

Financial Review Commission Meeting Minutes
Approved – January 26, 2015

December 5, 2014 - 9:00 am
Cadillac Place
Michigan Gaming Control Board Meeting Room
Annex, Suite L-700
3062 Grand Boulevard
Detroit, MI 48202

I. Call to Order

Treasurer Kevin Clinton called the meeting to order at 9:10 am.

II. Roll Call

Members Present - 8

Kevin Clinton
John Roberts
Bill Martin
Mike Duggan
Brenda Jones
Tony Saunders
Lorron James
Stacy Fox
Darrell Burks

Members Absent - 0

Let the record show that all Commission members are present.

III. Agenda

Motion made to approve the agenda.

Motion moved by J. Roberts and supported by M. Duggan, the Commission unanimously approved the agenda. (9 ayes, 0 nays)

IV. Approval of Minutes

Motion made to approve the draft minutes of the November 21, 2014 meeting as presented.

Motion moved by J. Roberts and supported by S. Fox, the Commission unanimously approved the minutes of November 21, 2014 as presented. (9 ayes, 0 nays)

V. Administrative Reports

a. Overview of Emergency Manager Order No. 44 and of Emergency Manager's 2-year Budget

Mr. Orr briefly summarized his final EM Order No. 44. Mr. Orr also presented a high-level overview of his final 2-year budget, stating the budget is reconciled with the plan of adjustment.

Mr. Orr stated that the people in City Hall are very focused and committed to driving change in the City going forward. He suggested that the Commission rely heavily on these employees, and become immersed in the finances and operations of the City.

The Commission inquired if there will be a budget deficit this year, and Mr. Orr responded that the deficit has been resolved for 2015.

b. Presentation on City Operational and Restructuring Initiatives

Office of the Chief Financial Officer Restructuring - Mr. Hill gave a brief overview of the restructuring process of the Office of the Chief Financial Officer, which included an organizational chart. The reorganization will centralize finance functions to improve the level of expertise and reduce reliance on outside contractors. Mr. Hill emphasized the importance of training and evaluating services.

The Commission inquired about the status of the financial planning and analysis group listed on the organizational chart. The City has not decided who will head this area yet. They will have conversations with the Mayor on what structures he believes are needed to provide the services required for this area.

The Commission inquired if there are any Civil Services issues or collective bargaining issues regarding the onboarding of new employees. There is an EM Order which requires the City to comply with all union agreements and the process thus far is in full compliance with that Order. The City has the ability to restructure its operations and have staff move from one position to another. Mr. Hill noted that current systems are antiquated and paper driven. Part of this effort will be to move to a data analytical organization so there are going to be jobs with higher skills; there is funding for training included in the plan of adjustment.

Grants Management Reform – Ms. Hughley presented an overview of changes in the Office of Grants Management. A formal assessment was launched in the fall of 2013 with recommendations for a new grants management process that focused on immediate stabilization and sustainable reform. The progress to date includes office operationalization, data clean-up and centralization, and compliance.

The Commission inquired as to whether this office is funded through grant funds. To date, this office is partially funded as part of the plan of adjustment and quality of life funds. The Commission would like a status update on what the plan will be for long-term funding when it is available.

Corrective Action Plan for Assessing – Mr. Evanko and Mr. Horhn gave a brief overview of the Corrective Action Plan for Assessing. Plante Moran conducted a review in 2011. The following recommendations are to retain a level IV assessor; ensure the database is out of override; commit to re-inspecting properties; reorganize department to support the core processes; utilize remote tools to contain costs; allow data to reach its highest level; improve organizational culture and imbed quality; and policy changes.

The Commission inquired as to whether this new system will be on par with peer cities. The City is in a 3-year reassessment process and on track to meet its goals by 2017. Discussion was held regarding the assessed values vs. taxable values.

Income Tax Overview – Mr. Naglick and Ms. Stoudemire presented an overview of the income tax that included revenue composition and collection methods. The City's income tax is steady and a reliable source of revenue.

The Commission inquired about the detail regarding the joint administration agreement with the State and asked for a broader scope. The State is building this platform and hopes that other cities will use it as well.

ERP System Implementation – Mr. Hill and Ms. Niblock presented an overview of the ERP system implementation that included background on the financial management system and the human resources management information system. The Financial Advisory Board (FAB) has previously done due diligence around this process and the City needs to move forward and not delay the implementation of this contract.

Department of Innovation & Technology Restructuring – Ms. Niblock presented an overview of the Department of Innovation & Technology restructuring that included a summary of observations of the current process, recommendations for the new process, and the restructuring timetable. Numerous projects have been completed in the transition while many current projects are still ongoing. It is anticipated this will be complete in June 2015.

Great Lakes Water Authority & DWSD – Mr. Brown presented an overview of the Great Lakes Water Authority & DWSD. Limited amount of information can be shared currently due to ongoing court proceedings.

City of Detroit Fleet – Mr. Brown presented an overview of the City of Detroit fleet that included the previous state of the fleet, actions taken, and the benefits of the project. Currently, only three percent of the fleet is maintained; it should be 70 percent.

Mr. Burks noted that the consultants for the City gave presentations to the FAB, and noted that we now have an actual management team to communicate direction and execution of the new strategies for the City.

VI. Public Comment

None.

VII. Announcement of Next Meeting

Treasurer Clinton notified the public that the next Financial Review Commission meeting is scheduled for January 26, 2015 at 2:30 pm in Suite L-150, Cadillac Place. Please note that this meeting is in the northwest corner of the ground floor.

VIII. Adjournment

Motion made to adjourn.

Motion moved B. Jones and supported J. Roberts, the Commission unanimously approved the motion to adjourn. (9 ayes, 0 nays)

There being there is no further business, the meeting is adjourned at 12:05 pm.