

7/2/13

DETROIT

- Ed Plawewski coordinating work assignments w/ Conway MacKenzie, Chief Craig, Kevyn Orr, will be off PIE contract at the end of July

FLINT

- Federal Judge denied City's appeal for a stay, is treating the group as a "class" and City will have to restore benefits and cease co-pays. Impact on FY 13=\$1.75M, FY14=\$5M; Flint intends to file an emergency appeal
- Emergency Manager has requested to sell a water pipeline to Genesee County for \$2.05 million.

HAMTRAMCK

- Cathy Square is EM effective 6/26/13

HIGHLAND PARK

- Tom to meet with Mayor

INKSTER

- No decision has been made as of last night. The City has selected three candidates for background checks. The City Council is in the process of scheduling a special meeting on Friday to discuss further

LINCOLN PARK

- OFR staff preparing cash flow and debt matrix
- In a telephone conversation yesterday with the City Manager, he indicated that the City ended 2012-13 in a General Fund deficit of approximately \$3,000,000

WAYNE COUNTY

- OFR staff preparing cash flow and debt matrix

ALLEN PARK

- Joyce Parker has sent a copy of the tentative agreement between the City and Firefighters Local 1410. She has indicated that the agreement will assist the City financially and shows City residents that there is a cooperative spirit to resolve these issues; she requests approval by Treasury

BENTON HARBOR

- Unable to determine if Cash flow projection is sufficient while making MERS payments until August when MERS payment info is available
- Tony Saunders plans to pay MERS 80% of the annual payment this year. If he made the full payment, he estimated that he would only have approximately \$100,000 in General Fund balance at the end of 2013-2014. At 80% payment, he expects approximately \$400,000 at the end of 2013-2014

ECORSE

- Next TAB meeting is July 23rd

PONTIAC

- Emergency Loan Board agenda items: Retiree Healthcare funding and Sale of Golf Course
- Sale price Lot 9 v. Golf course

RIVER ROUGE

- Jay Wortley of ORTA has estimated that the PPT loss in 2014 would be \$50,900, in 2016 would be \$313,506, and in 2023 would be \$429,000 (could be worse in later years)

SAGINAW

- Attorney Gibbs filed a class-action lawsuit against the City on retiree health care reductions (\$10,000 per day)

EM Exit Update

- Table containing Status of each unit and schools emailed.

Schafer, Suzanne K. (Treasury)

From: Schafer, Suzanne K. (Treasury)
Sent: Monday, July 08, 2013 4:43 PM
To: Byrne, Randall (Treasury)
Subject: Information for Weekly Local Government Meeting 7-2-13
Attachments: Information for Weekly Local Government Meeting 7-2-13.docx

Randy,

Just a few small changes.

Suzanne

**Local Government Update
July 9, 2013**

DETROIT

- Ed Plawewski has completed the 256 hours in his PIE contract.

FLINT

- Federal Judge denied City's appeal for a stay, is treating the group as a "class" and City will have to restore benefits and cease co-pays. Impact on FY 13=\$1.75M, FY14=\$5M; Flint intends to file an emergency appeal.
- Emergency Manager has requested to sell a water pipeline to Genesee County for \$2.05 million. Mike Brown has confirmed that there is no debt on this waterline.

HAMTRAMCK

- Cathy Square is EM effective June 26th; started July 1st.

HIGHLAND PARK

- Scheduled a meeting with Tom and Mayor Windom.

INKSTER

- Richard Marsh was selected by the City Council by a vote of 4 to 2 on July 5th to be Inkster's next City Manager.
- The City Treasurer has requested approval of a 90 day extension of the IAFF Agreement previously approved by Treasury.

LINCOLN PARK

- OFR staff preparing cash flow and debt matrix; to be completed.
- ~~In a telephone conversation yesterday with~~ The City Manager, he has indicated that the City ended 2012-13 in a General Fund deficit of approximately \$3,000,000.

WAYNE COUNTY

- ~~OFR-LAFD~~ staff preparing cash flow and debt matrix; to be completed.
- They have requested their third draw of the TAN for \$20 million, leaving a balance of \$30 million of the original \$90 million.

ALLEN PARK

- Joyce Parker provided a copy of the tentative agreement between the City and Firefighters Local 1410. She has indicated that the agreement will assist the City financially and is requesting approval of the agreement. The agreement has been reviewed and provides greater savings than the original Plan B (\$ 994,047 vs. \$ 839,027).
- Discussion of an Emergency Loan.

BENTON HARBOR

- Unable to determine if cash flow projection is sufficient while making MERS payments until August when MERS payment information is available.

- Tony Saunders plans to pay MERS 80% of the annual payment this year. If he made the full payment, he estimated that he would only have approximately \$100,000 in General Fund balance at the end of 2013-2014. At 80% payment, he expects approximately \$400,000 at the end of 2013-2014.

ECORSE

- Next TAB meeting is July 23rd.
- PPT information to be furnished to ORTA shortly (see River Rouge).
- The City is requesting approval of the Budget Amendments for the year end fiscal 2012-2013. These amendments were reviewed and provide a balanced budget for General Fund, Drug Enforcement Fund, and Community Development Fund. They do not violate the DEP.

PONTIAC

- Emergency Loan Board agenda items: Retiree Healthcare funding.
- Sale of Golf Course – The EM, Lou Schimmel stated that an appraisal of the golf course has begun.
- Emergency Manager's potential exit is July 31st.

RIVER ROUGE

- Jay Wortley of ORTA has estimated that the PPT loss in 2014 would be \$50,900, in 2016 would be \$313,506, and in 2023 would be \$429,000 (could be worse in later years).

SAGINAW

- A class-action lawsuit against the City regarding retiree health care reductions was filed on June 28th.

EM Exit Update

- Draft Emergency Manager Proposed Exit Schedule (attached).

City of Flint Phone Call
July 10, 2013

Attendees: Randall Byrne, Mike Brown, Jerry Ambrose

Another path rather than bankruptcy – bankruptcy is expensive and doesn't seem to be a path

Wants to operationally be solvent

Auditors/reviews are needed

MMSA – will meet with them tomorrow

Emergency Appeal on Health Care – no response yet

Could go to Supreme Court

\$4 million range

Gibbs suit against the City of Flint – MERS

Mayor and council are getting involved with 2015 budget

Detroit Water – null/void next year

Flint believes they would negotiate a fair price

Public Safety

Lockup – a positive impact

Beginning to feel the positive impact

State Police assistance

County-wide Detective Bureau idea is being discussed.

110 prisoners (includes a holding area of 50-60 people)

911 (800 mhz)

Small tower

Big tower – 1.9 million state grant

23 dispatchers

Consolidation of District Court

Need a conversation with Kevin Orr on the water line issue



CITY OF FLINT
OFFICE OF EMERGENCY MANAGER
MICHAEL K. BROWN

July 12, 2013

Andy Dillon, State Treasurer and Chair
Michigan Department of Treasury
Bureau of Local Government Services
41h Floor Treasury Building
430 West Allegan Street
Lansing, MI 48922

Dear Mr. Dillon:

I am attaching for your consideration the quarterly report of the Emergency Manager of the City of Flint as required by Public Act 436 of 2013. It specifies in Section 9 (5) that "the emergency manager shall submit quarterly reports to the state treasurer with respect to the financial condition of the local government in receivership, with a copy to ... each state senator and state representative who represents that local government."

This quarterly report covers the period from April 1, 2013 through June 30, 2013 and addresses the financial condition of the City of Flint.

Respectfully submitted,

Michael K. Brown
Emergency Manager

Attachments

Cc: Senator James Ananich
State Representative Woodrow Stanley
Ed Koryzno, Administrator, Office of Fiscal Responsibility

**QUARTERLY REPORT TO THE STATE TREASURER
REGARDING THE FINANCIAL CONDITION OF THE CITY OF FLINT**

July 15, 2013

This quarterly report covers the period from April 1, 2013 through June 30, 2013 and addresses the financial condition of the City of Flint.

Public Act 436 of 2013 specifies in Section 9 (5) that "the emergency manager shall submit quarterly reports to the state treasurer with respect to the financial condition of the local government in receivership, with a copy to ... each state senator and state representative who represents that local government."

**Status of the Financial Condition of Flint
April 1, 2013 through June 30, 2013**

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.

FY12 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

Status of 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.

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.

2011 Deficit Elimination Plan

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.

2012 Deficit Elimination Plan

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

Attachments:

Attachment A Cash Flow Projection

Attachment B 06/30/2013 - Revenue and Expenditure Report

Attachment C Compliance Monitoring Report

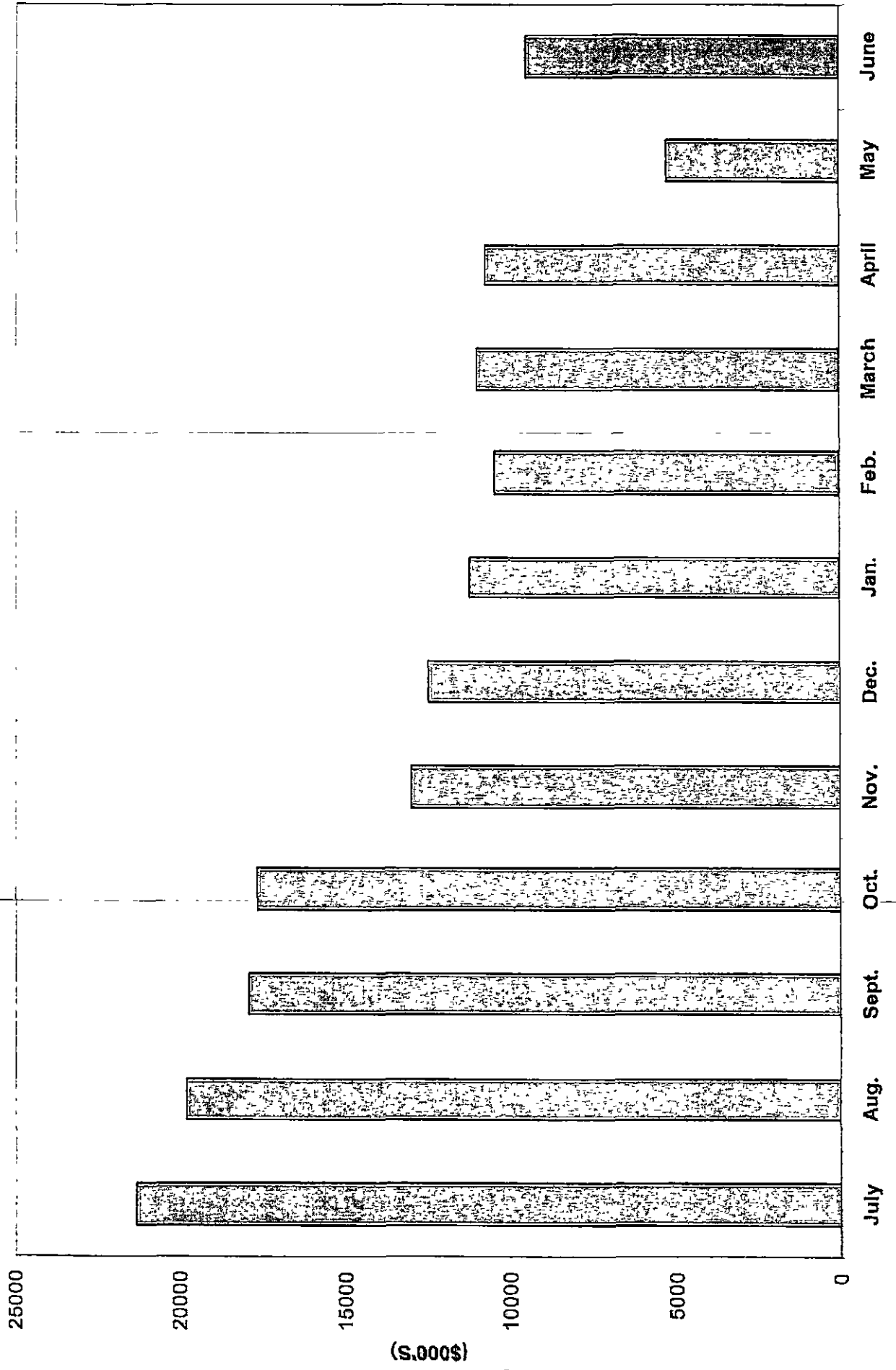
Attachment A

Cash Flow Projection

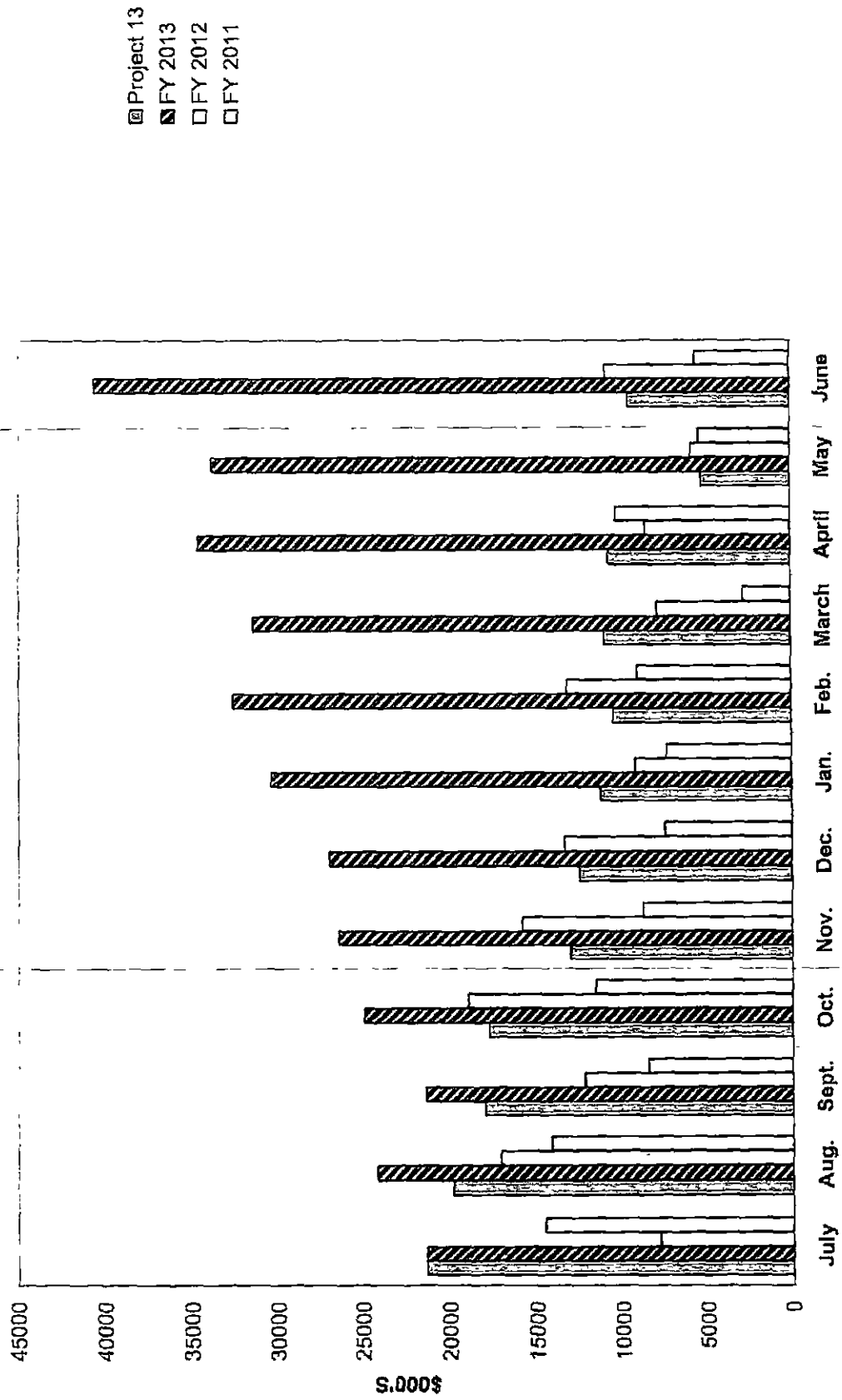
CASH FLOW 2012 - 2013

\$000's	July	August	Sept.	Oct.	Nov.	Dec.	Jan	Feb.	March	April	May	June	Total
CASH OUTFLOW:													
Payroll	2,153	3,479	1,241	3,434	2,322	2,221	2,304	2,277	2,220	3,455	2,158	2,179	29,443
Pensions	5	10	3,285	5	5	5	10	5,054	10	10	1,266	5	9,670
Disbursements	5,567	23,286	6,910	6,620	9,380	9,090	6,867	8,512	12,019	5,677	6,157	6,235	106,320
Bond and/or Loan													
Repayments	1,275	112	1,750	916	0	0	668	177	1,568	1,672	0	1,744	9,882
Health Care Payments	2,045	2,583	2,075	75	1,268	1,148	1,644	1,363	2,623	1,328	1,614	1,315	19,081
Income Tax Refunds	239	208	125	191	115	103	200	28	186	266	52	340	2,053
Misc.-Law suits		2	501		1		2	0	14				522
Total Cash Outflow	11,284	29,680	15,887	11,243	13,091	12,567	11,695	17,411	18,640	12,408	11,247	11,818	178,971
CASH INFLOW:													
Water & Sewer-Lockbox	1,550	1,825	2,135	2,282	1,384	2,510	1,750	1,225	1,200	1,840	1,490	1,240	20,431
Property Taxes-Lockbox	7,600	3,150	0	1,640	780	580	1,740	2,755	340	0	0	0	16,585
Income Taxes-Lockbox	400	400	375	450	350	350	440	800	400	860	790	625	6,240
Parks & Rec.													0
Cash Register Receipts *	10,700	25,380	7,818	6,673	10,107	3,223	10,267	7,835	10,661	7,312	6,581	6,741	113,298
Parking Meter													0
DCD Reimb.-Urban Renewal	830	156	945	780	145	398		655	387	630	238	430	5,594
Other Misc. (including Rev.													
Sharing	650	0	2,176	2,358	700	2,900	643	649	647	2,850	865	0	14,438
Other-Grants/Delq Co Rtn **		0	0	0	0	0	0	950	0	0	0	5,154	6,104
Total Cash Inflow	21,730	30,911	13,449	14,183	13,466	9,961	14,840	14,869	13,635	13,492	9,964	14,190	184,690
Net Cash Flow (Inflows less Outflows)	10,446	1,231	(2,438)	2,940	375	(2,606)	3,145	(2,542)	(5,005)	1,084	(1,283)	2,372	7,719
Prior Month's Ending Balance	10,887	21,223	24,186	21,338	24,912	26,425	26,937	30,391	32,608	31,406	34,618	33,808	
Unrecorded Revenue	(110)	1,732	(410)	634	1,138	3,118	309	4,759	3,803	2,128	473	4,417	
End of Month Balance-Pooled Cash/Investments	21,223	24,186	21,338	24,912	26,425	26,937	30,391	32,608	31,406	34,618	33,808	40,587	
Cash Increase/(decrease) 7/1/12 - 6/30/13													29,710
* Includes Tax Hold (+,-)													
** Grant Collections included in Cash Receipts and DCD Reimb													
Actuals thru June													
City of Flint													7/12/2013

**POOLED CASH BALANCE
END OF THE MONTH**



POOLED CASH BALANCE



Pooled
Cash
Balance

Project 13 FY 2013 FY 2012 FY 2011

July	21333	21333	7811	14529
Aug.	19810	24186	17060	14186
Sept.	17965	21338	12244	8483
Oct.	17700	24912	18903	11577
Nov.	13017	26425	15804	8720
Dec.	12498	26937	13368	7429
Jan.	11242	30391	9202	7339
Feb.	10480	32608	13191	9056
March	11004	31406	7880	2789
April	10765	34618	8551	10301
May	5270	33808	5842	5389
June	9523	40597	10887	5554

Attachment B

06/30/2013 - Revenue and Expenditure Report

07/08/2013

REVENUE & EXPENDITURE REPORT FOR CITY OF FLINT
Month Ended 06/30/2013

* NOTE: Available Balance / Pot Budget Used does not reflect amounts encumbered.

ACCOUNT DESCRIPTION	2012-13 YEAR-TO-DATE		ACTIVITY FOR		AVAILABLE	% OF BUDGET
	AMENDED BUDGET	THRU 06/30/13	06/30/2013	MONTH ENDED		
Fund 101 - General Fund						
Revenues						
Property Taxes	5,720,000.00	5,415,148.56	0.00		304,851.44	94.67
Income taxes	15,300,000.00	13,323,469.95	680,069.44		1,976,530.05	87.08
Special assessment taxes	5,000.00	10,993.03	0.00		(5,993.03)	219.86
Federal revenues	3,346,018.83	1,243,724.49	361,245.23		2,102,294.34	37.17
State revenues	14,842,391.82	12,898,590.02	2,318,035.56		1,943,801.80	86.90
License and Permits	1,287,931.22	937,618.64	26,806.60		350,312.58	72.80
Fines and forfeitures	1,524,618.00	2,325,173.55	551,279.93		(800,555.55)	152.51
Charges for service rendered	11,958,695.00	11,900,949.82	959,899.45		57,745.18	99.52
Local grants	0.00	8,240.76	0.00		(8,240.76)	100.00
Interest and dividend income	134,400.00	270,026.21	139,130.15		(135,626.21)	200.91
Judgement Levy	3,503.91	0.00	0.00		3,503.91	0.00
Other revenues	2,625,631.87	3,915,548.74	305,300.85		(1,289,916.87)	149.13
Proceeds from sale of capital assets	2,500.00	100.00	0.00		2,400.00	4.00
Transfers in	4,077,997.86	4,077,997.86	0.00		0.00	100.00
Drawings from fund balance	(419,642.17)	0.00	0.00		(419,642.17)	0.00
Total Revenues	60,409,046.34	56,327,581.63	5,341,767.21		4,081,464.71	93.24
Expenditures						
Legislative	352,898.88	341,932.96	15,831.23		10,965.92	96.89
Judicial	5,358,478.86	5,171,012.10	428,356.22		187,466.56	96.50
General government	9,279,824.02	8,184,153.01	756,747.69		1,095,671.01	88.19
Police	25,657,682.17	23,772,563.04	1,824,915.00		1,885,119.13	92.65
Emergency dispatch	3,314,413.00	3,350,877.47	257,038.80		(36,464.47)	101.10
Fire	11,360,843.23	10,612,359.84	809,129.52		748,483.39	93.41
Building inspections	1,085,638.78	1,079,184.46	91,083.58		6,454.32	99.41

Transportation	0.00	432.71	94.11	(432.71)	100.00
Parks and recreation	1,840,367.12	1,596,082.10	103,179.16	244,285.02	86.73
Community development	2,058,900.48	2,059,656.78	159,065.25	(756.30)	100.04
Transfers out	140,000.00	100,000.00	0.00	40,000.00	71.43
Total Expenditures	60,449,046.34	56,268,254.47	4,445,440.56	4,180,791.87	93.08

NET OF REVENUES AND EXPENDITURES

	(40,000.00)	59,327.16	896,326.65	(99,327.16)	
--	-------------	-----------	------------	-------------	--

Fund 202 - Major Street Fund

Revenues					
Federal revenues	100,000.00	0.00	0.00	100,000.00	0.00
State revenues	6,399,412.10	5,605,825.69	585,629.08	793,586.41	87.60
Charges for service rendered	125,000.00	101,766.04	66,647.52	23,233.96	81.41
Interest and dividend income	200.00	0.00	0.00	200.00	0.00
Other revenues	345,554.19	369,635.07	19,583.00	(24,080.88)	106.97
Drawings from fund balance	150,873.62	0.00	0.00	150,873.62	0.00
Total Revenues	7,121,039.91	6,077,226.80	671,859.60	1,043,813.11	85.34

Expenditures

Transportation	6,710,224.36	5,560,652.42	416,280.72	1,149,571.94	82.87
Debt services - principal	108,980.00	108,976.91	0.00	3.09	100.00
Debt services - interest	9,644.00	9,643.21	0.00	0.79	99.99
Transfers out	292,191.55	292,191.55	0.00	0.00	100.00
Total Expenditures	7,121,039.91	5,971,464.09	416,280.72	1,149,575.82	83.66

NET OF REVENUES AND EXPENDITURES

	0.00	105,762.71	255,578.88	(105,762.71)	
--	------	------------	------------	--------------	--

Fund 203 - Local Street Fund

Revenues					
Federal revenues	116,079.00	244,462.33	0.00	(128,403.33)	210.62
State revenues	1,815,765.00	1,538,357.25	150,685.88	277,407.75	84.72
Interest and dividend income	100.00	0.00	0.00	100.00	0.00
Other revenues	754,930.00	464,911.79	556.00	290,018.21	61.58
Transfers in	282,191.55	292,191.55	0.00	0.00	100.00
Drawings from fund balance	199,471.32	0.00	0.00	199,471.32	0.00

Total Revenues	3,178,536.87	2,539,942.92	151,241.88	638,593.95	79.91
Expenditures					
Transportation	3,177,630.55	2,850,348.66	209,591.31	327,281.89	89.70
Total Expenditures	3,177,630.55	2,850,348.66	209,591.31	327,281.89	89.70
NET OF REVENUES AND EXPENDITURES	906.32	(310,405.74)	(58,349.43)	311,312.06	

Fund 205 - Public Safety					
Revenues					
Property Taxes	5,600,000.00	4,861,754.09	15,009.12	738,245.91	86.82
Drawings from fund balance	(4,541,000.00)	0.00	0.00	(4,541,000.00)	0.00
Total Revenues	1,059,000.00	4,861,754.09	15,009.12	(3,802,754.09)	459.09
Expenditures					
Police	474,000.00	45,729.81	18,537.96	428,270.19	9.65
Fire	585,000.00	0.00	0.00	585,000.00	0.00
Total Expenditures	1,059,000.00	45,729.81	18,537.96	1,013,270.19	4.32

NET OF REVENUES AND EXPENDITURES	0.00	4,816,024.28	(3,528.84)	(4,816,024.28)	
----------------------------------	------	--------------	------------	----------------	--

Fund 207 - Police Fund					
Revenues					
Property Taxes	1,544,000.00	1,475,811.12	0.00	68,188.88	95.58
Other revenues	418,180.00	(28,053.73)	0.00	446,233.73	(6.71)
Total Revenues	1,962,180.00	1,447,757.39	0.00	514,422.61	73.78

Expenditures					
Police	1,962,180.00	1,269,551.03	107,972.10	692,628.97	64.70
Total Expenditures	1,962,180.00	1,269,551.03	107,972.10	692,628.97	64.70
NET OF REVENUES AND EXPENDITURES	0.00	178,206.36	(107,972.10)	(178,206.36)	

Fund 208 - Park/Recreation Fund

Revenues									
Property Taxes	386,400.00	384,982.26	0.00	1,417.74				99.63	
Other revenues	63,000.00	42,689.25	1,210.00	20,310.75				67.76	
Transfers in	40,000.00	0.00	0.00	40,000.00				0.00	
Total Revenues	489,400.00	427,671.51	1,210.00	61,728.49				87.39	
Expenditures									
Parks and recreation	449,400.00	380,781.87	34,289.43	68,618.13				84.73	
Total Expenditures	449,400.00	380,781.87	34,289.43	68,618.13				84.73	
NET OF REVENUES AND EXPENDITURES	40,000.00	46,889.64	(33,079.43)	(6,889.64)					

Fund 213 - Park & Recreation Senior Citizen Centers

Revenues									
Local grants	388,170.16	151,278.27	15,838.68	236,891.89				38.97	
Total Revenues	388,170.16	151,278.27	15,838.68	236,891.89				38.97	
Expenditures									
Parks and recreation	388,170.16	207,418.63	39,549.80	180,751.53				53.43	
Total Expenditures	388,170.16	207,418.63	39,549.80	180,751.53				53.43	
NET OF REVENUES AND EXPENDITURES	0.00	(56,140.36)	(23,711.12)	56,140.36					

Fund 219 - Street Light

Revenues									
Special assessment taxes	2,850,000.00	2,811,259.73	0.00	38,740.27				98.64	
Other revenues	0.00	2,956.00	0.00	(2,956.00)				100.00	
Total Revenues	2,850,000.00	2,814,215.73	0.00	35,784.27				98.74	
Expenditures									
Transportation	2,850,000.00	2,454,599.58	201,315.31	395,400.42				86.13	
Total Expenditures	2,850,000.00	2,454,599.58	201,315.31	395,400.42				86.13	
NET OF REVENUES AND EXPENDITURES	0.00	359,616.15	(201,315.31)	(359,616.15)					

Fund 226 - Rubbish Collection Fund

Revenues					
Property Taxes	5,000,000.00	4,507,973.50	0.00	492,026.50	90.16
License and Permits	720.00	940.00	100.00	(220.00)	130.56
Other revenues	0.00	1,200.00	1,200.00	(1,200.00)	100.00
Gain on sale of fixed assets	1,500,000.00	1,500,000.00	0.00	0.00	100.00
Drawings from fund balance	(372,212.27)	0.00	0.00	(372,212.27)	0.00
Total Revenues	6,128,507.73	6,010,113.50	1,300.00	118,394.23	98.07
Expenditures					
Transportation	291,438.54	291,409.89	0.00	28.65	99.99
Public works	5,738,271.51	5,048,107.86	522,825.74	690,163.65	87.97
Total Expenditures	6,029,710.05	5,339,517.75	522,825.74	690,192.30	88.55
NET OF REVENUES AND EXPENDITURES					
	98,797.68	670,595.75	(521,525.74)	(571,798.07)	

Fund 238 - Hud Grants - 2011 & prior

Revenues					
Federal revenues	2,973,292.49	448,708.43	11,386.76	2,524,584.06	15.09
Total Revenues	2,973,292.49	448,708.43	11,386.76	2,524,584.06	15.09
Expenditures					
Fire	407,524.00	0.00	0.00	407,524.00	0.00
Building inspections	129,063.85	59,684.33	0.00	69,379.52	46.24
Community development	2,436,704.64	557,221.56	104,200.40	1,879,483.08	22.87
Total Expenditures	2,973,292.49	616,905.89	104,200.40	2,356,386.60	20.75
NET OF REVENUES AND EXPENDITURES	0.00	(168,197.46)	(92,813.64)	168,197.46	

Fund 265 - Drug Law Enforcement Fund

Revenues					
Fines and forfeitures	150,000.00	626.47	0.00	149,373.53	0.42
Other revenues	6,000.00	32,481.39	1,664.77	(26,481.39)	541.36
Drawings from fund balance	140,472.00	0.00	0.00	140,472.00	0.00

Total Revenues	296,472.00	33,107.86	1,664.77	263,364.14	11.17
Expenditures					
Police	296,472.00	151,340.04	24,383.77	145,131.96	51.05
Total Expenditures	296,472.00	151,340.04	24,383.77	145,131.96	51.05
NET OF REVENUES AND EXPENDITURES	0.00	(118,232.18)	(22,719.00)	118,232.18	

Fund 271 - Hud Grant - 2011					
Expenditures					
Total Expenditures	0.00	0.00	0.00	0.00	0.00
NET OF REVENUES AND EXPENDITURES	0.00	0.00	0.00	0.00	

Fund 272 - Hud Grant - 2012					
Revenues					
Federal revenues	2,568,169.79	1,329,075.61	20,395.00	1,239,094.18	51.75
Total Revenues	2,568,169.79	1,329,075.61	20,395.00	1,239,094.18	51.75

Expenditures					
(UNCLASSIFIED)	15,000.00	15,000.00	0.00	0.00	100.00
General government	54,433.53	52,460.53	0.00	1,973.00	96.38
Building inspections	308,316.28	48,482.89	0.00	259,833.39	15.73
Transportation	200,000.00	33,758.23	0.00	166,241.77	16.88
Community development	1,990,419.98	1,145,857.87	20,395.00	844,562.11	57.57
Total Expenditures	2,568,169.79	1,295,559.52	20,395.00	1,272,610.27	50.45
NET OF REVENUES AND EXPENDITURES	0.00	33,516.09	0.00	(33,516.09)	

Fund 273 - Hud Grant - 2013					
Revenues					
Federal revenues	4,954,628.00	1,386,231.86	211,759.75	3,568,396.14	27.98
Total Revenues	4,954,628.00	1,386,231.86	211,759.75	3,568,396.14	27.98

Total Expenditures	2,104,906.00	1,427,094.99	0.00	677,811.01	67.80
NET OF REVENUES AND EXPENDITURES	214,974.00	855,155.14	112,649.97	(640,181.14)	

Fund 542 - Building Inspection Fund					
Revenues					
Federal revenues	2,715,783.92	1,936,595.51	182,218.97	779,188.41	71.31
License and Permits	1,853,703.00	1,766,488.28	75,756.00	87,214.72	95.30
Charges for service rendered	389,005.36	217,486.35	15,504.00	171,519.01	55.91
Other revenues	0.00	2,963.07	0.00	(2,963.07)	100.00
Total Revenues	4,958,492.28	3,923,533.21	273,478.97	1,034,959.07	79.13
Expenditures					
General government	0.00	(1,433.19)	(110.35)	1,433.19	100.00
Building inspections	4,610,639.47	3,973,142.45	236,337.56	637,497.02	86.17
Community development	126,078.64	110,828.55	25,976.48	15,250.09	87.90
Total Expenditures	4,736,718.11	4,082,537.81	262,203.69	654,180.30	86.19
NET OF REVENUES AND EXPENDITURES	221,774.17	(159,004.60)	11,275.28	380,778.77	

Fund 590 - Sewer Fund					
Revenues					
State revenues	660,988.63	482,003.26	0.00	178,985.37	72.92
Fines and forfeitures	0.00	2,578.76	2,578.76	(2,578.76)	100.00
Charges for service rendered	31,333,815.51	30,407,253.19	1,509,332.85	926,562.32	97.04
Interest and dividend income	10,000.00	27,440.70	0.00	(17,440.70)	274.41
Other revenues	30,000.00	28,026.10	75.00	1,973.90	93.42
Total Revenues	32,034,804.14	30,947,302.01	1,511,986.61	1,087,502.13	96.61
Expenditures					
General government	53,803.63	77,345.92	4,413.84	(23,542.29)	143.76
Utilities	35,113,228.83	25,926,488.23	2,273,904.12	9,186,740.60	73.84
Debt services - principal	6,458.06	6,458.06	401.34	0.00	100.00
Debt services - interest	1,313.62	1,313.62	153.78	0.00	100.00
Transfers out	1,860,000.00	1,860,000.00	0.00	0.00	100.00

Total Expenditures	37,034,804.14	27,871,605.83	2,278,873.08	9,163,198.31	75.26
NET OF REVENUES AND EXPENDITURES	(5,000,000.00)	3,075,696.18	(766,886.47)	(8,075,696.18)	
Fund 591 - Water Fund					
Revenues					
Federal revenues	100,000.00	20,395.00	20,395.00	79,605.00	20.40
Charges for service rendered	50,400,736.49	48,499,061.16	2,288,863.28	1,901,675.33	98.23
Other revenues	13,767.13	12,576.89	0.00	1,190.24	91.35
Gain on sale of fixed assets	32,100.00	52,537.25	(8,174.54)	(20,437.25)	163.67
Total Revenues	50,546,603.62	48,584,570.30	2,301,083.74	1,962,033.32	96.12
Expenditures					
General government	53,803.63	79,451.59	4,339.49	(25,647.96)	147.67
Community development	100,000.00	20,395.00	20,395.00	79,605.00	20.40
Utilities	50,774,728.99	36,715,081.04	3,107,549.11	14,059,647.95	72.31
Transfers out	3,768,071.00	3,768,071.00	0.00	0.00	100.00
Total Expenditures	54,696,603.62	40,582,998.63	3,132,283.60	14,113,604.99	74.20
NET OF REVENUES AND EXPENDITURES	(4,150,000.00)	8,001,571.67	(831,199.86)	(12,151,571.67)	
TOTAL REVENUES - W/O COMMUNITY DEV	177,442,378.54	167,603,966.78	10,410,477.31	9,838,411.76	94%
TOTAL EXPENDITURES - W/O COMM DEV	186,055,926.37	150,247,101.58	11,797,747.47	35,808,824.79	81%
NET OF REV AND EXPD - W/O COMM DEV	(8,613,547.83)	17,356,865.20	(1,387,270.16)	(25,970,413.03)	
TOTAL REVENUES - COMMUNITY DEV	28,804,331.89	15,657,928.25	375,583.77	13,146,403.64	54%
TOTAL EXPENDITURES - COMM DEV	28,795,114.45	16,085,339.13	1,096,329.38	12,729,775.32	56%
NET OF REV AND EXPD - COMM DEV	9,217.44	(407,410.88)	(720,745.61)	416,628.32	
TOTAL REVENUES - W/ COMM DEV	206,246,710.43	183,261,895.03	10,786,061.08	22,984,815.40	89%
TOTAL EXPENDITURES - W/ COMM DEV	214,851,040.82	166,312,440.71	12,894,076.85	48,538,600.11	77%
NET OF REV AND EXPD - W/ COMM DEV	(8,604,330.39)	16,949,454.32	(2,108,015.77)	(25,553,784.71)	

Attachment C

Compliance Monitoring Report – confirm/deny page

Stanton, Terry A. (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Monday, July 15, 2013 5:55 PM
To: Stanton, Terry A. (Treasury)
Subject: RE: Kurtz's exit report

I do not I remember discussing it with Ed prior to his departure



Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov



Think Green! Don't print this e-mail unless you need to.

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, is for the sole use of the intended recipient(s) and may contain information that is confidential and protected from disclosure under the law. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail, and delete/destroy all copies of the original message and attachments.
Thank you

From: Stanton, Terry A. (Treasury)
Sent: Monday, July 15, 2013 5:15 PM
To: Koryzno, Edward (Treasury)
Subject: FW: Kurtz's exit report

Ed...

Do you have this?

From: Adams, Dominic [<mailto:DADAMS5@mlive.com>]
Sent: Monday, July 15, 2013 11:39 AM
To: Stanton, Terry A. (Treasury)
Subject: Kurtz's exit report

Terry:

Could I please get a copy of the report Ed Kurtz filed with your office, I believe dated June 28, that was his exit report before retiring and leaving as emergency manager in Flint?

I'd prefer to get this emailed back to me and as soon as possible.

Thanks,

Dominic Adams | metro reporter | [The Flint Journal](http://TheFlintJournal.com) | 810-241-8803 | dadams5@mlive.com | [On Twitter](#) | [On Facebook](#)

Stanton, Terry A. (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, July 17, 2013 10:08 AM
To: Stanton, Terry A. (Treasury); Saxton, Thomas (Treasury); Stibitz, Brom (Treasury)
Subject: FW: Financial and Operating Plan for the City of Flint
Attachments: City of Flint Update 3 Financial & Operating Plan 062813.PDF

I spoke to Mike Brown and he said Ed Kurtz used this report to fulfill his final report.



Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov



Think Green! Don't print this e-mail unless you need to.

***CONFIDENTIALITY NOTICE:** This e-mail, and any attachments, is for the sole use of the intended recipient(s) and may contain information that is confidential and protected from disclosure under the law. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail, and delete/destroy all copies of the original message and attachments.*
Thank you

From: Maxine Murray [mailto:mmurray@cityofflint.com]
Sent: Friday, June 28, 2013 4:28 PM
To: Dillon, Andy (Treasury)
Cc: Inez Brown; Koryzno, Edward (Treasury); Dempkowski, Angela (Treasury); ByrneR1@michigan.gov; Ed Kurtz; Michael Brown
Subject: Financial and Operating Plan for the City of Flint

Good afternoon:

Please find attached the 3rd update for the City of Flint Financial and Operating Plan from Edward Kurtz.

Thank you.

--

Maxine Murray
Executive Assistant to
Mayor Dayne Walling
Edward J. Kurtz, Emergency Manager
Michael K. Brown, City Administrator
1101 S. Saginaw Street
Flint, MI 48502
810.237.2035 Telephone
810.766.7218 Fax



**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.

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.

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 6th 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 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 6th 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.

68th 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 67th and 68th 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 9th 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 23rd 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 22nd 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 2nd 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, 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 flourish 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

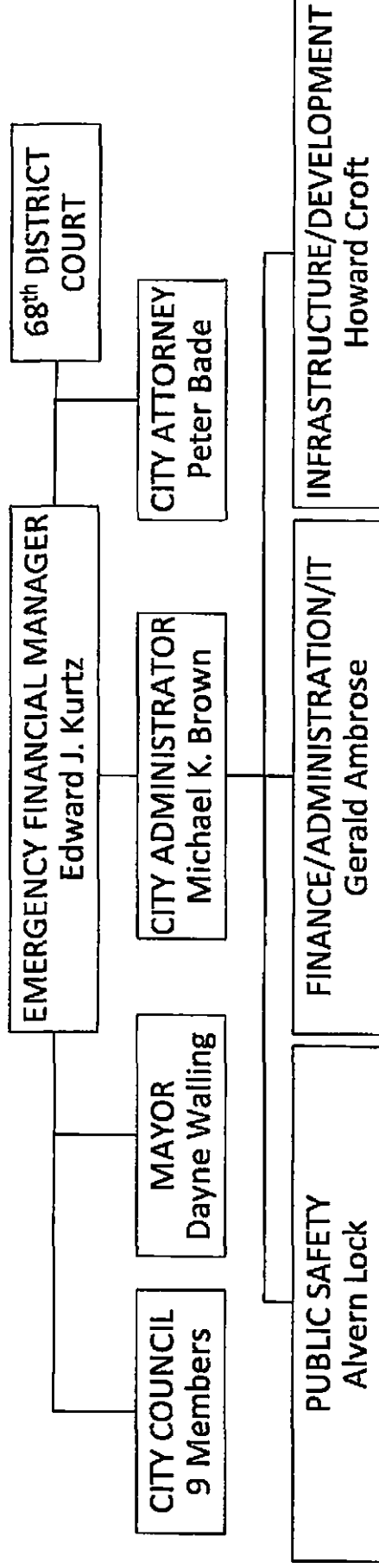
**Summary of Findings of the Flint Financial Review Team
November 2011**

- 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



- Police
- Fire
- 911

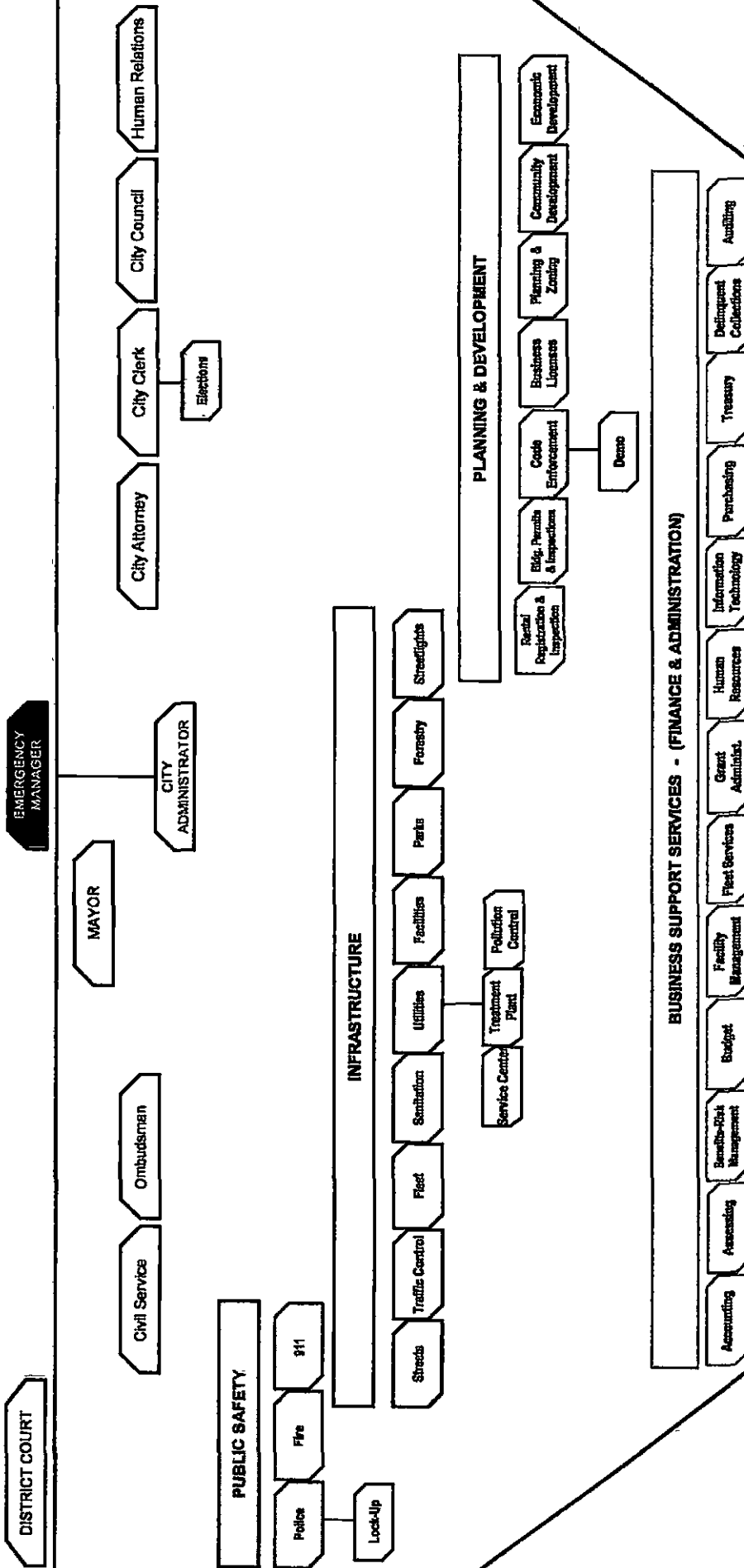
- Treasury
- Budget
- Risk Management
- Assessment and Tax Collection
- Human Resources
 - Human Relations Commission
- Information Technology
- Purchasing
- Accounting
- Pension
- City Clerk – Licensing, Permitting, and Elections

- Community and Economic Development – Planning/Zoning and Grants Management
- Development – Building Inspections, Blight and Demolition
- Facilities Maintenance
- Fleet
- Parks & Recreation and Forestry
- Sanitation
- Street Maintenance
- Transportation – Central Administration and Accounting
- Transportation – Traffic Engineering
- Transportation – Engineering
- Utilities – Water Pollution Control Facility
- Utilities – Water Service Center
- Utilities – Water Plant
- Utilities – Water Treatment Center

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	0001	ADOPTION OF FISCAL YEAR 2014 BUDGET
6/6/13	0	SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING
4/12/13	02	CITY COUNCIL'S RESPONSIBILITIES AND PARTIAL RESTORATION OF COMPENSATION
3/28/13	01	MAYOR DAYNE WALLING'S RESPONSIBILITIES AND PARTIAL RESTORATION OF COMPENSATION
3/27/13	01	WATER SERVICE PROCEDURES
3/15/13	001	GRANT APPLICATIONS
12/12/12	00000001	INVALIDATING COUNCIL ACTION
10/11/12	00000001	POVERTY EXEMPTION TO STREET LIGHTING SPECIAL ASSESSMENT
10/11/12	00000002	CITY COUNCIL ADOPTION OF AMENDMENT TO RENTAL INSPECTION ORDINANCE IS NULL AND VOID
09/14/12	00000002	OVERTIME
09/12/12	00000001	CITY TREASURER AUTHORIZED TO CORRECT ASSESSMENTS OR FEES IF PROPERTY OWNER ENTITLED TO WAIVER
08/24/12	00000001	ADVISORY COMMITTEE
08/24/12	00000001	BUDGETARY OVERSIGHT & TERMINATION OF LINE ITEM LEVEL
08/24/12	00000001	PROCEDURE FOR SUBMISSION OF RESOLUTIONS AND ORDINANCES
08/24/12	00000001	PROCEDURES FOR PURCHASING
08/08/12	00000004	FLINT POLICE OFFICERS ASSOCIATION UNION CONTRACT PROVISION MODIFICATION/TERMINATION - TRANSFER TO THE MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
08/08/12	00000003	CONSOLIDATION OF FLINT AREA ENTERPRISE COMMUNITY WITH ECONOMIC DEVELOPMENT CORPORATION AND ELIMINATION OF CITIZENS DISTRICT COUNCILS
06/27/12	00000002	ESTABLISHMENT OF SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING
05/30/12	00000001	WATER AND SEWER RATE INCREASES
05/30/12	00000001	SPECIAL ASSESSMENT DISTRICT FOR STREET LIGHTING
05/30/12	00000001	APPLICATION TO STATE ADMINISTRATIVE BOARD FOR APPROVAL TO ISSUE NOT TO EXCEED \$9,300,000 IN FISCAL STABILIZATION BONDS
04/25/12	00000005	WASTE COLLECTION USER FEE
04/25/12	00000002	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH AFSCME LOCAL 1799
04/25/12	00000001	AFSCME LOCAL 1600 ("LOCAL 1600") CONTRACT PROVISION MODIFICATION/TERMINATION
04/25/12	00000001	AFSCME LOCAL 1799 RETIREE INSURANCE RECIPIENTS
04/25/12	00000004	AFSCME LOCAL 1600 RETIREE INSURANCE RECIPIENTS
04/25/12	00000001	FLINT I A F F - FLINT FIREFIGHTERS UNION RETIREE INSURANCE RECIPIENTS
04/25/12	00000001	FLINT POLICE OFFICERS ASSOCIATION UNION RETIREE INSURANCE RECIPIENTS
04/25/12	00000001	P O L C - FLINT POLICE CAPTAINS AND LIEUTENANTS UNION RETIREE INSURANCE RECIPIENTS
04/25/12	00000002	P O L C - FLINT POLICE SERGEANTS UNION RETIREE INSURANCE RECIPIENTS
04/25/12	00000001	NON-UNION ACTIVES AND RETIREE INSURANCE RECIPIENTS
04/25/12	00000001	FLINT POLICE OFFICERS ASSOCIATION CONTRACT PROVISION MODIFICATION/TERMINATION
04/25/12	00000001	ADOPTION OF FISCAL YEAR 2013 BUDGET
04/24/12	00000001	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH FLINT I A F F - FLINT FIREFIGHTERS UNION
04/24/12	00000001	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH P O L C - FLINT POLICE CAPTAINS AND LIEUTENANTS UNION
04/24/12	00000001	APPROVAL OF COLLECTIVE BARGAIN AGREEMENT WITH P O L C - FLINT POLICE SERGEANTS UNION
04/13/12	00000001	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	00000001	Monthly Meetings with Flint City Council
01/11/12	00000001	Procedure for Submission of Matters Involving a Recommendation by the Planning Commission
12/20/11	00000001	Council's Responsibilities & Compensation
12/20/11	00000001	Mayor's Responsibilities & Compensation
12/19/11	00000001	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 FY 14 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

1 of 7

GOVERNANCE/ADMINISTRATION

FINAL 3/20/2013

<u>DIVISIONS/AREAS</u>	<u>FUNCTIONS/GOALS</u>	<u>KEY OBJECTIVES</u>
EMERGENCY FINANCIAL MANAGER	Directs and guides the City government in order to have a financially stable organization capable of assuring: • A safe, secure, healthy environment to live, work, play	Assure Division Directors Achieve their goals Provide Continuity for water services Secure Continued Funding for the Lock-Up
CITY ADMINISTRATOR		
MAYOR		
COUNCIL		
HUMAN RELATIONS	*A dependable and affordable water, sewer and waste collection	Secure Replacement Funding for the SAFER Grant Pursue RTI Consolidation
CIVIL SERVICE/COMBUSTION	*An adequate and well maintained transportation network	Implement New Organizational Structures/line Fire Chief and Asst. Police Chief Establish link with PARO for grant assistance
	*Support of community and economic development activities	Support Economic Development Support Community Development Expand Communication efforts
		Access 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
CITY ATTORNEY	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
CITY CLERK	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 Conduct regularly scheduled and special elections
RECORDS		
ELECTIONS		

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

PUBLIC SAFETY

DIVISIONS/AREAS	FUNCTIONS/GOALS	KEY OBJECTIVES
POLICE		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 Look Up operations Finalize 600 MHz installation Conduct technology training for all personnel Strengthen relationships with community groups
911	Provides the best possible emergency telephone answering and dispatch purpose possible within current staffing of 22	Reduce use of 911 for non-emergency calls Develop plan for Next Gen 911 technology Improve response to knowledge 911 and 7 digit calls Improve data transfer for false alarm billing Complete 800 MHz implementation Develop plan for new communications tower Propose plan for management succession Meet mandated training standards Complete 911 certification study and prepare to implement
PIKE	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 drops Analyze patterns of 24 hours usage Evaluate alternate organizational structures Determine impact of "Fire only" response capability
DISTRICT COURT	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

3 of 7

INFRASTRUCTURE

DIVISIONS/AREAS	FUNCTIONS/GOALS	KEY OBJECTIVES
STREETS	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 totaling 1,000 repairs Initiate a 50/50 Sidewalk repair program Invest \$100,000 in non-motorized facilities Initiate Pet Hole repair within 48 hours Initiate Right of Way Enforcement Program
TRAFFIC CONTROL	Oversees the maintenance and repair of traffic control signals and markings, including bandcasting 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 term pavement marking program
SANITATION	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
UTILITIES	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 water 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 interceptor as next step to reducing unit cost of solids disposal
PARKS	Oversees the maintenance and use of park land; promotes the development of recreational programming	Implement "Adopt a Park" program throughout the City Participate with Planning to develop a parks disposal plan Monitor meeting contractor performance

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

4 of 7

INFRASTRUCTURE (cont)

DIVISIONS/AREAS		FUNCTIONS/GOALS	KEY OBJECTIVES
FORESTRY			
		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
STREETLIGHTS			
		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
FLINT			
		Oversees the specification, purchase, repair, maintenance and replacement of all city vehicles and wheeled equipment. Provides professional and technical advice to departments requesting their vehicle and equipment needs.	Complete and maintain a current fleet and equipment inventory Develop a vehicle/equipment replacement schedule Complete 75% of work orders within 72 hours Maintain scheduled actual to preventive maintenance ratio > 75% Sustain average vehicle availability rates above 70% Implement fuel program to minimize fuel storage & cost
FACILITIES			
		Oversees the operations of all city buildings and grounds other than park land. 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.	Resolve emergencies immediately 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 egress opportunities

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

PLANNING AND DEVELOPMENT

DIVISIONS/AREAS	FUNCTIONS/GOALS	KEY OBJECTIVES
CODE ENFORCEMENT	Assures comprehensive and fair enforcement of compliance of the Michigan Construction Codes, City of Flint Ordinances, including rental regulations, and the International Property Maintenance Code	Register 100% of Rental Properties Review and update Building Fee Schedule Document timeliness of turnaround for Building Permits and Inspections Develop and implement a plan for code enforcement
RENTAL REGISTRATIONS		
BUILDING PERMITS		
BUSINESS LICENSES	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	Review and simplify business zoning requirements License 100% of businesses, per ordinance Document timeliness of inspections done, per ordinance
PLANNING AND ZONING	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 Revises park plan to recognize city resource limitations Update Capital Improvement Plan Develop plan to assure that disposition of city property is consistent w/MPan Make available basic demographic information and GIS Services Complete NEPA Clearances Complete Blight Elimination Plan
COMMUNITY DEVELOPMENT	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
ECONOMIC DEVELOPMENT	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

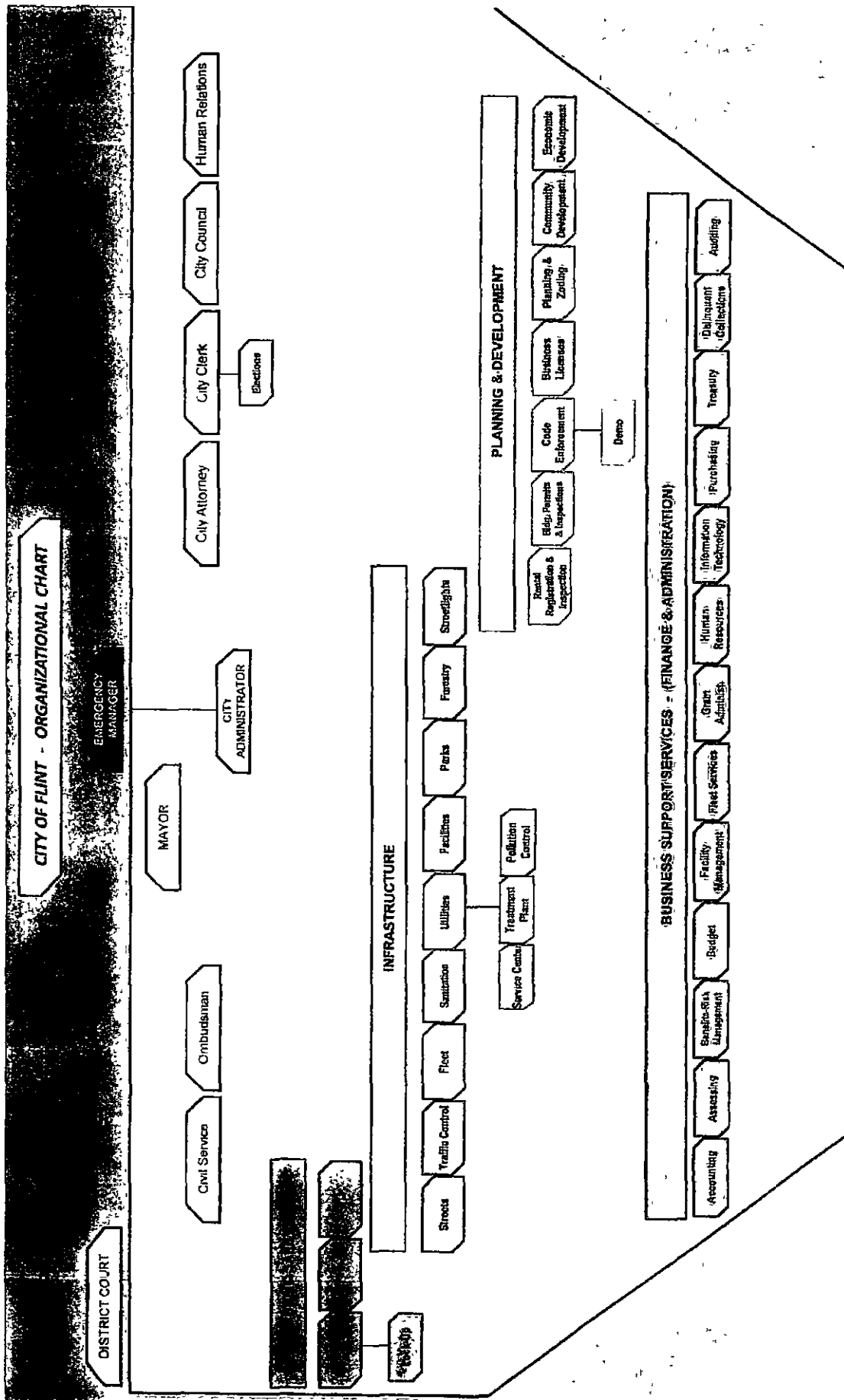
BUSINESS SUPPORT

<u>DIVISIONS/AREAS</u>	<u>FUNCTIONS/GOALS</u>	<u>KEY OBJECTIVES</u>
FINANCE		
ACCOUNTING	Provides for a financially sound organization with sound business practices	Meet State reporting requirements
AUDITING	Providing for the purchase of goods and services and financial reporting.	Eliminate Deficit per plan
BUDGETING	Provides professional and technical advice to departments regarding financial and purchasing needs and on grant administration processes.	Fully implement BSA
RISK MANAGEMENT		Continue reorganization of department per P&M study
PURCHASING		Incorporate purchasing and risk management into Finance
GRANT ADMIN		Formulate a 5 year budget and planning process
		Complete and submit FY13 audit by November 30
		Design and implement formal budget monitoring process
		Implement new fiscal reporting process
		Fully implement P Card process; evaluate saturation
		Conduct ongoing training for all city accounting staff
		Develop and implement a city wide 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 for adequacy
		Review Health Insurance coverage for cost savings
TREASURY		
CUSTOMER SERVICE		
DELINQUENT COLLECTIONS	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 in compliance programs
		Collect a larger percentage of the City's delinquent receivables
		Assist customers' needs timely
		Expand an electronic payment program
		Implement e-file for income tax returns
		Set up training programs for Treasury staff
ASSESSING		
	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 issue level appeals	Migrate to BSA-net, train staff
		Conduct land revaluations
		Conduct personal property surveys of accounts less than \$40k
		Conduct personal property audits of accounts greater than \$40k
		Convert/franchise structure dealings from paper to APEX
		Establish and maintain parcel layer for City GIS
HUMAN RESOURCES		
	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/recruiting (Applicant)
		Update testing protocols for recruitment/collection
		Update/improve layoff process
		Identify contract terms for modification/termination
		Clarify and finalize labor contracts and personnel policies
		Revise process of benefit administration
		Foster and maintain good labor relations
		Revise 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**

BUSINESS SUPPORT (cont.)

[illegible]



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 PROJECTIONREVENUESGENERAL FUND REVENUES (LESS MAJOR GRANTS)NEIGHBORHOOD POLICE MILLAGEPOLICE AND FIRE MILLAGEPARKS AND RECREATION MILLAGESPUBLIC IMPROVEMENT MILLAGEBUILDING INSPECTION FUNDMAJOR GRANTS

SAPER (Fire)
 Disaster Planning
 Lockup (GIF)
 COPS Hiring Grant (GIF)
 Drug Fortitude Field
 MOTT (Police - GIF)
 Other (Police - GIF)

NET REVENUES FOR GENERAL CITY SERVICESCDBG AND OTHER RESTRICTED GRANTSCDBG/ALD (FY13 & prior years)CDBGSTATE RESTRICTED REVENUESMajor StreetsLocal StreetsASSESSMENTS AND FEESStreet Light AssessmentGarbage Collection FeeENTERPRISE FUNDSWater FundSewer FundTOTAL REVENUES FOR ALL CITY SERVICES

	FY13 PROJECTED	FY14 PROPOSED	FY16 PROJECTED	FY16 PROJECTED	FY17 PROJECTED	FY18 PROJECTED
	\$54,400,943	\$50,183,337	\$49,732,298	\$49,732,198	\$49,424,519	\$49,591,791
	\$1,952,180	\$1,549,190	\$1,080,182	\$1,071,813	\$1,039,368	\$1,121,808
	\$1,059,000	\$1,845,827	\$4,593,085	\$4,441,172	\$4,529,682	\$4,440,688
	\$389,400	\$809,094	\$277,000	\$269,000	\$289,000	\$271,000
	\$2,319,880	\$1,875,000	\$1,383,000	\$1,326,000	\$1,326,000	\$1,326,000
	\$5,259,203	\$2,318,827	\$1,539,497	\$1,702,857	\$1,627,857	\$1,961,324
	\$65,355,606	\$59,361,035	\$58,682,032	\$57,547,840	\$57,441,245	\$57,731,891
SUBTOTAL						
	\$3,281,801	\$3,281,801	\$0	\$0	\$0	\$0
	\$916,227	\$1,198,611	\$0	\$0	\$0	\$0
	\$1,330,000	\$1,300,001	\$0	\$0	\$0	\$0
	\$988,520	\$826,748	\$464,247	\$479,959	\$500,507	\$0
	\$298,473	\$435,042	\$181,699	\$83,695	\$99,774	\$0
	\$1,485,620	\$195,000	\$0	\$0	\$0	\$0
	\$2,141,699	\$920,952	\$309,000	\$200,000	\$200,000	\$200,000
	\$10,529,933	\$7,744,953	\$935,949	\$940,954	\$997,591	\$930,000
SUBTOTAL						
	\$76,416,523	\$68,106,028	\$69,597,878	\$69,339,354	\$69,369,827	\$69,401,691
	\$11,691,466	\$9,375,083	\$4,246,191	\$4,033,852	\$3,832,188	\$3,840,578
	\$11,691,466	\$4,489,875	\$4,246,191	\$4,033,852	\$3,832,188	\$3,840,578
SUBTOTAL						
	\$7,096,179	\$8,829,982	\$8,755,929	\$8,722,246	\$8,600,502	\$8,593,032
	\$3,535,637	\$2,380,822	\$1,633,627	\$1,792,629	\$1,616,745	\$1,692,679
	\$10,631,713	\$9,220,904	\$8,293,435	\$8,895,175	\$8,417,247	\$8,488,711
SUBTOTAL						
	\$2,650,000	\$2,682,850	\$3,102,279	\$3,229,370	\$3,355,424	\$3,303,931
	\$5,000,000	\$5,132,490	\$5,337,760	\$5,551,361	\$5,773,353	\$5,885,284
	\$7,650,000	\$8,115,480	\$8,440,068	\$8,777,671	\$9,128,778	\$9,599,216
SUBTOTAL						
	\$50,846,604	\$50,894,182	\$53,002,749	\$55,122,859	\$57,327,774	\$58,620,885
	\$32,093,816	\$31,518,397	\$33,195,135	\$34,572,938	\$35,003,688	\$37,240,010
	\$57,840,419	\$52,682,679	\$56,187,882	\$59,645,797	\$63,231,629	\$65,940,895
SUBTOTAL						
	\$188,500,111	\$180,169,719	\$166,772,575	\$169,350,918	\$172,918,688	\$177,040,960

CITY OF FLINT 5 YEAR EXPENSE PROJECTIONS

Proposed 5/17/13 Attachment C-1b

GENERAL CITY SERVICES:

	FY13 PROJECTED	FY14 PROPOSED	FY15 PROJECTED	FY16 PROJECTED	FY17 PROJECTED	FY18 PROJECTED
City Council	\$362,868	\$333,449	\$343,452	\$380,625	\$378,658	\$397,589
District Court	\$5,358,478	\$5,194,307	\$5,454,022	\$5,728,723	\$6,013,059	\$6,313,712
Mayor	\$205,578	\$212,239	\$218,608	\$228,536	\$241,013	\$253,084
City Administrator	\$711,882	\$384,108	\$395,629	\$416,410	\$436,181	\$457,890
HRC	\$40,103	\$28,237	\$27,024	\$28,375	\$28,784	\$31,284
Finance	\$1,100,342	\$924,872	\$971,083	\$1,019,618	\$1,070,587	\$1,124,127
Clerk	\$423,065	\$321,885	\$333,095	\$335,000	\$372,760	\$391,387
Purchasing	\$155,204	\$130,228	\$136,740	\$143,577	\$150,766	\$158,284
Treasury	\$2,678,128	\$3,052,787	\$3,205,428	\$3,385,687	\$3,633,882	\$3,710,681
Assessing	\$1,109,775	\$1,034,221	\$1,138,432	\$1,195,354	\$1,265,121	\$1,317,877
Elections	\$572,525	\$341,837	\$888,678	\$702,375	\$737,494	\$774,388
Law	\$1,057,484	\$982,781	\$971,818	\$1,020,407	\$1,071,427	\$1,124,889
Human Resources	\$873,636	\$822,167	\$853,275	\$885,839	\$920,238	\$958,247
MISC Allocation	\$289,869	\$0	\$0	\$0	\$0	\$0
POLICE	\$20,827,158	\$19,258,211	\$22,344,734	\$23,481,871	\$24,535,069	\$25,683,823
911	\$3,314,413	\$3,745,525	\$3,932,801	\$4,126,441	\$4,335,913	\$4,552,789
Building Inspection (transfer)	\$10,653,318	\$11,689,788	\$12,284,788	\$12,893,028	\$13,543,977	\$14,221,175
Planning and Zoning	\$886,518	\$539,170	\$558,129	\$583,835	\$613,132	\$643,789
Community Development	\$69,120	\$121,875	\$427,889	\$449,387	\$471,838	\$493,428
Fire CDBG	\$2,050,900	\$185,253	\$180,019	\$188,520	\$209,458	\$219,971
Parks and Recreation	\$407,524	\$0	\$5,355	\$0	\$0	\$0
Facilities	\$378,842	\$5,100	\$5,355	\$5,823	\$5,904	\$6,189
Police Millage Fund (transfer)	\$1,283,526	\$1,207,382	\$1,382,751	\$1,482,389	\$1,535,508	\$1,612,383
Parks Fund (transfer)	\$0	\$0	\$0	\$0	\$0	\$0
Other transfers out	\$40,000	\$0	\$0	\$0	\$0	\$0
Transfers out	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL GENERAL FUND EXPENDITURES (LESS MAJOR GRANTS)	\$100,000	\$0	\$0	\$0	\$0	\$100,000
NEIGHBORHOOD POLICE MILLAGE	\$65,663,040	\$69,582,628	\$65,887,053	\$69,438,908	\$61,381,881	\$64,025,866
POLICE AND FIRE MILLAGE	\$1,952,181	\$1,549,180	\$1,050,182	\$1,017,513	\$1,088,388	\$1,121,803
PARKS AND RECREATION MILLAGE	\$1,059,000	\$1,845,628	\$4,853,085	\$4,441,172	\$4,528,882	\$4,440,858
PUBLIC IMPROVEMENT MILLAGE	\$988,400	\$889,064	\$278,875	\$286,812	\$285,512	\$270,822
BUILDING INSPECTION FUND	\$2,104,808	\$1,876,000	\$2,131,515	\$2,138,077	\$2,138,540	\$2,138,540
MAJOR GRANTS	\$5,039,428	\$2,318,028	\$1,183,340	\$1,207,282	\$1,230,603	\$1,253,388
	\$64,214,953	\$68,750,207	\$64,931,769	\$67,607,432	\$70,594,626	\$73,785,212
SAFER (716)	\$1,281,801	\$3,281,801	\$0	\$0	\$0	\$0
Master Planning	\$516,227	\$1,168,511	\$0	\$0	\$0	\$0
Lockup (GF)	\$1,354,000	\$1,300,001	\$0	\$0	\$0	\$0
COPS Hiring Grant (GF)	\$188,520	\$845,575	\$454,247	\$478,959	\$500,807	\$0
Drug Perfection Fund	\$288,475	\$435,042	\$181,659	\$83,585	\$88,774	\$0
MOTT (Police - GF)	\$1,488,500	\$335,000	\$0	\$0	\$0	\$0
Other (Police - GF)	\$918,473	\$241,891	\$200,000	\$200,000	\$200,000	\$200,000
	\$2,804,814	\$2,355,521	\$938,545	\$940,554	\$937,551	\$930,000
TOTAL EXPENSES FOR GENERAL CITY SERVICES	\$74,019,787	\$68,108,028	\$66,867,708	\$68,347,376	\$71,462,207	\$74,651,212

TOTAL EXPENSES FOR GENERAL CITY SERVICES

OTHER EXPENDITURES

Proposed 5/7/13 Attachment G-1b

COBG AND OTHER RESTRICTED GRANTS

COBG/HUD (FY13 & prior years)

COBG

	FY13	FY14	FY15	FY16	FY17	FY18
	PROJECTED	PROPOSED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
	\$11,661,468	\$9,376,083	\$4,265,191	\$4,033,892	\$3,832,163	\$3,640,578
		\$4,469,675	\$4,246,191	\$4,033,892	\$3,832,168	\$3,640,578
SUBTOTAL	\$11,661,468	\$13,844,758				

STATE RESTRICTED REVENUES

MAJOR STREETS

LOCAL STREETS

	\$7,099,178	\$5,891,700	\$4,392,747	\$4,163,345	\$5,094,628	\$4,278,494
	\$3,634,631	\$2,322,073	\$1,633,627	\$1,782,828	\$1,616,745	\$1,892,679
SUBTOTAL	\$10,733,809	\$8,213,773	\$6,026,374	\$5,946,174	\$6,711,373	\$6,169,173

ASSESSMENTS AND FEES

STREET LIGHT ASSESSMENT

GARBAGE COLLECTION FEE

	\$2,850,000	\$2,682,660	\$3,023,565	\$3,114,272	\$3,207,700	\$3,303,591
	\$4,991,202	\$5,132,490	\$5,779,000	\$6,093,750	\$6,359,638	\$6,686,284
SUBTOTAL	\$7,751,202	\$8,115,150	\$8,798,565	\$9,178,022	\$9,574,538	\$9,989,215

ENTERPRISE FUNDS

WATER FUND

SEWER FUND

	\$54,686,604	\$55,153,141	\$54,202,479	\$55,370,579	\$56,625,402	\$58,970,418
	\$37,692,616	\$39,660,607	\$34,212,007	\$35,680,488	\$37,003,707	\$38,463,865
SUBTOTAL	\$91,699,219	\$92,014,048	\$88,414,487	\$91,551,068	\$93,629,109	\$97,434,273

TOTAL EXPENSES FOR OTHER EXPENDITURES

TOTAL EXPENSES FOR GENERAL CITY SERVICES

GRAND TOTAL EXPENSES

	\$121,733,694	\$122,238,029	\$107,385,617	\$111,129,144	\$119,747,307	\$119,283,240
	\$78,079,767	\$85,106,028	\$85,667,706	\$89,347,876	\$71,492,207	\$74,051,212
	\$106,753,661	\$168,334,057	\$173,263,223	\$179,477,120	\$187,239,514	\$193,308,452

CITY OF PLINT 5 YEAR REVENUE/EXPENSE PROJECTION COMPARISON

Proposed FY17/18 Attachment G-16

GENERAL CITY SERVICES		FY13	FY14	FY15	FY16	FY17	FY18
(General Fund Only)							
(without major grants)							
REVENUES		\$54,400,643	\$50,163,337	\$49,732,268	\$48,792,189	\$48,421,516	\$48,581,791
EXPENSES		\$55,688,040	\$50,562,609	\$56,057,053	\$58,439,908	\$61,381,901	\$64,528,686
DIFFERENCE \$		-\$1,287,397	-\$389,172	-\$3,924,785	-\$9,647,708	-\$12,940,382	-\$15,946,895
DIFFERENCE %			-1%	-11%	-17%	-21%	-25%
GENERAL CITY SERVICES							
(MILLAGE RESTRICTED FUNDS ONLY)							
REVENUES		\$10,869,683	\$8,187,698	\$8,628,724	\$8,765,642	\$9,016,727	\$9,148,780
EXPENSES		\$10,848,913	\$8,187,698	\$9,274,707	\$9,087,518	\$9,232,726	\$9,225,216
DIFFERENCE \$		\$20,770	\$0	-\$344,973	-\$311,874	-\$212,883	-\$75,436
DIFFERENCE %		4%	0%	-4%	-3%	-2%	-1%
GRANTS							
REVENUES		\$10,029,807	\$7,744,593	\$835,946	\$840,534	\$887,591	\$300,000
EXPENSES		\$9,804,814	\$7,355,921	\$836,946	\$840,534	\$887,591	\$300,000
DIFFERENCE \$		\$224,993	\$388,172	\$0	\$0	\$0	\$0
DIFFERENCE %		14%	5%	0%	0%	0%	0%
TOTAL GF, MILLAGES, GRANTS							
(GF, MILLAGES, GRANTS)							
REVENUES		\$76,416,513	\$68,108,028	\$59,697,678	\$59,368,394	\$59,308,827	\$59,051,581
EXPENSES		\$76,018,767	\$68,108,028	\$65,887,708	\$68,347,978	\$71,462,207	\$74,058,212
DIFFERENCE \$		\$397,746	\$0	-\$3,924,785	-\$9,989,582	-\$13,153,380	-\$15,006,631
DIFFERENCE %		1%	0%	-10%	-16%	-18%	-22%
TOTAL CITY SERVICES							
(GF, MILLAGES, GRANTS, & OTHERS)							
REVENUES		\$188,600,111	\$180,168,718	\$158,772,576	\$159,350,919	\$172,618,658	\$177,080,680
EXPENSES		\$188,763,681	\$185,394,057	\$173,263,223	\$179,477,120	\$187,209,614	\$193,308,482
DIFFERENCE \$		-\$1,163,570	-\$5,225,339	-\$8,490,648	-\$10,126,201	-\$14,590,956	-\$16,227,802
DIFFERENCE %		-1%	-3%	-5%	-6%	-8%	-9%

GENERAL FUND REVENUE PROJECTIONS

Attachment C1-4

Proposed 8/17/13

	<u>FY13</u> <u>PROJECTED</u>	<u>FY14</u> <u>PROPOSED</u>	<u>FY15</u> <u>PROJECTED</u>	<u>FY16</u> <u>PROJECTED</u>	<u>FY17</u> <u>PROJECTED</u>	<u>FY18</u> <u>PROJECTED</u>
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	14,056,483
Special Assessments	5,000	8,000	8,000	8,000	8,000	8,000
State Shared Revenues	13,140,585	13,872,368	13,890,000	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	-1,500,000
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	434,361	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	19,893	18,600	18,000	19,000	19,000	19,000
Clerk - Disabled Voter Grant	10,000	0	0	0	0	0
Law Department - Charges for Services	14,325	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	2,141,556	620,992	300,000	300,000	300,000	300,000
Police Department - COPS Grant	998,552	825,748	454,247	476,998	500,807	0
Police Department - Mail Grant	1,485,520	135,000	0	0	0	0
Police Department - Misc Revenues	313,148	395,250	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	384,051	361,185	350,000	350,000	350,000	350,000
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	18,000	15,000	15,000	15,000	15,000
Transfers In - Water and Sewer (ROE)	2,950,000	2,950,000	2,950,000	2,950,000	2,950,000	2,950,000
Transfers In - Cost Allocation	1,087,998	1,087,998	1,087,998	1,087,998	1,087,998	1,087,998
TOTAL PROJECTED Revenues	60,356,549	53,045,076	50,486,545	49,588,157	49,222,323	48,881,791
Major Grants (separated)						
Lockup	1,330,000	1,300,001	0	0	0	0
Mail Grant	1,485,520	135,000	0	0	0	0
COPS Grant	998,552	825,748	454,247	476,998	500,807	0
Other Police Grants	2,141,556	620,992	300,000	300,000	300,000	300,000
	54,400,911	50,163,337	49,732,298	48,792,196	48,421,619	46,581,781

GENERAL FUND EXPENSE PROJECTIONS

Proposed 8/17/13

Attachment C1-d

	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	\$5,358,478	\$5,194,307	\$5,454,022	\$5,726,723	\$5,013,060	\$6,313,713
Mayor	\$206,578	\$212,238	\$218,806	\$229,536	\$241,013	\$253,084
City Administrator	\$711,982	\$384,108	\$395,628	\$415,411	\$436,181	\$457,980
HRC	\$40,103	\$26,237	\$27,024	\$28,375	\$29,784	\$31,284
Finance	\$1,100,342	\$824,822	\$971,053	\$1,019,616	\$1,070,597	\$1,124,127
Clerk	\$423,085	\$321,985	\$338,085	\$354,989	\$372,749	\$391,387
Purchasing	\$155,204	\$130,228	\$136,740	\$143,577	\$150,765	\$158,284
Treasury	\$2,878,128	\$3,052,787	\$3,205,426	\$3,365,698	\$3,533,983	\$3,710,682
Assessing	\$1,108,773	\$1,084,221	\$1,139,432	\$1,195,354	\$1,255,121	\$1,317,877
Elections	\$572,525	\$541,837	\$688,929	\$702,375	\$837,494	\$879,369
Law	\$1,057,484	\$952,761	\$971,816	\$1,020,407	\$1,071,427	\$1,124,989
Human Resources	\$673,636	\$822,167	\$653,275	\$685,939	\$720,236	\$756,248
MISC Allocation	\$298,509	\$0	\$0	\$0	\$0	\$0
POLICE	\$26,657,681	\$21,766,778	\$23,088,981	\$24,243,430	\$26,465,601	\$28,728,382
911	\$3,314,413	\$3,745,525	\$3,932,801	\$4,128,441	\$4,335,913	\$4,552,709
Fire	\$10,953,319	\$11,698,786	\$12,284,786	\$12,899,025	\$13,543,976	\$14,221,175
Building Inspection (transfer)	\$886,519	\$539,170	\$585,129	\$594,435	\$624,157	\$655,365
Planning and Zoning	\$99,120	\$121,875	\$427,969	\$448,367	\$471,836	\$495,427
Community Development	\$2,068,900	\$186,283	\$180,019	\$199,620	\$208,496	\$219,971
Fire-CDBG	\$407,524	\$0	\$5,355	\$5,623	\$5,904	\$6,199
Parks and Recreation	\$576,842	\$1,207,382	\$1,392,751	\$1,462,389	\$1,535,508	\$1,612,283
Facilities	\$1,263,526	\$0	\$0	\$0	\$0	\$0
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
TOTAL GENERAL FUND EXPENDITURES	\$60,396,583	\$53,045,076	\$56,411,302	\$59,231,867	\$62,293,460	\$65,508,133

Major Grants (Separated)

Lockup	\$1,330,000	\$1,300,001	\$0	\$0	\$0	\$0
Matt Grant	\$1,485,520	\$135,000	\$0	\$0	\$0	\$0
COPS Grant	\$998,552	\$445,575	\$454,247	\$478,959	\$500,807	\$0
Other Police Grants	\$2,141,566	\$511,991	\$300,000	\$300,000	\$300,000	\$300,000
	\$54,440,816	\$50,552,509	\$55,657,055	\$58,454,808	\$61,492,693	\$65,208,133

Significant Changes:
9% cost escalator PLUS:

Elections	\$100,000	2	3	Elections
Police Officers	\$242,384		\$381,557	
Planting staff	\$300,000			
Facilities	\$126,000			
Not included:	Lock up			
	\$1,330,000			

01234567891011121314151617181920212223242526272829303132333435363738394041424344454647484950515253545556575859606162636465666768697071727374757677787980818283848586878889909192939495969798991001011021031041051061071081091101111121131141151161171181191201211221231241251261271281291301311321331341351361371381391401411421431441451461471481491501511521531541551561571581591601611621631641651661671681691701711721731741751761771781791801811821831841851861871881891901911921931941951961971981992002012022032042052062072082092102112122132142152162172182192202212222232242252262272282292302312322332342352362372382392402412422432442452462472482492502512522532542552562572582592602612622632642652662672682692702712722732742752762772782792802812822832842852862872882892902912922932942952962972982993003013023033043053063073083093103113123133143153163173183193203213223233243253263273283293303313323333343353363373383393403413423433443453463473483493503513523533543553563573583593603613623633643653663673683693703713723733743753763773783793803813823833843853863873883893903913923933943953963973983994004014024034044054064074084094104114124134144154164174184194204214224234244254264274284294304314324334344354364374384394404414424434444454464474484494504514524534544554564574584594604614624634644654664674684694704714724734744754764774784794804814824834844854864874884894904914924934944954964974984995005015025035045055065075085095105115125135145155165175185195205215225235245255265275285295305315325335345355365375385395405415425435445455465475485495505515525535545555565575585595605615625635645655665675685695705715725735745755765775785795805815825835845855865875885895905915925935945955965975985996006016026036046056066076086096106116126136146156166176186196206216226236246256266276286296306316326336346356366376386396406416426436446456466476486496506516526536546556566576586596606616626636646656666676686696706716726736746756766776786796806816826836846856866876886896906916926936946956966976986997007017027037047057067077087097107117127137147157167177187197207217227237247257267277287297307317327337347357367377387397407417427437447457467477487497507517527537547557567577587597607617627637647657667677687697707717727737747757767777787797807817827837847857867877887897907917927937947957967977987998008018028038048058068078088098108118128138148158168178188198208218228238248258268278288298308318328338348358368378388398408418428438448458468478488498508518528538548558568578588598608618628638648658668678688698708718728738748758768778788798808818828838848858868878888898908918928938948958968978988999009019029039049059069079089099109119129139149159169179189199209219229239249259269279289299309319329339349359369379389399409419429439449459469479489499509519529539549559569579589599609619629639649659669679689699709719729739749759769779789799809819829839849859869879889899909919929939949959969979989991000100110021003100410051006100710081009101010111012101310141015101610171018101910201021102210231024102510261027102810291030103110321033103410351036103710381039104010411042104310441045104610471048104910501051105210531054105510561057105810591060106110621063106410651066106710681069107010711072107310741075107610771078107910801081108210831084108510861087108810891090109110921093109410951096109710981099110011011102110311041105110611071108110911101111111211131114111511161117111811191120112111221123112411251126112711281129113011311132113311341135113611371138113911401141114211431144114511461147114811491150115111521153115411551156115711581159116011611162116311641165116611671168116911701171117211731174117511761177117811791180118111821183118411851186118711881189119011911192119311941195119611971198119912001201120212031204120512061207120812091210121112121213121412151216121712181219122012211222122312241225122612271228122912301231123212331234123512361237123812391240124112421243124412451246124712481249125012511252125312541255125612571258125912601261126212631264126512661267126812691270127112721273127412751276127712781279128012811282128312841285128612871288128912901291129212931294129512961297129812991300

PROJECTION: FIVE YEAR POLICE AND FIRE STAFFING

Proposed 5/17/13 Attachment C-3a

TOTAL	FY13	FY14	FY15	FY16	FY17	FY18
<u>Police</u>						
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
<u>Fire</u>						
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

	FY13	FY14	FY15	FY16	FY17	FY18
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

Expense Detail

\$	\$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	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

	FY13	FY14	FY15	FY16	FY17	FY18
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

Expense Detail

\$	\$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

	FY13	FY14	FY15	FY16	FY17	FY18
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
Expense Detail						
	\$	\$1,962,180	\$634,503	\$181,698	\$63,595	\$66,774
Police		Police Officers	Police Officers	Police Officers	Police Officers	Police Officers
	#	0.5	5.5	1.5	0.5	0.5
Average Police Officer Cost		\$115,364	\$121,132	\$127,189	\$133,549	\$140,226

PROJECTION: COPS GRANT

	FY13	FY14	FY15	FY16	FY17	FY18
Revenues			\$1,432,013	\$0	\$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
Expense Detail						
	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
	#		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

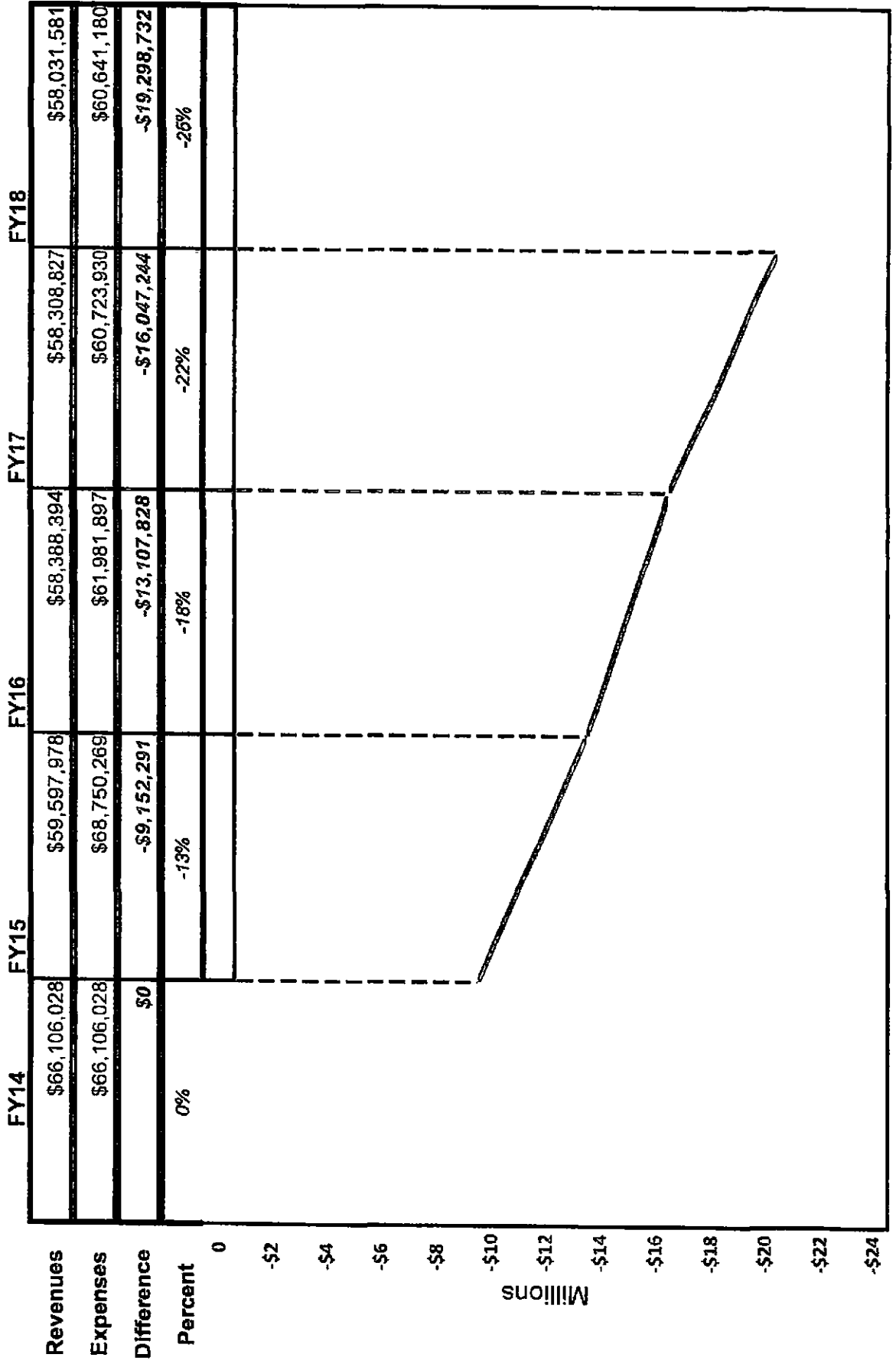
	Budget FY13	Projected				
		FY14	FY15	FY16	FY17	FY18
\$19.1 Million Accumulated Deficit FY12	-\$19.10	-\$19.10	-\$6.10	-\$5.10	-\$3.65	-\$1.90
<u>Borrowing to Eliminate \$12.0 million:</u>						
\$12 million Emergency Loan (Debt service paid from Capital Improvement Fund)		-\$12.00	\$0.00	\$0.00	\$0.00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

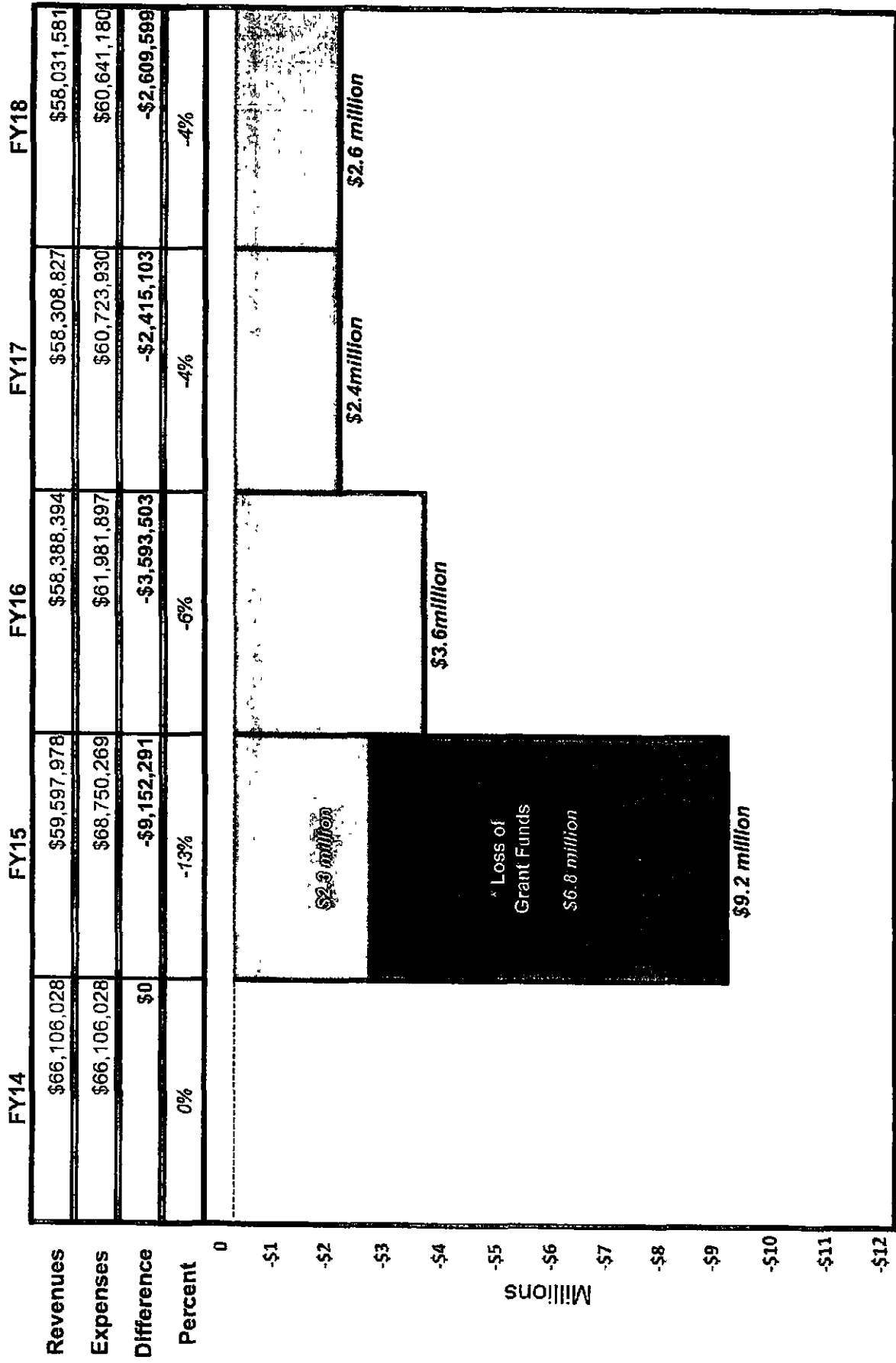
ILLUSTRATIVE CUMULATIVE GENERAL CITY SERVICE REVENUE/EXPENSE DEFICIT, BASED ON CONTINUATION OF FY 14 EXPENSE
BASE WITH 4% ANNUAL INCREASE

* 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



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.

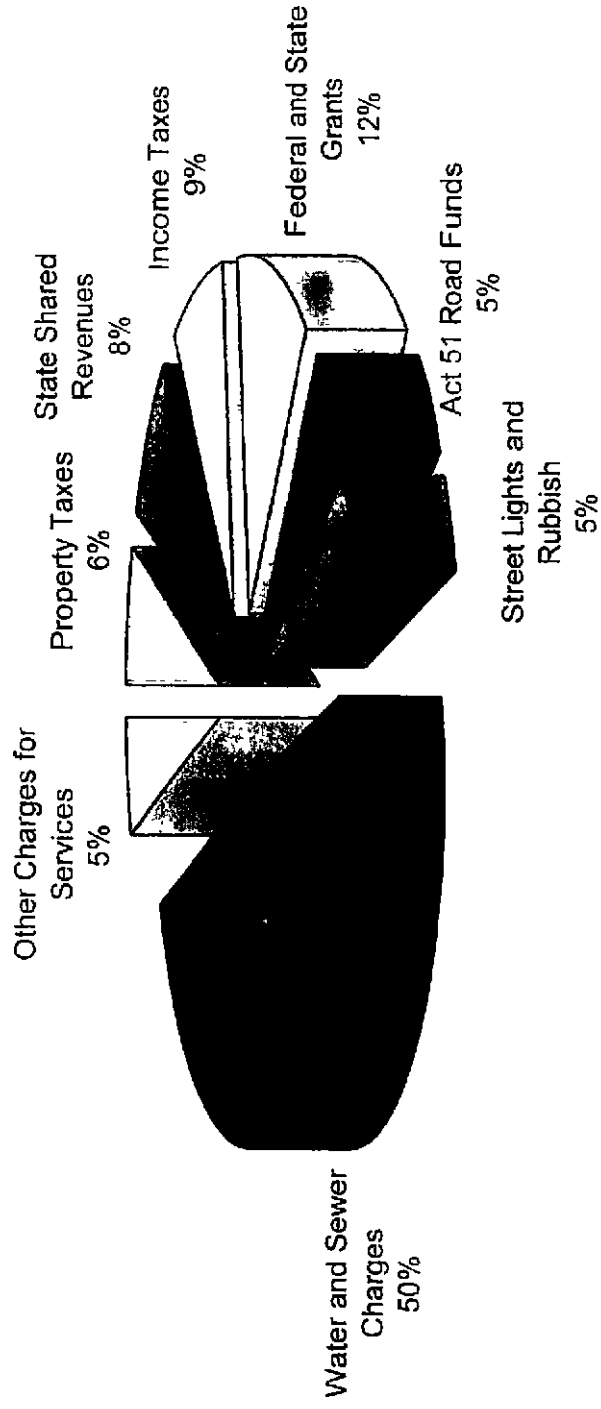
The limited resources will result in some changes noticeable to city residents and visitors. For example, there will be no repaving of city streets, with funding focused on crack sealing streets to prolong their longevity. While as much as one-third of city streets need repaving, doing so would cost 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.

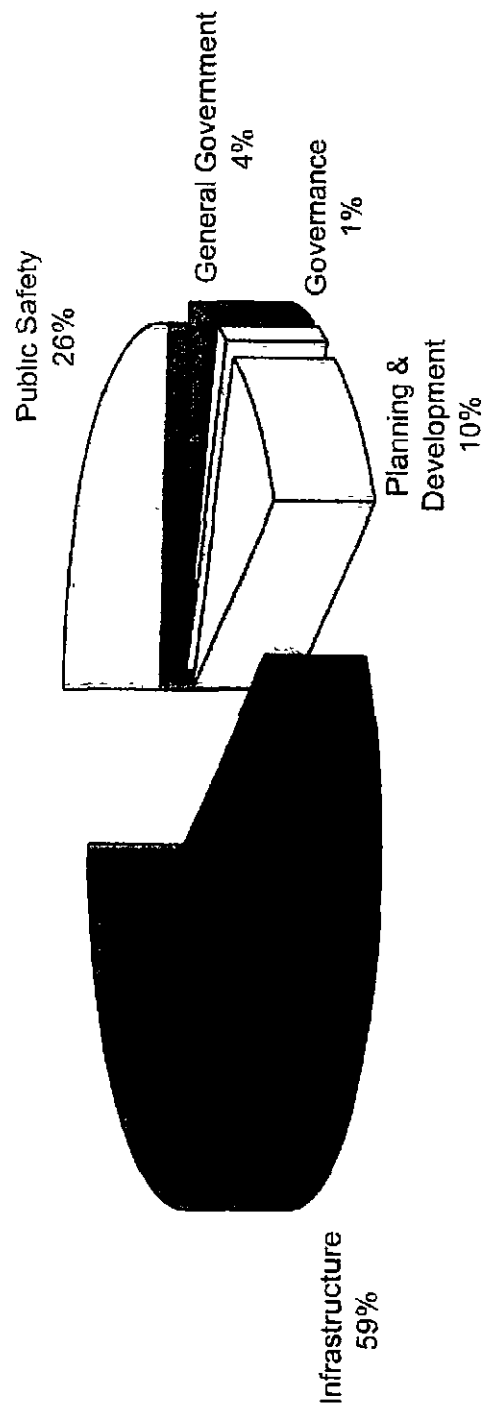
FY14 REVENUES-ALL FUNDS

\$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

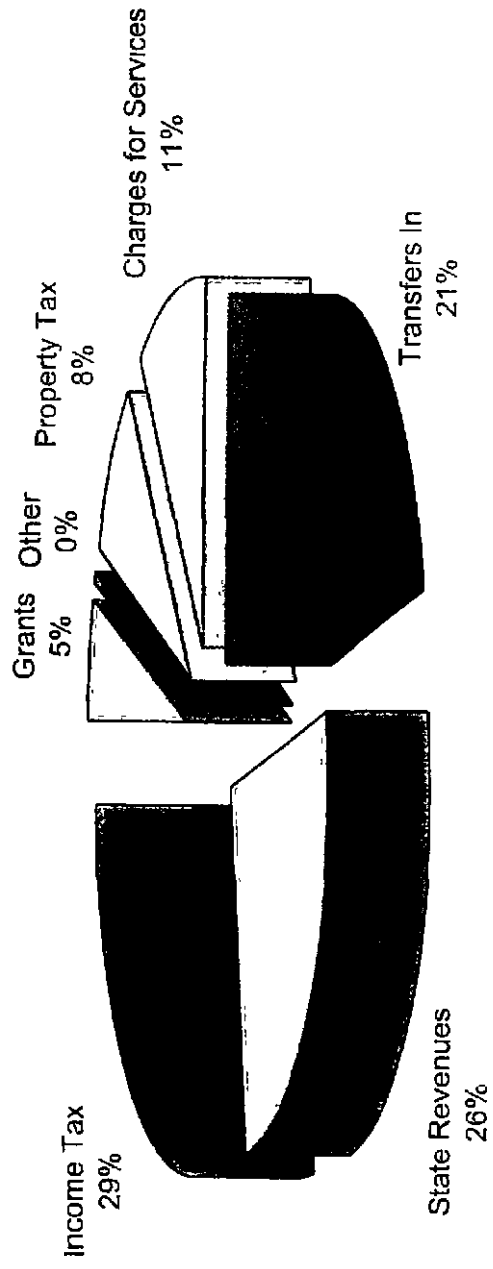
Proposed 8/17/13

Attachment D-1a

Major Funds

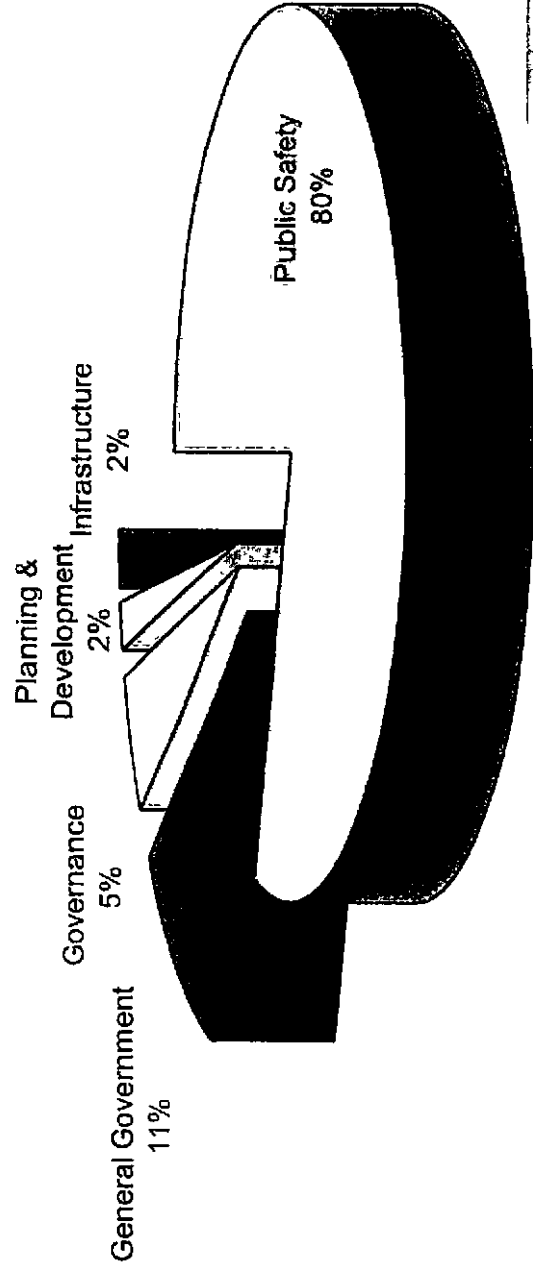
REVENUES	FY13		FY14		FY15		FY13-FY14 COMP		FY14-FY15 COMP	
	PROJECTED		PROPOSED		PROJECTED					
<u>General City Services</u>										
GENERAL FUND	\$80,355,548		\$83,048,076		\$50,032,298		-\$7,311,473	-12%	-\$3,012,778	-6%
NEIGHBORHOOD POLICE MILLAGE	\$1,802,180		\$1,549,180		\$1,080,182		\$413,000	-21%	-\$468,988	-30%
POLICE AND FIRE MILLAGE	\$1,059,000		\$1,846,827		\$4,593,085		\$786,827	74%	\$2,747,258	149%
DRUG FORFEITURE	\$288,473		\$438,042		\$181,689		\$136,589	47%	-\$253,343	-58%
PARKS AND RECREATION MILLAGES	\$388,400		\$609,064		\$277,000		\$222,684	58%	-\$332,064	-55%
SAFER (Fire)	\$3,281,801		\$3,281,801		\$0		\$0	0%	-\$3,281,801	-100%
MASTER PLANNING	\$510,227		\$1,168,611		\$0		\$650,384	126%	-\$1,168,611	-100%
PUBLIC IMPROVEMENT MILLAGE	\$2,319,880		\$1,876,000		\$1,383,000		-\$444,880	-19%	-\$492,000	-26%
BUILDING INSPECTION FUND	\$5,258,203		\$2,318,627		\$1,586,457		-\$2,939,578	-56%	-\$732,170	-32%
<u>CDBG and Related Activities</u>										
CDBG/HUD (FY13 & prior years)	\$11,651,466		\$9,376,083				-\$2,285,383	-20%	-\$9,375,083	-100%
CDBG			\$4,469,675		\$4,248,191		\$4,469,675	0%	-\$223,484	-5%
<u>State Restricted Revenues</u>										
Major Streets	\$7,096,176		\$5,828,982		\$6,756,928		-\$268,194	-4%	-\$73,063	-1%
Local Streets	\$3,535,537		\$2,380,822		\$1,533,627		-\$1,144,615	-32%	-\$857,385	-36%
<u>Assessments and Fees</u>										
Street Light Assessment	\$2,850,000		\$2,982,960		\$3,102,278		\$132,960	5%	\$119,318	4%
Garbage Collection Fee	\$6,000,000		\$6,132,460		\$6,337,780		\$132,490	3%	\$205,300	4%
<u>Enterprise Funds</u>										
Water Fund	\$50,846,604		\$50,984,182		\$53,002,749		\$117,578	0%	\$2,038,567	4%
Sewer Fund	\$32,063,816		\$31,918,387		\$33,195,133		-\$175,419	-1%	\$1,276,738	4%
GRAND TOTAL	\$189,500,111		\$180,169,719		\$166,318,328		-\$9,119,345	-5%	-\$13,851,381	-8%

FY14 GENERAL FUND REVENUES
\$53,045,076



FY14 GENERAL FUND EXPENSES

\$53,045,076



District Court 10%
911 Center 7%
Fire Dept. 22%
Police Dept. 41%

FY14 GENERAL FUND REVENUE PROJECTIONS

Proposed 5/17/13 Attachment D-2a

	FY13		FY14		FY15		FY13-FY14 COMP		FY15-FY14 COMP	
	PROJECTED		PROPOSED		PROJECTED					
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		1,303,526		1,300,000		15,695	1%	-3,626	0%
Sale of Equipment	130,007		76,000		50,000		-56,007	-42%	-25,000	-33%
Treasury Operations - Charges for Services	434,381		309,211		310,000		-126,170	-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		5,386,088		5,200,000		-2,015,682	-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		464,247		-172,806	-17%	-371,499	-45%
Police Department - Mott Grant	1,485,520		136,000		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	163,942		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		0	n/a	0	n/a
TOTAL PROJECTED Revenues	60,356,549		53,045,076		50,486,545		-7,311,473	-12%	-2,558,531	-5%

FY14 GENERAL FUND EXPENSE PROJECTIONS

Proposed 5/17/13

Attachment D-2b

	FY13 PROJECTED	FY14 PROPOSED	FY15 PROJECTED	FY13-FY14 COMP	FY15-FY14 COMP
City Council	\$352,899	\$333,448	\$343,452	-\$19,450	\$10,003
District Court	\$5,358,479	\$5,194,307	\$5,454,022	-\$164,172	\$258,715
Mayor	\$206,579	\$212,239	\$218,606	\$5,690	\$6,367
City Administrator	\$711,982	\$384,106	\$385,628	-\$327,876	\$11,823
HRC	\$40,103	\$25,237	\$27,024	-\$13,868	\$787
Finance	\$1,100,342	\$924,822	\$971,053	-\$175,520	\$46,241
Clerk	\$423,068	\$321,995	\$338,095	-\$101,070	\$16,100
Purchasing	\$155,204	\$130,229	\$138,740	-\$24,975	\$8,511
Treasury	\$2,878,129	\$3,052,787	\$3,205,426	\$174,638	\$162,639
Assessing	\$1,109,773	\$1,084,221	\$1,138,432	-\$25,562	\$54,211
Elections	\$572,525	\$541,837	\$568,929	-\$30,688	\$127,052
Law	\$1,057,484	\$852,761	\$971,816	-\$104,723	\$19,055
Human Resources	\$873,636	\$822,167	\$853,275	-\$51,468	\$31,103
MISC Allocation	\$298,509	\$0	\$0	-\$298,509	\$0
POLICE	\$26,657,681	\$21,768,778	\$23,088,981	-\$3,888,903	\$1,330,203
911	\$3,314,413	\$3,745,626	\$3,932,801	\$431,112	\$187,278
Fire	\$10,953,319	\$11,699,796	\$12,284,786	\$746,477	\$584,990
Building Inspection (transfer)	\$986,519	\$539,170	\$566,129	-\$447,349	\$28,959
Planning and Zoning	\$98,120	\$121,875	\$427,959	\$22,755	\$308,084
Community Development	\$2,058,900	\$186,293	\$180,019	-\$1,872,907	\$3,728
Fire CDBG	\$407,524				
Parks and Recreation	\$576,842	\$5,100	\$5,355	-\$571,742	\$265
Facilities	\$1,263,526	\$1,207,382	\$1,392,751	-\$68,144	\$185,369
Police Millage Fund (transfer)	\$0	\$0	\$0	\$0	\$0
Parks Fund (transfer)	\$40,000	\$0	\$0	-\$40,000	\$0
Other transfers out	\$0	\$0	\$0	\$0	\$0
Transfers out	\$100,000	\$0	\$0	-\$100,000	\$0
TOTAL GENERAL FUND EXPENDITURES	\$60,398,553	\$53,045,076	\$56,411,302	-\$7,351,477	\$3,358,228
				-12%	6%
				-89%	5%
				-4%	15%
				\$DIV/DI	n/a
				-100%	n/a
				\$DIV/DI	n/a
				-100%	n/a
				-12%	6%

CITY OF FLINT STAFFING PROJECTION

Proposed 5/17/13 Attachment D-3

	<u>FY13</u> <u>CURRENT</u>	<u>FY14</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 (Streets)</u>	43.3	30.6
<u>ENTERPRISE FUNDS (Water/Sewer)</u>	129.5	129.6
<u>INTERNAL SERVICE FUNDS</u>	23.0	15.0
TOTAL STAFFING	595.0	567.0

PROJECTED TAXPAYER IMPACT

<u>Values</u>	<u>\$50,000 House, \$40,000 Income</u>		<u>\$75,000 House, \$50,000 Income</u>	
	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>
House value				
Taxable value	\$50,000	\$41,000	\$75,000	\$61,500
Annual income	\$26,000	\$20,500	\$37,500	\$30,750
Tax rate (mills)	\$40,000	\$40,000	\$50,000	\$50,000
Street Lights	65.88	65.88	65.88	65.88
Garbage	\$67	\$68	\$67	\$68
Water Bill	\$143	\$146	\$143	\$146
	\$1,800	\$1,800	\$1,800	\$1,800
<u>Payments</u>				
Property taxes	\$1,647	\$1,351	\$2,471	\$2,026
Street lights	\$67	\$68	\$67	\$68
Garbage	\$143	\$146	\$143	\$146
Income tax	\$400	\$400	\$500	\$500
Water bill	\$1,800	\$1,800	\$1,800	\$1,800
Total Payments	\$4,057	\$3,765	\$4,981	\$4,540
		(\$292) -7.2%		(\$441) -8.8%

CITY OF FLINT

FY14 Waste Collection Fee & 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

Vandegrift, Drew (TREASURY)

From: Vandegrift, Drew (TREASURY)
Sent: Tuesday, July 23, 2013 10:44 AM
To: Byrne, Randall (Treasury)
Cc: Cline, Richard (Treasury); Dube, Mathieu (Treasury); StonebrookS@michigan.gov
Subject: Flint Financial and Operating Plan V3

Good Day,

Following a study of Flint's June 28, 2013 Financial and Operating Plan (Plan), this summary can be provided. This Plan is intended to also function as EM Kurtz's closing memorandum. The Plan is extensive, and subdivided into several major sections which will be addressed in their native order.

Financial and Operating Plan

The document begins with a summary of Flint's Emergency Manager history: in 2011 Mike Brown was appointed, and then when PA 4 was repealed by referendum, Ed Kurtz was appointed on August 8, 2012. As of the release date, Mike Brown had not yet been appointed for a second time.

The dire nature of the City's fiscal woes is quickly addressed. The Plan states that while the City has largely kept to a balanced budget so far during FY 13, decreasing property values, grant expirations, and increasing legacy costs will contribute to structural deficits in the following years, ranging from \$3-5 million annually. All of these projected losses will occur without the budgeting for any capital needs, which the city currently estimates to be approximately \$300 million. The Plan admits that "[t]his structural deficit essentially precludes the City from stabilizing services levels even at minimal levels . . . 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".

Bankruptcy is acknowledged as a possible solution, however the Plan dismisses it as "expensive, slow, and with outcomes that are far from certain". Instead, the Plan is summarized as "an increase in the local income tax rate to the levels afforded other urban centers, coupled with significant additional changes in health care and pension for active employees and retirees appears to have the potential to overcome the . . . structural deficit while providing a similar amount for stabilizing services and beginning to address capital needs."

The City's cash position has improved due to a public safety millage, a street light assessment, and waste collection fees. However, it is stated that the general fund still needs to borrow to remain solvent. Deficit financing is a necessary component under the Plan. This request to borrow was incorporated into the City's most recent DEP application; this DEP has not yet been certified by LAFD.

The Plan describes the efforts to secure concessions from the City's six bargaining units. While wage reductions have been achieved with four of these units, this area is fraught with litigation and union threats of litigation. On a more positive note the City has recently contracted with a part-time labor relations specialist who, it is reported, has resolved dozens of union grievances.

The City has resolved to enter into a contract with KWA. This partnership with Genesee County, the City of Lapeer, Lapeer County and Sanilac County is designed to stabilize the cost of water for all the involved parties. There still is ongoing negotiation regarding a 72" pipeline which will be integral for the KWA plan. Additionally, one of the city's sewage pump stations is becoming fully automated; the station is fully staffed at all times now. This automation is projected to save at least \$500,000 annually.

During FY13, the City has held three auctions where surplus equipment was sold, netting \$410,000.

The fiscal hardships of the City have reduced its ability to fight blight. All demolitions are now the responsibility of the Genesee County Land Bank Authority, who has recently received a \$3.5 million MSHDA grant for demolition purposes. The Land Bank is also soliciting a \$20 million grant from the "Hardest Hit" federal grant fund.

Six priority actions are identified for the future:

1. Increase revenue through an income tax increase
2. Develop a blight elimination plan
3. 9-1-1 reconsolidation
4. KWA implementation
5. Win the lawsuits that threaten the OPEB reduction
6. Maintain capital infrastructure

Five Year Financial Plan Projections

These figures show a degree of budgetary stability through FY14, when stagnant revenues are projected to be overtaken by increasing retirement expenses and grant expirations. Difficult decisions must be made in FY15 and onward, as past staffing cut have left little other than public safety to reduce. Any reductions to public safety must be arrayed against the resulting physical insecurity to the citizens of Flint.

In conclusion, much of the Financial and Operational Plan's conclusions are identical to those reached by the OFR. While considerable cuts have been made, the minimal operational expense and the legacy costs for Flint's retirees are simply a larger sum than the tax revenues of the City. Additional revenues and additional cost savings must be realized soon if the City of Flint is to be a going concern that can provide essential services to its people.

-Drew



Drew Van de Grift, Esq. | Departmental Analyst
Department of Treasury | Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 3rd Floor | Lansing, MI 48922
(517) 335-2434 | (517) 373-0633 (fax)
vandegrift@michigan.gov

Local Government Issues

7/30/13

Distressed Units

J DETROIT

- Property Tax Exemption Applications for Facilities within the City of Detroit

J FLINT

- H2O line valuation: Wayne/Ed discuss w/ Mike on 7/31 (SRR)
- E&Y Involvement: Wayne/Ed discuss on Wed 7/31
- Hurley OPEB: Wayne/Ed discuss on 7/31

HAMTRAMCK

- CBA review/Negotiations schedule moved up: Wayne/Ed to discuss @ 7/31 meeting
- 400 residential lots, Cathy wants to sell, process: Wayne/Ed to discuss @ 7/31 mtg
- Cathy meeting w/ John Clark this week

HIGHLAND PARK

- Plan to exit Water Business/Tucker Young, Need to draft SOW for this work
- E&Y to provide study criteria/OFR to draft MOU, Wayne/Ed to discuss w. Mayor on 7/31

INKSTER

- CM candidate Richard Marsh, 60 day evaluation period, provide background
- Labor Counsel, do we want John Clark advising?

LINCOLN PARK

- Mayor and Council President meeting: waiting for call from CM
- Mayor & Council all up for election in 11/13
- Plante Moran presentation on 8/31, Randy will attend
- Cash flow integrity, borrowed \$2.5M over 10 yr. period from H2O/Sewer, used \$1.6M in fund balance, problem 6/14 when \$3M pension payment is due

WAYNE COUNTY

- 13th Check elimination Carla Sledge, conf. call 7/29: COA decision limits County's ability to control this expense

ALLEN PARK

- IAFF Contract Council approval status

BENTON HARBOR

- Status of CM Search: MML consultant told him no CM will come to BH
- City Council considering an Income Tax ballot proposal, Impact upon Whirlpool?

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, July 31, 2013 10:33 AM
To: Byrne, Randall (Treasury)
Cc: Dempkowski, Angela (Treasury)
Subject: Flint Water Pipe Valuation

Randy,

Please send Jerry Ambrose your contact info for the person @ Stout, Risius, Ross.

Ed

Sent from my iPad

Dempkowski, Angela (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, August 14, 2013 10:41 AM
To: Workman, Wayne (TREASURY)
Cc: Dempkowski, Angela (Treasury); Byrne, Randall (Treasury)
Subject: Weekly Phone conference with Mike Brown

Below are the more significant items we discussed this morning:

Public Safety meeting, Monday in Flint, Harvey Hollings staff, Col. Etue, Captain Arnold, Lt. Bolger,

Andy called yesterday to have Mike Brown and Chief Locke at his office on 8/21/13 @ 11:30 am meeting Col. Etue

John Clark city close to finalizing CBA's ready to negotiate with 6 unions, Mike anticipates John will call Andy directly to update him

Pipe Sale, SRR wanted \$18K, looking for another vendor, 8/21/13 deadline won't be met

Working on details of implementation of using the water plant, DWSD no longer providing to Flint after 4/14 and this means accelerating the plant's CIP of \$15M, will provide details later in writing,

Mike wants to meet w/ Kevyn Orr to discuss purchase of their pipeline by KWA and the potential of DWSD being backup to KWA

Mike desires to know our position on the Income Tax proposal and to advocate with the Legislature

Genesee County land bank submitted a \$25M application to demo homes (majority) in Flint



Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov



Think Green! Don't print this e-mail unless you need to.

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, is for the sole use of the intended recipient(s) and may contain information that is confidential and protected from disclosure under the law. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail, and delete/destroy all copies of the original message and attachments.

Thank you

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, August 28, 2013 3:28 PM
To: Michael Brown (mbrown@cityofflint.com)
Cc: Wayne L. Workman (WorkmanW@michigan.gov); Dempkowski, Angela (Treasury) (DempkowskiA@michigan.gov)
Subject: Water System Capital Improvements

Mike,

I discussed with Wayne your concept to fund \$11 million of necessary improvements at the city's water plant by delaying existing water bond payments for 3 years. Wayne requested that you send a written proposal to both he and John Barton in Bond Finance so that they may evaluate it. Let me know if you have any additional questions.

Ed



Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov



Think Green! Don't print this e-mail unless you need to.

CONFIDENTIALITY NOTICE: *This e-mail, and any attachments, is for the sole use of the intended recipient(s) and may contain information that is confidential and protected from disclosure under the law. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail, and delete/destroy all copies of the original message and attachments.*

Thank you

Koryzno, Edward (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Wednesday, August 28, 2013 6:21 PM
To: Dillon, Andy (Treasury); Saxton, Thomas (Treasury); Stibitz, Brom (Treasury); Gelisse, Ashley (TREASURY); Stanton, Terry A. (Treasury)
Cc: Koryzno, Edward (Treasury)
Subject: Fwd: Flint Update

Latest update. Public safety and will be discussed at Tuesday session

Sent from my iPhone

Begin forwarded message:

From: "Koryzno, Edward (Treasury)" <KoryznoE@michigan.gov>
Date: August 28, 2013, 6:01:25 PM EDT
To: "Workman, Wayne (TREASURY)" <WorkmanW@michigan.gov>
Subject: Flint Update

Below are the highlights from my conversation today with Mike Brown.

Hurley Hospital Board appointments – Mike will send future appoints to Treasury for approval

MOU w/ MSP and Itemized law enforcement “to do” list provided to Treasury

Final FY 13 budget expected to reduce the \$19M structural deficit to \$16M. Reasons for success are controlled expenses, better than expected experience in health care cost, overall cash position improved from \$15M to \$40M at end of FY13 due to delayed h2O/sewer capital projects, retiree health care savings, fringe benefits costs were below estimates by \$5-\$6M, public safety millage (2 levies) resulted in \$5M and increased fund balance in road fund of \$1M.

Mike is considering a 4 point plan for inclusion in the model contract. City’s healthcare consultant Cornerstone is evaluating it. 1) Currently city adopted the hard cap under PA 152, city costs are below hard cap and no premiums are paid by employees. Employees do pay significant co-pays. He is considering adopting 80/20 option; 2) Would inform non vested employees not guaranteed retiree healthcare; 3) Vested employees would get retiree healthcare, but those who retire after 1/14 will be told the premium share for pre 65 will be limited to the same premium share of post 65 employees. Setting date of 1/14 would allow implementing collective bargaining agreements during 10/13 and it is expected employees will retire and new employees hired will have no healthcare; 4) effective 1/14 new police & fire employees will be moved to the hybrid plan (1.75 defined benefit multiplier and city matches a defined contribution up to 5%, the total combined limit for both is 10% . Partial cost estimate is due week of 9/9/13.

Mike is concerned about the ability of the city to deliver water by next April because DWSD will stop providing water and their plant needs upgrades. The City will have to make \$11M in improvements to the water plant to provide city residents with water until the city connects to KWA. The city has \$28M in outstanding water bonds and they inquired about the state’s willingness to divert payment for 3 years, in order to spend bond debt payments on the \$11M of capital improvement necessary for using the water plant and connect to KWA.

Let me know if you need any additional information on these items.



Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov



Think Green! Don't print this e-mail unless you need to.

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, is for the sole use of the intended recipient(s) and may contain information that is confidential and protected from disclosure under the law. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail, and delete/destroy all copies of the original message and attachments.

Thank you

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Wednesday, September 04, 2013 10:43 AM
To: Wayne L. Workman (WorkmanW@michigan.gov)
Subject: FW: Flint Waterline valuation

FYI



Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov



Think Green! Don't print this e-mail unless you need to.

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, is for the sole use of the intended recipient(s) and may contain information that is confidential and protected from disclosure under the law. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail, and delete/destroy all copies of the original message and attachments.

Thank you

From: Byrne, Randall (Treasury)
Sent: Tuesday, September 03, 2013 11:12 AM
To: Koryzno, Edward (Treasury)
Subject: Flint Waterline valuation

Ed:

Mike Brown indicated that October 4th is the date that it will be completed. I should note that they are just approving it.

Randy,



Randall D. Byrne, Manager, Office of Fiscal Responsibility
State of Michigan 430 W. Allegan St. , Lansing, MI 48922
ByrneR1@michigan.gov (517) 335-2521



Think Green! Don't print this e-mail unless you need to.

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, is for the sole use of the intended recipient(s) and may contain information that is confidential and protected from disclosure under the law. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail, and delete/destroy all copies of the original message and attachments.
Thank you.

Koryzno, Edward (Treasury)

From: Koryzno, Edward (Treasury)
Sent: Thursday, September 05, 2013 8:29 AM
To: Wayne L. Workman (WorkmanW@michigan.gov)
Cc: Dempkowski, Angela (Treasury) (DempkowskiA@michigan.gov)
Subject: Flint

Below are the highlights of our meeting with Mike Brown yesterday:

Sue McCormick has contacted Mike to discuss Flint buying DWSD pipe and using DWSD as a backup.

City applied for a SAFER grant on 8/30/13 to retain 30+ fire fighters

Mike anticipates FY 2013 year end will reveal \$2+M in excess revenues over expenses.

Cash flow continues to improve, \$40M in cash on hand

Beginning work on FY 15 budget, including Mayor and Council in the process

Consultant Cornerstone estimating cost savings from proposed OPEB changes (partial cost estimate due next week)



Edward B. Koryzno, Jr. | Administrator - Office of Fiscal Responsibility
State of Michigan | 430 W. Allegan Street, 1st Floor | Lansing, MI 48922
(517) 373-4415 | (517) 373-0633 (fax)
KoryznoE@michigan.gov



Think Green! Don't print this e-mail unless you need to.

CONFIDENTIALITY NOTICE: *This e-mail, and any attachments, is for the sole use of the intended recipient(s) and may contain information that is confidential and protected from disclosure under the law. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail, and delete/destroy all copies of the original message and attachments.*

Thank you

September 10, 2013

To: Governor Rick Snyder, Treasurer Andrew Dillon

From: Michael K. Brown, Emergency Manager, City of Flint

Subject: CLOSING MEMORANDUM

It has been a pleasure for me to serve the citizens of Flint for the past twenty-two months and I thank you for the opportunity to serve as Emergency Manager.

I have worked hard to begin a cultural change to both improve the approach to city government's interaction with citizens and to encourage a wider range of citizen participation. It is important to me that the next generation of leaders (I have called them emerging leaders) not be from the same mold as the old leaders and have the opportunity to assume positions of responsibility as we set a path to the future for Flint. A significant number of my leadership team is comprised of Flint residents who are committed to the future of their city. While this approach has meant that some things may have taken longer to achieve than it might otherwise take, it has been with the realization that *changing the culture of City Hall is imperative if history is not to repeat itself*.

I have also tried to champion citizen participation throughout my tenure as Emergency Manager. Collectively, hundreds of people have been involved: in the Advisory Teams for Public Safety, Infrastructure, Financial, and Legacy Issues which I established in January 2012; in the nine ward public meetings held in February-March 2012; in the Police and Fire Protection millage campaign in Fall 2012; and in the Master Planning process which has involved citizen participation in numerous meetings held throughout the City over the past year. I have attached a list of some of these individuals who have worked on my advisory groups and the millage team.

As our regularly submitted reports to the Department of Treasury have documented, we have made substantial progress in putting the city on a path to solvency and resolving the financial emergency. Many achievements are detailed in the latest Financial and Operating Report which was submitted to the Department of Treasury on June 30, 2013. Significant achievements over the past twenty-two months include:

A. Financial

1. Developing, adopting and operating with a balanced budget for FY13 - the first time in seven years that the City of Flint has lived within a balanced budget.
2. Significantly improving the City's cash flow - More than \$40 million in cash on hand as of September 2, 2013 is significantly better than the approximate \$10 million on hand in December 2011. The \$10 million in cash at that time was due primarily to an \$8 million loan from the state in the form of Fiscal Stabilization Bonds.
3. Significantly reducing Other Post Employment Benefits (OPEB) liabilities by more than \$500 million - a 60% reduction. Not only have we significantly reduced legacy costs by more than 60%, we also have a plan for further reducing legacy costs, as detailed in recent presentations to the Department of Treasury

4. Significantly reducing pension administration costs and improving investment returns by moving administration of the City's pension fund to the Municipal Employees Retirement Fund, while also changing the structure of future pension benefits which will reduce future pension liabilities
5. Developing a plan for and implementing a reduction in the City's \$19.1 million deficit ahead of schedule. At the end of FY12, we presented a plan to the State Treasurer for eliminating the \$19.1 million deficit within 5 years. Based on preliminary year end results for FY13, we are ahead of the scheduled reduction since it appears that FY 13 will end with a surplus of revenues over expenses by approximately \$3 million. This will likely reduce the \$19.1 million deficit to the \$16 million range. Had the Department of Treasury authorized the borrowing of \$12 million as contained in the approved FY12 Deficit Elimination Plan, the remaining deficit would now be closer to \$4 million.
6. Developing a five year financial projection which maps out the continuing financial challenges Flint will face, regardless of who is in charge. With FY 14 balanced and adopted, development of the FY15 budget – which will without doubt be the most challenging of the next few years – is underway. In the process of developing the multi-year projection, it has also become clear that the path for Flint's financial solvency will require additional sources of revenue in addition to further reductions in legacy costs. We have identified a path for further reductions in legacy costs, and we have also identified an increase in the local income tax as the most promising and realistic source of new revenue. Unfortunately the Treasurer has not supported that initiative.
7. Stabilizing Police and Fire Protection revenue. Since being appointed in 2011, it has been clear that the stabilization and enhancement of public safety is the top priority in the City of Flint. Many steps have been taken to achieve this, including securing voter approval of a 6 mill property tax increase by a margin of 57% to 43%. Additionally, by ordinance the City must now appropriate no less than 55.5% of General Fund revenues for Police and Fire budgets. The FY 14 budget dedicates more than 60% of General Fund revenues to these purposes, and exceeds 80% when 9-1-1 and District Court funding is included. As a result, staffing for police and fire personnel was maintained at current levels in spite of the significant staffing reductions necessary to balance both the FY13 and FY14 budgets. Unfortunately, without a new source of revenue in FY15, it is unlikely that can continue.
8. Resolving Federal Government liabilities - More than \$7 million in questioned grant costs prior to the EM's appointment in December 2011 have been resolved – as documented by the OIG report and HUD findings.
9. Reorganizing City operations – The City workforce has been reduced by more than 25% as the City has faced its financial challenges. Doing so while still providing for the delivery of city services has required restructuring work processes and organizational alignments, as well as the increased use of technology. These changes have been made in the context of a newly developed strategic plan which identifies the key functions and objectives of the City.

B. Public Safety

1. Opening of the Flint Lock-up. The lock-up opened the week of October 1, 2012. Public Safety Director Lock recommended selection of the Genesee County Sheriff as the operator of the Flint lock-up. Lock also recommended that the lock-up be made available to all policing agencies operating within

Genesee County for warrants and fresh charges, both felony and misdemeanor. Well over one thousand outstanding warrants are being cleared each month. This funding by the State has been very much appreciated and very beneficial to the City.

2. Creating the Criminal Justice System Advisory Council chaired by Chief Judge Richard Yuille. 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 and numerous projects continue to move forward.
 3. Completing the transition to 800 MHz public safety communications system. All Public Safety departments were operational on the 800 MHz communications system in December of 2012. Flint Public Safety is now compatible with the communications system used throughout Genesee County and with the Michigan State Police.
 4. Securing public safety grants totaling over \$11 million (not including State funded Lock-up). A \$6.9 million SAFER grant to employ thirty-nine firefighters for two years was received in May 2012. The Mott Foundation has granted the City over \$1.8 million for several public safety initiatives. The Treasurer's Office through the C-GAP funding awarded the City \$1.8 million to construct a 9-1-1 simulcast communications tower in April 2013. Homeland Security awarded Flint a total of \$615,000 for 9-1-1 console upgrades and purchase of new radios for the 800 MHz transition.
 5. Up-grading Police Department technology to improve data-driven decision making and capability for overall communications with Law Enforcement agencies at all levels of government. The Mott Foundation funded MSU Training & Technical Assistance Team conducted a technology audit which provided a road map of upgrades necessary to ensure that officers and firefighters can take maximum advantage of the tools already provided to them. New World Systems, Flint's records management system, required server and switch upgrades before the New World update could be made. Each of these components has now been completed and the use of the full feature set of New World is being implemented throughout the FPD.
 6. Implementing 12 hour shifts for Police Patrol Officers which put more officers on the street and vastly reduced overtime in the department.
 7. Taking major steps toward the reconsolidation of the Flint City 9-1-1 with the Genesee County 9-1-1 consortium. The C-GAP grant to build the communications tower will enhance system coverage for the entire County.
 8. Improving Public Safety Response Recently compiled statistics for FBI Part One violent crimes show significant improvements have resulted from the implementation of many public safety initiatives. Overall violent crime is down an average of 24% in the first six months of 2013 vs. the first six months of 2012.
- C. Infrastructure (this area includes water and sewer, waste collection, roads and streets, bridges, parks, facilities as well as commercial and residential demolition targets and blight in general)

1. Stabilizing funding for water and sewer systems. This enterprise fund plunged from a \$60 million dollar positive balance in 2007 to a \$23M deficit in 2012. By raising water and sewer rates more than 25%, reorganizations and improving technologies we have been able to stop the bleeding and stabilize funding for the long term.
2. Significantly improving the process and cost of providing the Flint and Genesee County region with water by joining the KWA. Working with the County Drain Commissioner and others, we have begun this long awaited KWA project, which will result in several hundred million dollars in cost decreases to residents and businesses. I want to acknowledge former Emergency Financial Manager Edward Kurtz for his work and detailed analysis which brought this complicated process to a decision point.
3. Reducing costs for Waste Collection and implementing Recycling. By moving to a fee for service and contracting with the private sector waste collection vendor, we eliminated a General Fund subsidy of more than \$1 million annually, and for the first time ever we are able to offer city-wide curbside recycling.
4. Finalizing the Smith Village construction project. This housing development project has languished for over ten years, important deadlines were ignored and Flint was in serious difficulty with HUD. Ed Kurtz cleaned up this tangled project, changed developers, and moved this project significantly toward its final steps. Thirty-six residences have been completed, seven have been sold and ten purchase agreements are in process.
5. Updating of City's 50 year old Master Plan Mayor Walling and Chief Planner Megan Hunter have coordinated a city-wide, tremendously inclusive planning effort. Hundreds of Flint citizens have worked on sub-committees, attended visioning sessions and worked hard to develop a plan for a revitalized Flint.
6. Reducing overtime costs in the Utilities division, by implementing new technology and reorganizations. Examples include planned elimination of the solid waste incinerator and electronic monitoring of the Third Ave. Pumping Station.
7. Disposing of unused inventory and facilities. Auctions have been used to eliminate surplus equipment and vehicles while city facilities which are no longer required and which we can not afford to operate are being sold or leased.
8. Contracting management of city golf courses and Senior Centers in order to reduce city costs and still provide access to residents.

Achieving this level of success in twenty-two months has been extremely challenging. Obstacles have arisen from many sources. The team in Flint has taken on each challenge and worked with a single-mindedness to keep Flint on the path to sustainability. We firmly believe that with continued effort, Flint City government can once again become a financially stable organization capable of delivering quality municipal services to its residents, businesses, and visitors. This route will involve continued cost reductions, investments in technology and personnel, and additional sources of revenues. The alternative of bankruptcy is not the right path – it is expensive, time consuming, and the outcome is uncertain.

There are several major issues which are currently on the horizon. The shortage of revenue to balance the FY15 Budget is the primary issue. Public Safety staffing is still at unacceptably low

levels and with current financial conditions it is likely that the number of police officers and firefighters will be reduced in order to achieve a balanced budget. This likelihood is enhanced by the pending expiration of the FEMA SAFER grant which supports the wages and benefits of 39 firefighters.

Blight is an on-going major issue in Flint. We have few resources and blight issues range from unmowed to demolition necessary properties. Flint recently received \$20 million in Federal "Hardest Hit" funds to demolish approximately 1600 residences, yet we have 20,000 abandoned homes and hundreds of vacant commercial properties.

There has been disagreement within the community regarding the appointment of an Emergency Manager, about the difficult choices which were made to impose higher water and sewer rates, street lighting assessment and waste collection fees, and about other decisions. Yet, there has been no civil unrest, as threatened by a few voices. There was significant support to increase property taxes in an economically distressed city, because voters saw that this was the right choice for Flint.

With the changes of the magnitude needed to address Flint's conditions, there is no doubt controversy, disagreement, and anger can result. Often, the most vocal represent the fewest number. I have worked with many in the City of Flint who understand the severity of our condition and the scope of effort necessary to address it. If you have questions about the support given for the direction I have taken to restore Flint to financial solvency, I offer the names of the following citizens for you to contact:

1. Sheryl Thompson, former DHS Director
2. Lawrence Moon, CEO Moon Funeral Home
3. Clarence Pierce, CEO Hamilton Community Health Center
4. Tim Herman, CEO Flint Genesee Chamber of Commerce
5. Dick Shaink, President Mott Community College
6. Kenyetta Dotson, local neighborhood activist
7. Diana Kelly, Building Neighborhood Partnerships Coordinator
8. Ravi Yalamanchi, CEO Metro Community Development
9. Ruth Person, Chancellor University of Michigan-Flint
10. Phil Peters, CFO, Charles Stewart Mott Foundation
11. Jamie Gaskin, President, United Way of Genesee County
12. Pastor Rodney Stokes, chair of our public safety millage campaign
13. Pastor Phil Thompson, member of my Advisory Council
14. Pastor George Wilkerson, Chamber of Commerce Staff
15. Steve Landaal, CEO Landaal Packaging
16. John Henry, Executive Director, Flint Institute of Arts
17. Bob Emerson, volunteer adviser
18. Bill White, President Charles Stewart Mott Foundation
19. Judge Judith Fullerton
20. Superintendent Larry Watkins, Flint Community Schools
21. Melanie Gavulic, CEO Hurley Medical Center
22. Donald Kooy, CEO McLaren Health Systems – Flint
23. Edward Kurtz, CEO Baker College Corporation, former EFM (2x)
24. Armando Hernandez, Vice-president Security Credit Union
25. Elizabeth Aderholdt, CEO Genesys Regional Medical Center
26. Duane Miller, COO Flint & Genesee Regional Chamber of Commerce
27. Joe Serra, President Serra Automotive Group
28. Ghassan Saab, Sorensen Gross, Inc.
29. David Hollister, Prima Civitas Foundation, former Mayor of Lansing, MI
30. Philip Hagerman, President and CEO Diplomat Specialty Pharmacy

I have been a member of the Flint community for over thirty-five years. I grew up on the North End in one of the few integrated Flint neighborhoods; my wife and I raised five children, all of whom graduated from the Flint Community Schools. I have served Flint as a Runaway Counselor, Child Care Operator, Red Cross and United Way Director and as an elected official. I have interacted and earned the respect of a broad array of people in Flint. I hear from people all over the City on a regular basis and I have been pleased to receive their constant support and encouragement.

Please know that I will do everything possible to make this transition smooth and successful. We all have to keep our eye on the goal of putting Flint on a path to solvency, safety and regeneration.

Committee Members – Advisory and Millage

Adam Thomason
Armando Hernandez
Dan Cady
Mayor Dayne Walling
Kenyetta Dotson
Tim Herman
Pastor Timothy Stokes
Alicia Kitsuse
Amy Hovey
Christina Kelly
Connie Brauer
Courtney Knox
Deb Loader
Douglas Weiland
Jason Caya
Karen Morris
Lynn Williams
Michael Brady
Raquel Thueme
Sara Rios
Sue Peters
Brian Larkin
Councilman Bryant Nolden
Councilman Dale Weighill
David Hollister
Delrico Lloyd (former Councilman)
Eric Scorsone
Inez Brown (City Clerk)
Councilman Joshua Freeman
Khalfani Stephens
Larry Moon
Phil Peters
Phil Shaltz
Sam Cox

Bob Emerson
Daniel Coffield
Jack Ennest
Paul Wenstrom
Tom Donaldson
Wayne Schaeffer
Barry Wolf
Councilman Bernard Lawler
Diana Kelley
Councilwoman Jackie Poplar
Jerry Boles
Kim Lawrence
Loyst Fletcher
Mark Evans
Mark Heidel
Richard Arnold, MSP
Matthew Bolger, MSP
Councilman Sheldon Neeley
Willie Artis
John Henry
Norm Bryant
Ralph Arellano
Roseanne Heddy
Curt Carlson
Councilman Scott Kincaid
Tom Guise
Tom McCabe
George Wilkinson
Joe Pilara
Marty Seaman
Michael J. Sarginson (former councilman)