



FROM THE OFFICE OF THE CITY MANAGER

Date: September 12, 2011

To: The Honorable Mayor and City Council Members

From: John Szerlag, City Manager

Subject: Executive Summary of Study Session Topics

This summary assumes that City Council will authorize retaining four of the 38 sworn police department positions in fiscal year 2014. This, of course, is the last year of our current rolling 3-year budget, and will add to our expenditure line approximately \$450,000 on a recurring basis. As you know, reinstatement of these positions is required to meet the minimum threshold of sustainability for the police department. And this is pursuant to the International City/County Managers Association (ICMA) recommendation.

Let us turn now to the 24 hour protocol for plowing all streets after a 4 inch snow event. I spoke with managing director of the Road Commission for Oakland County (RCOC), Mr. Brent Bair, and he advised that RCOC will remit to the city \$250,000 if we agree to plow major county roads. This is the same amount that we received last year. If we were to increase our General Fund snow removal expenditure by approximately \$425,000, we could return to our sterling 24 hour snow removal protocol. This can be done without adding any additional personnel because of the following:

- All maintenance functions have been consolidated to the Public Works Department;

- Employees have been cross-trained;

- Eight Department of Public Works positions were reinstated in our budget in accordance with ICMA recommendations for sustainability.

In other words, we do not need to hire any additional personnel to return to our 24 hour protocol, and this makes us more efficient than the rates provided by the private sector. Mr. Tim Richnak, Public Works Director, will elaborate on this issue at our study session.

In terms of enhancing our major roadway network from a general category of "high/fair" to "good" the cost is more money than we have; about \$25 million initial investment and roughly \$7 million thereafter per year. Mr. Bill Houtari, Deputy City Engineer, will further explain this topic at our study session.

Another sustainability issue is the 32 hour workweek for several departments. This will adversely affect the quality of service to our residents and businesses. It will

also impair our ability to retain and attract employees. And although this issue is critical, I do not think that we should discuss it at this point in time for the following reasons:

A 32 hour workweek is currently outside of our 3 year budget, which ends June 30, 2014;

We need to get a better comfort zone for our revenue line in the out-years of 2015 and beyond;

Our next budget, which will be adopted by city council in May 2012, will incorporate fiscal year ending 2015. This is the year slated for a reduction of the workweek, and we can address this matter in early 2012 with a new Mayor and Council and a more solid revenue projection.

So, this is what we have: the Early Retirement Incentive Program (ERIP)/Concession initiative not only reduced reliance on fund balance, but we now have projected revenues exceeding projected expenditures for the first two years of our 3-year budget. If we compare the average expenditure reductions from the ERIP and employee concessions to the average use of fund balance over the next three years, we project revenues over expenditures on average of \$600,000 per year. Our 24 hour snow protocol will add approximately \$425,000 this fiscal year and we can take a look at future years once we have more accurate revenue projections.

As always, please feel free to contact me should you have any questions.

Cc: Department heads, Tom Darling, Council Candidates