
City of Detroit

FAB Discussion Document

November 12, 2012



DRAFT SUBJECT TO CHANGE

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I. Executive Summary



Executive Summary

- **CET implementation**
 - Progress has continued on CET implementation despite legal and other challenges
 - More than half of the changes have been implemented; majority of remaining items on track to be completed by 1/31/2013
- **Financial update – General Fund**
 - Savings are starting to be realized, but the City will have cash challenges by mid to late December without State support
 - Escrow fund proceeds will provide necessary liquidity during implementation of the savings initiatives and Reform Agenda
- **Fire Department review**
 - Departmental and operational review
 - Outline of initiatives, accomplishments and next steps
- **Police Department review**
 - Departmental and operational review
 - Outline of initiatives, accomplishments and next steps
- **Restructuring RFP status**
 - The City has determined a need for a restructuring advisor to provide strategic analysis and guidance
 - An RFP has been issued and the City expects to select the advisor in the next 1-2 weeks
- **Escrow Release Milestones Agreement**
 - The City and the State continue to work towards finalizing agreed-upon milestones in order to obtain access to escrowed financing proceeds
- **Reform Agenda update**
- **FSA compliance**



II. CET Implementation Update



**City Employment Terms – Update of completed changes
 CETs estimated to generate \$60m of savings in FY 2013 and \$102m in FY 2014**

CET Change	Effective Date	Progress
10% wage reduction	08/31/12	Complete
Mandatory 12-hour shift – Police	09/17/12	Complete
2% administrative fee for collection of union dues	10/12/12	Complete
Reimbursement for full-time and part-time union representation	10/15/12	Complete
Elimination of car mileage reimbursement & \$3 per day allowance for daily cash usage	09/04/12	Complete
Modification of funeral Leave	07/30/12	Complete
Modification of supplemental unemployment benefits	08/20/12	Complete
Elimination of Budget Required Furlough ("BRF") days	08/27/12	Complete
Eliminate Leave Coming Days (DPCOA)	08/27/12	Complete
Eliminate Excused Leave Day (DPCOA)	09/04/12	Complete
Modification of clothing & uniform (and cleaning) allowance (DPOA)	09/10/12	Complete
Drop Plan – Discontinue members not currently enrolled (DPCOA)	09/10/12	Complete
Drop Plan – Membership limited to 5 yrs (DPOA)	09/10/12	Complete

Implemented to date



**City Employment Terms – Update of completed changes
CETs estimated to generate \$60m of savings in FY 2013 and \$102m in FY 2014**

	CET Change	Effective Date	Progress
Implemented to date	Recall Changes DPOA/DPCOA	09/17/12	Complete
	Implement 40 hr Work Wk (APTE, ADE)	09/28/12	Complete
	Elimination of Vacation Advances – Finance Directive #140 (DPOA and other BUs)	09/28/12	Complete
	Clothing & Uniform Allowance (non-uniform)	10/05/12	Complete
	Benefits Hospitalization New hire eligibility changes, APTE, ADE	09/30/12	Complete
	Benefits Optical New hire eligibility changes, APTE, ADE	10/01/12	Complete
	Added 8/6/12: OT changes for APTE & ADE	10/01/12	Complete
	Added 8/20/12 – Holiday excused time off changes for APTE & ADE	10/01/12	Complete
	Remove Union Dues deduction if no response to the 2% fee notification letter	10/12/12	Complete
	Elimination of step & merit increases	10/19/12	Complete
	Change % share of medical premiums charged to employees to 80/20 for all plans	10/19/12	Complete
	Change credit for off-duty court appearances - Part A DPOA	10/19/12	Complete
2% Transitional differential pay (DPOA)	10/26/12	Complete	



**City Employment Terms – Status of all other changes to be completed
CETs estimated to generate \$60m of savings in FY 2013 and \$102m in FY 2014**

CET Change	Estimated Completion	Effective Date
Shift Premium Reduction (Related to #22 – Training Instructor Premium Change)	11/09/12	11/23/12
Overtime Changes: Non-uniform & Non Union	11/12/12	11/23/12
Recall/Call back – Eliminate 4 hrs call back	11/12/12	11/23/12
Holiday Premium Changes	11/12/12	11/23/12
PPS Open Enrollment – New rates/plan switch	11/19/12	01/01/13
HRMS Open Enrollment – (Self Service used)	11/19/12	01/01/13
Pension – Reduction of multiplier to 1.5x	11/30/12	11/30/12
Pension – Elimination of escalator	11/30/12	11/30/12
Pension – Elimination of sick time inclusion in AFC	11/30/12	11/30/12
Elimination of Longevity, Longevity Additive & Proration	11/30/12	12/07/12
Implement sick leave changes	11/30/12	11/30/12
Sick time payout – elimination of future earned payouts (automation)	11/30/12	11/30/12

November



**City Employment Terms – Status of all other changes to be completed
 CETs estimated to generate \$60m of savings in FY 2013 and \$102m in FY 2014**

	CET Change	Estimated Completion	Effective Date
Dec/Jan	Jury duty regular pay elimination	12/14/12	12/14/12
	Vacation accrual changes	01/01/13	01/01/13
	Worker's compensation changes	01/31/13	01/31/13
To be determined	Overtime changes: DPOA, POAM, EMSOA, and Fire sworn	On hold	On hold
	Holiday pay (DPOA, DPCOA) – manual processing	On hold	On hold
	Holiday pay (DPOA, DPCOA) – system automation	On hold	On hold
	Recovery of overpayments (Policy)	On hold	On hold
	Training Instructor Premium Change – EMSOA, POAM (technical solution in-progress)	TBD	TBD





III. Financial Update – General Fund



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FY 2013 financial outlook – General Fund

- **Savings from headcount reductions and CET implementation are being realized**
 - Actual YTD payroll (Jul'12 – Oct'12) for General Fund decreased \$22m (14%) from the same period in the prior year from ~\$155m to ~\$133m, which is an annualized savings of over \$60m

- **Actual cash balance was ~\$53m as of Friday, Nov 9th before accumulated property tax reserve**
 - Accumulated property tax reserve represents cash collected on behalf of other taxing authorities which must be distributed to those taxing authorities. As of Nov 9th, the reserve was estimated at ~\$31m
 - Therefore, cash balance net of the property tax distributions owed was ~\$22m

- **Consistent with prior forecasts, the latest cash forecast estimates a cash burn of ~\$70m-\$80m during FY 2013**
 - The refinancing proceeds will provide necessary liquidity as the savings initiatives and Reform Agenda are implemented
 - While the estimated cash burn for the full year is consistent with prior forecasts, the estimated cash position by the end of December is ~\$18m worse than the prior forecast due to medical benefits trends and lower receipts from sales and charges for services. The City is currently investigating the unfavorable variances in receipts to ensure all revenues are collected and captured

- **The current forecast estimates the City will have cash challenges by mid to late December without State support**
 - The City continues to work with the State on the establishment of milestones which will need to be accomplished in order for escrow proceeds to be drawn
 - Absent the availability of escrow proceeds, the City will need to employ other working capital solutions to avoid liquidity crises



13 week cash flow forecast (includes CET savings)

Note 1: Excludes any draws from \$81.7m refinancing proceeds currently held in escrow

	Prelim Forecast													13-week TOTAL
	Week 1 11/9/12	Week 2 11/16/12	Week 3 11/23/12	Week 4 11/30/12	Week 5 12/7/12	Week 6 12/14/12	Week 7 12/21/12	Week 8 12/28/12	Week 9 1/4/13	Week 10 1/11/13	Week 11 1/18/13	Week 12 1/25/13	Week 13 2/1/13	
Operating Receipts														
Property taxes	\$ 0.5	\$ 1.8	\$ 2.4	\$ 2.7	\$ 2.3	\$ 2.0	\$ 19.5	\$ 15.8	\$ 47.4	\$ 35.1	\$ 51.0	\$ 9.3	\$ 8.7	\$ 198.4
Income & utility taxes	6.7	2.5	2.8	4.8	5.8	2.0	2.4	5.4	8.9	0.9	1.7	8.6	10.9	63.5
Gaming taxes	6.8	2.5	4.2	0.1	3.3	2.6	-	6.5	6.3	3.0	-	5.7	3.3	44.2
Municipal service fee to casinos	-	-	-	-	-	4.8	-	-	-	-	-	-	-	4.8
State revenue sharing	-	-	-	-	-	-	-	-	-	29.0	-	-	-	29.0
Other	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	83.6
Total operating receipts	20.5	13.2	15.8	14.0	17.8	17.8	28.3	34.1	99.0	74.4	59.2	30.1	29.3	423.5
Operating Disbursements														
Payroll, taxes, & deductions	(4.9)	(10.5)	(4.9)	(10.5)	(4.9)	(10.5)	(4.9)	(10.5)	(4.7)	(10.1)	(4.7)	(10.1)	(4.7)	(96.1)
Benefits	-	-	(18.0)	-	-	-	(18.0)	-	-	(18.0)	-	-	-	(54.0)
Pension contributions	-	(1.7)	-	(5.7)	-	(1.7)	-	(5.7)	-	(0.9)	-	(18.0)	(5.1)	(21.0)
Subsidy payments	-	-	(4.2)	-	-	-	-	(6.3)	-	-	-	(4.2)	-	(14.8)
Property tax distributions	-	-	(5.0)	-	-	-	-	(2.0)	-	-	-	(45.0)	-	(52.0)
Other	(6.3)	(6.1)	(5.1)	(6.2)	(10.0)	(6.2)	(13.1)	(6.3)	(9.8)	(6.0)	(5.1)	(6.0)	(5.9)	(92.1)
Sub-total operating disbursements	(11.2)	(18.3)	(37.2)	(22.5)	(15.0)	(18.5)	(36.0)	(31.0)	(14.5)	(17.1)	(9.8)	(83.4)	(15.7)	(330.0)
POC & debt related payments	-	-	-	(4.3)	-	(11.6)	-	(4.3)	-	(2.1)	-	(4.3)	-	(26.7)
Total disbursements	(11.2)	(18.3)	(37.2)	(26.8)	(15.0)	(30.0)	(36.0)	(35.3)	(14.5)	(19.2)	(9.8)	(87.7)	(15.7)	(356.7)
Net cash flow before refinancing	9.3	(5.1)	(21.3)	(12.8)	2.8	(12.2)	(7.7)	(1.2)	54.5	55.2	49.4	(57.6)	13.6	66.8
Cumulative net cash flow	9.3	4.2	(17.1)	(29.9)	(27.1)	(39.3)	(47.0)	(48.2)	6.3	61.5	110.9	53.3	66.8	
Refinancing proceeds														
Net cash flow including refinancing	9.3	(5.1)	(21.3)	(12.8)	2.8	(12.2)	(7.7)	(1.2)	54.5	55.2	49.4	(57.6)	13.6	66.8
Beginning cash balance	43.4	52.7	47.6	26.3	13.5	16.3	4.1	(3.6)	(4.8)	49.7	104.9	154.3	96.6	43.4
Net cash flow	9.3	(5.1)	(21.3)	(12.8)	2.8	(12.2)	(7.7)	(1.2)	54.5	55.2	49.4	(57.6)	13.6	66.8
Cash before required distributions	\$ 52.7	\$ 47.6	\$ 26.3	\$ 13.5	\$ 16.3	\$ 4.1	\$ (3.6)	\$ (4.8)	\$ 49.7	\$ 104.9	\$ 154.3	\$ 96.6	\$ 110.2	\$ 110.2
Accumulated property tax reserve	(31.0)	(32.1)	(28.7)	(30.5)	(32.5)	(34.1)	(50.7)	(62.1)	(102.4)	(132.2)	(175.6)	(138.5)	(145.9)	(145.9)
Cash net of property tax reserve	\$ 21.8	\$ 15.5	\$ (2.5)	\$ (17.1)	\$ (16.2)	\$ (30.1)	\$ (54.3)	\$ (66.9)	\$ (52.7)	\$ (27.3)	\$ (21.3)	\$ (41.8)	\$ (35.6)	\$ (35.6)

Actual cash balance on 11/9/2013



FY 2013 monthly cash flow re-forecast (includes CET savings)

Note 1: Excludes any draws from \$81.7m refinancing proceeds currently held in escrow

\$ in millions

	Actual Jul-12	Actual Aug-12	Actual Sep-12	Actual Oct-12	Forecast Nov-12	Forecast Dec-12	Forecast Jan-13	Forecast Feb-13	Forecast Mar-13	Forecast Apr-13	Forecast May-13	Forecast Jun-13	Forecast FY 2013
Operating Receipts													
Property taxes	\$ 34.0	\$ 198.0	\$ 14.8	\$ 6.9	\$ 8.1	\$ 39.5	\$ 142.8	\$ 33.6	\$ 17.0	\$ 4.3	\$ 0.0	\$ 53.8	\$ 552.7
Income & utility taxes	23.1	25.1	21.5	25.8	20.2	15.6	20.2	23.9	32.1	16.4	25.7	26.4	276.0
Gaming taxes	12.4	15.2	12.8	12.4	17.0	12.4	15.0	13.5	17.8	13.7	8.6	21.1	172.0
Municipal service fee to casinos	-	7.6	4.4	-	-	4.8	-	-	-	-	-	-	16.8
State revenue sharing	28.5	-	28.7	-	29.9	-	29.0	-	28.9	-	28.4	-	173.4
Other	26.1	37.8	26.0	22.5	29.0	25.7	25.7	36.9	50.7	40.6	40.6	50.7	412.4
Total operating receipts	124.2	283.8	108.2	67.5	104.2	98.0	232.7	107.9	146.5	75.0	103.4	151.9	1,603.3
Operating Disbursements													
Payroll, taxes, & deductions	(37.5)	(35.0)	(32.5)	(28.0)	(40.6)	(30.9)	(29.7)	(29.7)	(34.0)	(29.7)	(29.7)	(40.1)	(397.3)
Benefits	(18.3)	(21.0)	(20.4)	(16.7)	(18.0)	(18.0)	(18.0)	(13.0)	(13.0)	(13.0)	(13.0)	(13.0)	(195.4)
Pension contributions	-	(11.7)	(7.2)	-	(7.5)	(7.5)	(0.9)	(6.7)	(12.2)	(0.9)	(6.7)	(12.2)	(73.5)
Subsidy payments	(0.6)	(4.9)	(6.2)	(1.1)	(4.2)	(6.3)	(4.2)	(2.5)	(2.5)	(1.7)	(5.5)	(15.2)	(55.0)
Property tax distributions	(0.9)	(112.8)	(45.3)	(3.4)	(8.0)	(2.0)	(45.0)	(85.0)	(28.0)	(24.0)	(1.0)	(31.3)	(386.8)
Other	(45.7)	(50.3)	(35.1)	(31.4)	(29.2)	(35.6)	(25.9)	(27.2)	(34.0)	(29.1)	(29.9)	(37.1)	(411.7)
Sub-total operating disbursements	(103.1)	(235.7)	(146.8)	(80.6)	(107.6)	(100.4)	(124.7)	(164.1)	(123.8)	(98.4)	(85.7)	(148.9)	(1,519.7)
POC & debt related payments	(4.2)	(5.4)	(4.9)	(9.0)	(6.9)	(15.9)	(6.5)	(4.2)	(9.7)	(33.0)	(20.8)	(39.7)	(160.3)
Total disbursements	(107.3)	(241.1)	(151.7)	(89.6)	(114.5)	(116.3)	(131.2)	(168.3)	(133.5)	(131.4)	(106.5)	(188.6)	(1,680.0)
Net cash flow before refinancing	16.9	42.6	(43.5)	(22.0)	(10.3)	(18.3)	101.4	(60.4)	13.1	(56.4)	(3.1)	(36.6)	(76.7)
Cumulative net cash flow	16.9	59.5	16.0	(6.0)	(16.3)	(34.6)	65.8	6.4	19.5	(36.9)	(40.1)	(76.7)	
Refinancing proceeds													
Net cash flow including refinancing	16.9	42.6	(43.5)	(22.0)	(10.3)	(18.3)	101.4	(60.4)	13.1	(56.4)	(3.1)	(36.6)	(76.7)
Beginning cash balance	29.8	46.7	89.3	45.8	23.8	13.5	(4.8)	96.6	36.2	49.3	(7.1)	(10.2)	29.8
Net cash flow	16.9	42.6	(43.5)	(22.0)	(10.3)	(18.3)	101.4	(60.4)	13.1	(56.4)	(3.1)	(36.6)	(76.7)
Cash before required distributions	\$ 46.7	\$ 89.3	\$ 45.8	\$ 23.8	\$ 13.5	\$ (4.8)	\$ 96.6	\$ 36.2	\$ 49.3	\$ (7.1)	\$ (10.2)	\$ (46.9)	\$ (46.9)
Accumulated property tax reserve	(48.1)	(77.8)	(31.8)	(33.2)	(30.5)	(62.1)	(138.5)	(82.0)	(68.5)	(48.1)	(47.1)	(37.3)	(37.3)
Cash net of property tax reserve	\$ (1.4)	\$ 11.5	\$ 14.0	\$ (9.4)	\$ (17.1)	\$ (66.9)	\$ (41.8)	\$ (45.8)	\$ (19.2)	\$ (55.2)	\$ (57.4)	\$ (84.2)	\$ (84.2)



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IV. Fire Department Review



Table of contents – Fire Department

- A. Department Overview**
- B. Financial Overview**
- C. Labor Relations Overview**
- D. Technology**
- E. Initiatives, Accomplishments and Next Steps**



A. Department Overview

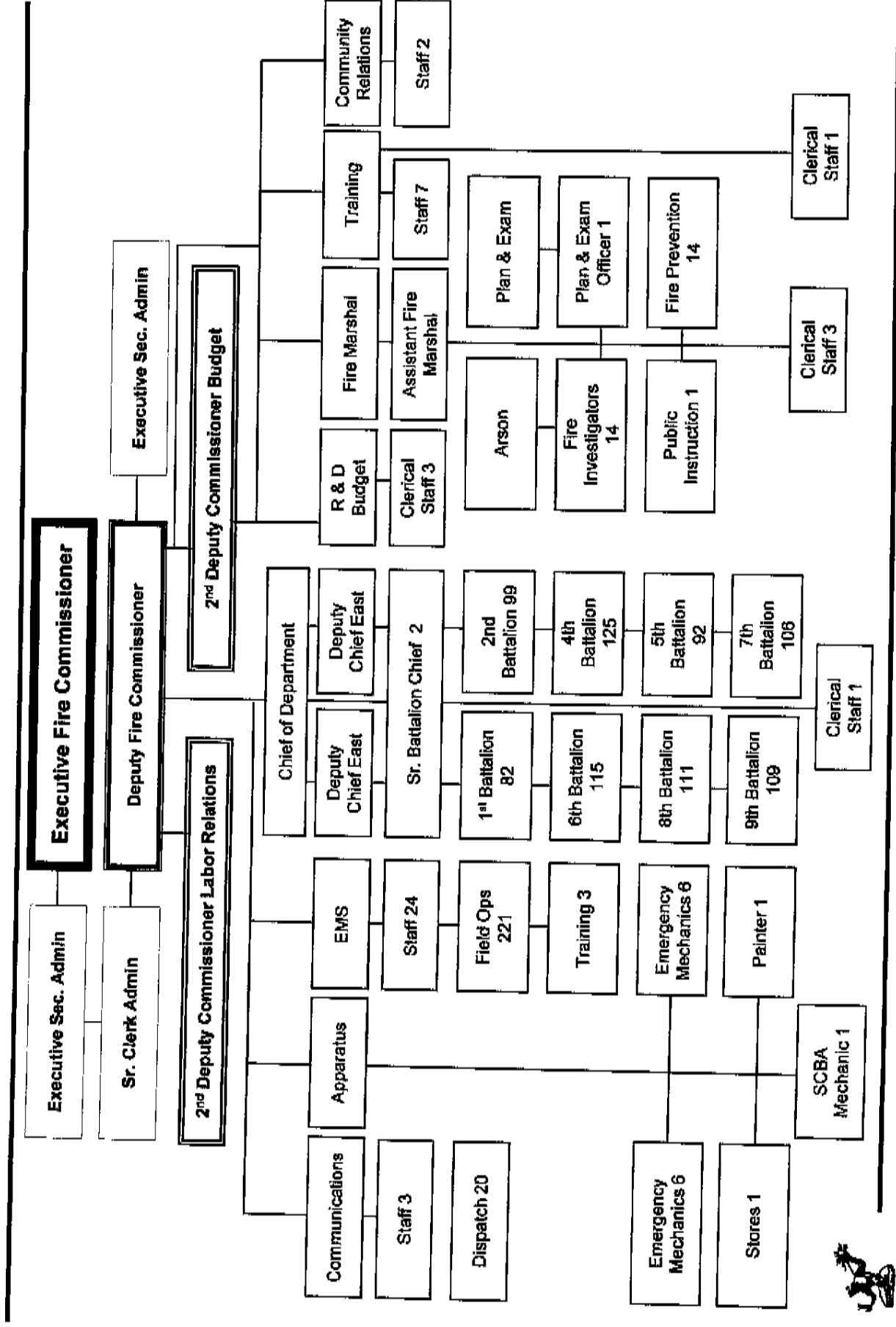


The primary mission of the Fire Department is to protect life and property from fire and other emergencies and enforce regulations governing fire prevention, safety education and investigation

- Core services: Fire Prevention and Public Education, Fire and Emergency Medical Services (EMS) response as the core services, and ensuring the support functions are effective and efficient.
- There are 10 Divisions in the Department, which must work collaboratively to accomplish the mission. These Divisions are Fire Fighting, EMS, Fire Marshal, Administration, Apparatus, Training, Communications, Research and Development, Community Relations, and Medical.
- The Department is headed by an administrative staff consisting of the Executive Fire Commissioner, Deputy Fire Commissioner and two 2nd Deputy Commissioners (civilian administrators of the Department).
- The Executive and Deputy Fire Commissioners are appointed by and serve at the pleasure of the Mayor, and have a fire service background of 30 and 25 years respectively.
- The 2nd Deputy Commissioners have a labor relations/legal and budget background and manage their respective areas of the organization.



Fire Department organization chart



Fire Department organization

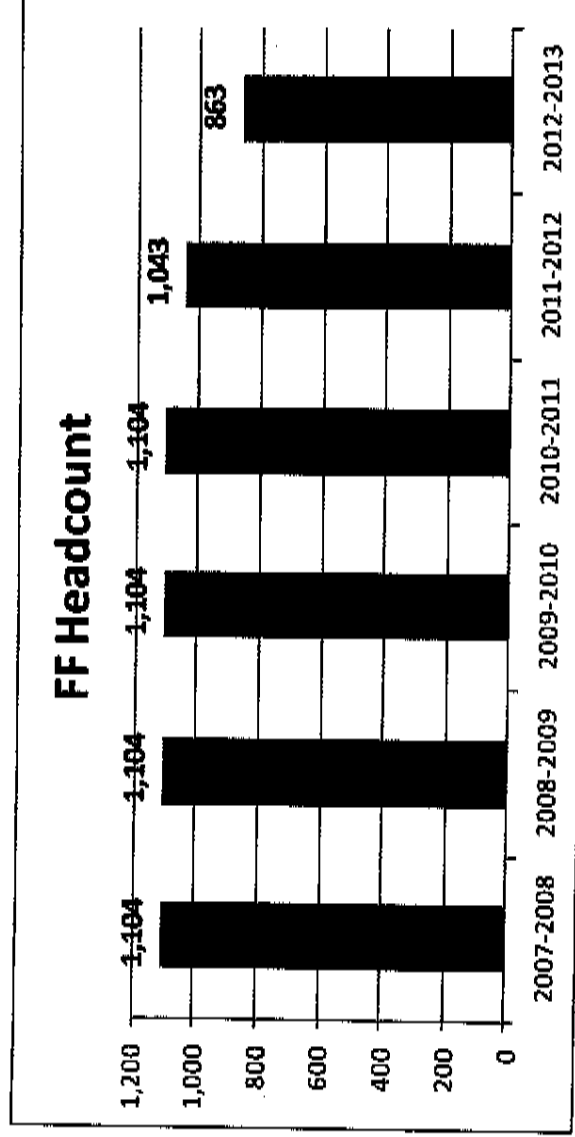
- Top uniformed leadership is comprised of Chief of Fire Fighting Operations, two Deputy Chiefs, a Senior Battalion Chief Officer, appointed by the Executive Fire Commissioner and a Fire Marshal. All Division Commanders hold the rank of Division Chief
- The two largest Divisions are Fire Fighting (863) and EMS (249). The Fire Fighting Division is configured into East and West each with four battalion commands
- Individual fire stations are commanded by station officers and grouped into Battalions 1, 2, 4, 5, 6, 7, 8, and 9 each commanded by a battalion chief
- With the exception of the Chief of Fire Operations and the two Deputy Chiefs all members assigned to the Fire Fighting Division work a 24-hour day
- There are two units/shifts, Unit I and II operating within the Fire Fighting Division. Members work on average nine 24-hours days a month



Fire Fighting Division – headcount has decreased in the last two fiscal years primarily as a result of retirements

- Has the largest number of Department members: 441 fire fighters, 54 fire fighter drivers, 93 fire engine operators, 134 sergeants, 60 lieutenants, 52 captains and 29 battalion chiefs
- Average age of fire fighting personnel is 44 years old
- One in eight fire fighters are on duty injury status
- Staffing factor is 5:1, meaning that any given day, only 1 in 5 fire fighters are available to work a shift being paid straight time
- Members must retire at age 60
- Fire fighters are proficient in the basic skills of fire suppression and hazardous materials incidents first responders
- All fire fighters are single-function fire fighters. Minimal to no participation in EMS in accordance with the current CBA
- No performance evaluation system exists beyond probationary fire fighters

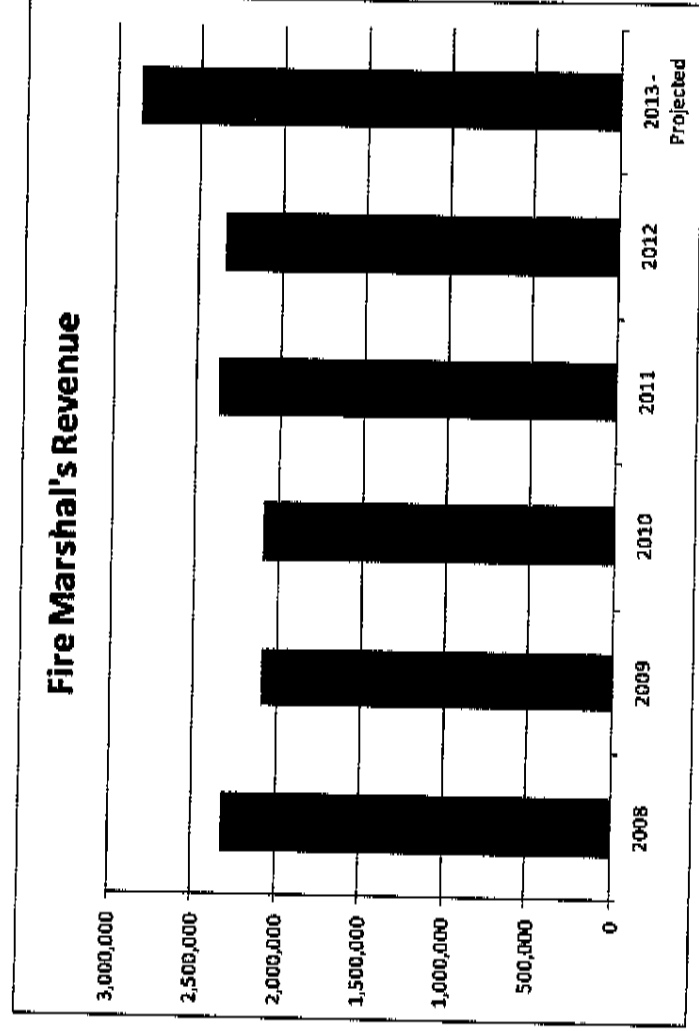
Fire Fighting Division FTEs Five Fiscal Years



Fire Marshal Division – The Commissioner’s objective is to enhance Fire Marshal Division revenues

The Division is divided into four sections with different functions:

- The Fire Prevention Section (FPS) is responsible for fire code and City ordinances enforcement
 - The FPS is 50% fee supported by revenue generated through field inspection and permit fees
 - Members enter as Lieutenants and promote by seniority to Captain, Battalion Chief, Assistant Fire Marshal, and Fire Marshal
- The Public Instruction Section conducts fire safety education, building evacuation plan development, and evacuation exercises for high-rise and other required facilities
- The Plan and Exam Section reviews building construction plans for contractors and builders compliance to City of Detroit Ordinances
- The Arson Section conducts fire cause determination investigations. Fire investigators are fire fighters who have completed a law enforcement academy and granted police powers by the Detroit Police Chief



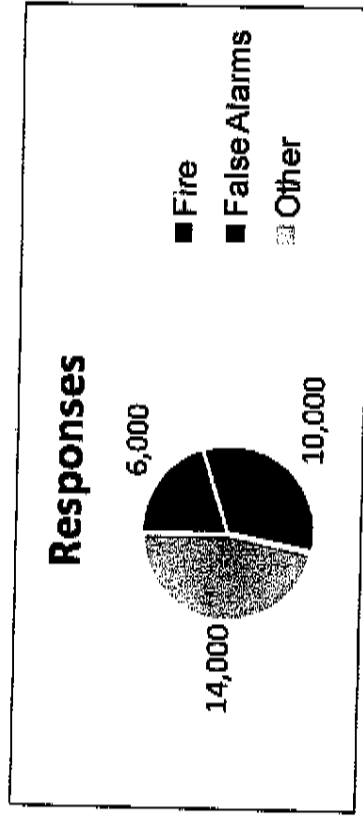
Apparatus Division – Responsible for the maintenance and repair of the Fire Department’s vehicles

The Division has inventory of 100 heavy apparatus, approximately 36 ambulance and other light vehicles. Additionally, Apparatus Division is responsible for storekeeping, distribution, and maintenance of personal protective equipment (PPE) and tools for the fire fighters and EMS technicians

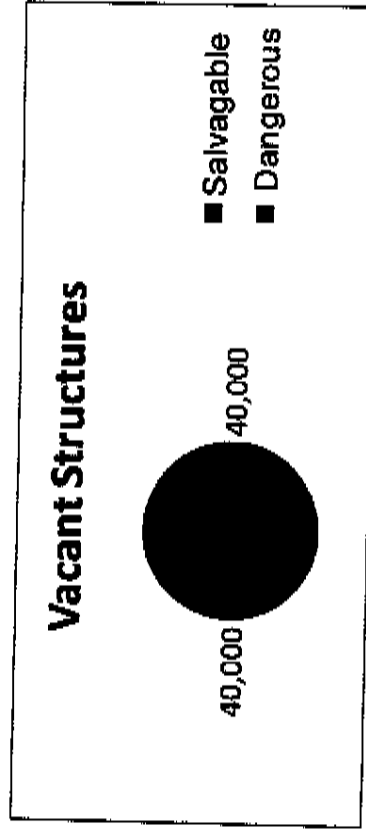
- Comprised of two Unions of mechanics Detroit Fire Fighters Association (DFFA) and American Federation of State, County and Municipal Employees (AFSCME)
- Six general automotive mechanics and six emergency repair mechanics, Chief Officer Apparatus Supervisor, one body repairman, and one painter comprise the Division
- Mechanic to vehicle ratio 1:39
- Inability to complete preventative maintenance on schedule



Workload Environment – Approximately 33% of responses are to false alarms while call to the City's 80,000 vacant structures place an additional strain on resources



Out of 30,000 calls approximately 20% annually are fire suppression-related calls for service. Approximately 1/3 of responses or 10,000 are false alarms.



Estimated 80,000 vacant buildings inclusive of 40,000 vacant and dangerous buildings



Workload Environment – the Fire Department is actively seeking to address the issues of false alarms and fires in vacant structures

Additional workload

- Sixty percent of structure fires occur in vacant structures
- 31,000 fire hydrant inspections
- Smoke Alarm installation
- School visitations
- Participation in community events
- Special projects

Department initiatives to combat “non-emergency” workload

- Notified top 10 false alarm repeat offenders of the number of false alarms as a result of possible malfunctioning of their central monitoring system
- Working with the Law Department to develop an ordinance to establish a fee for false alarms over a certain number
- Mutual Aid agreements difficult to secure with partner fire agencies
- Demolition is a direct benefit to fire suppression
- Documenting vacant structures with Army Corp of Engineers developed software
- Utilizing volunteers successfully an objective to improve interaction with department managers

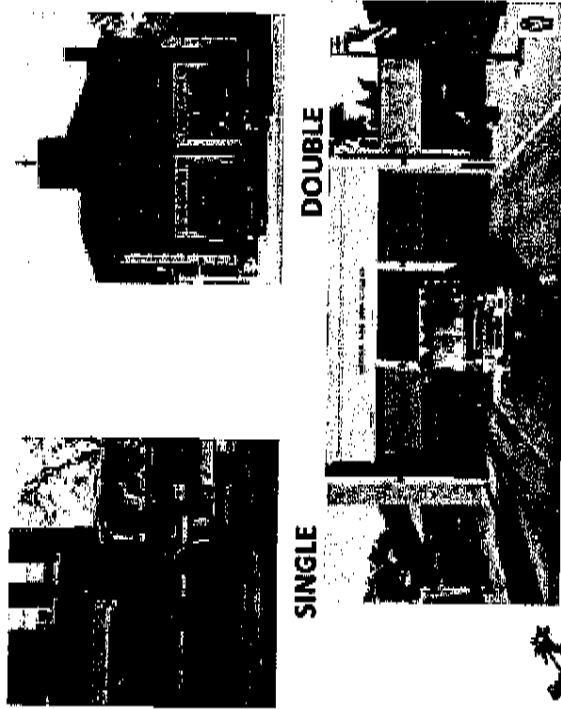
- ✓ Community Emergency Response Team (CERT)
- ✓ Fire Corp
- ✓ Angels’ Night Volunteerism



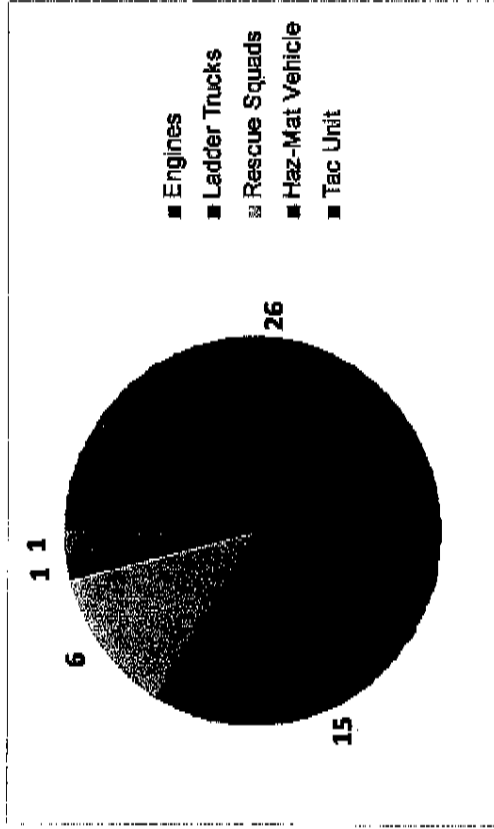
Resource Deployment – response to fire suppression is performed primarily by three types of apparatus typically with a staff of four fire fighters

- A Fire engine is a combination of a hose, pump and water. All three components are essential to fighting fires
- Aerial Truck - Also known as a ladder truck is a hydraulically powered ladder or articulating platform, mounted on a vehicle that also carries several different length extension ladders, and possibly extrication gear, ventilation equipment, and lighting
- A Squad is a firefighting vehicle that carries specialized equipment utilized for technical rescue, but no water or laddering capability. The squad apparatus is typically parked on the fire ground, while crew are utilized for incremental manpower.
- Hazardous Material Apparatus is designed to carry Level A Entry Suites, Sophisticated Testing and Monitoring Equipment.
- TAC Unit - Mini Pumper primarily for vehicle fires in parking complexes (where larger vehicles cannot enter) as well as other smaller blazes

Fire suppression apparatus are housed in single, double, and triple company configurations. Twenty fire stations have an ambulance assigned.

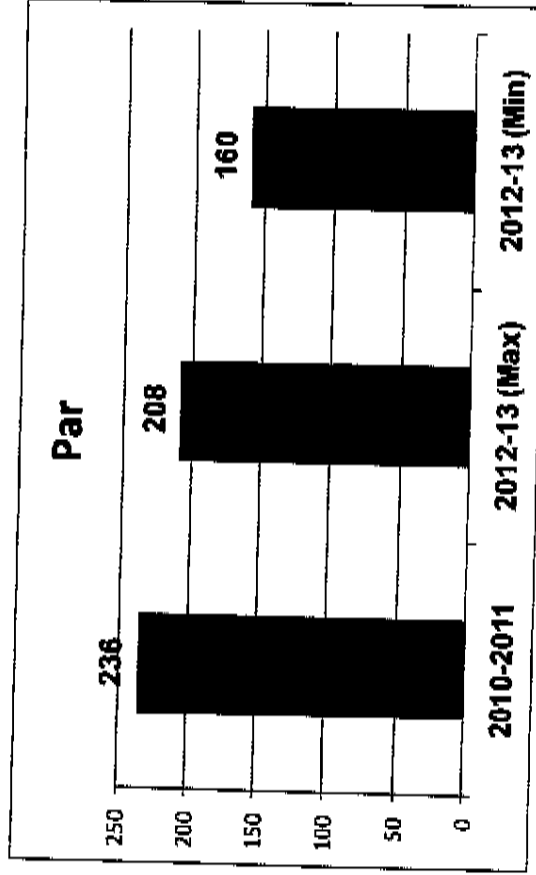


APPARATUS INVENTORY



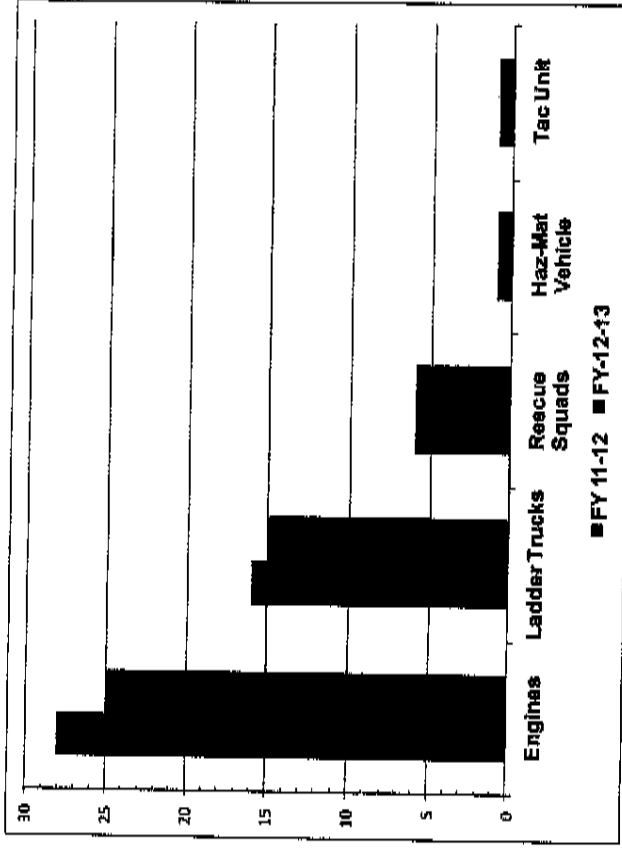
Par Staffing – par is the pre-determined number of firefighters required to staff all firefighting vehicles any given day

- Par is the central component of staffing firefighting vehicles on a daily basis. For example if only 160 firefighters are available / scheduled to work on a given day that means that only 40 vehicles (25 Engines, 9 Ladders trucks and 6 Squads) can be staffed that day; riding 4 persons per vehicle



- Note: 160 firefighters are considered the minimum acceptable staffing; although par can go as high as 208 firefighters or 52 companies based upon firefighters available to work straight-time on a given day

RESOURCE STAFF DEPLOYMENT



Communications – the Department is working on implementing technology solutions to address dispatching efficiency

- Using state-of-the-art software in conjunction with computer automated dispatch data
- **GPS** – Onboard routing (Global Positioning System / Geographical Information Software (GIS) and Automatic Vehicle Locators (AVL) have been placed in all fire apparatus which decreases response times. Computer Aided Dispatch (CAD) has the ability to interface with Mobile Data Terminals (MDT) and GPS/AVL technology to track fire apparatus

The central idea is that individuals in a dispatch center are able to easily view and understand the status of all units being dispatched. CAD (Computer Aided Dispatch) provides displays and tools so that the dispatcher has an opportunity to handle calls-for-service as efficiently as possible. CAD provides displays and tools so that the dispatcher has an opportunity to handle calls-for-service as efficiently as possible



Facilities – the Department operates 35 fire station buildings

- Recently seven closed buildings have been returned to General Services Department for disposition
- The average age of all fire stations is 80 years. Maintenance costs often exceed \$1m annually
- Major items requiring constant repairs are apparatus doors, plumbing, electrical, boiler, and roof problems
- Currently the Detroit Building Authority is managing a \$3.5m capital improvement project to address these issues
- Fire fighters often make repairs to fire station buildings themselves
- RFP released for bidding on public safety campus design
 - LEEDS design for joint fire and police operations
 - Drive-through capability improves safety
 - Heated aprons
 - Training room
 - Community room for neighborhood and community groups meetings
 - Extractor machines for PPE washing
 - Wellness facilities
 - Possible clinic
 - Ability to do heavy apparatus maintenance in quarters



B. Financial Overview



The FY 2013 Budget reflects a significant expenditures reduction, in particular in the Firefighting Division, as a result of drastic expected reductions in overtime and the implementation of CETs

	Actuals					Adopted
	FY 2008	FY 2009	FY 2010	FY 2011	Preliminary Actual FY 2012	Budget FY 2013
Revenues	20,697,772	19,781,221	17,403,163	20,587,834	20,587,834	33,821,796
Expenditures	182,192,520	172,341,298	177,036,698	199,919,622	199,919,622	159,594,156
Surplus (Deficit)	(161,494,748)	(152,560,077)	(159,633,535)	(179,331,788)	(179,331,788)	(125,772,360)



C. Labor Relations Overview



The Department's Labor Relations acts as the primary contact with the Department's four Unions

- The Department's four Unions are: Detroit Fire Fighters Association (DFFA), Police Officers Association of Michigan (POAM), EMS, Emergency Medical Services Officers Association (EMSOA), EMS Supervisors, and American Federation of State, County, and Municipal Employees (AFSCME)—Apparatus
- This Labor Relations is responsible for:
 - Contract negotiations
 - Special Conference coordination
 - Grievance handling and resolution (Currently 400 grievances department wide)
- The Department's Labor Relations is also responsible for overseeing and/or coordinating all employee transactions, including:
 - Discipline
 - Human Resources
 - Medical—Non-duty related
 - Investigations and referrals to Human Services Department for claims of workplace violence and harassment in the workplace
- Special challenges for the Labor Relations are:
 - Number of outstanding grievances
 - Only two staff members assigned to division
 - DFFA contract minimizes management controls across all Fire Fighting Divisions
- Goals for the Division:
 - Negotiate a working Collective Bargaining Agreement (CBA)
 - Standardized manual for discipline and Trial Boards
 - Pursue alternative dispute resolution for outstanding grievances



Fire Department

D. Technology



CITY OF DETROIT

DRAFT SUBJECT TO CHANGE

Technology

Fire View™ – Fire View™ Dashboard is utilized for resource allocation. It allows management to analyze data by providing a snapshot of recent events displayed in the form of maps, charts and reports

Manpower Automated Reporting – Labor intensive paper based daily manpower staffing of fire companies has been replaced with a Microsoft based Excel program which has made the process more efficient and less time consuming.

Target Solutions – a web-based training management platform and cost-effective approach which also presents an opportunity to achieve significant savings

- Web-based training will decrease costly instructor-led training expenses and eliminate overtime associated with re-scheduling to meet mandatory training
- NFPA-approved content and EMS continuing education
- Target Solutions provide accredited content covering OSHA, emergency vehicle operations, employment practices
- It also provides the ability to deliver customized content – like SOPs, SOGs, Web based classes on core topics like fire behavior, fire protection systems and building construction to understand the best ways to prevent fires and fight them when they occur

Opticom – All apparatus wired with pre-emptive traffic signal control systems

- All of Jefferson Avenue
- Central Business District
- West Grand Blvd
- Grand River



Technology (continued)

Sprint Solution Phones – Dedicated department phone replaced with a Sprint line that now allows members to dial outside of department

- Data from Computer Aided Dispatch (CAD) is uploaded hourly and is being made available at the battalion commander level
- CAD interfaces with a software program called Fire View™ which allows users to analyze data by providing a snapshot of recent events displayed in the form of maps, charts and reports

Using data to determine permanent and temporary station closures – Companies are chosen based on large amounts of information and data related to:

- Size of the service area and capability of perimeter companies to respond
- Response times
- Workload based on number of “runs” for fire incidents
- Utilization - how often a company is responding to incidents

Analyzing response time data and using the information to make informed deployment decisions

- Fire View™ software integrates Fire and EMS data with GIS allowing management to easily map and analyze data. By identifying incident patterns and response effectiveness, resources can be more optimally redeployed



E. Initiatives, Accomplishments and Next Steps



Short, Mid and Long Term Initiatives

Objective	Initiative	Project Lead	Target	Progress	Next Milestone	Challenges
Identify and document all accounting processes within the DFD and review controls over those processes	Implement accounting controls to ensure compliance with the City's Accounting and Finance Policies	DFC & Tech Town CPA (Consultant)	Document work instructions for DFD accounting practices and implement controls	Process mapping accounting tasks has been initiated	DFC to review completed flowcharts for completeness & accuracy and perform random reviews	Train accounting staff to perform regular self assessments to document compliance or non-compliance
Construct an "Internal Audit" / self assessment process within the DFD to ensure compliance with <u>City financial and accounting policies</u>	Receive and take corrective action based on Auditor Generals (AG) findings	DFC & Tech Town CPA (Consultant)	Implement AG recommendations to address deficiencies	EFC, DFC and Tech Town CPA has reviewed AG findings	Implement controls to address weaknesses sited by AG. Assess additional personnel needs	Training of accounting staff to perform regular self assessments to document compliance or non-compliance
Improve understanding of costs in firefighting division	Controlling costs through the establishing cost centers for all fire stations	2 nd DC and Chief of Research & Development	Establish cost centers and properly charge cost to the correct cost center	Cost centers were established at the beginning of FY 12/13	Getting accounting clerks proficient with entering data for an additional 35 cost centers	Develop accounting staff to performing cost variance analysis



Short, Mid and Long Term Initiatives (continued)

Objective	Initiative	Project Lead	Target	Progress	Next Milestone	Challenges
Increase Fire Prevention Revenues	Utilize "Self Inspections" for low-risk businesses – typically 80% to 90% of all businesses. Reduce inspection times and costs and increase revenue	DFC Fire Marshal, Asst. Fire Marshal	Generate a new revenue stream of \$40 to \$60 from businesses that we currently do not have the staffing to inspect	Vendor presentation and; projection of revenue	Waiting on RFP issue by Finance	Educating the public
Generate DFD Revenues from selling services to external departments via training programs i.e., Ride Along Programs	Capitalize on national interest by FD's that want the Fire experience	EFC, DFC Chief of Training Academy (TA)	Generate new revenue streams and use the Ride Along program as a impetus to promote TA	Working with Six-Sigma expert to develop project plan	Develop other training opportunities that will draw patrons to the TA. Develop competitive pricing	Informing other dept.'s as to new "Ride Along" model offered and other training opportunities
Change the Hazardous Materials Team from a "Cost Center" to a "Profit Center"	Create Business Plan for handling the safe collection, transportation and disposal of hazardous waste for customers and on Haz-Mat incident responses	Deputy Chief East, Sr. Haz- Mat Team Officers & DFC	Have the DFD Haz-Mat Team certified to transport & dispose of hazardous materials; also known as HAZWOPER	Haz-Mat Team Sr. Officers & Training Academy to create plan for Haz-Mat Team to be certified as HAZWOPER	Partner with DPW to identify heavy equipment and operators that can be trained to work with the Haz-Mat Team	Major delivery change. Develop competitive pricing. Assess infrastructure costs



Short, Mid and Long Term Initiatives (continued)

Objective	Initiative	Project Lead	Target	Progress	Next Milestone	Challenges
Relocate Training Facility	Identify and procure a facility in a viable location that can serve as the DFD Training Facility	EFC, DFC & Chief of Training	Obtain at lowest possible cost. Upgrade and refurbish to be competitive with other Regional Training Facilities	Identified potential facility located on the SE corner of the State Fair Grounds	Establishing a dialogue with the State as to the possibility of obtaining closed facility	Identifying funds to procure and refurbish
Require minimum annual training of Fire Fighters	Ensure that each member complete minimum training on an annual basis	EFC, DFC, Chief of Department & Chief of Training	Replicate realistic situations in all aspects of fire dept. operations such as hose lays, pump operations, search and rescue, ladders, aerial operations, and ventilation	Identified on-line accredited training program that can augment TA	Integrate on-line training module with TA lesson plans	Fire Fighters buy-in to utilizing internet training. Lack of computer skills by older Fire Fighters
Require officers complete 56 hours of CE annually	Provide management, leadership, educational, and incident command training to Officers	EFC, DFC, Chief of Department & Chief of Training	Provide specific training in how to manage emergency incidents and administrative tasks	Identified on-line accredited training program that can augment TA	Integrating on-line training module with TA lesson plans	Officers buy-in to internet training. Lack of computer skills by older Officers



Short, Mid and Long Term Initiatives (continued)

Objective	Initiative	Project Lead	Target	Progress	Next Milestone	Challenges
Fleet maintenance and repair process assessment	Recommendations for improvement to fleet management from Penske Corp.	EFC, DFC & Chief of Apparatus	Increase efficiencies by implementing industry best practices	Initial assessment by Penske representatives on 10/29 & 10/30	11/29 meeting scheduled to hear findings	Negotiating a Collective Bargaining Agreement that reflects best practices
Identify strategy to cut costs on fire apparatus expenditures — without sacrificing the quality or capability of the fire and rescue services provided to the community	Identify a mini-pumper capable of playing a more significant role in structure fires, rather than merely suppressing car fires — while saving the department on the cost of a new pumper	EFC, DFC, Chief of Apparatus and design committee	Acquire mini-pumpers that can be placed strategically in the City to reduce response times and afford greater coverage	Beginning Stages- discussions	Identifying funds and obtaining buy-in from Mayor and Council	Major delivery change
Create a "Heavy Equipment" Division within the DFD	Create a division in Fire Fighting that will perform the demolition of residential and small commercial businesses ravaged by fire	EFC, DFC, Chief of Dept.	To demolish structures ravished by fire as soon as all legal (evidential) restrictions are lifted	Planning stages; evaluating viability	Identifying funds and obtaining buy-in from Mayor and Council	Working with the union in terms of establishing a new division



Accomplishments

- \$28.1m FEMA Grant Staffing for Adequate Fire and Emergency Response (SAFER) 100% grant for salaries and benefits
- \$2.7m FEMA Assistance to Firefighters Grant (\$1.75m Federal share and \$965,000 City matching share)
- \$196,000 FEMA Fire Prevention and Safety Grant
- \$25,000 Firemen's Heritage Fund and Momentous Insurance Broker Award in connection with the Burn documentary
 - Percentage of documentary proceeds when profitable
- Detroit Public Safety Foundation philanthropic collections fund Police and Fire Department needs
 - Funded grant writers
 - Funded consultant
- Six Sigma process improvement analysis
- Reduced the number of home garaged vehicles
- Sprint phone solution for fire station business telephone saved \$48,000 annually
- Increased efficiencies between Finance and Fire Marshal Division allows for timely billing resulting in greater collections



Next Steps

Short-Term

- Retain 15% EMS revenue for reinvestment in the Department mission-critical infrastructure
- Hiring new fire fighters
- GPS installation
- Necessary staffing for internal control processes
- Increase use of e-mail and Microsoft office applications
- Informal leaders discussions
- Technology solution to daily manpower activities
- Process mapping of all divisions task
- Develop performance metrics and monthly reports

Mid-Term

- Automatic external defibrillator deployment
- Contract negotiations or City Employment Terms
- Improve EMS function
- Development of department online SOG and policy library
- Greater use of volunteers such as CERT and Fire Corp
- Management and leadership training
- Ride-Along program

Long-Term

- Fire-based EMS
- Learning organization
- In-house demolition capability
- Sprinkler ordinance
- Department Wellness program
- Community Paramedic program
- Maritime Domain program
- Merit/Seniority-based promotions
- Increase analytical capability



V. Police Department review



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- A. Executive Summary**
- B. Civilianization Update**
- C. Telephone Crime Reporting Unit Update**
- D. Verified Response Update**
- E. Initiatives Overview**
- F. Financial Overview**
- G. Next Steps**



A. Executive Summary



The department has identified opportunities to allocate more officers to street patrol and improve response times for emergencies

- **In 2010, DPD worked together with McKinsey & Co. generating ideas to increase efficiency and reduce costs with the goal of getting more officers on street patrol addressing crime and quality of life issues**
- **The Detroit Police Department (DPD) continues to evaluate opportunities to civilianize positions in order to assign more officers to street patrol and allocate resources based on need**
 - Civilianize maintenance, prison processing, timekeeping and dispatch positions
 - Civilianization of 36th District Court security positions has been completed
 - Allocate officers based on crime incidents by district/precinct
 - Conducting a complete audit of the roles and responsibilities of all current members to increase effectiveness and efficiency of those members – goal to maximize patrol and investigations resources
- **The Telephone Crime Reporting Unit (TCRU) has been put in place to prioritize calls for service to better allocate officers to emergencies and crimes in progress**
 - Identify calls that need immediate response
 - Civilianize telephone operator positions to handle calls for service and reduce the number of officers assigned to desk duties
- **A verified response model has been put in place to minimize officers responding to false alarms**
 - Work with alarm companies for verification prior to officers being dispatched
 - Allow officers to focus on and respond to true emergencies
- **DPD is evaluating options to have a department review completed to identify process improvements and cost saving opportunities**



The department has made recent changes to increase presence in the community and strengthen the organizational structure

- **Recent changes to the department focus on increasing police presence and personnel development**
 - Increase the number of mini-stations from 6 non-fully functioning to 14 fully functioning
 - Increase the number of traffic police on the street creating more visibility in the community
 - Require exams to be completed for promotions from Lieutenant to Sergeant
 - A work out facility has been identified where public safety employees can focus on physical fitness

- **Organizational changes focus on strengthening leadership positions**
 - Appoint new Assistant Chief (s)
 - Appoint new Chief of Staff
 - Began search for the fill in the position of Chief
 - Senior employees will be disciplined for issues relative to lack of performance and conduct contrary to department rules and regulations



B. Civilianization Update



The department has successfully redeployed ~135 officers to street patrol and continues to evaluate opportunities to civilianize positions and appropriately allocate resources

- DPD continues to evaluate opportunities to civilianize certain police functions such as a vehicle maintenance, building maintenance, computer technician and crime scene services. Those functions are currently preferred by sworn members and can only be replaced when the member retires from the department, which can be overcome by the new City Employment Terms (CET)
- The department is evaluating the civilianization or outsourcing of the prisoner processing function. A cost comparison between a police officer working as a Prisoner Detention Officer (PDO) versus a civilian Detention Facility Officer (DFO); \$38k saving per year per FTE. There are 39 PDO positions, therefore, if these positions were civilianized savings could be ~\$1.5m
- The number of officers performing time keeping functions was reduced from 80 to 20 in September 2012 by centralizing the process resulting in 60 officers being redeployed to street patrol. The department is currently migrating from manual to electronic reporting
- Through collective bargaining DPD was granted the ability to remove officers from the 36th District Court security detail back to street patrol. In September 2011, the department was granted the ability to redeploy 43 officers back to street patrol
- A crime index matrix was developed for the geographical boundaries of the districts/precincts with the goal of appropriately allocating officers based on crime incidents. In October 2010, 33 department members were transferred from non-patrol duties back to street patrol to staff the districts and precincts. The shifting of officers was based on data derived from a workload study and crime index analysis



C. Telephone Crime Reporting Unit Update



The TCRU model has enabled DPD to allocate additional officers to street patrol by replacing officers with civilian positions

- **The department has reshaped the calls for service priority codes to provide a more productive service model**
 - DPD responds to a vast amount of calls which are not emergencies or crimes in progress
 - Many of these calls could be better handled by the TCRU or other City departments such as Animal Control, BSE&E and the Health Department
 - Only ~17% of calls for service received by DPD require immediate response

- **DPD implemented the TCRU model which currently utilizes civilian and restricted duty personnel to handle and mitigate issues for calls for service**
 - DPD has hired and trained civilian Telephone Crime Operators (TCO) to handle this task
 - 83 total call takers; 45 TCOs and 38 officers on restricted duty

- **Additional officers were redeployed to street patrol by having civilian positions assigned to desk duties**
 - Average cost of a TCO including salary and benefits is ~\$58k, which is a savings of ~\$41k per civilian used
 - Prescheduled overtime decreased 39% and emergency overtime decreased 31% from FY 2011 to 2012 as the additional officers assigned to street patrol reduced the need for existing officers to work overtime



D. Verified Response Update



DPD implemented a verified response model to address the inefficiencies of responding to false alarms, reducing the response to false alarms by 87%

- **Reducing false alarms would allow officers to be utilized more affectively and improve response times**
 - A study was completed in January 2011 at the 8th Precinct revealing that 99.1% of alarm calls answered were false alarms
 - In 2010, there were ~52,292 false alarms which required 2 officers to respond taking 30 minutes each
 - The cost to answering these calls was ~\$131k for the 8th Precinct, or ~\$2.3m for the department
 - Test run of verified response model completed in August 2012 resulted in 87% decrease in responses to false alarms
 - The department received on average of ~1,150 alarm calls per week which reduced to ~120 per week since implementation of the verified response model

- **The verified response model requires alarm companies to verify alarms prior to calling police dispatch**
 - Verification could be confirmed from
 - Property owner, private guard or witness at the premise verifies an attempted or actual crime has occurred; or
 - Audio or video monitoring shows crime likely in progress, which can be used as evidence
 - Fines for excessive false alarms
 - Will not effect response time for fire alarms or reduce service to the citizens



- **Minimizing false alarms would significantly boost the departments performance**
 - Increase availability to focus on and respond more quickly to true emergencies
 - Create more time for preventative policing initiatives such as visibility on patrol and community relations
 - Reduce calls to the 911 system and improving operator availability and answer time



E. Initiatives Overview



Initiatives update




Objective	Initiative	Project Lead	Target	Progress	Next Milestone	Challenges
More Officers on the Street	<ul style="list-style-type: none"> ▪Civilianize administrative positions ▪Reduce specialization ▪Status: 	<ul style="list-style-type: none"> ▪Insp. Rivers 	<ul style="list-style-type: none"> ▪\$4.8m of savings ▪Civilianize 335 administrative positions 	<ul style="list-style-type: none"> ▪43 officers removed from 36th District Court ▪29 civilian TCO's hired 	<ul style="list-style-type: none"> ▪HR to identify candidates to backfill administrative tasks that officers are performing 	<ul style="list-style-type: none"> ▪CETs remove barriers ▪Budget constraints
	<ul style="list-style-type: none"> ▪Agreement with outside agency on prisoner processing ▪Status: 	<ul style="list-style-type: none"> ▪DC Tolbert 	<ul style="list-style-type: none"> ▪Consent Judgment fulfilled 	<ul style="list-style-type: none"> ▪50% complete 	<ul style="list-style-type: none"> ▪Completion of negotiation between City and County ▪Wayne County to house DPD prisoners 	<ul style="list-style-type: none"> ▪Agreeing on cost per prisoner
Reduce Waiting & Reporting Time	<ul style="list-style-type: none"> ▪Telephone Crime Reporting Unit (TCRU) ▪Status:  	<ul style="list-style-type: none"> ▪Cmdr. Bettison 	<ul style="list-style-type: none"> ▪50% of police reports completed by TCRU 	<ul style="list-style-type: none"> ▪Completed 	<ul style="list-style-type: none"> ▪Implementation of pilot in NED started in May ▪Data from pilot resulted in City-wide Virtual Precinct Program 	<ul style="list-style-type: none"> ▪Major service delivery change ▪Educating the public
	<ul style="list-style-type: none"> ▪Online crime reporting ▪Status:  	<ul style="list-style-type: none"> ▪Cmdr. Bettison 	<ul style="list-style-type: none"> ▪10% of citizen reports online 	<ul style="list-style-type: none"> ▪Completed 	<ul style="list-style-type: none"> ▪Creation of the project plan to develop website functionality and reporting standards 	<ul style="list-style-type: none"> ▪Crisnet RMS capability with Coplogic



Complete  On-going

DRAFT SUBJECT TO CHANGE




Initiatives update (continued)

Objective	Initiative	Project Lead	Target	Progress	Next Milestone	Challenges
Improve Efficiency	<ul style="list-style-type: none"> Community based policing Status:  	<ul style="list-style-type: none"> DC Turner 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> 50% complete 	<ul style="list-style-type: none"> Evaluation of impact of current pilot in 8th District Reduce home invasions Encourage problem solving 	<ul style="list-style-type: none"> Increasing the number of young adults in CB Radio Patrols, Detroit Police Reserves and Block Clubs
	<ul style="list-style-type: none"> Root cause crime fighting Status:  	<ul style="list-style-type: none"> Insp. Jones Insp. Wilson 	<ul style="list-style-type: none"> Re-establish Compstat Implementation of Predictive Analytics 	<ul style="list-style-type: none"> Completed 	<ul style="list-style-type: none"> Utilized subject matter experts Pat Harnett and William Andrews to develop performance measurements for the Compstat process 	<ul style="list-style-type: none"> N/A
	<ul style="list-style-type: none"> Redeployment of officers based on precinct need Status:  	<ul style="list-style-type: none"> Cmdr. Bettison 	<ul style="list-style-type: none"> Balance precinct's workload 	<ul style="list-style-type: none"> Completed 	<ul style="list-style-type: none"> Department using analysis in ongoing decision-making 	<ul style="list-style-type: none"> N/A



Complete  On-going 

Initiatives update (continued)

Objective	Initiative	Project Lead	Target	Progress	Next Milestone	Challenges
Improve Response Time	<ul style="list-style-type: none"> Reducing false alarms through verified response Status:  	<ul style="list-style-type: none"> Cmdr. Bettison 	<ul style="list-style-type: none"> 60% goal reduction in alarm runs 	<ul style="list-style-type: none"> 87% reduction in alarm runs Saving of \$2.3m 	<ul style="list-style-type: none"> Verified Response S.O.P. to be incorporated into Department Policy 	<ul style="list-style-type: none"> N/A
	<ul style="list-style-type: none"> Response time pilots Status:  	<ul style="list-style-type: none"> Cmdr. Bettison 	<ul style="list-style-type: none"> Reduce response time by 10% 	<ul style="list-style-type: none"> 6th and 8th precinct and Northeastern and Eastern District 	<ul style="list-style-type: none"> Completed 6th Precinct, NED and ED provided support for the Virtual Precinct model 	<ul style="list-style-type: none"> Not enough scout cars are equipped with in-car reporting equipment
	<ul style="list-style-type: none"> Re-shape priority calls for service codes Status:  	<ul style="list-style-type: none"> Cmdr. Bettison 	<ul style="list-style-type: none"> Re-route non-emergency calls for service to TCRU 	<ul style="list-style-type: none"> Completed 	<ul style="list-style-type: none"> Reduce average call wait time at TCRU from 2 to 1 minute 	<ul style="list-style-type: none"> Educating the public on when to call 911



The department has redeployed officers from desk duties to street patrol, allocated resources based on incidents and improved response time to emergencies resulting in reduced crime in the City

	9 Months Ending September 23			
	2011	2012	(Fav.) Unfav. Change	% Change
Murder	272	296	24	8.8%
Rape	749	737	(12)	-1.6%
Robbery	4,037	4,063	26	0.6%
Aggravated assault	7,429	7,299	(130)	-1.7%
Total Violent Crime	12,487	12,395	(92)	-0.7%
Burglary	12,513	11,319	(1,194)	-9.5%
Larceny	13,226	12,968	(258)	-2.0%
Vehicle theft (UDAA)	9,049	9,375	326	3.6%
Total Property Crime	34,788	33,662	(1,126)	-3.2%
Shooting incidents	1,086	1,133	47	4.3%
Total Crime	48,361	47,190	(1,171)	-2.4%



F. Financial Overview



The department has made an effort to decrease expenses by reducing headcount and managing overtime. FY 2013 Budget reflects expected cost savings from the TA's

\$ in millions	Actuals				Prelim. Actual FY 2012	Adopted Budget FY 2013	FY 2012 to FY 2013 Variance
	FY 2008	FY 2009	FY 2010	FY 2011			
Revenues							
Utility Users tax	\$ 51.7	\$ 49.9	\$ 44.2	\$ 44.6	\$ 39.8	\$ 42.0	\$ 2.2
Grants	4.0	3.2	8.4	12.0	8.0	12.7	4.7
Sales & charges for services	7.8	8.8	10.6	13.5	5.9	7.4	1.4
Other revenue	14.1	7.7	5.0	8.7	7.2	9.6	2.4
Total Revenues	77.6	69.6	68.1	78.7	60.9	71.7	10.8
Expenses							
Salaries and wages	(183.4)	(191.3)	(184.8)	(194.1)	(177.2)	(150.1)	27.1
Overtime	(28.7)	(32.3)	(25.1)	(26.6)	(27.1)	(15.9)	11.1
Medical benefits	(103.1)	(97.7)	(100.8)	(111.5)	(111.5)	(73.5)	38.0
Pension	(59.1)	(61.0)	(55.2)	(99.3)	(76.1)	(70.3)	5.9
Professional/Contractual services	(5.2)	(6.8)	(4.4)	(4.0)	(4.3)	(4.0)	0.3
Operating supplies	(3.4)	(3.3)	(3.1)	(4.1)	(2.9)	(3.0)	(0.2)
Other operating expenses	(12.4)	(17.5)	(15.6)	(15.5)	(13.6)	(13.7)	(0.1)
Other expenses	(7.5)	(8.1)	(4.1)	(8.4)	(5.8)	(9.1)	(3.3)
Total Expenses	(402.7)	(418.0)	(393.0)	(463.4)	(418.4)	(339.6)	78.9
Total Surplus (Deficit)	\$ (325.1)	\$ (348.4)	\$ (324.9)	\$ (384.7)	\$ (357.5)	\$ (267.9)	\$ 89.6
Headcount (FTE)	3,421	3,688	3,288	3,195	3,016	2,954	(62)



Total appropriations during the first quarter of FY 2013 are in line with the annual Budget

Account Name	FY 2013		First Quarter	Actual	Actual	Encum.	Rem.
	Budget	%					
Personnel							
Salaries-Full	\$16.0	23.7%	\$3.8	23.7%		\$12.2	
Salaries - Overtime	2.1	23.0%	0.5	23.0%		1.6	
Salaries - Shift	0.2	22.3%	0.0	22.3%		0.2	
Salaries - Holiday	0.3	28.4%	0.1	28.4%		0.2	
Civilian Salary Sub-Total	18.6	23.7%	4.4	23.7%		14.2	
Salaries - Full - Police Unif	125.4	27.4%	34.4	27.4%		90.9	
Salaries - Overtime - Police Unif.	13.7	30.0%	4.1	30.0%		9.6	
Salaries - Shift - Police Unif.	1.7	16.8%	0.3	16.8%		1.4	
Salaries - Holiday - Police	1.4	72.6%	1.0	72.6%		0.4	
Salaries - Job Illness/Injury Police	-	NA	0.6	NA		(0.6)	
Sworn Salary Sub-Total	142.2	28.4%	40.4	28.4%		101.8	
Pension	2.3	16.7%	0.4	16.7%		1.9	
Pension - UAAL	4.1	0.0%	-	0.0%		4.1	
Social Security	1.4	17.5%	0.2	17.5%		1.2	
Longevity	-	NA	0.0	NA		(0.0)	
Pension - Police Unif.	28.2	25.8%	7.3	25.8%		20.9	
Pension - UAAL	34.0	NA	-	NA		34.0	
Social Security - Police - Unif.	0.6	110.9%	0.7	110.9%		(0.1)	
Longevity - Police - Unif.	2.4	1.1%	0.0	1.1%		2.3	
Sub-Total	73.0	11.8%	8.6	11.8%		64.4	
Other	65.8	30.2%	19.9	30.2%		45.9	
Salary Summary	\$160.7	27.9%	\$44.8	27.9%		\$115.9	
Benefits Summary	\$138.8	20.5%	\$28.5	20.5%		\$110.3	
Non-Personnel							
Contractual Services	3.6	-11.3%	(0.4)	-11.3%		1.2	2.8
Supplies and Expenses	18.4	14.1%	2.6	14.1%		2.3	13.5
Major Repairs	0.0	-1.8%	(0.0)	-1.8%		0.0	0.0
Capital Outlay	1.1	0.6%	0.0	0.6%		0.2	1.0
Fixed Charges	0.4	0.0%	-	0.0%		-	0.4
Other Financial Uses	1.7	0.0%	-	0.0%		-	1.7
Total Non-Personnel	\$25.3	8.70%	\$2.2	8.70%		\$3.6	\$19.4
Total Appropriations	\$324.8	23.24%	\$75.5	23.24%		\$3.6	\$245.7

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Total recorded revenues during the first quarter of FY 2013 are behind as compared to the annual Budget. However, first quarter utility users tax receipts are in line with prior year for the same period

Account Name	FY 2013		First Quarter		Actual		Rem. Bal
	Budget	%	Actual	%	Actual	%	
Utility Users Tax	\$42.0	9.2%	\$3.9	9.2%			(\$38.1)
Business Licenses	1.5	0.0%	0.0	0.0%			(1.5)
Safety Inspection Charges	0.1	0.0%	0.0	0.0%			(0.1)
Weights & Measures	0.5	0.0%	0.0	0.0%			(0.5)
Grants-Other	0.0	NA	0.0	NA			0.0
Prisoners Care	0.0	NA	0.0	NA			0.0
Damage & Loss-Dept Property	0.0	58.1%	0.0	58.1%			(0.0)
Communications - Police	0.8	0.0%	0.0	0.0%			(0.8)
Sales-Salv, Confis, Supl Matl	0.9	0.0%	0.0	0.0%			(0.9)
Other Reimbursements	0.0	213.2%	0.0	213.2%			0.0
Other Reimbursements -Oth-Gvt	0.7	0.0%	0.0	0.0%			(0.7)
TCM Undistributed	0.0	NA	2.0	NA			2.0
Other Fees	1.6	0.1%	0.0	0.1%			(1.6)
Personal Services	1.0	0.0%	0.0	0.0%			(1.0)
Personal Services -State	0.4	0.0%	0.0	0.0%			(0.4)
Other Fines	0.3	0.0%	0.0	0.0%			(0.3)
Confiscated & Unclaimed Money	0.0	NA	(0.0)	NA			(0.0)
Other Miscellaneous	0.0	NA	0.0	NA			0.0
Gifts - Net Pay	0.0	NA	0.0	NA			0.0
Compensation For Other Losses	0.0	60.7%	0.0	60.7%			(0.0)
Miscellaneous Receipts	4.3	0.0%	0.0	0.0%			(4.3)
Total Revenues	\$54.0	11.0%	\$6.0	11.0%			(\$48.1)



G. Next Steps



The department continues to evaluate opportunities and implement programs to allocate more officers to street patrol and reduce crime

- **The department implemented 12 hour shifts (from 8 hours) in September 2012 which is expected to reduce overtime and increase the number of officers on street patrol per shift**
- **Civilianize positions such as vehicle maintenance, building maintenance, prisoner processing, computer technician and crime scene services so that officers can be redeployed to street patrol**
 - Challenges from union contracts can be overcome by the new CETs
 - Identify funding sources for positions to be civilianized
 - Partner with local universities for interns to perform certain functions such as crime analysis and forensic services, reducing the need for sworn members to perform those duties
- **Encourage residents to participate in community based policing**
 - Implement the “Broken Windows Theory” to increase community policing by encouraging citizens to report suspicious/criminal activity in an effort to keep more serious crimes from developing
 - Implement the “Cease Fire” program (as successfully done in Boston, MA) to reduce youth violence by targeting key groups/individuals who are repeat offenders, identifying the source of problem behavior and offering community/social services
- **DPD is evaluating options to have an outside department review completed to identify process improvements and cost saving opportunities**
 - RFP is being developed and a firm will be selected in the near future



The department continues to evaluate opportunities and implement programs to allocate more officers to street patrol and reduce crime (continued)

- **The department has an 87% overall compliance rate with the 2 Federal Consent Judgments (Use of Force and Conditions of Confinement)**
 - Accountability and a plan have been put in place become compliant (minimum 95%) within 180 days
 - Outsourcing the prisoner processing function will allow the department to no longer be measured under the Conditions of Confinement Consent Judgment

- **In order to maximize efficiencies at DPD, existing challenges at other departments need to be addressed**
 - Maintenance on patrol cars must be completed regularly. However, mechanic layoffs has resulted in delays of maintenance being completed reducing the number of patrol cars on the street (DPW)
 - The increasing number of vacant buildings creates more discrete locations for criminal activity (Demolition)
 - Streetlights not functioning reduces the ability to identify criminal activity occurring in areas with low visibility (PLD)



VI. Restructuring RFP status

RFP for restructuring advisors

- **The overall need is to assist the City in determining a means of best meeting its legacy and other obligations while providing an adequate level of services to its citizens**

- **The RFP includes specific deliverables in terms of analyzing obligations, understanding future revenue and expenditure projections, strategies for dealing with swap agreements, recommendations for dealing with long-term cash flow and obligations, etc.**

- **RFP was issued November 5th with responses required by November 13th. Final selection of the restructuring advisor will be done by or shortly after November 16th**
 - There are strict guidelines as to what constitutes a “qualified” bidder
 - The State Treasurer and Program Management Director are to consensually agree on the selection of the advisor
 - The advisor’s contract is expected to go through October 31, 2013 with deliverables throughout the year
 - The cost of the selected advisor will be borne 50-50 by the State and the City



VII. Escrow Release Milestones Status



Draws on Escrow - Milestones (1 of 3)

TASK	WHO - PRIMARY	CONSTRAINTS	KEY DATE
November 20 Draw			
City Council approval of Milliman contract			DONE
City Council approval of one-year extension of Ernst & Young contract	Ernst & Young, Boysie Jackson	Nov. 13 agenda for vote	
City Council approval of pending Miller Canfield contract	Mike McGee, Lamont Satchel	Nov. 20 agenda for vote	
<i>November 30 Action Items for Approval by State Treasury</i>			
Specific action items identified in property tax and assessors office	Mike Jamison		
Specific action items identified in Law Departments, including claims management	Jan Anderson		
Specific action items identified in Police Department	Jan Anderson		
Specific action items identified in Fire Department	Jan Anderson		
Specific action items identified in Lighting Department	Jan Anderson		
Specific action items identified in Transportation Dept	Jan Anderson		
Specific action items identified in income tax function	Jan Anderson		
Specific action items identified in real estate and leases	Jan Anderson		
Specific action items identified in purchasing function, including formation of Finance-Purchasing Division-City Council working group on procurement	Andre DuPerry		
December 14 Draw			
Onset of implementation of assessor and property tax function plan	Mike Jamison		
Completion of plan to improve cashiering operation	Mike Jamison, Chris Dorte		



Draws on Escrow - Milestones (2 of 3)

TASK	WHO – PRIMARY	CONSTRAINTS	KEY DATE
December 14 Draw			
Issuance of contract for medical benefit dependency audit and payroll outsourcing	Patrick Aquart	Council may send it to subcommittee	Nov. 7 or Nov 20 Council
Meeting timelines and metrics on cashiering plan	Mike Jamison, Chris Dorie	Create reporting structure	
Meeting timelines and metrics on dependency audit and payroll outsourcing plan	Patrick Aquart	Create reporting structure	Dec. 14
Completion of plan for PDD, consistent with HUD rules	Jan Anderson	HUD advisement	
Retention of restructuring firm or team	Kriss Andrews, Chris Dorie	Request special City Council session	
Retention of workers compensation anti-fraud firm	Jack Martin		
Approval of revisions to the purchasing function, including approvals thresholds on: personal services contracts; professional services contracts; goods and services; and 100% grant-funded buys	Andre DuPerry	Recommendations from working group	
Execution of Milliman contract including some deliverables	Kriss Andrews		
Retention of an operational assistance firm: Plante Moran for Assessors Office, using a change in scope of their existing contract	Mike Jamison	Sole source justification of using existing contract	Memo: ASAP
Future Draws			
Streamlined demolition process	Karla Henderson, Dekonti Mends-Cole	Ordinance language	
Meeting timelines and metrics on cashiering, property tax and assessing, payroll, and planning and development initiatives	Erika Seike	Create reporting structure	
Meeting timelines and metrics on income tax, police, fire, DDOT and PLD initiatives		Create reporting structure	
Implementation of the DHWP restructuring, including resolution of the pending lawsuit	Betsy Palazzola		
Implementation of the DWDD restructuring	Betsy Palazzola		



Draws on Escrow - Milestones (3 of 3)

TASK	WHO - PRIMARY	CONSTRAINTS	KEY DATE
Future Draws			
Implementation of the DHS restructuring	Betsy Palazzola		
Progress on DDOT satisfactory to the Treasury Department	Beau Taylor		
Approval of revisions to the purchasing function relating to Council approval thresholds, economic determinants of outsourcing, cooperative purchasing, and broader emergency approval process	Andre DuPerry		
Other required times			
Completion of action items in Law Department, including claims management	Jan Anderson		2/28/2013
Completion of Police Department action items	Jan Anderson		3/31/2013
Completion of Fire Department action items	Jan Anderson		3/31/2013
Completion of Lighting Department action items	Jan Anderson		3/31/2013
Completion of Transportation Dept action items	Jan Anderson		3/31/2013
Completion of income tax function action items	Jan Anderson		3/31/2013
Completion of real estate and leases action items	Jan Anderson		3/31/2013
Progress on all other Annex B initiatives satisfactory to the Treasury Department	Various (see document)		
Completion of the dependency audit	Patrick Aquat	Starts January 1, after open enrollment	May 31



VIII. Reform Agenda



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Reform Agenda (1 of 4)

Project	Goal	Expected Outcome / Savings	Responsibility / Priority	FAB Meeting	FAB File #/Year	Status Report
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Financial Stability Subcommittee

Income tax collection	Revenue enhancement through improved revenue tax processing, tax compliance and collection. System upgrades required	Improved Income Tax collection	Jack Martin	July 2012	Darrell Burks	X
Long-term liability restructuring	To improve credit rating and reduce borrowing costs	Potential for significant savings and reduction in LT liabilities	Kriss Andrews, Jack Martin	Dec 2012	Bob Bowman	X
Claim/Risk Management for reducing claim costs	Improve risk management process	Reduce claims cost	Kriss Andrews, Jack Martin	Jan 2013	Darrell Burks	X
Workers compensation reform	Improve risk management process	Reduce claims cost	Kriss Andrews, Jack Martin	Jan 2013	Bob Bowman	X
Revenue Cycle Initiative	Review each revenue source, in priority order, to improve cash flow to the City	Improve near-term revenue and revenue processes	Jack Martin, Kriss Andrews	TBD	Eddie Munson	X
Asset Initiative (surplus asset and asset utilization review)	Develop comprehensive listing of City assets and identify non-core assets that could be considered for monetization. Review capital expenditures process to identify areas for improvement. Review City's lease portfolio for potential savings and to ensure market pricing	Reduce asset ownership costs, improve efficiency, identify asset sale opportunities	Kriss Andrews, Jack Martin	TBD	Eddie Munson	X
Payroll system upgrade	Reduce HR and payroll processing costs	~\$10m in annual processing savings + significant expected savings from overpayment due to human error, time theft and fraud	Patrick Aquart	July 2012	Eddie Munson	X
Implementation of new grants management system	Create a centralized oversight grant function, reduce City grant footprint and implement grant IT system	Receive more grant funds with better compliance at lower cost	Jack Martin	TBD	Bob Bowman	X
Integration of budgeting, accounting and financial reporting system / Process mapping	Implementation and training for integrated accounting, budgeting and reporting systems. Streamline administrative and operating functions	Increased efficiency. Enhanced reporting capabilities	Jack Martin	Feb 2013	Darrell Burks	X
Bank project to improve A/P and A/R process	Improve efficiency and revenue and cash flow through third party service provider	Cost savings and improved service	Jack Martin	TBD	Eddie Munson	X
Review of all departments (including CET compliance)	Perform an in-depth analysis of each department including a review of their operations, financials (zero-base budget review) and compliance with CET	Improve efficiency and reduce net cost	Kriss Andrews, Jack Martin	TBD	Eddie Munson	X



Reform Agenda (2 of 4)

Key Project	Goal	Expected Outcome / Savings	Responsibility primary	FAB Meeting	FAB Member	Status Report
Labor Subcommittee						
Pension and OPEB Implementation	Implement changes per CET. Analyze long-term funding of pension and OPEB liabilities and identify opportunities to reduce liability amounts	\$5-10m in pension savings + major reduction in pension and OPEB liabilities	Kriss Andrews, Jack Martin	July 2012		X
Health plan	Implement medical savings per CET	~\$47-57m				
	80/20 premium cost sharing for retirees	~\$3m	Patrick Aquart	July 2012	Mary Beth Xuderik	X
	Perform dependent benefits audit	~\$5-10m				
Labor Reform - consolidate number of collective bargaining agreements	CETs are in the process of being implemented	Lower cost and improve management of departments	Patrick Aquart	July 2012		
	Manage related legal issues		Kriss Andrews, Jack Martin			



Reform Agenda (3 of 4)

Key Project	Goal	Expected Outcome / Savings	Responsibility Priority	Key Meeting	FAE Meeting	Status Request
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Infrastructure Subcommittee

Public Lighting Department Changes	Street lights to be transitioned to authority, which will issue debt to fund upgrades to street lights	Improved service to citizens and better cost management	Chris Brown	Sept 2012	Ken Whipple	X
DDOT Changes	Street lights to be maintained and operated by 3rd party Grid to be transitioned to 3rd party operator	Reduction of General Fund subsidy from ~\$80m and improved service to citizens	Chris Brown	Sept 2012	Ken Whipple	X
Demolition of structures	Restructure DDOT so that its mission can be accomplished at a lower cost Improve DDOT performance and service to citizens	Improved economic development and reduce blight	Karla Henderson	Oct 2012	Ron Goldsberry	X
Real estate management	City is pursuing additional grant funds to pay for the demolition of abandoned structures	Reduce cost to improve economic development	Brad Dick, George Jackson	Feb 2013	Bob Bowman	X
Planning and Development to DEGC	Efficiently use operational space and strategically develop vacant City property	Potential savings from staff consolidation	Karla Henderson, George Jackson	TBD	Bob Bowman	X
Permits	Greater efficiency and improved customer service	Increase permit fees	Jack Martin, Nathan Ford	TBD	Ron Goldsberry	X
Employee Training	Increase revenues derived from permits issued by the City Create a culture of "citizens first"	Cost savings and improved service levels to citizens	Patrick Aquart	Feb 2013	Ron Goldsberry	X



CITY OF DETROIT

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Reform Agenda (4 of 4)

Key Project	Goal	Expected Outcome / Savings	Responsibility Primary	17B Meeting	18B Meeting	19B Meeting
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Quality of Life Subcommittee

Police	Improve public safety for citizens and visitors	Enhance public safety and cost management	Ralph Godbee	Nov 2012	Mary Beth Kuderik	X
Fire	Improve Fire Department	Enhance public safety and cost management	Don Austin	Nov 2012	Howard Morris	X
EMS	Improve EMS function	Enhance public safety and cost management	Don Austin	TBD	Howard Morris	
Fire Authority Review	Explore Fire Authority solution	Enhance public safety and cost management	Kirk Lewis	Nov 2012	Howard Morris	X
Health and Wellness Department	Eliminate non-core functions	Maintain in department but transition most service delivery to a non-governmental entity with no future net tax costs	Chris Brown, Loreita Davis	TBD	Glenda Price	
Human Services	Eliminate non-core functions	Eliminate department but transition service delivery to other entity with no future net tax costs	Chris Brown, Loreita Davis	TBD	Howard Morris	
Recreation initiative	Implement strategy to create a recreation authority	Improved service to citizens and reduce net tax cost	Chris Brown	TBD	Glenda Price	X



IX. FSA Compliance



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The City is in compliance with most FSA reporting requirements and is addressing outstanding items

FSA Section	Who	What	When	Description	2012			2013												
					Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
2.8(a)	CFO	Financial update	Monthly	Provide written update to Mayor, CC, FAB, and ST, and post on City website on following: Performance in respect of Financial and operational metrics recommended by FAB; Performance in respect of the City's Budget and Triennial Budget		na	✓	✓	✓	✓										
2.8(b)	PMD/COO	Initiative update	Monthly	Update to be provided in written format to Mayor, CC, FAB, and ST, and post on City website regarding status of Reform Initiatives and Annex B projects		na	na	✓	✓	✓										
2.8(c)	City Management	Payables listing	45 days from effective date; Monthly thereafter	Submit to ST detailed listing of all AP accounts with >\$250k >30 days past due		na	✓	✓	✓	✓										
2.8(d)	City Management	Cash flow forecast	45 days from effective date; Monthly thereafter	Prepare and maintain a forecast of monthly cash needs to meet Budget; Forecast to be provided 10 days after month end to Mayor, CC, FAB, and ST		na	✓	✓	✓	✓										
2.8(e)	City Management	Cash flow actuals	Monthly	Prepare monthly report of actual revenues and expenditures; Report to be provided 10 days after month end to Mayor, CC, FAB, and ST		na	✓	✓	✓	✓										
3.1(a)	Directors (see descr.)	Revenue conference	Semi-annually; Jan & July	Directors of Finance, Budget, Auditor General, and City Council's Fiscal Analysis to meet Purpose is to arrive at consensus of estimated revenues for current FY and next FY CFO to attend; Board Chair of FAB shall preside (or CFO)	✓															
3.7(b)	City	Initial Triennial Budget	End of Transitional Period or as determined by CFO/ST	Transitional Period ended 60 days after CFO was hired Triennial Budget must plan to address any fund deficits in 5 years or less; Must consult with FAB, be adopted by CC, and be approved by ST; In subsequent years, Triennial budgets shall be completed in conjunction with the current year budgets (i.e. by April 12th)			1													
5.1	Law Department	Pending litigation report	July 15, 2012; Quarterly thereafter	Law department to submit report to FAB identifying all pending lawsuits, legal actions, and proceedings to which City is a party City shall not settle any pending action >\$250k without FAB consent			✓													
3.6	City Council	Budget reduction ordinance	60 days from effective date	CC shall adopt a amendment to Finance and Taxation Ordinance of Detroit City Code providing for procedure of budget reductions (see Section 3.6 for details)																

Legend: CC = City Council; COO = Chief Operating Officer; FAB = Financial Advisory Board; PMD = Program Management Director; ST = State Treasury Department
 1 - City obtained waiver from FAB and State Treasurer to submit first Triennial Budget in connection with the FY 2014 budget process



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