -	\$ 8,758,091
Economic Development Corporation	\$ 119,439

## **FY 11 Deficit Financing**

In April 2012 the Emergency Manager filed a 2011 Deficit Elimination Plan focused on the accumulated deficit as of June 30, 2011. That plan indicated the City's intent to request authorization to borrow approximately \$9 million in Fiscal Stabilization Bonds in order to address the accumulated General Fund deficit once a credible FY13 budget was in place. The 2011 Deficit Elimination Plan was approved by the State. On May 24, 2012 the City filed an application for borrowing with the State Administrative Board, and the Department of Treasury has issued a memorandum stating that the request satisfies the

necessary statutory requirements. However, Treasury did not authorize the borrowing as proposed and approved in the 2011 Deficit Elimination Plan.

While this borrowing request addressed the accumulated FY11 deficit, there was an additional deficit at the end of FY12 of approximately \$10 million. It is estimated at this time that an additional \$10 million will need to be financed in order to address the FY12 deficit. However, the FY13 budget as adopted should create no additional General Fund deficit. There will be ongoing deficits in the water and sewer funds, but only as related to unfunded OPEB liabilities.

### **Deficit Financing 2012**

FY12 ended with an accumulated \$19.1 million deficit in the General Fund. The City has shared with Treasury a draft plan to eliminate the deficit over the next five years. The draft plan proposes a mixture of borrowing (\$12 million) and dedicating future revenues (\$7 million) over the next five years (FY14 to FY18).

The deficit of \$8.8 million in the Water Fund is less than the unfunded OPEB liability. Since the City is not in the position to address OPEB liabilities throughout the City, there is little reason to increase water rates to eliminate this deficit. Additionally, the City's approach to containing its OPEB liabilities has been to restructure its active and retiree health care benefits, and to eliminate the promise of retiree health care for new employees. The changes have had a significant impact on the City's OPEB liabilities, reducing the total unfunded liability from nearly \$900 million to less than \$400 million, and reducing the Annual Required Contribution (ARC) from \$60 million to \$22 million. To the extent these efforts are successful; the deficit in the Water Fund will be lessened.

Treasury has not responded to this draft plan.

### **Revenue Enhancement Activity**

As noted in "FY13 Budget Decisions" section, several new revenue actions were implemented for the FY13 Budget: waste collection 3 mils eliminated and fee established, Street Lighting Assessment established, new 6 mil Police and Fire Protection approved by voters, also fees for licenses and permits were adjusted.

The EFM via Order No. 8 established the Poverty Exemption to the Street Lighting Assessment. Individuals who qualify for relief from property taxes may apply for an exemption from the street lighting assessment as well.

Also, through EFM Order No. 11, water service procedures were modified. The City's procedures and rate structure for the provision of water service has a substantial financial impact on the City. The Emergency Financial Manager has determined that it is necessary to make a number of changes to these procedures.

The following new procedures were adopted regarding water service:

1. Property owners who apply for and are granted the annual poverty tax exemption will also be exempted from the monthly ready to serve charge for



water service. Exemptions will be for the period of July 1 to June 30. Exemptions from the March Board of Review will begin July 1. Exemptions from the July and December Board of Review will be retroactive to July 1.

2. For individuals who have a “Decision Notice” from the Michigan Department of Human Services (DHS), wherein DHS has agreed that it will pay the water deposit, the City will accept the DHS maximum deposit payment (currently \$200). However, the individual will remain responsible for the affidavit fee and the water turn-on fee.

3. For customers where the water has been shut off and a fee is required to turn the water back on, the fee will be reduced to \$100 if the customer agrees to a payment plan for all unpaid water and sewer charges.

4. Same day turn on service will be available ONLY if the customer pays the \$175 fee AND pays all unpaid water and sewer charges billed in full.

5. The Infrastructure Division will develop an implementation and business plan for aggressively pursuing alleged instances of water theft. The plan will also address increasing the capacity for quickly shutting off water and reducing the time between the delinquency and the actual shut off.

The Treasury Department has also created the Competitive Grant Assistance Program (C-GAP) as a means of encouraging shared services implementation. The City of Flint participated in five C-GAP applications which included Human Resource Hiring and Management system sharing with the Genesee Intermediate School District and Genesee County; a fiber optic cable expansion also with Genesee Intermediate School District and Genesee County; Criminal Justice system and Courts Electronic Workflow Initiative with Genesee County, City of Flushing and plans for expansion throughout Genesee County; a Genesee County Regional Purchasing Collaborative with Genesee Intermediate School District and Genesee County; and a proposal to expand and strengthen the 9-1-1 communication tower system with the City and the Genesee County 9-1-1 Consortium. The City has been awarded a \$1.8 million grant for the 9-1-1 communications tower system, an important step necessary to potentially merge with the County 9-1-1 Consortium system.

#### **FY14 Budget and Strategic Plan**

On June 7, 2013 EM Kurtz signed Order No.4 adopting the fiscal Year 2014 budget. This is now a second year for which a balanced budget was adopted. Conservative, realistic revenues and expenses were included. This budget does include the reduction of 27 employees; however no public safety employees were reduced. See Attachment #5 FY 14 Budget Narrative pgs. 32 - 44 of Attachment #6 Setting a Sustainable Course for the City of Flint.

Prior to the detailed development of the FY14 Budget, all departments and divisions participated in creating a Strategic Plan for 2014 – 2018. The Vision, Mission, Overall

Goals have been specified. Each department and division identified their specific functions/goals and key objectives.

The content of the strategic plan will be the basis for planning future budgets, evaluating department/division management, and deciding whether and when to pursue grants.

The Strategic Plan includes a section entitled “Five Year Financial Projections and Challenges City of Flint, FY14-FY18”. In summary:

Years 2—5 show the continuing challenge of the City’s structural deficit, with property tax revenues continuing to fall through FY15, and then stabilizing but with no growth until FY18. At the same time however, legacy and compensation costs are projected to increase by 5% per year, and major grant sources will disappear. The City will be faced with a significant challenge of attempting to choose between reductions in public safety and other reductions; however, finding other reductions may not be possible, given the minimal level of service provided. Again, without additional new significant levels of revenue, there is little ability to improve services or address continually increasing capital improvement needs.

Within the next few months the City plans to prepare the financially challenging FY15 Budget.

#### **Key Actions Taken To-Date**

The city continues to review all departments and services for potential merger, consolidation, contracted service, shared services with other governmental entities, privatization or elimination. As a result of these reviews determine if these functions should be subsidized with general property tax dollars, what will be paid by the users and what services can be eliminated.

#### **Finance/Administration/IT Finance Department**

The Finance Department is proceeding with the following projects:

- implementation of a Procurement Card system and associated changes to the City’s Purchasing Policies,
- completion of the update of the pension and OPEB liabilities,
- continued aggressive monitoring of revenue and expense activities, with particular emphasis on revenue collections, position counts and overtime expenditures,
- planning and implementation of employee development programs focusing on financial management, supervision and labor relations, and leadership development.
- Reorganization of city accounting functions based on the analysis and recommendations of an organizational study recently completed by Plante Moran

### **Grant Management**

Finance reviewed the process for all grants to the City of Flint for appropriate use of funds, potential for continued funding, and timely reapplication. A new grant pre-submission approval system has been operational since March 2013 following EM Order No. 10.

### **Economic Vitality Incentive Program (EVIP) Requirements**

The City of Flint has met all reporting requirement dates for Economic Vitality Incentive Program (EVIP) in order to qualify for all disbursements of State Shared Revenue. Each report is available on the City's website [www.cityofflint.com](http://www.cityofflint.com) through Munetrix Citizens Guide to Finances and Dashboard.

### **Transition of Flint Employee Retirement system (FERS) to Michigan Employees Retirement system (MERS)**

The FERS to MERS transition nears completion. Retirees have been receiving their monthly checks from MERS since October 18 2012. The transfer of the administrative components will be complete by July 1, 2013. A lawsuit was filed in late May 2013 by URGE against the City seeking to force the City to negate the move of the pension funds to MERS,

### **Treasury Division**

Income tax processing is being handled through a joint project with the Cities of Grand Rapids and Lansing. Beginning in FY14, income tax collections will be handled by Innovative Software, the current vendor for the City's income tax software. Also of note, the city is operating with a shared Treasurer between the City of Burton and Flint.

The City contracted with Plante Moran to conduct a study to evaluate the potential of shared services between the City and Genesee County treasury functions. This study has been funded by the Mott Foundation.

Collection rates are an on-going concern. This year, the city will be made whole via full payment from the County. In subsequent years those shortfalls must be repaid to the County. The City estimates that only 33 % of property taxes and assessments have been paid, water and sewer delinquencies have grown to 40 %.

In an effort to improve income tax collection the city purchased the 2010 State Tax role and has begun sending notices to 8800 individuals, both residents and non-residents, who have not filed City tax returns. The total estimated tax value from uncollected income tax for the 2010 tax year is between \$300,000 & \$400,000. The City also plans to pursue uncollected income tax from previous years.

**Assessment Division**

The Assessment Division has been operating with a part-time Level IV Assessor. A member of the Division is currently completing Level IV assessment certification.

Currently, the Assessor is projecting City of Flint property values to stabilize in FY15.

**Human Resources Department**

Continued reduction in personnel has strained the capability of departments to complete compliance and reporting work. Both short and long term vacancies create knowledge deficits which are becoming most difficult to overcome. This will be exacerbated as further staff reductions are required.

HR has joined the Genesee Intermediate School district in using APPLITRAC system for job postings and the initial hiring process.

City-wide management and supervisory training was re-established after an almost fifteen year absence.

**Labor Agreements and Implementation**

During the tenure of EM Michael Brown, Labor Counsel held meet and confer sessions with the City's six bargaining units. A target of 20% equivalent wage reductions was achieved. Tentative Agreements were reached with four of these bargaining units. As contract settlement was necessary prior to adopting the FY13 budget, the EM invoked the 19K provision in Public Act 4 from the State Treasurer for the bargaining units which had not achieved Tentative Agreements (EM Orders 18 and 26) and with Local 1799 which had approved a TA but had not ratified (EM Order 27).

EFM Edward Kurtz has held additional sessions with AFSCME, Flint Police Officers Association (FPOA) and the Firefighters Union. In January 2013 AFSCME and the City reached agreement for the privatizing of waste collection and demolition. FPOA has notified the City that they have filed a lawsuit to return to arbitration. FPOA is asking for a return to the status quo (prior to EM imposed contract). The Firefighters Union and the City are working on overtime containment. In late May, a lawsuit was filed by AFSCME Council 25 seeking to overturn the contract imposed by the EM in April of 2012.

A Model Contract is in development, beginning with the FPOA. The City's goal is to streamline and standardize the contracts. It is hoped that these models could be used throughout the State.

The City has recently contracted with a part-time Labor Relations Specialist; through his efforts dozens of past grievances have been settled and only a handful of grievances remain outstanding.

**Retiree Health Insurance Revisions**

The City's approach to containing its OPEB liabilities has been to restructure its active and retiree health care benefits, and to eliminate the promise of retiree health care for new employees. The changes have had a significant impact on the City's OPEB liabilities, reducing the total unfunded liability from nearly \$900 million to less than \$400 million, and reducing the Annual Required Contribution (ARC) from \$60 million to \$22 million. As noted earlier, on June 25, 2013, the court denied the City's request to stay the order and in fact, applied the injunctive order to all retirees as a class (without actually certifying a class). The City's legal counsel has recommended the City immediately comply with the court's order. The City has authorized legal counsel to immediately apply for relief in the 6<sup>th</sup> Circuit Court.

Risk Management Office is reviewing various Employee/Retiree health care options including plan design, delivery systems, Medicare Advantage, Medicare Wrap Around, benefit carve-outs, etc. in an effort to control health care costs.

**Retiree Prescription Drug Program Revision**

City of Flint has suspended the planned implementation of a modified prescription drug program which required the issuance of a generic drug unless a name brand drug is determined to be medically necessary. This action resulted due to a lawsuit, Yurk et al. v. City of Flint, pending in Genesee County Circuit Court before Hon. Archie Hayman. Judge Hayman granted a temporary restraining order and has completed a hearing on plaintiffs' motion for preliminary injunction. However, the court took the motion under advisement and has not issued a decision.

**Dependent Eligibility Audit**

The Risk Management Office has completed the process of conducting a dependent eligibility audit. Three hundred eighty-one dependents were identified for removal from the City's health plans. This reduction is estimated to save \$1.3 million in the first year, FY13.

**Information Technology**

Prior to the start of FY13 the Information Services Department eliminated all but two of the existing positions. Through reorganization, 6 of 9 employees were rehired under new job descriptions. The new structure allowed more flexibility and greater utilization of personnel. Several large scale projects are nearing completion including: installation of a back-up server for Public Safety and 911, installation of new switches which will allow for a more complete use of Public Safety's data collection and record keeping systems.

Other projects are on track, primarily the system upgrade of the BS&A ERP. Several legacy projects are nearing final milestones: installation of a new

visualization server cluster, installation of 300 new desktop terminals and a cost savings pump station automation project.

### **Fleet Division**

The City has consolidated the management of the City's fleet under the Fleet Division. This division will oversee the specification, purchase, repair and maintenance and replacement schedule for all city vehicles and wheeled equipment. The Division recently participated in a successful auction of surplus equipment.

### **City Clerk**

As part of the reorganization, the City has transferred the responsibility for Business Licensing to the newly formed Department of Planning and Development. The City recognizes that it is losing significant revenue from unlicensed businesses and this change is designed to insure that all businesses in the City of Flint are licensed and inspected.

### **Office of the City Attorney**

The City Attorney is continuing with efforts to improve litigation management through claim evaluation, claim reporting, attorney training and trial preparation. The City Attorney continues to emphasize the "litigation team" approach to case handling, with weekly review of pending matters and discussion of how best to protect the City of Flint's legal interests.

With the help of interns from Michigan State University, all ordinances are being reviewed. Charter revisions which would increase flexibility for department reorganization and budget flexibility **are also being considered.**

### **Criminal Justice System Advisory Council (CJSAC)**

Based on input from the State Police, Governor's Office and a Michigan State University Criminal Justice Study, it is clear that the Genesee County Criminal Justice System and the Flint Police Department could benefit from improved coordination and policy development.

In September 2012 the first meeting of the Criminal Justice System Advisory Council (CJSAC) was held. Eight workgroups were established. Through these work groups a number of cooperative projects, streamlined operations and new collaborations have been identified; these were reported at the second CJSAC meeting in January 2013. A Treasury Department C-GAP application was originated and submitted through this process.

### **68<sup>th</sup> District Court**

The City currently funds the operation of the 68th District Court; in FY13 this amounts to \$5.4 Million - which comprises 9.2% of the General Fund Budget. The percentage of General Fund expense allocated to District Court has increased about 1.2% as compared to five years ago. It is anticipated that this percentage will again increase .5% for FY14.

(This is a very rough estimate). This significant portion of the City's General Fund needs to be studied closely and recommendations developed to meet this required activity while containing and reducing costs. The EFM strongly encourages the State to continue the process of working to consolidate the 67<sup>th</sup> and 68<sup>th</sup> District Courts.

## **Infrastructure/ Development**

### **Utilities Division**

#### **Karegnondi Water Authority (KWA)**

The City Council, as well as EM Kurtz, has adopted resolutions to enter into a contract with KWA water authority to partner with Genesee County, City of Lapeer, Lapeer County and Sanilac County in the construction of a pipeline to deliver raw water to the City of Flint. This decision followed many months of analysis by the City of Flint, the Genesee County Drain Commissioner's office, the State Treasurer and ultimately, Governor Snyder. This conclusion to join KWA is momentous for the City and the entire region. The City looks forward to a safe, reliable water supply through which water costs can be stabilized for the KWA participants.

Detroit Water and Sewer Department has notified the City that it will terminate the contract with the City for the deliver of water in 12 months. The City is currently exploring its options for water service between May 2014 and the full operation of the KWA pipeline. High consideration is being given to utilizing the Flint River, and/or blending River and DWSD water. The City of Flint is also considering contracting with DWSD to be the back-up water source for the City.

There are many other points of negotiation regarding sections of the current 72" pipeline which are yet to be conducted between the City, the Genesee County Drain Commission and the DSWD.

#### **Water Department**

An evaluation is underway to determine what efforts can be employed to create an effective Preventive Maintenance plan which focuses on controlling water loss (leakage). This is expected to involve a combination of outsourcing, in-house work, and shared services with the County.

There are currently no water main leaks and the crews are now working on the small leaks such as curb boxes, etc. A plan is being reviewed to replace all water meters in the City. Currently \$700,000 has been allocated in Fiscal 14 for that purpose.

Discussions have begun with the Genesee County Drain Commissioner on a wide range of shared services and partnerships for both water and sewer operations.



**Sewage Treatment Division**

The automation of one of the City's pump stations (which is currently staffed 24 hrs a day) has an expected completion date of July 2013. This will result in the elimination of overtime and a savings of over \$500,000 annually.

The planned shutdown of the City's incinerator has begun with engineering plans for a new load-out facility and is expected to reach completion in approximately 8 months. The estimated savings is \$400,000 annually.

**U. S. Department of Environmental Quality S2 Grant**

An S2 DEQ grant to study infrastructure condition for water pollution control was accepted. The study was defined to encompass the City's entire sanitary sewer system including the overall collection system, the capacity and condition of the system, potential upgrade recommendations to the lift stations and the pumping stations, and to make recommendations for necessary investments to maintain the system.

**Storm Water Management Plan**

A new storm water ordinance that shifts the cost allocation to the larger users is in process of being developed.

**Swedish Biogas International (SBI)**

In conjunction with the City of Flint sewage treatment plant shutdown of the sludge incinerator, Swedish Biogas International (SBI) proposes to accept sludge output and produce electricity. The city will agree to purchase the electricity at a reduced rate compared to purchase from Consumer's Energy. The SBI contract has completed the City's review process and is now awaiting SBI's Board of Directors' authorization.

**Transportation Division****Solid Waste Management Division**

In early February 2013, the Infrastructure Department signed a contract with Republic Services, a private waste collection company. The City of Flint will no longer collect or dispose of household waste. Through this new contract, residents of Flint now have access to curb-side recycling. It is expected that the fee for waste collection service will continue to be billed and collected by the City.

Outsourcing of Sanitation is now complete and the process of establishing city composting is underway with a permit application to DEQ submitted and a site plan of action being prepared for the EPA.

### **Street Maintenance and Engineering**

Discussions have started with the County Road Commissioner on possible shared services.

Both road paving and engineering are seasonal activities and these are at ever decreasing levels. These are under review as areas to downsize or eliminate. Consideration is being given to developing service sharing arrangements or creating the ability to source on an as needed basis. Only crack sealing and pothole repair will be conducted this season. There will be no repaving of any City streets.

### **Facilities Management**

A private company held an on-line auction in January 2013 to dispose of surplus equipment from a variety of departments in the City. This one day auction netted \$130,000. A second auction was held in May 2013 which netted an additional \$250,000. An auction at the impound lot was held in June 2013, netting over \$30,000 for the City.

The Facilities manager is reviewing all city owned assets (both real property and capital equipment) to determine if disposal should be pursued.

All city owned facilities are under review for energy savings, revenue generation from tenants, or possible liquidation.

### **Parks and Recreation**

The City has contracted with two vendors who have shown the capacity to mow all of the city parks (64) multiple times at a rate that fits the current millage. The City is also actively seeking neighborhood groups and organizations who will adopt one or more of the City's parks, traffic triangles or medians.

### **Master Planning**

The City of Flint continues to make significant progress on the preparation of the first comprehensive Master Plan since 1960. After culminating the data gathering phase of the master planning process, the planning team was able to release a summary of the findings in an Existing Conditions Report. This report has already proven extremely beneficial, assisting several community stakeholders in applying for grants and helping inform decisions around critical issues such as blight and demolition. In fact, the completed Housing Conditions Inventory included in the report was critical in helping the Genesee County Land Bank develop its successful application for \$3.7 million in funding for demolition through the Michigan Blight Elimination Grant Program. This data is also being used to develop an application for Michigan's Hardest Hit Program.

After the Existing Conditions Report was finished, planning staff began work on the visioning phase of the master planning process. Prior to holding a large Vision and Goals Workshop, staff along with the Planning Commission, Steering

Committee, and six citizen advisory groups held a series of smaller community workshops involving nearly 700 participants (over 20% were under 18) to learn about the City's challenges and possible solutions. This input along with the data from the Existing Conditions Report was utilized to develop a discussion guide for the four-hour Vision and Goals Workshop held on March 9, 2013. At the workshop, nearly 500 stakeholders engaged in small group dialog, which was captured on laptop computers in real time. A team of community residents reviewed this input and lifted common themes from the small table discussions for participants to vote on using key-pad polling in order to build consensus. From the results of the March 9<sup>th</sup> Workshop, staff and the Planning Commission worked together to draft a vision statement and guiding principles, which were widely distributed for further comment before adoption at the end of April. Also during this time, staff worked with the Planning Commission and community to identify the eight subarea plans to be included in the Master Plan.

In May, the City began work on the actual drafting of the Master Plan. In collaboration with the Planning Commission, Steering Committee, and six citizen advisory groups (over 160 members), the goals and objectives of the Master Plan have begun to take shape. Through the development of the Master Plan, the planning team also has come to realize how important close coordination with the Flint Community Schools is. Thus, we have met with school leadership to finalize a Memorandum of Understanding in order to formalize joint planning efforts between City and School System, particularly around community facilities. In addition to our work on drafting the plan, we have started to focus on training the future leaders who will help implement the Master Plan. As a result, planning staff arranged a Zoning and Planning Essentials Workshop for forty-five community participants in early May and on May 23<sup>rd</sup> organized a tour of the City of Detroit and met with the Detroit Works Project to learn from their process.

More recently, the planning team has embarked on the development of a land use plan. Consequently, planning staff has organized the first land use workshops and worked with our consultants to develop an innovative 'Place Making' Toolkit comprised around eleven land use designations that will allow for new places like green neighborhoods and green production zones. This 'Place Making' Toolkit will encourage residents to redefine their neighborhoods and create a unique sense of place with distinctive characteristics, whether these areas are now dense with multi-family housing or less populated with single-family houses on large plots of land. The first Land Use Workshop was held on Saturday, June 22<sup>nd</sup> and involved over 160 residents in candid discussions about vacancy and realistic development patterns. Surprisingly, many residents favored pioneering land uses including a more radical mix of uses. The second workshop will be held on July 2<sup>nd</sup> and is expected to surpass the turnout of the first workshop. Thus far, the City continues to pursue an aggressive schedule for the Master Plan with anticipated approval by late Fall 2013.

A website, [www.imagineflint.com](http://www.imagineflint.com), and a Facebook page, City of Flint Master Plan has been established to inform citizens about the planning process and to gather input.

### **Community and Economic Development**

With the end of the Federal NSP program in sight, the City has begun evaluating the management needs of the department and what can be outsourced or become a shared service.

The Emergency Manager has challenged each department to complete the use of HUD, CDBG and/or other grant funds within the grant guideline spending period.

Collaborative economic development efforts are underway with the Flint & Genesee Chamber of Commerce to attract and retain businesses; and to receive and apply new tools such as the Next Michigan Development Corporation and Smart Zone designation. The City will continue to work with RACER Trust for brownfield development, including Buick City.

The City of Flint is challenged in its current financial condition to provide significant investment into job creation and Economic Development. However, the City has developed a unique and effective partnership with the Genesee Regional Chamber of Commerce (GRCC) which is the recognized economic development entity for Genesee County. The City receives specific community and economic development services from GRCC each year.

### **Blight Management Plan**

The EM has determined that blight has become one of the primary issues facing the City of Flint. Blight is a continuum of problems from tall grass and weed control through abandoned, demolition ready property. The newly formed Department of Planning and Development is formulating a complete blight strategy.

The City's financial condition has resulted in the drastic reduction in the Building and Safety Inspections Division. All demolition work will now be the responsibility of the Genesee County Land Bank Authority. The City will also be hiring part-time Neighborhood Safety Officers, through a grant from the Mott Foundation, who will be assigned to issue citations for blight violations, including processing the impounding of abandoned vehicles, verifying current business licenses and identifying rental properties.

The Landbank in partnership with the City has recently received over \$3.5 million from MSHDA for demolition of properties in three specific areas of the City. First, around Northwestern High School, second around Northern High School, and the third around the area of Diplomat Pharmacy and the International Academy of Flint.

The Landbank, again in partnership with the City of Flint is expected to receive Hardest Hit Federal Funds of \$20.25 million for residential demolitions in Genesee County, primarily in the COF. This will be a significant milestone in the history of the City, affording it the opportunity to significantly improve the quality of life in the City's "tipping neighborhoods".

In May 2013 the City received a report from the Center for Community Progress entitled "City of Flint Vacant Property Maintenance Site Visit Report" which provided recommendations for the City and its partners to consider implementing. This, along with other reports including the City's developing Master Plan is leading to a defined "Blight Elimination Plan".

DCED currently has \$400,000 in CDBG funding for mowing and trash removal. This is being supplemented with approximately \$800,000 from the Landbank. Currently, the plan calls for mowing the vacant properties only one time this summer.

A Cities of Service grant for \$25,000 was awarded to Flint this Spring for use for neighborhood clean-ups and tire collection. Twenty projects were funded and the tire collection resulted in 10,000 tires being removed from back yards, lots and parks.

A very positive development in the City has been the unsolicited efforts of private businesses and educational organizations planning large scale redevelopment projects, with the City and the Landbank, to improve areas surrounding their operations.

#### **Golf Courses**

All four of the city's golf courses were leased to private organizations. Two courses were operational summer 2012 and both have reopened for the summer of 2013.

#### **Senior Centers**

The Pierce Senior Center closed on April 30, 2012 as funding was no longer available. The City of Flint continued to explore its options with the two open Senior Centers: Brennen and Hasselbring. In June 2013 contracts were successfully negotiated with United Senior Network for the operation and sale of the Hasselbring Community Center, and with the Brennan Elm Park Senior Community Corporation for the operation of the Brennan Community Center. Planning is also underway for a third center in downtown in partnership with another vendor.

#### **Smith Village Housing Development**

The Smith Village housing project is funded primarily with HUD and NSP2 grants. Phase I, which includes 30 housing units, has been completed as scheduled. HUD has determined February 10, 2012 was the goal to expend 50%

of the allocation. The Smith Village housing project has met that development goal

On May 18, 2012, the City announced that Phase II of the Smith Village development will be undertaken by Ginosko Development Company and Rohde Construction Company. Ginosko's site plan was approved by the Flint Planning Commission on May 22, 2012.

Smith Village Phase II completed 14 homes by February 28, 2013. Nine homes built by the new developer were completed by March 30, 2013. Occupancy Permits have been received for homes in Phase I. Four of the completed homes have purchase agreements and fifteen mortgage closings are scheduled to take place by June 30, 2013.

The contractor will complete three more homes in June 2013 which will bring the total completed to 42. As sale proceeds become available, up to an additional 5 units can be built.

#### **U. S. Department of Housing and Urban Development Monitoring**

After the February 2012 HUD monitoring of the HOME Program, The City of Flint received notice from HUD that it has capacity to run the HOME program.

In the City of Flint 2012 Single Audit, DCED had one finding related to the resolution of the OIG audit for 2010. In the 2011 Single Audit, under the previous administration, there were 8 findings.

In September 2012, HUD headquarters in Washington D.C. monitored the DCED ARRA Homeless Prevention and Rapid Rehousing Program and stated that the City of Flint established a comprehensive and well coordinated program for providing homelessness prevention assistance for its residents and that the City's HPRP Policies and Procedures Manual was well thought out.

In December 2012, HUD notified the City of Flint, in its Comprehensive Annual Performance and Evaluation Report (CAPER) that it met its timeliness ratio and expenditure requirement reaffirming their confidence in DCED's capacity to administer federal programs.

#### **Real Estate Transactions**

In August 2012 the City of Flint sold the Genesee Towers to Uptown Redevelopment Corporation for \$1 and committed \$880,000 CDBG dollars toward the over \$4 million cost of demolition. Genesee Towers has been a liability for the City since December 2010 when the city assessed a one time millage to cover the \$9.0 million judgment. The transaction has been finalized but demolition timeline is not completed.

A quit claim deed for Chevy-in-the-Hole site has been transacted between the EDC and the City of Flint. EPA money for clean up has been agreed upon.

### **Public Safety**

A Police and Fire Protection Millage request for 6 mills for 5 years was placed on the November 2012 ballot and was approved by the electorate. This will begin the process of stabilizing both the Police and Fire Departments. The City hired eight additional police officers as a result. Millage dollars will be used to replace the expiring Mott foundation Community Policing Grant and part of the Federal SAFER firefighter grant.

A Public Safety Plan was introduced to the public on May 4, 2012. This plan addresses Police and Fire department organizational plan, operation of the lock-up, transition to 800 MHz communications system and the formation of the Criminal Justice System Advisory Council.

Efforts continue to restructure the Fire Department, 911 and emergency response operations to adjust to eliminated Federal and County revenue sources. Review options for shared services, station configurations, staffing levels, contract services and technology applications.

### **Police Department**

In June 2012 the Police Department changed to a 12 hour shift operation within a four District Patrol plan. These changes, in combination with the expansion of alternative call response procedures (including the introduction of the on-line CopLogic reporting system); have resulted in the continuing reduction in response times to 9-1-1 calls.

In June 2012, the City received a 6 month grant renewal from the C. S. Mott Foundation for the Community Policing grant which has funded 10 officers and 1 sergeant. This grant was submitted in conjunction with the Michigan State University School of Criminal Justice Training and Technical Assistance team. The MSU team assists the City in implementing several phases of the Public Safety plan. In December 2012, the Mott Foundation extended this grant to the City for an additional 6 months which will provide funding through the end of the FY13 budget.

The City of Flint is continuing its existing collaborative efforts with regional partners. Examples: Flint Area Narcotics Unit, Safe Streets Task Force, and U.S. Attorney's Office Zero Tolerance gun violence reduction initiative, LifeLines (formerly known as CeaseFire), and other programs to help eliminate gang activity and prevent other violent acts.

The city continues to receive patrol assistance and detective assistance from Michigan State Police. Patrol assistance is a crime deterrent and increases traffic



safety compliance. The detective assistance has increased the capacity for investigations within the Flint Police Department.

Apply new technologies and information systems to improve police efficiencies and improve targeting and effectiveness including New World, CopLogic, and DDACTS.

#### **Lock-up**

The Public Safety Department recommended selection of the Genesee County Sheriff as the operator of the Flint lock-up. The lock-up opened the week of October 1, 2012.

In early 2013, use of the lock-up was made available to all Genesee County police agencies. The availability of the lock-up is credited with the clearance of over 1000 warrants per month in Genesee County. The State Legislature has approved funding for one more year of operation.

#### **Fire Department**

A protocol was finalized for the transition to the Genesee County Sheriff's Department to handle the paramedic calls in the City of Flint. This millage is now being managed only by Genesee County. Completion date was July 1, 2012.

The FEMA funded SAFER Grant which supports the wages and benefits of 39 firefighters was renewed on June 10, 2012 for two years. The new grant totaled \$6.9 million. It is very rare that a city would be awarded a full funding request in back-to-back granting periods.

A Fire Chief was hired April 15, 2013 and he is currently in the process of restructuring the department.

#### **9-1-1 Operation**

The City completed change over to the 800 MHz communication system for the Police and Fire Departments before the December 31, 2012 required implementation date. The installation of a point to point microwave link with the Genesee County 9-1-1 Consortium tower system is being finalized in July 2013.

The Mott Foundation funded a study through the MSU Training and Technical Assistance Team to determine the costs and issues involved in pursuing a reconsolidation of the Flint 9-1-1 Center with the Genesee County 9-1-1 Consortium. Both EM's have stated their intentions to move toward reconsolidation. This intent was the basis of the C-GAP application to construct a simul-cast communications tower which will be integrated into the Consortium's tower system.

## **Priority List for the Continued Resolution of the Financial Emergency**

- Increase Revenue: Income tax increase process
- Blight Elimination Plan: Major problem impacting the City as a whole
- 9-1-1 Reconsolidation: Results of the reconsolidation study need to be reviewed and pathway for action needs to be developed.
- KWA Implementation: Many steps remain including disposition of current pipeline sections, City Water Treatment Plant updates, interim water supply plan development, long term water supply back up plan.
- Unfunded OPEB Liability: outstanding lawsuits leave the City in an unknowable status; this could impact Audit standing and required funding, which is potentially ruinous to the budget.
- Capital Investment Needs: The extensive infrastructure of the City must be maintained in order for the City to continue to be functional. Current estimates of unfunded needed capital investment is over \$300 million

### **Emergency Manager's Conclusions**

Significant work has been accomplished to stabilize the financial situation of the City of Flint. The whole of the organization is being restructured to reflect a smaller, leaner government operation. Services which were routinely provided are being inspected to determine if they should continue and if so, in what format. Technology solutions are often implemented to increase efficiencies but these also result in reduced opportunities to speak to a real person.

The Emergency Manager acknowledges an on-going financial crisis. However, stable revenue is necessary in order for this city, and most other cities in Michigan, to continue to avoid a bankruptcy situation. We have asked our residents to accept a significant 6 mil Police and Fire Protection Millage; and they have done so. We have imposed a street lighting assessment, a waste collection fee and tremendous water and sewer rate increases. Our residents have not enjoyed increasing services, increasing property valuations or increasing employment opportunities.

As noted previously, there are very few additional revenue options. We are approaching the limit of the City's borrowing capability. Capital improvement funds are drained and the property tax millage rate is within .1 mil of maximum. State Revenue Sharing is now tied to EVIP and C-GAP competitive granting. We have made a request through our State Legislative representatives and the State Treasurer to push legislation to allow City voters the opportunity to decide to increase the income tax. This action could generate \$7 million annually and would eliminate the City's structural deficit. A bill has been

introduced but will not be acted on before Fall 2013. Based on that, the earliest that a ballot proposal could come before the City of Flint residents would be February 2014.

In the meantime, Flint is still struggling with effects from increased expenses and reduced revenue from decisions outside our control. These include: yet another General Motors/Delphi closure impacting over 300 jobs, the unknown impact from the changes in personal property taxes, the \$120,000 cost to hold the State Senate primary election, and the \$575,000 required match for MDOT projects in FY14.

The City is also approaching the point of diminishing returns. There are only so many personnel reductions which can be made before there is no one left to manage the operation.

Yet, in light of all of these difficulties, we do not believe that bankruptcy is the best option for the City of Flint. Bankruptcy is expensive: on June 24, 2013 the *Detroit News online* reported that Kenneth Klee, a lawyer for Jefferson County Georgia, said that the County's bankruptcy costs would be about \$1 million per month. Jefferson County, GA filed for bankruptcy in November 2011. Similar reports came from Vallejo, California. Bankruptcy could reduce or discharge the City's obligations for retiree healthcare. Whether or not pensions could be impacted is less clear. Both would probably not occur without significant litigation. The balance of the City's debt is actually debt to the State of Michigan, not to private creditors. We feel this is a very unacceptable choice in light of other alternatives that the City has identified, and we don't see that this benefits any entity. The City has to continue to operate even under receivership.

What we do need is a state-wide strategy to support Michigan's cities. Even in post bankruptcy, additional revenue sources will need to be developed for the City to survive.

Further, we do not recommend beginning the transition back to the Mayor/Council management of the City at this time. The City still has critical budgeting issues, there is tremendous work necessary on charter revisions and as yet the City Council has not taken any action to begin the governing education process required by the EM Order which partially restored their pay.

Another update of this report is expected to be presented in September 2013 as required by PA 436. Other updates may be provided as appropriate.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Edward Kurtz', with a long horizontal line extending to the right.

Edward Kurtz  
Emergency Manager

Attachments:

1. Summary of Findings of the Flint Financial Review Team
2. Organizational Chart FY13
3. Organizational Chart FY14
4. Orders and Directives of the EFM and EM
5. FY14 Budget
6. Setting a Sustainable Course for the City of Flint 2014-2018

## **Attachment # 1**

### **Summary of Findings of the Flint Financial Review Team**

Summary of Findings of the Flint Financial Review Team  
November 2011

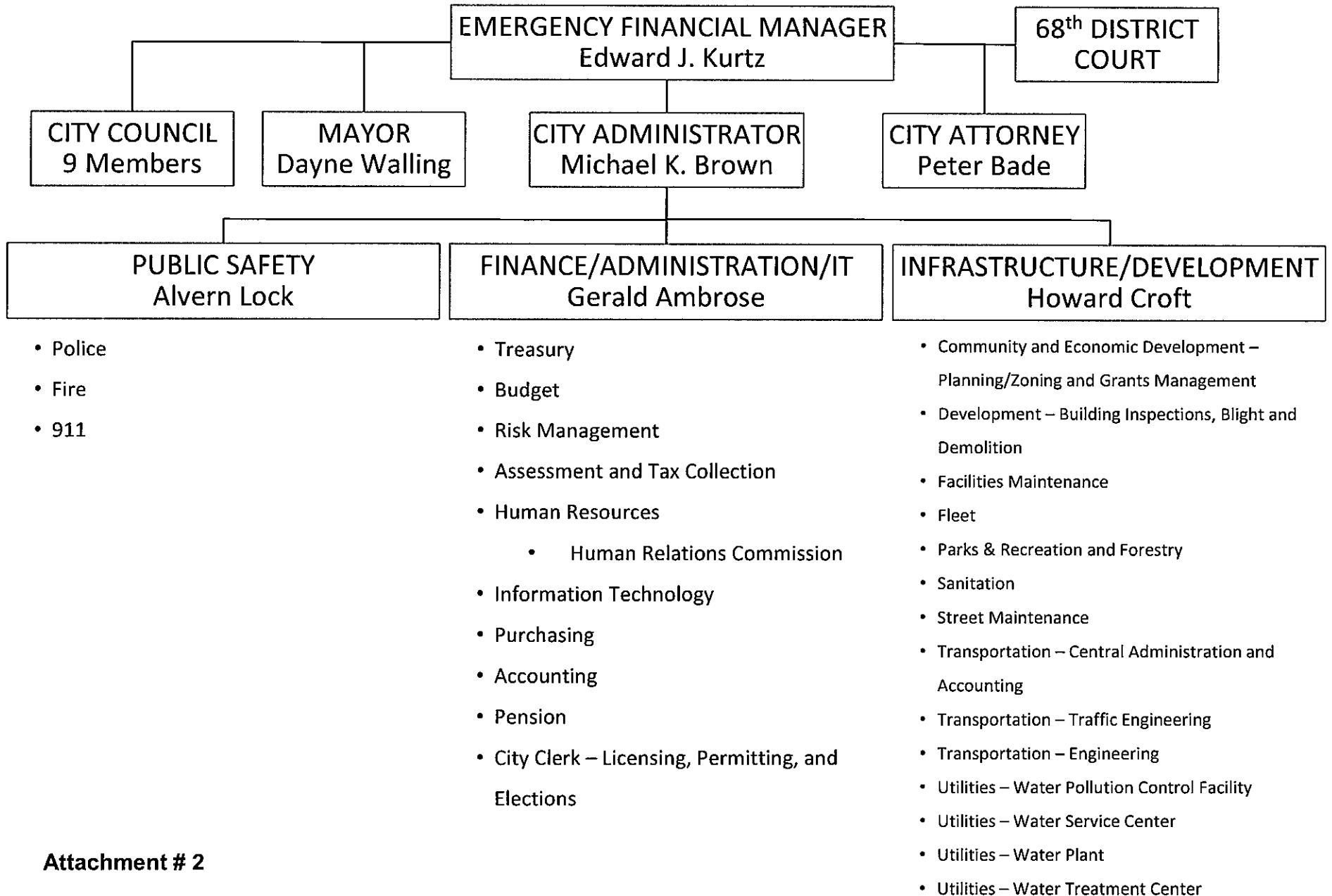
- The City has a general fund deficit of \$14,621,546 as of June 30, 2010 which was not eliminated within the two year preceding period.
- The City previously submitted a five year deficit elimination plan for a cumulative general fund deficit of \$7,046,820 as of June 30, 2008. However, by June 30, 2010 the cumulative general fund deficit had grown to \$14,621,546. An updated plan submitted for 2010 does not purport to eliminate the cumulative deficit until 2030 and that relies upon the issuance of an additional \$12 million of debt in 2013.
- A structural operating deficit existed in the general fund as of June 30, 2007, 2008, 2009, 2010 and the general fund is projected to have a \$6,768,864 deficit as of June 30, 2011.

**Attachment # 2**

**Organizational Chart FY13**



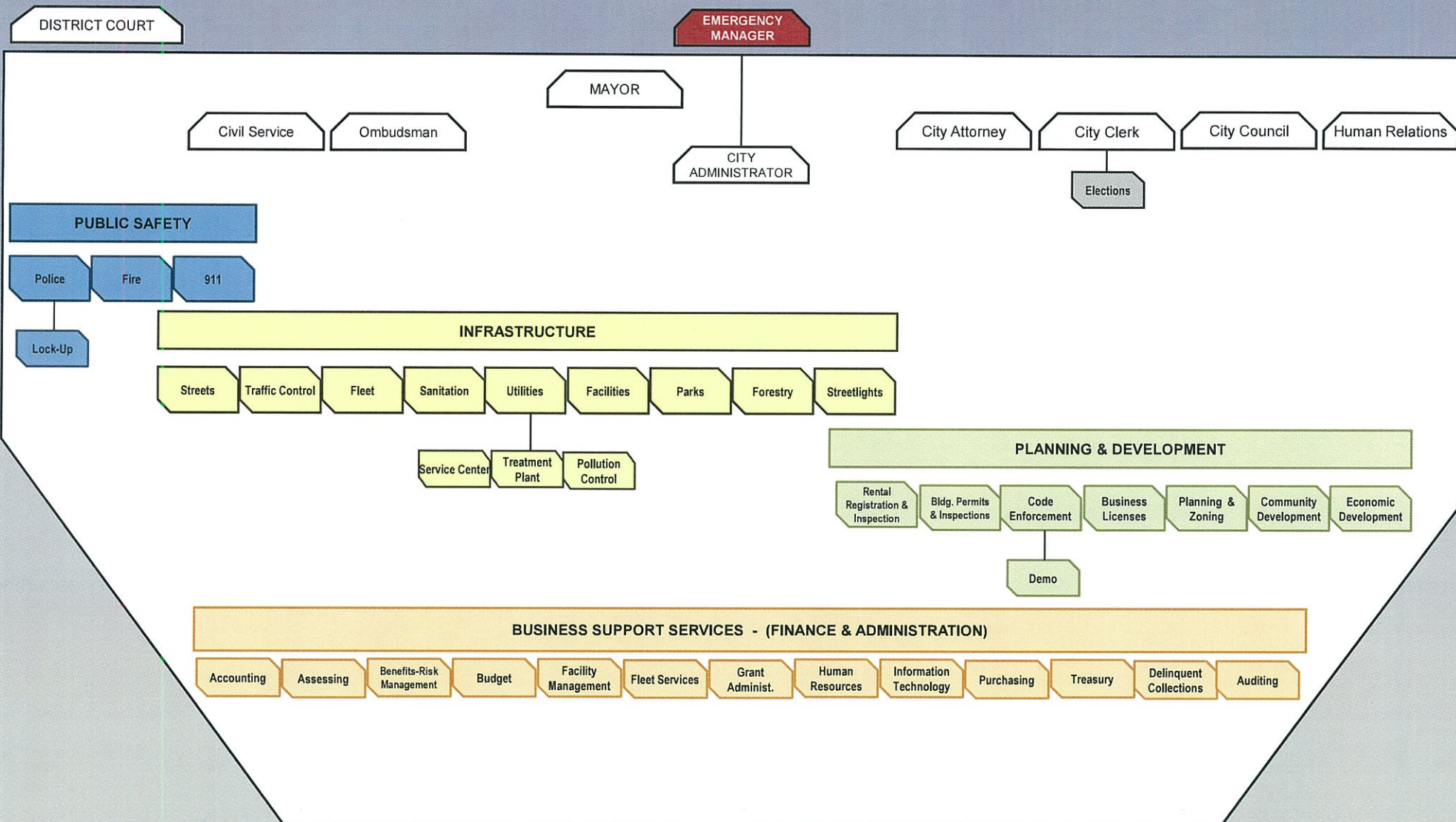
## City of Flint: Organizational Chart



**Attachment # 3**

**Organizational Chart FY 14**

# CITY OF FLINT - ORGANIZATIONAL CHART



## **Attachment # 4**

### **Orders and Directives of the EFM and EM**



## Executive Orders

DATE	ORDER #	DESCRIPTION
6/13/13	004	ADOPTION OF FISCAL YEAR 2014 BUDGET
6/6/13	003	SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING
4/12/13	002	CITY COUNCIL'S RESPONSIBILITIES AND PARTIAL RESTORATION OF COMPENSATION
3/28/13	001	MAYOR DAYNE WALLING'S RESPONSIBILITIES AND PARTIAL RESTORATION OF COMPENSATION
3/27/13	011	WATER SERVICE PROCEDURES
3/15/13	010	GRANT APPLICATIONS
12/12/12	EFM009	INVALIDATING COUNCIL ACTION
10/11/12	EFM008	POVERTY EXEMPTION TO STREET LIGHTING SPECIAL ASSESSMENT
10/11/12	EFM007	CITY COUNCIL ADOPTION OF AMENDMENT TO RENTAL INSPECTION ORDINANCE IS NULL AND VOID
09/14/12	EFM006	OVERTIME
09/12/12	EFM005	CITY TREASURER AUTHORIZED TO CORRECT ASSESSMENTS OR FEES IF PROPERTY OWNER ENTITLED TO WAIVER
08/24/12	EFM004	ADVISORY COMMITTEE
08/24/12	EFM003	BUDGETARY OVERSIGHT & TERMINATION OF LINE ITEM LEVEL
08/24/12	EFM002	PROCEDURE FOR SUBMISSION OF RESOLUTIONS AND ORDINANCES
08/24/12	EFM001	PROCEDURES FOR PURCHASING
08/08/12	034	FLINT POLICE OFFICERS ASSOCIATION UNION CONTRACT PROVISION MODIFICATION/TERMINATION - TRANSFER TO THE MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
08/08/12	033	CONSOLIDATION OF FLINT AREA ENTERPRISE COMMUNITY WITH ECONOMIC DEVELOPMENT CORPORATION AND ELIMINATION OF CITIZENS DISTRICT COUNCILS
06/27/12	032	ESTABLISHMENT OF SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING
05/30/12	031	WATER AND SEWER RATE INCREASES
05/30/12	030	SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING
05/30/12	029	APPLICATION TO STATE ADMINISTRATIVE BOARD FOR APPROVAL TO ISSUE NOT TO EXCEED \$9,300,000 IN FISCAL STABILIZATION BONDS
04/25/12	028	WASTE COLLECTION USER FEE
04/25/12	027	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH AFSCME LOCAL 1799
04/25/12	026	AFSCME LOCAL 1600 ("LOCAL 1600") CONTRACT PROVISION MODIFICATION/TERMINATION
04/25/12	025	AFSCME LOCAL 1799 RETIREE INSURANCE RECIPIENTS
04/25/12	024	AFSCME LOCAL 1600 RETIREE INSURANCE RECIPIENTS
04/25/12	023	FLINT I.A.F.F. - FLINT FIREFIGHTERS UNION RETIREE INSURANCE RECIPIENTS
04/25/12	022	FLINT POLICE OFFICERS ASSOCIATION UNION RETIREE INSURANCE RECIPIENTS
04/25/12	021	P.O.L.C. - FLINT POLICE CAPTAINS AND LIEUTENANTS UNION RETIREE INSURANCE RECIPIENTS
04/25/12	020	P.O.L.C. - FLINT POLICE SERGEANTS UNION RETIREE INSURANCE RECIPIENTS
04/25/12	019	NON-UNION ACTIVES AND RETIREE INSURANCE RECIPIENTS
04/25/12	018	FLINT POLICE OFFICERS ASSOCIATION CONTRACT PROVISION MODIFICATION/TERMINATION
04/25/12	017	ADOPTION OF FISCAL YEAR 2013 BUDGET
04/24/12	016	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH FLINT I.A.F.F. - FLINT FIREFIGHTERS UNION
04/24/12	015	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH P.O.L.C. - FLINT POLICE CAPTAINS AND LIEUTENANTS UNION
04/24/12	014	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH P.O.L.C. - FLINT POLICE SERGEANTS UNION
04/13/12	013	Modification of Section 10 of the settlement agreement and release of all claims dated OCTOBER 2, 2002, between the City of Flint and plaintiffs RICHARD DICKS, LEON NOVACK, SHIRLEY NOVACK, THE UNITED RETIREMENT GOVERNMENTAL EMPLOYEES (URGE), AND SANDRA YURK relating to prescription drug coverage for all retiree groups of the City of Flint
01/11/12	012	Monthly Meetings with Flint City Council
01/11/12	011	Procedure for Submission of Matters Involving a Recommendation by the Planning Commission
12/20/11	010	Council's Responsibilities & Compensation
12/20/11	009	Mayor's Responsibilities & Compensation
12/19/11	008	Advisory Committee

12/13/11	007	Budgetary Oversight & Termination of Line Item Level
12/08/11	006	Elimination of Civil Service Commission
12/08/11	005	Elimination of Office of Ombudsman
12/08/11	004	Procedures for Resolutions and Ordinances
12/08/11	003	Procedures for Purchasing
12/02/11	002	Elimination of Salaries for Mayor & Council
12/01/11	001	Termination of Appointments

**Attachment # 5**

**FY 14 Budget**

**See pgs. 32-44 of Attachment #6**



**Attachment # 6**

**Setting a Sustainable Course for the City of Flint  
2014-2018**

# CITY OF FLINT, MICHIGAN

## Setting a Sustainable Course for the City of Flint

Draft Strategic Plan

Five Year Financial Projections 2014-2018

Proposed FY14 Budget



*Prepared by*

Department of Finance

Gerald Ambrose, Finance Director

Antonio Brown, Deputy Finance Director

# **Setting a Sustainable Course for the City of Flint**

## **Five Year Financial Plan**

**2014-2018**

- A. Introduction
- B. Strategic Plan and Organizational Chart
- C. Five Year Projections
  - 1. FY14-18 Projections
    - a) Revenues
    - b) Expenses
    - c) Revenue and Expense Comparison
    - d) General Fund Revenue and Expense Projections
  - 2. Known Challenges
  - 3. Police and Fire Projections
  - 4. Deficit Elimination Projection
    - a) Elimination of Current 19.1 Million Deficit
    - b) Cumulative Deficit Projection
    - c) Annual Deficit Projection
- D. Proposed FY14 Budget
  - 1. Total Budget Summary
  - 2. General Fund Revenue and Expense Projections
  - 3. Staffing Projections
  - 4. Projected Taxpayer Impact

## **Setting a Sustainable Course for the City of Flint: Five Year Financial Plan 2014 -2018**

### **Introduction**

The City of Flint is currently in a financial emergency, placed in receivership by Governor Snyder in December, 2011. The primary reasons for this action included a continuing structural deficit, continuing annual deficits, and unchecked legacy costs, all resulting in an accumulated deficit and marginal cash flow which placed the city in an inevitable position of financial insolvency. The details of the many reasons for this action are detailed by the report of the Financial Review Team which reviewed the City's finances and recommended the action ultimately undertaken by the Governor.

The environment in which Flint finds itself is not necessarily new or unique. For many years, Flint has faced the challenges of an older urban center – population loss; high rates of poverty and low rates of educational attainment; high crime, aged infrastructure; and high legacy costs. In addition, there are stagnant or declining revenue streams, including property and income tax revenue; state shared revenues; disappearing grant revenues; rapidly increasing health and pension costs; an increasing number of retirees; and a workforce already seriously reduced in response to previous financial challenges. This environment is not expected to significantly change in the foreseeable future.

Since the original appointment of an Emergency Manager, charged with addressing the situation, the statutes authorizing the Governor's action has changed three times. However, while the original Emergency Manager has changed as a result of the statute changes, the team in place at the beginning of 2012, including the original Emergency Manager, has remained largely intact. There has been much action focused on restoring the financial solvency of Flint and putting into place changes to assist the government to once again become a leader fostering the community of Flint to become an attractive place for residents, businesses, students, and visitors.

At the end of fiscal year 2012, (June 30, 2012), the City's General Fund faced an accumulated deficit of more than \$19.1 million. The initial projections for the fiscal year 2013 budget (which began July 1, 2012), indicated a gap between revenues and expenses of more than \$20 million, and as the budget preparation proceeded, it was clear that the actual gap was much larger. The consequences were hard decisions made to reduce the workforce by 20%, reduce employee compensation by 20% of wages, alter retiree health care, and both request and impose significant tax and fee increases on residents and businesses totaling nearly \$20 million.

The result of these actions was a balanced budget in place on July 1, 2012. Eight months into the fiscal year, revenues and expenses remain balanced. With voter approval of a public safety millage, assistance from the state, and funds from several grant sources, public safety staffing has been stabilized for the time being, and the City is in the midst of creating a new Master Plan to guide the future development of the City.

The goal now has been to formally establish a new direction for the city government, looking forward for the next several years. To this end, a five year Strategic Plan for the City, accompanied by a financial plan, is being developed. The plan defines the key goals and objectives that the City intends to accomplish, framed in the context of conservatively projected revenues and expenses. Key goals include maintaining public safety; reducing the blight conditions prevalent throughout much of the city, providing other essential city services, and eliminating the accumulated deficit.

The development of the financial plan underpinning the Strategic Plan is the crucial component of the City's future financial viability. If one cannot see a clear path to financial solvency over the next five years, then the future is dim. And while there is little doubt that expenses cannot be reduced to meet revenues, the real question is whether or not the result equates even minimally to a viable city able to provide even the most basic of city services, let alone provide the support and leadership necessary for the Flint community to survive.

There are currently three sections to the plan and budget. The first is the most current draft of the Strategic Plan developed internally to guide the actions of city leaders for the next several years. The second section provides a five year overview of revenues and expenses and identifies the challenges the city currently identifies as impacting its future directions and capabilities. The third section details the preliminary FY 14 budget. While the FY14 budget as a financial document is nearly final, it is still necessary to finalize the specific objectives and measurements necessary to guide and measure implementation of the budget.

Once the review of the five year overlook is complete and the FY 14 budget is nearly complete, attention will then focus on development of the FY15 budget. Once that is complete –within the next several weeks, attention will be given to formulating financial plans for succeeding years while at the same time moving forward with adopting and implementing the FY14 budget.

# **FLINT STRATEGIC PLAN**

**2014 -2018**

*Setting a Sustainable Course for the City of Flint*

## **FLINT STRATEGIC PLAN**

2014 -2018

*Setting a Sustainable Course for the City of Flint*

### **The Vision for the City Government of Flint:**

A well managed, financially stable, and accountable government focused on creating and maintaining a vibrant and growing community which will attract and retain residents, businesses, students, and visitors

### **The Mission of the City Government:**

To assure that residents, businesses, students and visitors in the City of Flint receive municipal services in a customer friendly and financially responsible manner

### **The Goals:**

In order to fulfill its Mission, the City government will assure that residents, businesses, students and visitors will:

Have a safe, secure, and healthy environment in which to live, work, learn and play

Have access to dependable and affordable water, sewer, and waste collection

Have access to an adequate and well maintained transportation network serving motorized, non-motorized, and pedestrian needs

Cooperate with business, non-profit, and foundation partners to create a climate that supports community and economic development

The City government will also:

Provide municipal services consistent with the City's Master Plan and also work with residents, businesses, and others to foster development of the City and its infrastructure in a manner consistent with its Master Plan

Encourage partnerships for recreation and access to open space across the City

Enforce building and occupancy codes and to aggressively work with others to address blighted conditions

Assure that City ordinances and regulatory activities are consistent with the Master plan and supportive of economic development

Operate in an open and financially sustainable manner, including improving citizen access, focusing on measurable results, improving the City's financial position, and eliminating accumulated deficits

**FLINT STRATEGIC PLAN  
2014 -2018**  
Setting a Sustainable Course for the City of Flint

**GOVERNANCE/ADMINISTRATION**

FINAL 3/20/2013

<b><u>DIVISIONS/AREAS</u></b>	<b><u>FUNCTIONS/GOALS</u></b>	<b><u>KEY OBJECTIVES</u></b>
<b>EMERGENCY FINANCIAL MANAGER</b>	Directs and guides the City government in order to have a financially stable organization capable of assuring:	Assure Division Directors Achieve their goals
CITY ADMINISTRATOR		Finalize Contract for water services
MAYOR	* A safe, secure, healthy environment to live, work, play	Secure Continued Funding for the Lock-Up
COUNCIL		Secure Replacement Funding for the SAFER Grant
HUMAN RELATIONS	*A dependable and affordable water, sewer and waste collection	Pursue 911 Consolidation
CIVIL SERVICE/OMBUDSMAN		Implement New Organizational Structure/Hire Fire Chief and Asst. Police Chief
	*An adequate and well maintained transportation network	Establish link with FARD for grant assistance
		Support Economic Development
	* Support of community and economic development activities	Support Community Development
		Expand Communication efforts
		Assess Hospital Asset
		Pursue State Approval for Income Tax Increase
		Search for and Evaluate Shared Services
		Support State Level Changes to Municipal Financing
		Support consolidation of District Courts
<b>CITY ATTORNEY</b>	Provides legal advice on matters relating to the conduct of city business; prosecutes violations of city ordinances; responds to FOIA requests; advises in labor relations	Comprehensive review of all ordinances, including Zoning and Business Licensing
		Handle 95% of litigation in-house
		Improve skill sets of all staff
		Improve processes of handling paper and digital files
		Improve standardization of procedures for common legal matters
		Improve appearance of City Attorney's Office
<b>CITY CLERK</b>		
RECORDS	Manages custody and retention of city records, including minutes of official bodies. Conducts elections in accordance with state law.	Become current on cataloging and filing records
ELECTIONS		Conduct regularly scheduled and special elections



**FLINT STRATEGIC PLAN  
2014 -2018**

**Setting a Sustainable Course for the City of Flint**

**PUBLIC SAFETY**

<u>DIVISIONS/AREAS</u>	<u>FUNCTIONS/GOALS</u>	<u>KEY OBJECTIVES</u>
<b>POLICE</b>		
	Provides the best public safety response possible within total staffing of 150	Continue work with MSU Technical Assistance, including: Update Organizational Chart and administrative structure Hire Deputy Chief w Designated Responsibilities Establish Roster Fill Positions Eliminate Provisional Appointments Update Operational Policies Develop formal expectations for IT support Develop formal expectations for Fleet support Determine adequate size of Fleet Evaluate Lock Up operations Finalize 800 MHz installation Conduct technology training for all personnel Strengthen relationships with community groups
<b>911</b>	Provides the best possible emergency telephone answering and dispatch purpose possible within current staffing of 23	Reduce use of 911 for non-emergency calls Develop plan for Next Gen 911 technology Improve response to incoming 911 and 7 digit calls Improve data transfer for false alarm billing Complete 800 MHz implementation Develop plan for new communications tower Prepare plan for management succession Meet mandated training standards Complete 911 consolidation study and prepare to implement
<b>FIRE</b>	Provides the best fire response possible within current staffing of 94, while preparing for reduced operations with loss of SAFER funds	Document turnaround time for fire inspections Develop contingency plan without SAFER funding Develop potential shared services w surrounding depts. Analyze patterns of sick leave usage Evaluate alternate organizational structures Determine impact of "Fire only" response capability
<b>DISTRICT COURT</b>	Provides the most efficient processing possible within the net current appropriation from the City	Improve court coverage when employees are absent Improve Court Collections Re-establish Probation department Improve Criminal Case Processing

**FLINT STRATEGIC PLAN  
2014 -2018**  
Setting a Sustainable Course for the City of Flint

**INFRASTRUCTURE**

<u>DIVISIONS/AREAS</u>	<u>FUNCTIONS/GOALS</u>	<u>KEY OBJECTIVES</u>
<b>STREETS</b>		
	Oversees the maintenance and repair of the City's street and sidewalk network within the constraints of state funding and in compliance with state law	Conduct preventative maintenance on 10% of streets Implement Sidewalk repair program targeting 1,000 repairs Initiate a 50/50 Sidewalk repair program Invest \$100,000 in non-motorized facilities Initiate Pot Hole repair within 48 hours Initiate Right of Way Enforcement Program
<b>TRAFFIC CONTROL</b>		
	Oversees the maintenance and repair of traffic control signals and markings, including barricading and other temporary changes during repairs and events; provides safe access for the traveling public, both motorized and non-motorized	Initiate traffic signal preventive maintenance program Enforce state standards for traffic control devices Establish safe right of way environments for events Implement a long line pavement marking program
<b>SANITATION</b>		
	Assures the reliable and efficient collection and disposal of residential waste	Develop and execute compost plan Monitor contractor's waste collection activities Participate in development of recycling program Monitor finances of waste collection fee
<b>UTILITIES</b>		
	Assures the reliable and efficient provision of water and the disposal of sewage in compliance with local ordinances, state and federal laws	Comply with all MDEQ water quality standards Comply with all effluent quality standards Respond quickly and efficiently to water main breaks Continue implementing meter replacement program Design and implement pilot sewer back-up prevention program Implement Capital equipment/process upgrades Implement Storm Water Ordinance and fee Reduce storm water and groundwater infiltration into sanitary sewer Shut down incinerator as next step to reducing unit cost of solids disposal
<b>PARKS</b>		
	Oversees the maintenance and use of park land; promotes the development of recreational programming	Implement "Mowing plan" developed by Ruth Mott Foundation Promote "Adopt a Park" program throughout the City Participate with Planning to develop a parks disposal plan Monitor mowing contractor performance

**FLINT STRATEGIC PLAN  
2014 -2018**

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**Setting a Sustainable Course for the City of Flint**

**INFRASTRUCTURE (cont)**

<b><u>DIVISIONS/AREAS</u></b>		<b><u>FUNCTIONS/GOALS</u></b>	<b><u>KEY OBJECTIVES</u></b>
<b>FORESTRY</b>			
		Oversees the care of trees within the jurisdiction of the City	Develop program giving property owners responsibility for trees in right of way
			Provide capacity for emergency removals
			Seek volunteer capacity for tree planting
<b>STREETLIGHTS</b>			
		Works with Consumers Energy and City Planning to plan and implement an appropriate and energy efficient system of streetlights	Initiate planning process with CE for upgrades
			Monitor CE progress in plan implementation
			Monitor finances of streetlight assessment
<b>FLEET</b>			
			Complete and maintain a current fleet and equipment inventory
			Develop a vehicle/equipment replacement schedule
		Oversees the specification, purchase, repair, maintenance and replacement of all city vehicles and wheeled equipment. Provides professional and technical advice to departments regarding their vehicle and equipment needs.	Complete 75% of work orders within 72 hours
			Maintain scheduled/actual preventative/maintenance ratio > 75%
			Sustain average vehicle availability rates above 70%
			Implement fuel program to minimize fuel storage & cost
<b>FACILITIES</b>			
		Oversees the operations of all city buildings and grounds other than park land.	Resolve emergencies immediately
		Responsible for repair and maintenance of building systems, cleaning, and security. Provides professional and technical advice on departments facility needs and on most efficient use of facilities.	Develop and implement Property/Equipment Disposal Plan
			Assure proper ventilation, heating and cooling in occupied buildings
			Assure facilities are cleaned appropriately
			Assure buildings are safe and maintained for employees and visitors
			Define emergency saving opportunities

**FLINT STRATEGIC PLAN  
2014 -2018**  
Setting a Sustainable Course for the City of Flint

**PLANNING AND DEVELOPMENT**

<b><u>DIVISIONS/AREAS</u></b>	<b><u>FUNCTIONS/GOALS</u></b>	<b><u>KEY OBJECTIVES</u></b>
<b>CODE ENFORCEMENT</b>	Assures comprehensive and fair enforcement of compliance of the Michigan Construction Codes, City of Flint Ordinances, including rental registrations, and the International Property Maintenance Code	
<b>RENTAL REGISTRATIONS</b>		Register 100% of Rental Properties
<b>BUILDING PERMITS</b>		Review and update Building Fee Schedule
		Document timeliness of turnaround for Building Permits and Inspections
		Develop and implement a plan for code enforcement
<b>BUSINESS LICENSES</b>	Assures that all businesses within the City are registered in accordance with city ordinances and that appropriate inspections are completed in a professional and timely manner	
		Revise and simplify business licensing requirements
		License 100% of businesses, per ordinance
		Document timeliness of inspections done, per ordinance
<b>PLANNING AND ZONING</b>	Provides professional and technical advice and assists policy makers and administrators in guiding development of the City in accordance with its Master Plan; develops collaborative partnerships to coordinate planning efforts throughout the City	
		Adopt Master Plan by October 2013
		Amend Zoning Ordinance by June 2014
		Redesign park plan to recognize city resource limitations
		Update Capital Improvement Plan
		Develop plan to assure that disposition of city property is consistent w/ MPlan
		Make available basic demographic information and GIS Services
		Complete NEPA Clearances
		Complete Blight Elimination Plan
<b>COMMUNITY DEVELOPMENT</b>	Provides professional and technical advice and assists residents, policy makers, and others in developing strong neighborhoods. Supports the Green and Healthy Homes Initiative (GHHI), youth initiatives, urban housing initiatives, and quality of life initiatives by leveraging current federal funding sources.	
		Develop plan for strengthening neighborhoods
		Improve HUD grant allocation process
		Improve Contractor capacity to administer grants
		Reduce # of HUD grant findings
		Reduce Unsold Housing Inventory
		Close contracts more than 2 years old
<b>ECONOMIC DEVELOPMENT</b>	Provides professional and technical advice and assists businesses, policy makers and others in developing a positive climate to attract and retain business	
		Assess potential of making Oak Business Center profitable
		Assess effectiveness of EDC
		Formalize relationships with GRCC and others

**FLINT STRATEGIC PLAN  
2014 -2018**  
Setting a Sustainable Course for the City of Flint

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**BUSINESS SUPPORT**

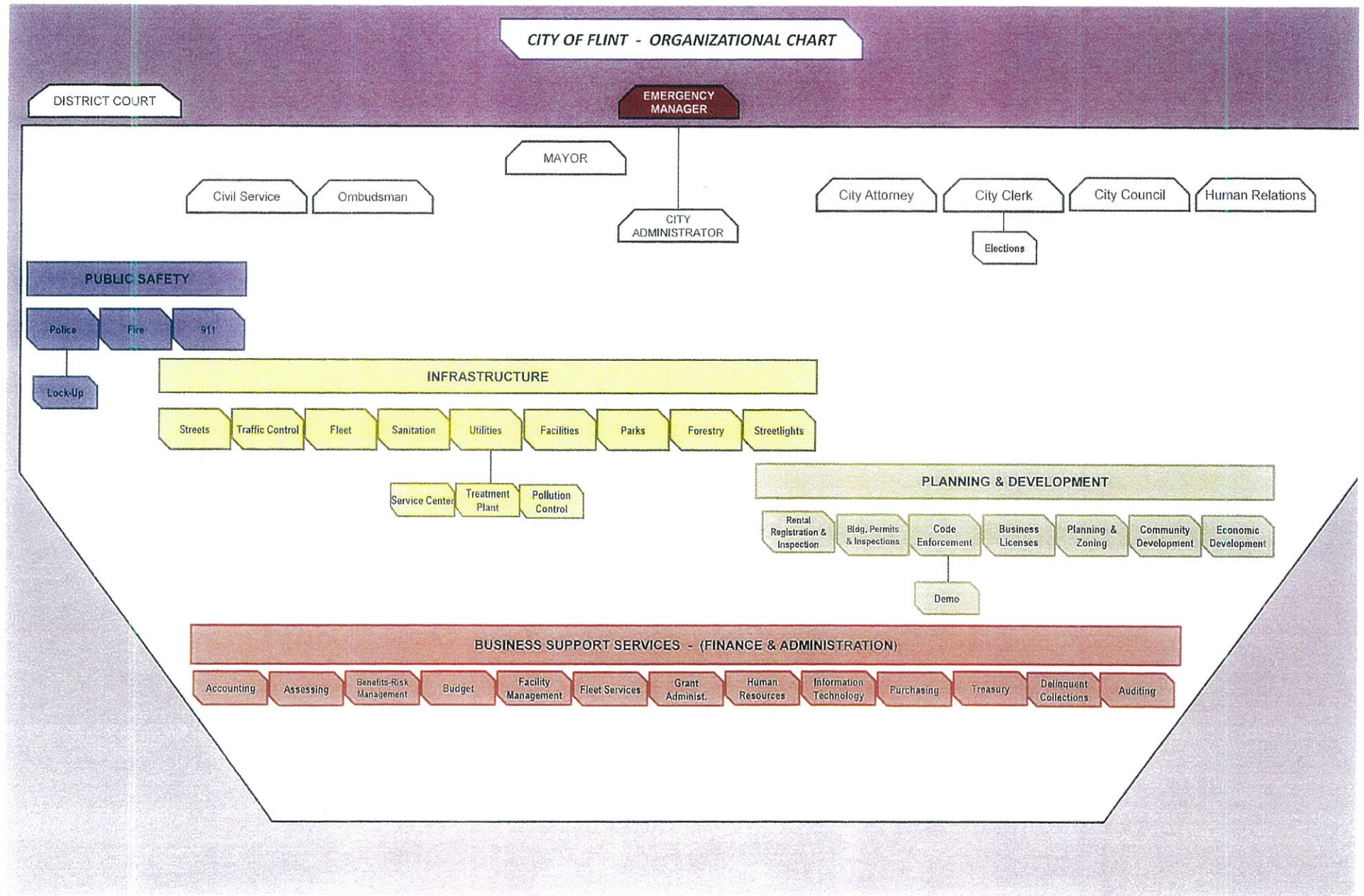
<b><u>DIVISIONS/AREAS</u></b>	<b><u>FUNCTIONS/GOALS</u></b>	<b><u>KEY OBJECTIVES</u></b>
<b>FINANCE</b>		
ACCOUNTING	Provides for a financially secure organization with sound business practices providing for the purchase of goods and services and financial reporting. Provides professional and technical advice to departments regarding financial and purchasing needs and on grant administration processes.	Meet State reporting requirements
AUDITING		Eliminate Deficit per plan
BUDGETING		Fully implement BS&A
RISK MANAGEMENT		Continue reorganization of department per P&M study
PURCHASING		Incorporate purchasing and risk management into Finance
GRANT ADMIN		Formalize a 5 year budget and planning process
		Complete and submit FY13 audit by November 30
		Design and implement formal budget monitoring process
		Implement new grant reporting process
		Fully implement P Card process; evaluate expansion
		Conduct ongoing training for all city accounting staff
		Develop and implement a city wide fixed asset policy
		Conduct ongoing training for all city purchasing staff
		Document turnaround time for purchasing goods and services
		Implement a vendor registration program
		Improve vendor payment turn around
		Develop formal internal audit process/procedures
		Issue RFP for FY14 audit
		Improve Cash position
		Review property and liability coverage's for adequacy
		Review health insurance coverages for cost savings
<b>TREASURY</b>		
CUSTOMER SERVICE	Provides for a customer friendly accountable entity managing receipts and collections. Monitors collections of property taxes, income taxes, water and sewer, and other receivables to assess budgetary compliance.	Increase income tax revenue thru compliance programs
DELINQUENT COLLECTIONS		Collect a larger percentage of the City's delinquent receivables
		Assist customers' needs timely
		Expand on electronic payment programs
		Implement e-file for income tax returns
		Set up training programs for Treasury staff
<b>ASSESSING</b>		
	Assures the assessment of properties within the City in a professional and equitable manner in conformance with state law and professional practices; addresses appeals of values to Board of Review; represents City at state level appeals	Migrate to BS&A.net; train staff
		Conduct tract revaluations
		Conduct personal property canvas of accounts less than \$40k
		Conduct personal property audits of accounts greater than \$40k
		Convert/transfer structure drawings from paper to APEX
		Establish and maintain parcel layer for City GIS
<b>HUMAN RESOURCES</b>		
	Oversees the recruitment and hiring of qualified employees in compliance with laws and ordinances, provides professional and technical advice in the development of personnel policies and contracts, and assists departments and employees in providing training and resolving disputes	Implement on-line application/screening (Applitrack)
		Update testing protocols for recruitment/selection
		Update/improve layoff process
		Identify contract terms for modification/elimination
		Codify and finalize labor contracts and personnel policies
		Revise process of benefit administration
		Foster and maintain good labor relations
		Resolve management concerns & employee grievances
		Design and implement ongoing training city wide
		Update personnel rules and procedures
		Update program and compliance for employee safety

**FLINT STRATEGIC PLAN**  
**2014 -2018**  
**Setting a Sustainable Course for the City of Flint**

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**BUSINESS SUPPORT (cont)**

<b><u>DIVISIONS/AREAS</u></b>	<b><u>FUNCTIONS/GOALS</u></b>	<b><u>KEY OBJECTIVES</u></b>
<b>INFORMATION TECHNOLOGY</b>	Oversees the design, purchase, implementation, and operation of the City's technology infrastructure; provides professional and technical advice to departments in utilization of technology; identifies and provides technology related training	Develop IT Strategic Plan Implement BS&A Restructure help desk for 30 min. response & 24 hr. fix Establish Technology training calendar for all employees Host quarterly User group meetings Purchase/Install Network Monitoring System Develop Hardware/software Refresh schedule Support establishment of GIS capacity for all city government Support improvement of city's web site



## **Five Year Financial Projections**



Proposed 5/20/13

## Five Year Financial Projections and Challenges City of Flint, FY14-FY18

Year 1 of the five year financial projection starts with a balanced FY14 budget, made possible in large part by continuation of several major grants supporting police, fire, and the update of the City's Master Plan, as well as the cost reduction strategies related to employee compensation which were implemented in FY13. These, plus continued effort to restructure work processes and to reduce the size of the workforce make it possible to provide services in FY14 at generally the same level as FY13. It also reflects the initial steps necessary to begin to eliminate the accumulated \$19.1 million deficit. However, it affords little ability to improve services, reduce taxes or fees, or to address the monumental amount of unmet capital improvement needs.

Years 2–5 show the continuing challenge of the City's structural deficit, with property tax revenues continuing to fall through FY15, and then stabilizing but with no growth until FY18. At the same time however, legacy and compensation costs are projected to increase by 5% per year, and major grant sources will disappear. The City will be faced with a significant challenge of attempting to choose between reductions in public safety and other reductions; however, finding other reductions may not be possible, given the minimal level of resources available. Again, without additional new significant levels of revenue, there is little ability to improve services or address continually increasing capital improvement needs.

Core General Fund revenues and millage proceeds are projected to remain substantially unchanged at \$58 million from FY14 to FY18. Taking into account current grant levels supporting general city services, however, revenues are projected to drop from \$66.1 million in FY14 to \$58 million in FY18. If the services and service delivery mechanisms supported by the FY14 revenues were left untouched through FY18, it is projected that the gap between revenues and expenses would be more than \$19 million by FY18. That gap amount would be even greater if some reductions (such as fire operations with the end of the SAFER grant) were not already incorporated into projections. This gap coincidentally is virtually the same amount as the \$19.1 accumulated General Fund deficit as of June 30, 2012.

Balancing city expenditures with projected revenues will be an ongoing challenge for the next several years. While FY14 is balanced, there is a projected \$9.1 million gap between revenues and expenditures for the FY15 budget, which begins July 1, 2014. This large gap is due primarily to the anticipated loss of some major grant sources, including SAFER (which provides funding for 39 fire fighters); Master Planning (which provides resources for the revision of the City's Master Plan) state support for operation of the City's Lock-Up; and the Mott Foundation grant which has supported the cost of several police officers. While solutions to closing this gap have not yet been formulated, work to do so will begin once the FY14 budget is finalized.

Revenue and expense projections for FY16, FY17, and FY18 all show gaps which must be closed. Current projections for each of these years range between \$2.4 and \$3.6 million, and again will pose a significant challenge. The continuation of these gaps reinforces the fact that the City of Flint, like most municipalities in the state, faces a structural gap. With ongoing expense increases in the conduct of business, including legacy costs, on one side, and flat revenues with little opportunity for growth on the other, there will be a continuing challenge to manage the City's business in a financially solvent manner while still providing even the most basic of city services. It is becoming even more imperative that serious consideration be given to providing a more realistic funding mechanism for municipalities. In the City of Flint, state legislative approval to allow consideration of an increase in the income tax (as has been done for other municipalities) is an option that could address the city's plight in a substantial way.

These financial challenges show that it will be difficult for the City to maintain its police and fire departments at current levels. Were it not for the voter approved 6 mill increase in property taxes, as well as continuation of the Neighborhood Police millage, consideration of current levels would be impossible to consider. As it is, it is projected that with the end of the SAFER grant in FY15, staffing for the Fire Department will be reduced from 94 to 75, allowing for the operation of 3 stations. And while staffing for the Police Department may stay close to its current 150 level for a few years, it will likely reduce to 140 in FY18. And that scenario is only possible with continued COPS grant funding.

It will also be challenging to allocate City funds for Planning and Zoning as the grant funding for these activities ends in FY15. Without dedicated staff to pursue implementation of the soon to be adopted Master Plan and updated Zoning Ordinance, development goals of the City cannot be effectively pursued.

With current federal funding for community development and code enforcement significantly reducing over the next few years, city efforts to make even marginal progress in addressing blight and becoming more aggressive in enforcing building and safety codes is in jeopardy. If progress is to continue, it will be necessary that other sources of funding be found.

Finally, it will become increasingly difficult to address priority areas such as those mentioned above by further reducing or eliminating other areas of City services. Restructuring the city's workforce and compensation structures have been done and are ongoing, and city support of areas such as parks and recreation and human services have been reduced. These have resulted in efficiencies and a balanced budget for FY13 and FY14, and there are more decisions to be made. However, there may become a time when no further reductions of the magnitude necessary to balance budgets can be achieved.

**CITY OF FLINT 5 YEAR PROJECTION****REVENUES**

	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>
	<u>PROJECTED</u>	<u>PROPOSED</u>	<u>PROJECTED</u>	<u>PROJECTED</u>	<u>PROJECTED</u>	<u>PROJECTED</u>
GENERAL FUND REVENUES (LESS MAJOR GRANTS)	\$54,400,943	\$50,163,337	\$49,732,298	\$48,792,198	\$48,421,519	\$48,581,791
NEIGHBORHOOD POLICE MILLAGE	\$1,962,180	\$1,549,180	\$1,090,192	\$1,017,513	\$1,088,388	\$1,121,808
POLICE AND FIRE MILLAGE	\$1,059,000	\$1,845,827	\$4,593,085	\$4,441,172	\$4,529,682	\$4,440,658
PARKS AND RECREATION MILLAGES	\$386,400	\$609,064	\$277,000	\$266,000	\$266,000	\$271,000
PUBLIC IMPROVEMENT MILLAGE	\$2,319,880	\$1,875,000	\$1,383,000	\$1,328,000	\$1,328,000	\$1,355,000
BUILDING INSPECTION FUND	\$5,258,203	\$2,318,627	\$1,586,457	\$1,702,957	\$1,827,657	\$1,961,324
<b>SUBTOTAL</b>	<b>\$65,366,606</b>	<b>\$68,361,035</b>	<b>\$58,662,032</b>	<b>\$57,547,840</b>	<b>\$57,441,246</b>	<b>\$57,731,581</b>

**MAJOR GRANTS**

SAFER (Fire)	\$3,261,601	\$3,261,601	\$0	\$0	\$0	\$0
Master Planning	\$516,227	\$1,166,611	\$0	\$0	\$0	\$0
Lockup (GF)	\$1,330,000	\$1,300,001	\$0	\$0	\$0	\$0
COPS Hiring Grant (GF)	\$998,520	\$825,746	\$454,247	\$476,959	\$500,807	\$0
Drug Forfeiture Fund	\$296,473	\$435,042	\$181,699	\$63,595	\$66,774	\$0
MOTT (Police - GF)	\$1,485,520	\$135,000	\$0	\$0	\$0	\$0
Other (Police - GF)	\$2,141,566	\$620,992	\$300,000	\$300,000	\$300,000	\$300,000
<b>SUBTOTAL</b>	<b>\$10,029,907</b>	<b>\$7,744,993</b>	<b>\$935,946</b>	<b>\$840,554</b>	<b>\$867,581</b>	<b>\$300,000</b>

**NET REVENUES FOR GENERAL CITY SERVICES**

	<b>\$75,416,513</b>	<b>\$66,106,028</b>	<b>\$59,597,978</b>	<b>\$58,388,394</b>	<b>\$58,308,827</b>	<b>\$58,031,581</b>
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**CDBG AND OTHER RESTRICTED GRANTS**

CDBG/HUD (FY13 & prior years)	\$11,661,466	\$9,375,083				
CDBG		\$4,469,675	\$4,246,191	\$4,033,882	\$3,832,188	\$3,640,578
<b>SUBTOTAL</b>	<b>\$11,661,466</b>	<b>\$13,844,758</b>	<b>\$4,246,191</b>	<b>\$4,033,882</b>	<b>\$3,832,188</b>	<b>\$3,640,578</b>

**STATE RESTRICTED REVENUES**

Major Streets	\$7,096,176	\$6,829,982	\$6,756,929	\$6,722,346	\$6,800,502	\$6,566,032
Local Streets	\$3,535,537	\$2,390,922	\$1,533,627	\$1,782,829	\$1,616,745	\$1,892,679
<b>SUBTOTAL</b>	<b>\$10,631,713</b>	<b>\$9,220,904</b>	<b>\$8,290,456</b>	<b>\$8,505,175</b>	<b>\$8,417,247</b>	<b>\$8,458,711</b>

**ASSESSMENTS AND FEES**

Street Light Assessment	\$2,850,000	\$2,982,960	\$3,102,278	\$3,226,370	\$3,355,424	\$3,303,931
Garbage Collection Fee	\$5,000,000	\$5,132,490	\$5,337,790	\$5,551,301	\$5,773,353	\$6,685,284
<b>SUBTOTAL</b>	<b>\$7,850,000</b>	<b>\$8,115,450</b>	<b>\$8,440,068</b>	<b>\$8,777,671</b>	<b>\$9,128,778</b>	<b>\$9,989,215</b>

**ENTERPRISE FUNDS**

Water Fund	\$50,846,604	\$50,964,182	\$53,002,749	\$55,122,859	\$57,327,774	\$59,620,885
Sewer Fund	\$32,093,816	\$31,918,397	\$33,195,133	\$34,522,938	\$35,003,856	\$37,340,010
<b>SUBTOTAL</b>	<b>\$82,940,419</b>	<b>\$82,882,579</b>	<b>\$86,197,882</b>	<b>\$89,645,797</b>	<b>\$93,231,629</b>	<b>\$96,960,895</b>

**TOTAL REVENUES FOR ALL CITY SERVICES**

	<b>\$188,500,111</b>	<b>\$180,169,719</b>	<b>\$166,772,575</b>	<b>\$169,350,919</b>	<b>\$172,918,668</b>	<b>\$177,080,980</b>
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**CITY OF FLINT 5 YEAR EXPENSE PROJECTIONS****GENERAL CITY SERVICES:**

	FY13	FY14	FY15	FY16	FY17	FY18
	PROJECTED	PROPOSED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
City Council	\$352,899	\$333,449	\$343,452	\$360,625	\$378,656	\$397,589
District Court	\$5,358,479	\$5,194,307	\$5,454,022	\$5,726,723	\$6,013,059	\$6,313,712
Mayor	\$206,579	\$212,239	\$218,606	\$229,536	\$241,013	\$253,064
City Administrator	\$711,982	\$384,106	\$395,629	\$415,410	\$436,181	\$457,990
HRC	\$40,103	\$26,237	\$27,024	\$28,375	\$29,794	\$31,284
Finance	\$1,100,342	\$924,822	\$971,063	\$1,019,616	\$1,070,597	\$1,124,127
Clerk	\$423,065	\$321,995	\$338,095	\$355,000	\$372,750	\$391,387
Purchasing	\$155,204	\$130,229	\$136,740	\$143,577	\$150,756	\$158,294
Treasury	\$2,878,129	\$3,052,787	\$3,205,426	\$3,365,697	\$3,533,982	\$3,710,681
Assessing	\$1,109,773	\$1,084,221	\$1,138,432	\$1,195,354	\$1,255,121	\$1,317,877
Elections	\$572,525	\$541,837	\$568,929	\$702,375	\$737,494	\$774,369
Law	\$1,057,484	\$952,761	\$971,816	\$1,020,407	\$1,071,427	\$1,124,989
Human Resources	\$673,636	\$622,167	\$653,275	\$685,939	\$720,236	\$756,247
MISC Allocation	\$298,509	\$0	\$0	\$0	\$0	\$0
POLICE	\$20,927,168	\$19,266,211	\$22,344,734	\$23,461,971	\$24,635,069	\$25,866,823
911	\$3,314,413	\$3,745,525	\$3,932,801	\$4,129,441	\$4,335,913	\$4,552,709
Fire	\$10,953,319	\$11,699,796	\$12,284,786	\$12,899,025	\$13,543,977	\$14,221,175
Building Inspection (transfer)	\$986,519	\$539,170	\$556,129	\$583,935	\$613,132	\$643,789
Planning and Zoning	\$99,120	\$121,875	\$427,969	\$449,367	\$471,836	\$495,428
Community Development	\$2,058,900	\$186,293	\$190,019	\$199,520	\$209,496	\$219,971
Fire CDBG	\$407,524	\$0	\$0	\$0	\$0	\$0
Parks and Recreation	\$576,842	\$5,100	\$5,355	\$5,623	\$5,904	\$6,199
Facilities	\$1,263,526	\$1,207,382	\$1,392,751	\$1,482,389	\$1,535,508	\$1,612,283
Police Millage Fund (transfer)	\$0	\$0	\$0	\$0	\$0	\$0
Parks Fund (transfer)	\$40,000	\$0	\$0	\$0	\$0	\$0
Other transfers out	\$0	\$0	\$0	\$0	\$0	\$0
Transfers out	\$100,000	\$0	\$0	\$0	\$0	\$100,000
<b>TOTAL GENERAL FUND EXPENDITURES (LESS MAJOR GRANTS)</b>	<b>\$55,666,040</b>	<b>\$50,582,509</b>	<b>\$55,657,053</b>	<b>\$58,439,906</b>	<b>\$61,361,901</b>	<b>\$64,529,996</b>
NEIGHBORHOOD POLICE MILLAGE	\$1,962,181	\$1,549,180	\$1,090,192	\$1,017,513	\$1,068,388	\$1,121,808
POLICE AND FIRE MILLAGE	\$1,059,000	\$1,845,828	\$4,593,085	\$4,441,172	\$4,529,682	\$4,440,858
PARKS AND RECREATION MILLAGE	\$386,400	\$609,064	\$276,575	\$265,512	\$265,512	\$270,822
PUBLIC IMPROVEMENT MILLAGE	\$2,104,906	\$1,875,000	\$2,131,515	\$2,136,077	\$2,138,540	\$2,138,540
BUILDING INSPECTION FUND	\$5,036,426	\$2,318,626	\$1,183,340	\$1,207,242	\$1,230,603	\$1,253,388
<b>SUBTOTAL</b>	<b>\$66,214,953</b>	<b>\$58,750,207</b>	<b>\$64,931,760</b>	<b>\$67,507,422</b>	<b>\$70,594,626</b>	<b>\$73,755,212</b>
<b>MAJOR GRANTS</b>						
SAFER (Fire)	\$3,261,601	\$3,261,601	\$0	\$0	\$0	\$0
Master Planning	\$516,227	\$1,166,611	\$0	\$0	\$0	\$0
Lockup (GF)	\$1,330,000	\$1,300,001	\$0	\$0	\$0	\$0
COPS Hiring Grant (GF)	\$998,520	\$845,575	\$454,247	\$476,959	\$500,807	\$0
Drug Forfeiture Fund	\$296,473	\$435,042	\$181,699	\$63,595	\$66,774	\$0
MOTT (Police - GF)	\$1,485,520	\$135,000	\$0	\$0	\$0	\$0
Other (Police - GF)	\$916,473	\$211,991	\$300,000	\$300,000	\$300,000	\$300,000
<b>SUBTOTAL</b>	<b>\$8,804,814</b>	<b>\$7,355,821</b>	<b>\$935,946</b>	<b>\$840,554</b>	<b>\$867,581</b>	<b>\$300,000</b>
<b>TOTAL EXPENSES FOR GENERAL CITY SERVICES</b>	<b>\$75,019,767</b>	<b>\$66,106,028</b>	<b>\$65,867,706</b>	<b>\$68,347,976</b>	<b>\$71,462,207</b>	<b>\$74,055,212</b>

**OTHER EXPENDITURES**

Proposed 5/17/13

Attachment C-1b

**CDBG AND OTHER RESTRICTED GRANTS**

	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>
	<u>PROJECTED</u>	<u>PROPOSED</u>	<u>PROJECTED</u>	<u>PROJECTED</u>	<u>PROJECTED</u>	<u>PROJECTED</u>
CDBG/HUD (FY13 & prior years)	\$11,661,466	\$9,375,083				
CDBG		<u>\$4,469,675</u>	<u>\$4,246,191</u>	<u>\$4,033,882</u>	<u>\$3,832,188</u>	<u>\$3,640,578</u>
<b>SUBTOTAL</b>	<b>\$11,661,466</b>	<b>\$13,844,758</b>	<b>\$4,246,191</b>	<b>\$4,033,882</b>	<b>\$3,832,188</b>	<b>\$3,640,578</b>

**STATE RESTRICTED REVENUES**

MAJOR STREETS	\$7,096,176	\$5,991,700	\$4,392,747	\$4,183,345	\$5,094,628	\$4,276,494
LOCAL STREETS	<u>\$3,534,631</u>	<u>\$2,322,073</u>	<u>\$1,533,527</u>	<u>\$1,782,829</u>	<u>\$1,616,745</u>	<u>\$1,892,679</u>
<b>SUBTOTAL</b>	<b>\$10,630,807</b>	<b>\$8,313,773</b>	<b>\$5,926,274</b>	<b>\$5,966,174</b>	<b>\$6,711,373</b>	<b>\$6,169,173</b>

**ASSESSMENTS AND FEES**

STREET LIGHT ASSESSMENT	\$2,850,000	\$2,982,960	\$3,023,565	\$3,114,272	\$3,207,700	\$3,303,931
GARBAGE COLLECTION FEE	<u>\$4,901,202</u>	<u>\$5,132,490</u>	<u>\$5,775,000</u>	<u>\$6,063,750</u>	<u>\$6,366,938</u>	<u>\$6,685,284</u>
<b>SUBTOTAL</b>	<b>\$7,751,202</b>	<b>\$8,115,450</b>	<b>\$8,798,565</b>	<b>\$9,178,022</b>	<b>\$9,574,638</b>	<b>\$9,989,215</b>

**ENTERPRISE FUNDS**

WATER FUND	\$54,596,604	\$55,153,141	\$54,202,479	\$56,370,579	\$58,625,402	\$60,870,418
SEWER FUND	<u>\$37,093,816</u>	<u>\$36,860,807</u>	<u>\$34,212,007</u>	<u>\$35,680,488</u>	<u>\$37,003,707</u>	<u>\$38,483,855</u>
<b>SUBTOTAL</b>	<b>\$91,690,419</b>	<b>\$92,014,048</b>	<b>\$88,414,487</b>	<b>\$91,951,066</b>	<b>\$95,629,109</b>	<b>\$99,454,273</b>

<b>TOTAL EXPENSES FOR OTHER EXPENDITURES</b>	<b>\$121,733,894</b>	<b>\$122,288,029</b>	<b>\$107,385,517</b>	<b>\$111,129,144</b>	<b>\$115,747,307</b>	<b>\$119,253,240</b>
<b>TOTAL EXPENSES FOR GENERAL CITY SERVICES</b>	<b><u>\$75,019,767</u></b>	<b><u>\$66,106,028</u></b>	<b><u>\$65,867,706</u></b>	<b><u>\$68,347,976</u></b>	<b><u>\$71,482,207</u></b>	<b><u>\$74,055,212</u></b>
<b>GRAND TOTAL EXPENSES</b>	<b>\$196,753,661</b>	<b>\$188,394,057</b>	<b>\$173,253,223</b>	<b>\$179,477,120</b>	<b>\$187,209,514</b>	<b>\$193,308,452</b>

**CITY OF FLINT 5 YEAR REVENUE/EXPENSE PROJECTION COMPARISON****GENERAL CITY SERVICES**

		<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>
(General Fund Only) (without major grants)	REVENUES	\$54,400,943	\$50,163,337	\$49,732,298	\$48,782,198	\$48,421,519	\$48,581,791
	EXPENSES	\$55,666,040	\$50,552,509	\$55,657,053	\$58,439,906	\$61,361,901	\$64,529,996
	DIFFERENCE \$	-\$1,265,097	-\$389,172	-\$5,924,755	-\$9,647,708	-\$12,940,382	-\$15,948,205
	DIFFERENCE %		-1%	-11%	-17%	-21%	-25%

**GENERAL CITY SERVICES**

(MILLAGE/RESTRICTED FUNDS ONLY)	REVENUES	\$10,985,663	\$8,197,698	\$8,929,734	\$8,755,642	\$9,019,727	\$9,149,790
	EXPENSES	\$10,548,913	\$8,197,698	\$9,274,707	\$9,067,516	\$9,232,725	\$9,225,216
	DIFFERENCE \$	\$436,750	\$0	-\$344,973	-\$311,874	-\$212,998	-\$75,426
	DIFFERENCE %	4%	0%	-4%	-3%	-2%	-1%

**GRANTS**

	REVENUES	\$10,029,907	\$7,744,993	\$935,946	\$840,554	\$867,581	\$300,000
	EXPENSES	\$8,804,814	\$7,355,821	\$935,946	\$840,554	\$867,581	\$300,000
	DIFFERENCE \$	\$1,225,093	\$389,172	\$0	\$0	\$0	\$0
	DIFFERENCE %	14%	5%	0%	0%	0%	0%

**TOTAL GF, MILLAGES, GRANTS**

(GF/ MILLAGES, GRANTS)	REVENUES	\$75,416,513	\$66,106,028	\$59,597,978	\$58,388,394 #	\$58,308,827	\$58,031,581
	EXPENSES	\$75,019,767	\$66,106,028	\$65,867,706	\$68,347,976	\$71,462,207	\$74,055,212
	DIFFERENCE \$	\$396,746	\$0	-\$6,269,728	-\$9,959,582 #	-\$13,153,380	-\$16,023,631
	DIFFERENCE %	1%	0%	-10%	-15%	-18%	-22%

**TOTAL CITY SERVICES**

(GF, MILLAGES, GRANTS, & OTHERS)	REVENUES	\$188,500,111	\$180,169,719	\$166,772,575	\$169,350,919	\$172,918,668	\$177,080,980
	EXPENSES	\$196,753,661	\$188,394,057	\$173,253,223	\$179,477,120	\$187,209,514	\$193,308,452
	DIFFERENCE \$	-\$8,253,550	-\$8,224,338	-\$6,480,648	-\$10,126,201	-\$14,290,846	-\$16,227,472
	DIFFERENCE %	-4%	-4%	-4%	-6%	-8%	-8%

**GENERAL FUND REVENUE PROJECTIONS**

Proposed 5/17/13

Attachment C1-d

	<b>FY13 PROJECTED</b>	<b>FY14 PROJECTED</b>	<b>FY15 PROJECTED</b>	<b>FY16 PROJECTED</b>	<b>FY17 PROJECTED</b>	<b>FY18 PROJECTED</b>
Property Taxes	5,720,000	4,522,000	4,179,000	4,012,000	4,012,000	4,088,000
Income Taxes	15,300,000	14,210,000	14,210,000	14,067,900	13,927,221	14,066,493
Special Assessments	5,000	8,000	8,000	8,000	8,000	8,000
State Shared Revenues	13,140,585	13,872,368	13,900,000	13,900,000	13,900,000	14,000,000
Charges for Services Rendered - Water/Sewer PILOT	1,958,450	1,958,450	1,958,450	1,958,450	1,958,450	1,958,450
Interest	114,400	150,000	175,000	175,000	200,000	200,000
Other	6,010	6,000	6,000	6,000	6,000	6,000
Fund Balance	-419,642	-1,000,000	-1,000,000	-1,450,000	-1,750,000	-1,900,000
District Court - State Grant	228,000	0	0	0	0	0
District Court - Fines and Forfeitures	1,164,611	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Finance - Charges for Services	1,150	2,200	2,000	2,000	2,000	2,000
Finance - Grant	57,000	0	0	0	0	0
Clerk - Charges for Services	350	350	350	350	350	350
Cable Franchise Fees	1,287,931	1,303,626	1,300,000	1,300,000	1,300,000	1,300,000
Sale of Equipment	130,007	75,000	50,000	75,000	75,000	75,000
Treasury Operations - Charges for Services	434,381	309,211	310,000	310,000	310,000	310,000
Treasury Operations - Other Revenues	27,000	27,000	25,000	25,000	25,000	25,000
Income Tax Operations - Other Charges	20,000	0	0	0	0	0
Treasury - Delinquent Collections	0	700,000	800,000	800,000	850,000	850,000
Assessing - Charges for Services	6,000	10,000	10,000	9,000	9,000	9,000
Clerk - Charges for Services	19,693	18,600	19,000	19,000	19,000	19,000
Clerk - Disabled Voter Grant	10,000	0	0	0	0	0
Law Department - Charges for Services	14,925	16,500	16,500	16,500	16,500	16,500
Personnel - Charges for Services	3,207	0	0	0	0	0
Cost Allocation Reimbursement	7,401,730	5,386,068	5,200,000	5,000,000	5,000,000	5,000,000
Police Department - Misc Grants	2,141,566	620,992	300,000	300,000	300,000	300,000
Police Department - COPS Grant	998,552	825,746	454,247	476,959	500,807	0
Police Department - Mott Grant	1,485,520	135,000	0	0	0	0
Police Department - Misc Revenues	313,148	396,250	400,000	400,000	400,000	400,000
Police Department - Impound Lot	654,000	554,020	555,000	555,000	555,000	555,000
Police Department - Lockup	1,330,000	1,300,001	0	0	0	0
Police Department - School Liaison Contract	384,061	361,196	360,000	360,000	360,000	360,000
Fire Department - Misc Revenues	143,200	220,500	200,000	200,000	200,000	200,000
911 - Surcharge and Grant	1,577,000	1,334,000	1,330,000	1,325,000	1,320,000	1,315,000
Planning and Zoning - Misc Revenues	29,250	25,000	25,000	25,000	25,000	25,000
Fire-CDBG	407,524	0	0	0	0	0
Parks - Misc Revenues	183,942	19,000	15,000	15,000	15,000	15,000
Transfers in - Water and Sewer (ROE)	2,990,000	2,990,000	2,990,000	2,990,000	2,990,000	2,990,000
Transfers in - Cost Allocation	1,087,998	1,087,998	1,087,998	1,087,998	1,087,998	1,087,998
<b>TOTAL PROJECTED Revenues</b>	<b>60,356,549</b>	<b>53,045,076</b>	<b>50,486,545</b>	<b>49,569,157</b>	<b>49,222,326</b>	<b>48,881,791</b>
<b>Major Grants (separated)</b>						
Lockup	1,330,000	1,300,001	0	0	0	0
Mott Grant	1,485,520	135,000	0	0	0	0
COPS Grant	998,552	825,746	454,247	476,959	500,807	0
Other Police Grants	<u>2,141,566</u>	<u>620,992</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
	54,400,911	50,163,337	49,732,298	48,792,198	48,421,519	48,581,791

**GENERAL FUND EXPENSE PROJECTIONS**

Proposed 6/17/13

Attachment C1-d

	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>
	<u>PROJECTED</u>	<u>PROPOSED</u>	<u>PROJECTED</u>	<u>PROJECTED</u>	<u>PROJECTED</u>	<u>PROJECTED</u>
City Council	\$352,899	\$333,449	\$343,452	\$360,625	\$378,656	\$397,589
District Court	\$5,358,479	\$5,194,307	\$5,454,022	\$5,726,723	\$6,013,060	\$6,313,713
Mayor	\$206,579	\$212,239	\$218,606	\$229,536	\$241,013	\$253,064
City Administrator	\$711,982	\$384,106	\$395,629	\$415,411	\$436,181	\$457,990
HRC	\$40,103	\$26,237	\$27,024	\$28,375	\$29,794	\$31,284
Finance	\$1,100,342	\$924,822	\$971,063	\$1,019,616	\$1,070,597	\$1,124,127
Clerk	\$423,085	\$321,995	\$338,095	\$354,999	\$372,749	\$391,387
Purchasing	\$155,204	\$130,229	\$136,740	\$143,577	\$150,756	\$158,294
Treasury	\$2,878,129	\$3,052,787	\$3,205,426	\$3,365,698	\$3,533,983	\$3,710,682
Assessing	\$1,109,773	\$1,084,221	\$1,138,432	\$1,195,354	\$1,255,121	\$1,317,877
Elections	\$572,525	\$541,837	\$668,929	\$702,375	\$837,494	\$879,369
Law	\$1,057,484	\$952,761	\$971,816	\$1,020,407	\$1,071,427	\$1,124,999
Human Resources	\$673,636	\$622,167	\$653,275	\$685,939	\$720,236	\$756,248
MISC Allocation	\$298,509	\$0	\$0	\$0	\$0	\$0
POLICE	\$25,657,681	\$21,758,778	\$23,088,981	\$24,243,430	\$25,455,601	\$26,728,382
911	\$3,314,413	\$3,745,525	\$3,932,801	\$4,129,441	\$4,335,913	\$4,552,709
Fire	\$10,953,319	\$11,699,796	\$12,284,786	\$12,899,025	\$13,543,976	\$14,221,175
Building Inspection (transfer)	\$986,519	\$539,170	\$566,129	\$594,435	\$624,157	\$655,365
Planning and Zoning	\$99,120	\$121,875	\$427,969	\$449,367	\$471,836	\$495,427
Community Development	\$2,058,900	\$186,293	\$190,019	\$199,520	\$209,496	\$219,971
Fire-CDBG	\$407,524					
Parks and Recreation	\$576,842	\$5,100	\$5,355	\$5,623	\$5,904	\$6,199
Facilities	\$1,263,526	\$1,207,382	\$1,392,751	\$1,462,389	\$1,535,508	\$1,612,283
Police Millage Fund (transfer)	\$0	\$0	\$0	\$0	\$0	\$0
Parks Fund (transfer)	\$40,000	\$0	\$0	\$0	\$0	\$0
Other transfers out	\$0	\$0	\$0	\$0	\$0	\$0
Transfers out	\$100,000	\$0	\$0	\$0	\$0	\$100,000
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>\$60,396,553</b>	<b>\$53,045,076</b>	<b>\$56,411,302</b>	<b>\$59,231,867</b>	<b>\$62,293,460</b>	<b>\$65,508,133</b>
<b>Major Grants (Separated)</b>						
Lockup	\$1,330,000	\$1,300,001	\$0	\$0	\$0	\$0
Mott Grant	\$1,485,520	\$135,000	\$0	\$0	\$0	\$0
COPS Grant	\$998,552	\$445,575	\$454,247	\$476,959	\$500,807	\$0
Other Police Grants	\$2,141,566	\$611,991	\$300,000	\$300,000	\$300,000	\$300,000
	<b>\$54,440,915</b>	<b>\$50,552,509</b>	<b>\$55,657,055</b>	<b>\$58,454,908</b>	<b>\$61,492,653</b>	<b>\$65,208,133</b>

**Significant Changes:**  
5% cost escalator PLUS:

Elections	\$100,000	\$100,000
Police Officers	2	3
	\$242,264	\$381,567
Planning staff	\$300,000	
Facilities	\$125,000	

Not included:	Lock up
	\$1,330,000



**KNOWN CHALLENGES**

Declining Property tax values	-18%	-8%	-2%	0%	0%	2%
Stagnant Income tax receipts	0%	0%	0%	0%	0%	0%
Stagnant State shared revenues	0%	0%	0%	0%	0%	0%
Limited Income Raising potential						

Property tax levy 19.4 mills/20 mill limit  
Income tax levy at state limit  
New fees/taxes = + delinquencies  
High poverty rate

20% 30% 30% 30% 30% 0%

**Declining Grant Revenues**

SAFER (FIRE)	\$3,261,601	\$3,261,601	\$0	\$0	\$0	\$0
Master Planning	\$516,227	\$1,166,611	\$0	\$0	\$0	\$0
Lock Up	\$1,330,000	\$1,330,000	\$0	\$0	\$0	\$0
COPS Hiring Grant	\$998,520	\$825,746	\$454,247	\$476,959	\$500,807	\$0
Molt (Police)	\$1,485,520	\$135,000	\$0	\$0	\$0	\$0
Drug Forfeiture		\$425,000	\$425,000	\$0	\$0	\$0
Other (Police)	<u>\$916,473</u>	<u>\$620,922</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
SUBTOTAL	\$8,508,341	\$7,764,880	\$879,247	<u>\$476,959</u>	<u>\$500,807</u>	<u>\$0</u>

**Significant Legacy Costs**

Pension ARC	\$ 12 million	\$17,000,000	\$17,637,500	\$18,298,906	\$18,985,115	\$19,697,057
Pension UALL	\$333 million		3.75%	+ 3.75%	+ 3.75%	+ 3.75%
Retiree Health Care	\$ 19 million	\$15,000,000	\$15,600,000	\$16,536,000	\$17,858,880	\$19,287,590
OPEB Liability	\$336 million		+4%	+6%	+8%	+8%
OPEB ARC	\$ 22 million					
Pending Lawsuit	\$ 3.5 million	\$3,850,000	\$4,158,000	\$4,480,640	\$4,849,891	
Increased ARC	\$ 40 million added					
Increased OPEB Liability	\$800 million added					
Annual Payments-Pension & Retiree Health Care		\$32,000,000	\$33,237,500	\$34,834,906	\$36,843,995	\$38,984,647
Payments as Percent of Revenues		17.0%	18.4%	20.9%	21.8%	22.5%

**Deficit Elimination**

Accumulated General Fund Deficit \$19.1 Million

**Unmet Capital Needs**

Roads \$ 83 million  
Sidewalks \$ 45 million  
Sanitary and Stormwater \$ 40 million  
Water Pollution Control \$ 16 million  
Water Distribution system \$ 27 million  
Facilities \$ 15 million  
Demolition \$ 50 million  
Parks \$ 10 million  
\$286 million

**Lack of capacity to address blight**

CDBG, NSP, Demo \$ 20 million \$14 million \$ 9 million \$4 million \$3.8 million \$3.6 million

**Public Safety stability at risk even with new voted millage**

150 FPD 150 FPD ? ? ? ?  
94 FFD/5 stations 94 FFD/5 stations 75 FFD/3 stations 75 FFD/3 stations 75 FFD/3 stations

**PROJECTION: FIVE YEAR POLICE AND FIRE STAFFING**

Proposed 5/17/13 Attachment C-3a

<b>TOTAL</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>
<b><u>Police</u></b>						
General Fund	112.5	112.5	114.5	117.5	117.5	117.5
General Fund (Mott)	11	0	0	0	0	0
General Fund (COPS)	5	5	5	5	5	0
Police & Fire Millage	10	18	20	17	16	15
Neighborhood	12	10	9	8	8	8
Drug Fund	<u>0.5</u>	<u>5.5</u>	<u>1.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0</u>
	151	151	150	148	147	140.5
<b><u>Fire</u></b>						
General Fund	55	55	55	55	55	55
SAFER	39	39	0	0	0	0
Police & Fire Millage	<u>0</u>	<u>0</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>
Total	94	94	75	75	75	75

**SOURCES OF FUNDING: POLICE AND FIRE**

Proposed 5/17/13 Attachment C-3b

**PROJECTION: POLICE AND FIRE PROTECTION MILLAGE**

	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>
Revenues	\$4,386,000	\$3,589,000	\$3,320,000	\$3,187,032	\$3,187,032	\$3,250,773
Carryover	\$0	\$3,636,000	\$5,148,443	\$3,875,358	\$2,621,218	\$1,278,568
Expenses	\$750,000	\$2,076,557	\$4,593,085	\$4,441,172	\$4,529,682	\$4,440,658
Balance	\$3,636,000	\$5,148,443	\$3,875,358	\$2,621,218	\$1,278,568	\$88,684
<b>Expense Detail</b>						
	\$ 165,000	\$2,076,557	\$2,422,649	\$2,162,214	\$2,136,777	\$2,103,390
Police	Police Officers	Police Officers	Police Officers	Police Officers	Police Officers	Police Officers
	# 10	18	20	17	16	15
COPS Grant Match			\$151,416	\$158,986	\$166,936	0
	\$ 585,000	\$0	\$2,019,020	\$2,119,971	\$2,225,970	\$2,337,268
Fire	Equipment		Fire Fighters	Fire Fighters	Fire Fighters	Fire Fighters
	# 0	0	20	20	20	20
Average Police Officer Cost		\$115,364	\$121,132	\$127,189	\$133,549	\$140,226
Average Fire Fighter			\$100,951	\$105,999	\$111,298	\$116,863

**PROJECTION: NEIGHBORHOOD POLICE MILLAGE**

	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>
Revenues	\$1,962,180	\$1,196,000	\$1,106,000	\$1,062,000	\$1,062,000	\$1,083,000
Carryover	\$0	\$0	\$0	\$15,808	\$60,295	\$53,907
Expenses	\$1,962,180	\$1,153,643	\$1,090,192	\$1,017,513	\$1,068,388	\$1,121,808
Balance	\$0	\$42,358	\$15,808	\$60,295	\$53,907	\$15,099
<b>Expense Detail</b>						
	\$ 1,962,180	\$1,153,643	\$1,090,192	\$1,017,513	\$1,068,388	\$1,121,808
Police	Police Officers	Police Officers	Police Officers	Police Officers	Police Officers	Police Officers
	# 12	10	9	8	8	8
Average Police Officer Cost		\$115,364	\$121,132	\$127,189	\$133,549	\$140,226

**PROJECTION: DRUG FORFEITURE FUND**

Proposed 5/17/13 Attachment C-3c

	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	
Revenues		\$0	\$0	\$0	\$0	\$0	
Carryover		\$1,000,000	\$365,497	\$183,798	\$120,203	\$53,429	
Expenses		\$634,503	\$181,699	\$63,595	\$66,774	\$0	
Balance	\$1,000,000	\$365,497	\$183,798	\$120,203	\$53,429	\$53,429	
<u>Expense Detail</u>							
	\$	\$1,962,180	\$634,503	\$181,699	\$63,595	\$66,774	\$0
Police	Police Officers	Police Officers	Police Officers	Police Officers	Police Officers	Police Officers	Police Officers
	#	0.5	5.5	1.5	0.5	0.5	0
Average Police Officer Cost		\$115,364	\$121,132	\$127,189	\$133,549	\$140,226	

**PROJECTION: COPS GRANT**

	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>
Revenues			\$1,432,013	\$0	\$0	
Carryover		\$0	\$0	\$977,766	\$500,807	\$0
Expenses		\$0	\$454,247	\$476,959	\$500,807	\$0
Balance		\$0	\$977,766	\$500,807	\$0	\$0
<b>Expense Detail</b>						
	GRANT \$		\$454,247	\$476,959	\$500,807	\$0
	25% Match		\$151,416	\$158,986	\$166,936	\$0
Police	Police Officers	Police Officers	Police Officers	Police Officers	Police Officers	Police Officers
	#		5	5	5	
Average Police Officer Cost			\$121,132	\$127,189	\$133,549	\$140,226

**City Plan to Eliminate \$19.1 Million FY 12 Accumulated Deficit**

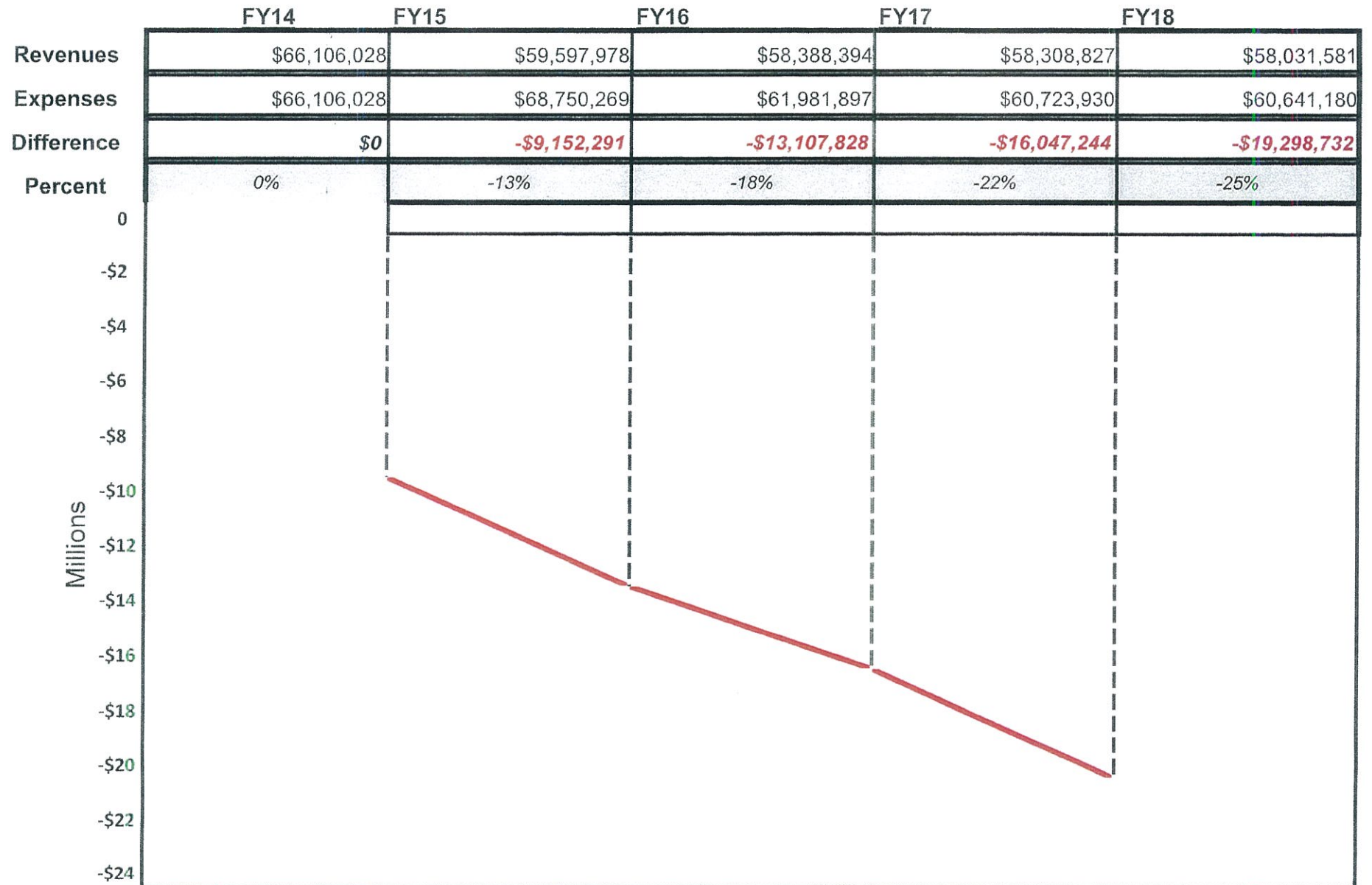
	Budget FY13	Projected				
		FY14	FY15	FY16	FY17	FY18
<b>\$19.1 Million Accumulated Deficit FY12</b>	<b>-\$19.10</b>	<b>-\$19.10</b>	<b>-\$6.10</b>	<b>-\$5.10</b>	<b>-\$3.65</b>	<b>-\$1.90</b>
<b><u>Borrowing to Eliminate \$12.0 million:</u></b>						
<b>\$12 million Emergency Loan</b> (Debt service paid from Capital Improvement Fund)		<b>-\$12.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b><u>Budgeted Appropriations Eliminating \$8.1 million</u></b>						
<b>General Fund</b>		<b>-\$1.00</b>	<b>-\$1.00</b>	<b>-\$1.45</b>	<b>-\$1.75</b>	<b>-\$1.90</b>
<div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <b><u>Other funds subsidized by the General Fund:</u></b>            Neighborhood Policing (\$427,183)            Parks &amp; Recreation (\$425,000)            Senior Citizens Center (\$51,000)            Building Safety (\$1,100,000)            Garbage Collection (\$1,875,000)            DDA (Parking Debt) (\$286,198)         </div>						
<b>Total Budgeted Appropriations *</b>	<b>\$0.00</b>	<b>-\$1.00</b>	<b>-\$1.00</b>	<b>-\$1.45</b>	<b>-\$1.75</b>	<b>-\$1.90</b>
<b><u>Remaining Deficit</u></b>	<b>-\$19.10</b>	<b>-\$6.10</b>	<b>-\$5.10</b>	<b>-\$3.65</b>	<b>-\$1.90</b>	<b>\$0.00</b>
Appropriations as Percent of Projected General Fund Revenues (millions) <b>\$59.50</b>	0.0%	1.7%	1.7%	2.4%	2.9%	3.2%

\* Projection shows total amount appropriated coming from the General Fund. It may be possible and appropriate to utilize other funds where there has been a General Fund subsidy.

## CUMULATIVE DEFICIT PROJECTION FY15 - FY18

ILLUSTRATIVE CUMULATIVE GENERAL CITY SERVICE REVENUE/EXPENSE DEFICIT, BASED ON CONTINUATION OF FY 14 EXPENSE  
BASE WITH 4% ANNUAL INCREASE.

*\* NOTE: This does not include the current accumulated \$19.1 million deficit*

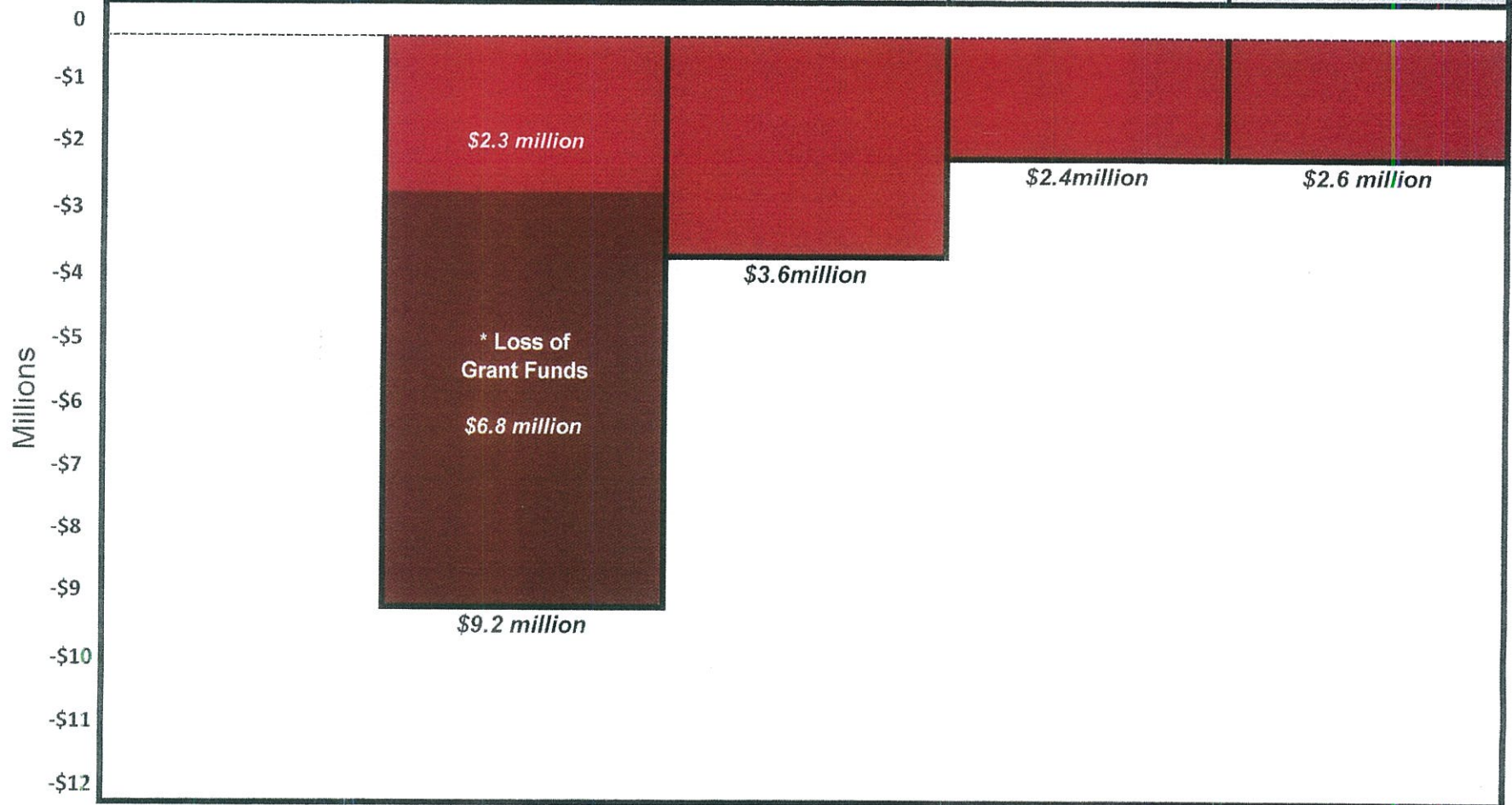




# ANNUAL DEFICIT PROJECTION FY15 - FY18

ILLUSTRATIVE ANNUAL GENERAL CITY SERVICE REVENUE/EXPENSE DEFICIT, ASSUMING PRIOR YEAR GAP ELIMINATED AND 4% ANNUAL INCREASE IN EXPENSES

	FY14	FY15	FY16	FY17	FY18
Revenues	\$66,106,028	\$59,597,978	\$58,388,394	\$58,308,827	\$58,031,581
Expenses	\$66,106,028	\$68,750,269	\$61,981,897	\$60,723,930	\$60,641,180
Difference	\$0	-\$9,152,291	-\$3,593,503	-\$2,415,103	-\$2,609,599
Percent	0%	-13%	-6%	-4%	-4%



## **Proposed FY14 Budget**



Proposed 5/17/13

## Setting a Sustainable Course for the City of Flint

### FY14 Budget

The FY14 Budget was prepared in the context of furthering the financial stability of the City of Flint and moving forward on meeting the prime objectives of the recently developed strategic plan. Once this plan is in place, attention will be given to finalizing the five year plan, including a detailed assessment of the likely budget for FY15, and more defined projections for the following three years.

If one could simplify the prime objectives of the Strategic Plan, it would be to state that budgetary actions must be consistent with operating in a financially sustainable manner; pursuing changes which increase efficiency while reducing costs; maintaining current levels of public safety; and organizing in a way that the City can best address the blighted conditions thorough the City. All of this to be done with the aim of making the City of Flint an attractive and affordable place to attract and retain residents, businesses, students, and visitors.

In light of decreasing property values, stagnant income tax and state shared revenue projections, plus a commitment to eliminating the accumulated General fund deficit, revenues are severely limited. For example, while funds available for general city services (those funded by the General Fund, major grants, and special voted millages) total \$73.5 million this year; only \$66.4 million is projected to be available for the FY14 budget. Property tax revenues are projected to decline by \$3.5 million or 22%, while major grant revenues are projected to decline by \$2.5 million, or 25%. \$1 million is also committed to reducing the City's accumulated \$19.3 million deficit. In addition, there is an increasing amount of tax delinquencies, as well as fees and special assessments for water, sewer, garbage and street lights.

Fortunately, the impact of many of the structural changes made last year has been to constrain growth in ongoing expenses, in particular those related to employee compensation. Even with a significant increase in the annual pension payments, made necessary to halt further decline in the funded status of the pension assets, pension and health care costs are slightly reduced from the current year. Salary costs are also slightly less as a result of changes in employee compensation structure.

However, the City is currently faced with a legal challenge to its decision to change retiree healthcare, and should the City not prevail, it will likely be faced with increased costs of between \$3.5 million and \$5 million. These potential costs are not included in this budget, and having to subsequently include them will be potentially disastrous for the financial solvency of the City.

All in all, with significant effort from department heads and others involved in building this budget, the level of services to be provided by the City in FY14 should be close to the level currently provided. This is due in large part to concerted effort to improve business processes and organization arrangements. These improvements and changes do, however, include the elimination of several positions within the workforce. FTE staffing in the FY14 budget is projected at 567, in comparison to 595 in the current budget.

With deployment of the police and fire protection millage funds, and the potential of additional federal funding for law enforcement, the current level of staffing in the Police Department (150 in total) is expected to be maintained – even as other grant funds end. This level includes the additional 10 positions authorized in December, 2012 when the millage was passed. In this budget, the General Fund appropriation for the Police and Fire budgets total \$33.5 million, or 63% of the General Fund.

Adding the costs of 911 and District Court to this bring the total General Fund appropriation for public safety to \$42.4 million, or 80% of the General Fund.

However, there are not the resources to address even some of the most critical unmet needs in the delivery of city services. For example, there are no additional resources to expand staffing in the Police Department if the goal is to attempt to stabilize staffing there and to be prepared to address the personnel loss expected in the Fire Department when the federal SAFER grant expires at the end of FY14.

In addition, in light of the loss of federal dollars for demolition, the resources for addressing blight in any significant way are significantly less for FY14. Building Safety resources have been limited for many years, resulting in very limited ability to enforce compliance with city codes. This budget does include the creation of a separate Planning and Development Division of the City, whose efforts will include improving code compliance activities, including increasing compliance with rental registration requirements and business licensing requirements. The work of this division will be aided by the addition of Neighborhood Safety Officers, funded by the Mott Foundation and housed in the Police Department.

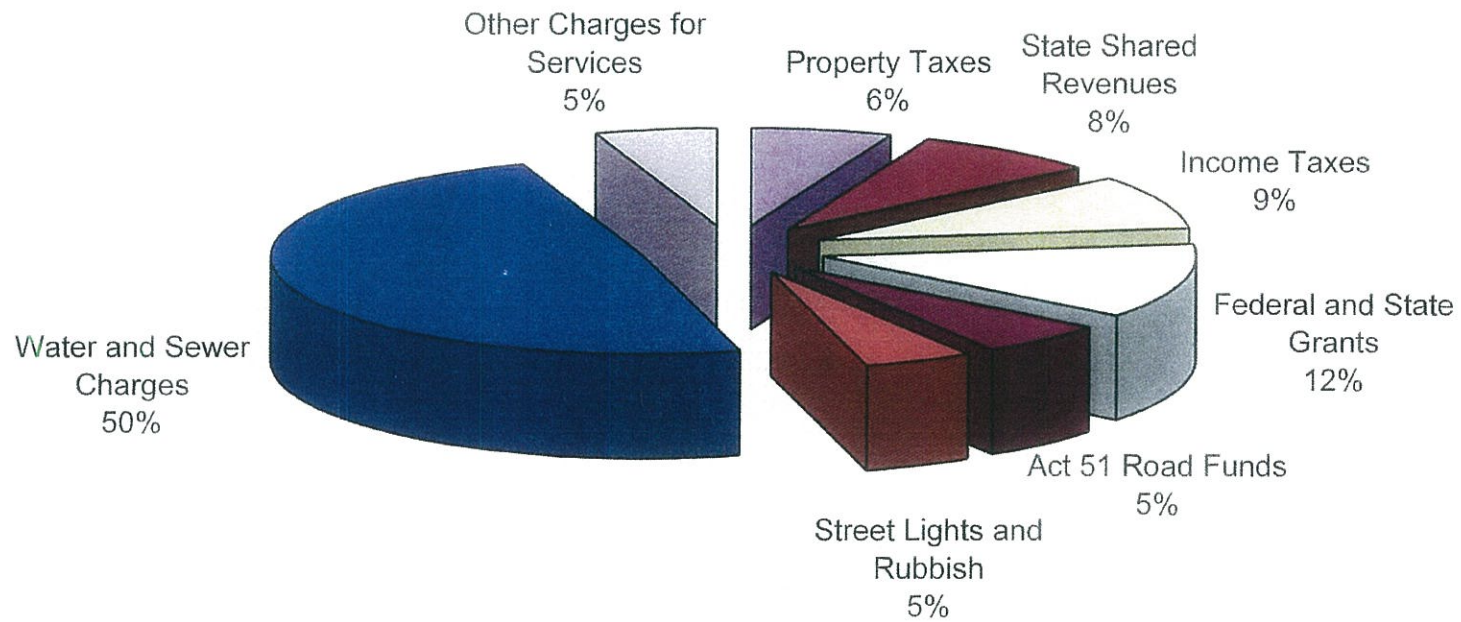
The Planning and Development Division also includes the current grant funded activities related to adoption and implementation of the City's Master Plan. While grant funds should be sufficient to finish the adoption of the Master Plan and the associated update to the Zoning Ordinance by the end of FY14, continuation into FY15 will require the identification of new sources of revenues.

Finally, there are nearly \$300 million in unmet capital needs for utilities, streets, facilities, parks, and technology. This budget does not contain the level of resources to be able to address these needs in any substantive way, with barely enough resources budgeted to meet the most critical emergency needs.

The limited resources will result in some changes noticeable to city residents and visitors. For example, there will be no repaving of city streets, with funding focused on crack sealing streets to prolong their longevity. While as much as one-third of city streets need repaving, doing so would cost more than \$20 million. Alternatively, nearly one-third of the city's streets can be crack sealed for approximately \$200,000 in materials. In addition however, the City is required by the state to participate financially in improvement to state determined street projects.

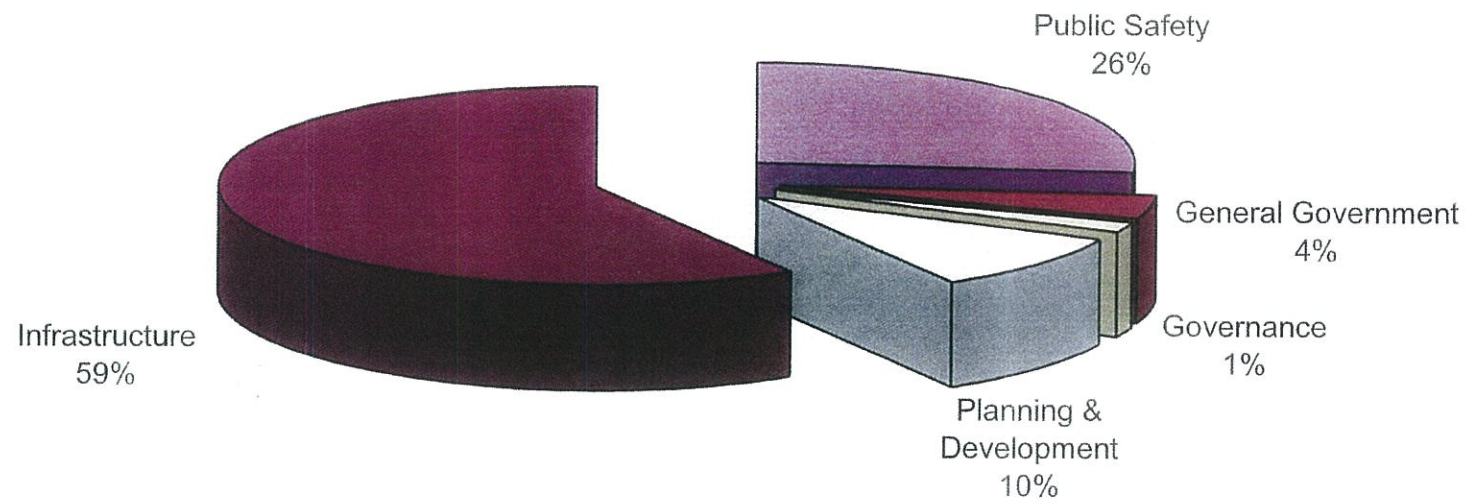
There will be minimal maintenance of parks, with the City's primary activity being related to mowing. There will, however, be increased efforts to form partnerships with interested groups, neighborhood associations and businesses to improve individual parks.

From a taxpayer perspective, payments for governmental services will generally decrease in total, by an average of 7% for FY14. Taxes based on the value of the property will decrease due to the continuing decline in value, while the annual assessment for streetlights and the fee for waste collection will increase in total by \$4. There will be no increase in water and sewer rates.

**FY14 REVENUES-ALL FUNDS****\$169,747,203 \***

\* Excludes General Fund transfers and \$1 million deficit reduction included in total \$188,394,058

**FY14 EXPENSES-ALL FUNDS**  
**\$188,394,058**



**CITY OF FLINT FY14 PROPOSED BUDGET**

Proposed 5/17/13

Attachment D-1a

**Major Funds**

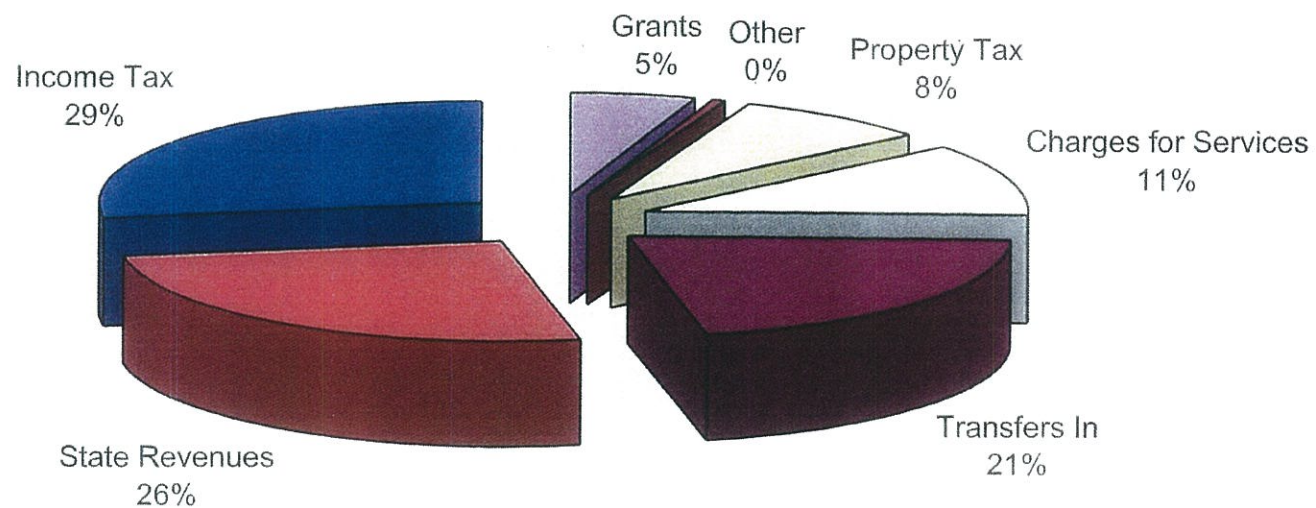
	FY13	FY14	FY15	FY13-FY14 COMP		FY15-FY14 COMP	
<b>REVENUES</b>	<b>PROJECTED</b>	<b>PROPOSED</b>	<b>PROJECTED</b>				
<b><u>General City Services</u></b>							
GENERAL FUND	\$60,356,549	\$53,045,076	\$50,032,298	-\$7,311,473	-12%	-\$3,012,778	-6%
NEIGHBORHOOD POLICE MILLAGE	\$1,962,180	\$1,549,180	\$1,090,192	-\$413,000	-21%	-\$458,988	-30%
POLICE AND FIRE MILLAGE	\$1,059,000	\$1,845,827	\$4,593,085	\$786,827	74%	\$2,747,258	149%
DRUG FORFEITURE	\$296,473	\$435,042	\$181,699	\$138,569	47%	-\$253,343	-58%
PARKS AND RECREATION MILLAGES	\$386,400	\$609,064	\$277,000	\$222,664	58%	-\$332,064	-55%
SAFER (Fire)	\$3,261,601	\$3,261,601	\$0	\$0	0%	-\$3,261,601	-100%
MASTER PLANNING	\$516,227	\$1,166,611	\$0	\$650,384	126%	-\$1,166,611	-100%
PUBLIC IMPROVEMENT MILLAGE	\$2,319,880	\$1,875,000	\$1,383,000	-\$444,880	-19%	-\$492,000	-26%
BUILDING INSPECTION FUND	\$5,258,203	\$2,318,627	\$1,586,457	-\$2,939,576	-56%	-\$732,170	-32%
<b><u>CDBG and Related Activities</u></b>							
CDBG/HUD (FY13 & prior years)	\$11,661,466	\$9,375,083		-\$2,286,383	-20%	-\$9,375,083	-100%
CDBG		\$4,469,675	\$4,246,191	\$4,469,675	0%	-\$223,484	-5%
<b><u>State Restricted Revenues</u></b>							
Major Streets	\$7,096,176	\$6,829,982	\$6,756,929	-\$266,194	-4%	-\$73,053	-1%
Local Streets	\$3,535,537	\$2,390,922	\$1,533,527	-\$1,144,615	-32%	-\$857,395	-36%
<b><u>Assessments and Fees</u></b>							
Street Light Assessment	\$2,850,000	\$2,982,960	\$3,102,278	\$132,960	5%	\$119,318	4%
Garbage Collection Fee	\$5,000,000	\$5,132,490	\$5,337,790	\$132,490	3%	\$205,300	4%
<b><u>Enterprise Funds</u></b>							
Water Fund	\$50,846,604	\$50,964,182	\$53,002,749	\$117,578	0%	\$2,038,567	4%
Sewer Fund	\$32,093,816	\$31,918,397	\$33,195,133	-\$175,419	-1%	\$1,276,736	4%
<b><u>GRAND TOTAL</u></b>	<b>\$188,500,111</b>	<b>\$180,169,719</b>	<b>\$166,318,328</b>	<b>-\$9,119,345</b>	<b>-5%</b>	<b>-\$13,851,391</b>	<b>-8%</b>

**EXPENSES**

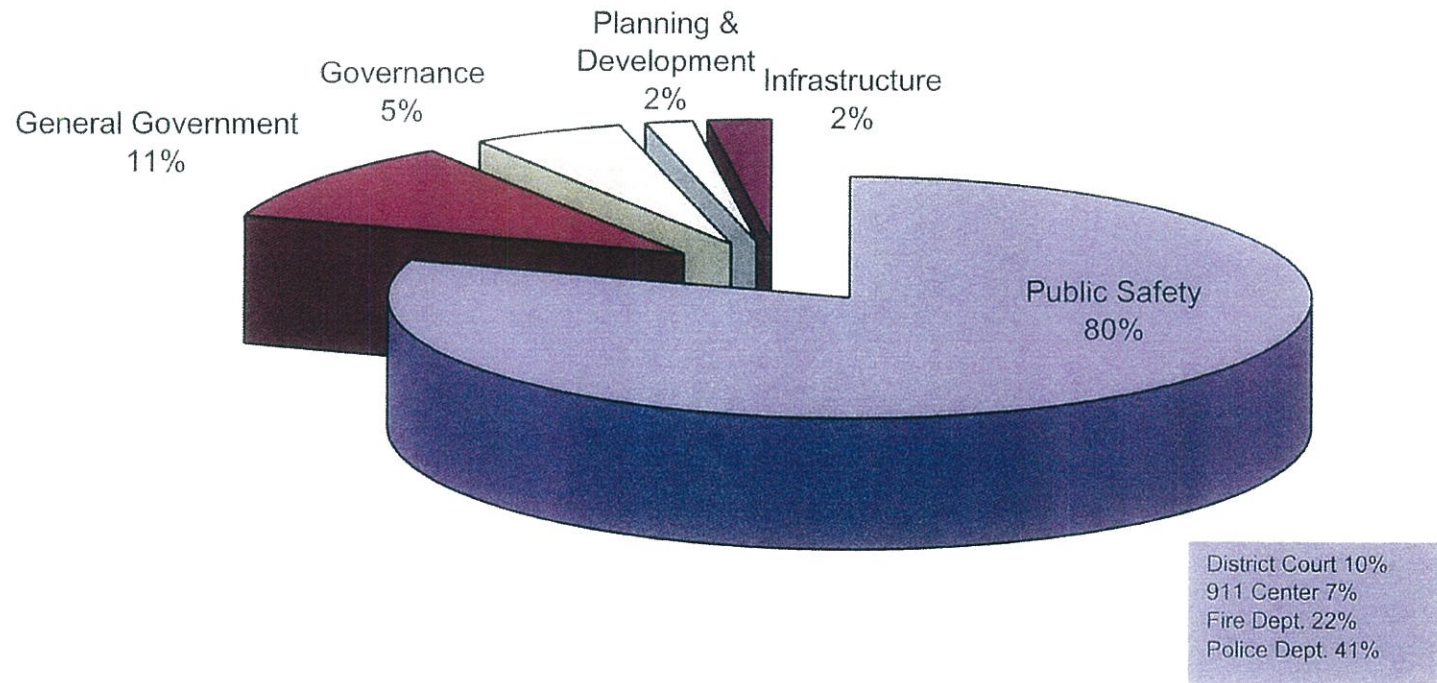
<u>EXPENSES</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>				
	<u>PROJECTED</u>	<u>PROPOSED</u>	<u>PROJECTED</u>	<u>FY13-FY14 COMP</u>		<u>FY15-FY14 COMP</u>	
<u>General City Services</u>							
GENERAL FUND	\$60,356,549	\$53,045,076	\$56,411,302	-\$7,311,473	-12%	\$3,366,228	6%
NEIGHBORHOOD POLICE MILLAGE	\$1,962,181	\$1,549,180	\$1,090,192	-\$413,001	-21%	-\$458,988	-30%
DRUG FORFEITURE	\$296,473	\$435,042	\$181,699	\$138,569	47%	-\$253,343	-58%
POLICE AND FIRE MILLAGE	\$1,059,000	\$1,845,828	\$4,593,085	\$786,828	74%	\$2,747,257	148%
SAFER (Fire)	\$3,261,601	\$3,261,601	\$0	\$0	0%	-\$3,261,601	-100%
MASTER PLANNING	\$516,227	\$1,166,611	\$0	\$650,384	128%	-\$1,166,611	-100%
PARKS AND RECREATION MILLAGE	\$386,400	\$609,064	\$276,575	\$222,664	58%	-\$332,489	-55%
PUBLIC IMPROVEMENT MILLAGE	\$2,104,906	\$1,875,000	\$2,131,515	-\$229,906	-11%	\$256,515	14%
BUILDING INSPECTION FUND	\$5,036,426	\$2,318,627	\$1,183,340	-\$2,717,799	-54%	-\$1,135,287	-49%
<u>CDBG and Related Activities</u>							
CDBG/HUD (FY13 & prior years)	\$11,661,466	\$9,375,083		-\$2,286,383	-20%	-\$9,375,083	-100%
CDBG		\$4,469,675	\$4,246,191	\$4,469,675	0%	-\$223,484	-5%
<u>State Restricted Revenues</u>							
Major Streets	\$7,096,176	\$5,991,700	\$4,392,747	-\$1,104,476	-16%	-\$1,598,953	-27%
Local Streets	\$3,534,631	\$2,322,073	\$1,533,527	-\$1,212,558	-34%	-\$788,546	-34%
<u>Assessments and Fees</u>							
Street Light Assessment	\$2,850,000	\$2,982,960	\$3,023,565	\$132,960	5%	\$40,605	1%
Garbage Collection Fee	\$4,901,202	\$5,132,490	\$5,775,000	\$231,288	5%	\$642,510	13%
<u>Enterprise Funds</u>							
Water Fund	\$54,696,604	\$55,153,141	\$54,202,479	\$456,537	1%	-\$950,662	-2%
Sewer Fund	\$37,034,807	\$36,860,907	\$34,212,007	-\$173,900	0%	-\$2,648,900	-7%
<u>GRAND TOTAL</u>	<u>\$196,754,649</u>	<u>\$188,394,058</u>	<u>\$173,253,225</u>	<u>-\$8,360,591</u>	<u>-4%</u>	<u>-\$15,140,833</u>	<u>-8%</u>

## FY14 GENERAL FUND REVENUES

\$53,045,076



## FY14 GENERAL FUND EXPENSES \$53,045,076





**FY14 GENERAL FUND REVENUE PROJECTIONS**

Proposed 5/17/13

Attachment D-2a

	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY13-FY14 COMP</u>		<u>FY15-FY14 COMP</u>	
	<u>PROJECTED</u>	<u>PROPOSED</u>	<u>PROJECTED</u>				
Property Taxes	5,720,000	4,522,000	4,179,000	-1,198,000	-21%	-343,000	-8%
Income Taxes	15,300,000	14,210,000	14,210,000	-1,090,000	-7%	0	0%
Special Assessments	5,000	8,000	8,000	3,000	60%	0	0%
State Shared Revenues	13,140,585	13,872,368	13,900,000	731,783	6%	27,632	0%
Charges for Services Rendered - Water/Sewer PILOT	1,958,450	1,958,450	1,958,450	0	0%	0	0%
Interest	114,400	150,000	175,000	35,600	31%	25,000	17%
Other	6,010	6,000	6,000	-10	0%	0	0%
Fund Balance- Deficit Reduction	-419,642	-1,000,000	-1,000,000	-580,358	138%	0	0%
District Court - State Grant	228,000	0	0	-228,000	-100%	0	n/a
District Court - Fines and Forfeitures	1,164,611	1,600,000	1,600,000	435,389	37%	0	0%
Finance - Charges for Services	1,150	2,200	2,000	1,050	91%	-200	-9%
Finance - Grant	57,000	0	0	-57,000	-100%	0	n/a
Clerk - Charges for Services	350	350	350	0	0%	0	0%
Cable Franchise Fees	1,287,931	1,303,626	1,300,000	15,695	1%	-3,626	0%
Sale of Equipment	130,007	75,000	50,000	-55,007	-42%	-25,000	-33%
Treasury Operations - Charges for Services	434,381	309,211	310,000	-125,170	-29%	789	0%
Treasury Operations - Other Revenues	27,000	27,000	25,000	0	0%	-2,000	-7%
Income Tax Operations - Other Charges	20,000	0	0	-20,000	-100%	0	n/a
Treasury - Delinquent Collections	0	700,000	800,000	700,000	n/a	100,000	14%
Assessing - Charges for Services	6,000	10,000	10,000	4,000	67%	0	0%
Clerk - Charges for Services	19,693	18,600	19,000	-1,093	-6%	400	2%
Clerk - Disabled Voter Grant	10,000	0	0	-10,000	-100%	0	n/a
Law Department - Charges for Services	14,925	16,500	16,500	1,575	11%	0	0%
Personnel - Charges for Services	3,207	0	0	-3,207	-100%	0	n/a
Cost Allocation Reimbursement	7,401,730	5,386,068	5,200,000	-2,015,662	-27%	-186,068	-3%
Police Department - Misc Grants	2,141,566	620,992	300,000	-1,520,574	-71%	-320,992	-52%
Police Department - COPS Grant	998,552	825,746	454,247	-172,806	-17%	-371,499	-45%
Police Department - Mott Grant	1,485,520	135,000	0	-1,350,520	-91%	-135,000	-100%
Police Department - Misc Revenues	313,148	396,250	400,000	83,102	27%	3,750	1%
Police Department - Impound Lot	654,000	554,020	555,000	-99,980	-15%	980	0%
Police Department - Lockup	1,330,000	1,300,001	0	-29,999	-2%	-1,300,001	-100%
Police Department - School Liaison Contract	384,061	361,196	360,000	-22,865	-6%	-1,196	0%
Fire Department - Misc Revenues	143,200	220,500	200,000	77,300	54%	-20,500	-9%
911 - Surcharge and Grant	1,577,000	1,334,000	1,330,000	-243,000	-15%	-4,000	0%
Planning and Zoning - Misc Revenues	29,250	25,000	25,000	-4,250	-15%	0	0%
Fire CDBG	407,524						
Parks - Misc Revenues	183,942	19,000	15,000	-164,942	-90%	-4,000	-21%
Transfers in - Water and Sewer (ROE)	2,990,000	2,990,000	2,990,000	0	0%	0	0%
Transfers in - Cost Allocation	1,087,998	1,087,998	1,087,998	0	0%	0	0%
				0	n/a	0	n/a
<b>TOTAL PROJECTED Revenues</b>	<b>60,356,549</b>	<b>53,045,076</b>	<b>50,486,545</b>	<b>-7,311,473</b>	<b>-12%</b>	<b>-2,558,531</b>	<b>-5%</b>

Proposed 5/17/13

Attachment D-2b

**FY14 GENERAL FUND EXPENSE PROJECTIONS**

	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY13-FY14 COMP</u>		<u>FY15-FY14 COMP</u>	
	<u>PROJECTED</u>	<u>PROPOSED</u>	<u>PROJECTED</u>				
City Council	\$352,899	\$333,449	\$343,452	-\$19,450	-6%	\$10,003	3%
District Court	\$5,358,479	\$5,194,307	\$5,454,022	-\$164,172	-3%	\$259,715	5%
Mayor	\$206,579	\$212,239	\$218,606	\$5,660	3%	\$6,367	3%
City Administrator	\$711,982	\$384,106	\$395,629	-\$327,876	-46%	\$11,523	3%
HRC	\$40,103	\$26,237	\$27,024	-\$13,866	-35%	\$787	3%
Finance	\$1,100,342	\$924,822	\$971,063	-\$175,520	-16%	\$46,241	5%
Clerk	\$423,065	\$321,995	\$338,095	-\$101,070	-24%	\$16,100	5%
Purchasing	\$155,204	\$130,229	\$136,740	-\$24,975	-16%	\$6,511	5%
Treasury	\$2,878,129	\$3,052,787	\$3,205,426	\$174,658	6%	\$152,639	5%
Assessing	\$1,109,773	\$1,084,221	\$1,138,432	-\$25,552	-2%	\$54,211	5%
Elections	\$572,525	\$541,837	\$668,929	-\$30,688	-5%	\$127,092	23%
Law	\$1,057,484	\$952,761	\$971,816	-\$104,723	-10%	\$19,055	2%
Human Resources	\$673,636	\$622,167	\$653,275	-\$51,469	-8%	\$31,108	5%
MISC Allocation	\$298,509	\$0	\$0	-\$298,509	-100%	\$0	n/a
POLICE	\$25,657,681	\$21,758,778	\$23,088,981	-\$3,898,903	-15%	\$1,330,203	6%
911	\$3,314,413	\$3,745,525	\$3,932,801	\$431,112	13%	\$187,276	5%
Fire	\$10,953,319	\$11,699,796	\$12,284,786	\$746,477	7%	\$584,990	5%
Building Inspection (transfer)	\$986,519	\$539,170	\$566,129	-\$447,349	-45%	\$26,959	5%
Planning and Zoning	\$99,120	\$121,875	\$427,969	\$22,755	23%	\$306,094	251%
Community Development	\$2,058,900	\$186,293	\$190,019	-\$1,872,607	-91%	\$3,726	2%
Fire CDBG	\$407,524						
Parks and Recreation	\$576,842	\$5,100	\$5,355	-\$571,742	-99%	\$255	5%
Facilities	\$1,263,526	\$1,207,382	\$1,392,751	-\$56,144	-4%	\$185,369	15%
Police Millage Fund (transfer)	\$0	\$0	\$0	\$0	#DIV/0!	\$0	n/a
Parks Fund (transfer)	\$40,000	\$0	\$0	-\$40,000	-100%	\$0	n/a
Other transfers out	\$0	\$0	\$0	\$0	#DIV/0!	\$0	n/a
Transfers out	\$100,000	\$0	\$0	-\$100,000	-100%	\$0	n/a
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>\$60,396,553</b>	<b>\$53,045,076</b>	<b>\$56,411,302</b>	<b>-\$7,351,477</b>	<b>-12%</b>	<b>\$3,366,226</b>	<b>6%</b>

# CITY OF FLINT STAFFING PROJECTION

Proposed 5/17/13

Attachment D-3

	<u>FY13</u>	<u>FY14</u>
	<u>CURRENT</u>	<u>PROJECTED</u>
<u>STAFFING FUNDED BY GENERAL FUND</u>	297.1	295.9
<u>STAFFING SUPPORTED BY MILLAGES/RESTRICTED FUNDS</u>	35.2	34.3
<u>STAFFING SUPPORTED BY GRANTS</u>	67.6	61.6
<u>STATE RESTRICTED REVENUES (Steets)</u>	43.3	30.6
<u>ENTERPRISE FUNDS (Water/Sewer)</u>	129.5	129.6
<u>INTERNAL SERVICE FUNDS</u>	<u>23.0</u>	<u>15.0</u>
<b>TOTAL STAFFING</b>	<b>595.0</b>	<b>567.0</b>

## PROJECTED TAXPAYER IMPACT

### \$50,000 House, \$40,000 Income

	<u>Current</u>	<u>Proposed</u>
<u>Values</u>	<u>Winter &amp; Summer</u>	<u>Winter &amp; Summer</u>
House value	\$50,000	\$41,000
Taxable value	\$25,000	\$20,500
Annual Income	\$40,000	\$40,000
Tax rate (mills)	65.88	65.88
Street Lights	\$67	\$68
Garbage	\$143	\$146
Water Bill	\$1,800	\$1,800
<u>Payments</u>		
Property taxes	\$1,647	\$1,351
Street lights	\$67	\$68
Garbage	\$143	\$146
Income tax	\$400	\$400
Water bill	\$1,800	\$1,800
Total Payments	\$4,057	\$3,765
	(\$292)	
	-7.2%	

### \$75,000 House, \$50,000 Income

	<u>Current</u>	<u>Proposed</u>
<u>Values</u>	<u>Winter &amp; Summer</u>	<u>Winter &amp; Summer</u>
House value	\$75,000	\$61,500
Taxable value	\$37,500	\$30,750
Annual Income	\$50,000	\$50,000
Tax rate (mills)	65.88	65.88
Street Lights	\$67	\$68
Garbage	\$143	\$146
Water Bill	\$1,800	\$1,800
	\$2,471	\$2,026
	\$67	\$68
	\$143	\$146
	\$500	\$500
	\$1,800	\$1,800
Total Payments	\$4,981	\$4,540
	(\$441)	
	-8.8%	

## CITY OF FLINT

## FY14 Waste Collection Fee &amp; Street Lighting Assessment

Waste Collection

FY14 Proposed Budget	\$5,132,490
FY14 Projected # of Parcels to be billed	35,038
FY14 Fee	\$146
FY13 Fee	\$143

Street Light Assessment

FY14 Proposed Budget	\$2,982,960
FY14 Projected # of Parcels to be billed	43,950
FY14 Assessment	\$68
FY13 Assessment	\$67