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SPECIAL MEETING (STRATEGIC PLANNING SESSION) OF THE COUNCIL OF THE CITY OF SAGINAW, MICHIGAN, HELD SATURDAY, JULY 11, 2009 AT 8:30 A.M. AT THE SAGINAW CHAMBER OF COMMERCE, 515 N. WASHINGTON AVENUE, SAGINAW, MICHIGAN.

PRAYER AND PLEDGE OF ALLEGIANCE

Mayor Joyce Seals offered a prayer and led the pledge of allegiance.

ROLL CALL

Mayor Joyce Seals called the meeting to order. The following Councilpersons were present: Gregory Branch, Larry Coulouris, Daniel Fitzpatrick, Amanda Kitterman-Miller, Amos O'Neal, Bill Scharffe, Paul Virciglio and Mayor Joyce Seals-8.

Absent: Councilman Andrew Wendt-1.

Also in attendance were the following staff members: Darnell Earley (City Manager), Tim Morales, (Assistant City Manager for Finance), Yolanda Jones (Assistant to the City Manager/Budget Officer), Thomas Fancher (City Attorney), Diane Herman (City Clerk), Tom Darnell (Director of Public Services), Odail Thorns (Economic Development Director), Dennis Jordan (Employee Services Director), Gerald Cliff (Police Chief), E. Dean Holland (Fire Chief), Jay Beelman (Information Services Director), and Carl Johnson (Plante & Moran).

PERSONAL APPEARANCES

Julia Darnton and Shelley McGeathy, 1 Tuscola Street, Suite 100, invited Council to stop by Downtown Saginaw Farmer's Market for their Grand Opening Weekend. Said the market would be open Mondays from Noon to 5 .m., Wednesdays and Fridays from 10 a.m. to 3 p.m. and Saturdays from 9 a.m. to 1 p.m.

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Councilwoman Kitterman-Miller moved to waive the Council Rules of Order and change the Order of Business to follow the Special Agenda prepared by the City Manager, seconded by Councilman Branch.

Adopted unanimously.

REPORTS FROM MANAGER

Management Update

City Manager Darnell Earley greeted those in attendance and went through the proposed agenda.

Economic Outlook for the State of Michigan

Dr. Eric Scorsone, MSU Extension, discussed the economic outlook for the State of Michigan, including the credit crisis. He spoke on several items, including the state of General Motors, housing, unemployment and underemployment. Said homeowners used to have 80% home equity in their homes, now it is more like 50%. Noted that women make up the majority of the work force at this time. Said it is not good for any City to put everything in one basket like Michigan did the auto industry. Said Saginaw is currently

moving towards healthcare but this would be a problem in the future because in 2013 Medicare would start running at a deficit. Noted that Act 312 is becoming a major problem.

*(At 10:06 a.m., Councilman Wendt arrived and took his seat.)*

#### Five-Year Financial Forecast and OPEB Liability Discussion

Carl Johnson, Plante & Moran, Inc., reviewed the City's Five-Year Financial Forecast with regard to the General Fund. He said the City faces a possible 3% decrease in income tax revenue over the next three years. On the expenditure side, the City expect a 2% increase in wages and 5% in fringe benefits. He also reviewed the City's required contribution for Other Post-Employment Benefits costs. He emphasized how the tax cap and dollar cap have strapped the City.

*(There was a break taken from 11:00 a.m. to 11:15 a.m.)*

#### Financial Executive Summary - Revenues and Expenditures Analysis

Timothy R. Morales and Yolanda M. Jones provided a report on the change in revenues and expenditures from 1978 to 2008. Said the City has experienced a drastic shift in revenue sources, with income tax and State shared revenue now being the primary source due to the decline in property tax revenue. It was reported that revenue had increased by \$13.8 million or 63% since 1978, however, expenditures had increased by \$15 million or 72%. The increase in expenditures was due to employee healthcare costs, retiree health care costs, pension costs, contractual wage increases and basic increases for the cost of goods and services.

They discussed the demographic changes which include the decrease in population and the shift in industries with the decrease in manufacturing presence in the City.

They also noted the shift within Saginaw as to the top employers in the City, from the automotive industry in 1978 to the healthcare industry in 2008.

They briefly discussed the City's ability to maintain current services with the decline in revenue and increase in expenditures, the need to find alternative revenue sources, and review of the City's organizational structure.

#### Organizational Development Update

City Manager Darnell Earley reported on his plan to review each department for organizational efficiencies and cost savings. Said it may be necessary to downsize and find alternative service delivery. He reported on the initiation of CitiStat as a performance measure and his plans to implement department head evaluations. He then reviewed organizational adjustments to the following departments, which included the hiring of an organizational development firm:

- Department of Development
- Employee Services
- Information Services
- Cemeteries

*(Lunch was served from 12:35-1:05 p.m.)*

Public Safety Update

Police Chief Gerald Cliff reported on the Shotspotter and provided Council with a System Activity Report for the month of June. He advised that shootings were down 29% and homicides 64%. A federal grant was submitted to expand the Shotspotter and he anticipates a second area to be covered by January 2010. He then spoke briefly on video cameras being used to abate crime. Said a stand alone camera would be vulnerable to destruction while a system insures that someone attempting to damage one camera will be caught by others. Through a federal grant, eight COVERT moveable, video cameras had been ordered and will be implemented in the City for crime suppression.

Fire Chief E. Dean Holland discussed several grant opportunities to enhance his department through the Jurren's Family Foundation, State Emergency Management and US Department of Homeland Security. He also advised of a possible grant to build a new 14,700 square foot fire station, which would replace the current Central Fire Station.

Council Issues and Priorities

City Attorney Thomas Fancher and City Clerk Diane Herman provided Council with an update on ballot proposals for the November election. There was some discussion from Council members on the size of the ballot, using the front of the ballot only and the number of questions to be placed on the ballot so voters were not overwhelmed. City Manager Darnell Earley stressed the need for a committee and getting the right message to voters.

Economic Development Director Odail Thorns gave a brief synopsis on the dangerous building process, how the demolish costs are calculated and provided some information on the NSP Grant. Councilman Branch stressed the need to seek reimbursement from property owners for the cost of demolitions.

Director of Public Services Thomas Darnell spoke on the lack of recycling in the City and the notorious low participation by Saginaw residents when there was recycling. Councilman Scharffe emphasized the need to have more drop off sites throughout the City. City Manager Darnell Earley stated that people get what they are willing to pay for.

Wrap Up

City Manager Darnell Earley thanked staff for their input and Council for their support.

ADJOURNMENT

At 3:37 p.m., Councilman Coulouris moved to adjourn the meeting, seconded by Councilman Virciglio.

Adopted unanimously.

Diane M. Herman  
City Clerk