SUMMARY

Audit of the Mayor's 2010-2011 Proposed Budget

This report provides an overview of the Mayor's 2010-2011 Proposed Budget of $2.909 billion, and makes comparisons to the 2009-2010 Budget, which totaled $3.670 billion. The report also includes our analysis and comments related to revenues, appropriations, and other budgetary aspects of City operations included in the Mayor's 2010-2011 Proposed Budget.

Conclusion

Based on our analysis, we have concluded that the proposed budget is overly optimistic. Some of the assumptions included in the proposed budget may be unattainable in fiscal year 2010-2011; while other assumptions lack sufficient details needed to determine whether they are plausible. An overview and analysis of primary general fund revenues and appropriations follows; however, of particular concern are the following issues that impact the accumulated deficit and the proposed budget:

Accumulated Deficit

- A standard budget principle is that one-time revenues should not be used to fund ongoing expenditures. However, the proposed budget includes $48.0 million in one-time revenues to address the budget imbalance. Furthermore, despite significant budgetary reductions, the proposed budget does not fully address the issues contributing to the structural deficit. The budget's structural deficit requires a long-term commitment to reducing expenditures and increasing revenues. We have included a summary of possible budgetary strategies used by other cities.
- The deficit elimination plan includes $20.0 million from the Greater Detroit Resource Recovery Authority's (GDRRA)/DTE Escrow Fund. The Escrow account, which is held by GDRRA, was created to hedge against fluctuations in energy sales from GDRRA to DTE Energy. As of April 24, 2010, we were not provided any documentation that confirms the funds would be available in fiscal year 2010-2011. Revenue from this transaction was also included in the Budget for fiscal year 2008-2009; however, the transaction was never finalized.
- Included in the deficit elimination plan is $15.0 million for collection of a bad debt from the Detroit Public Schools (DPD). According to the Budget Department, the bad debt is related to electricity sold by the Public Lighting Department, and the proceeds from student bus cards sales belonging to the Department of Transportation (DDOT). Again, we were not provided supporting documentation regarding these transactions.
- The deficit elimination plan includes $13.0 million from DDOT. According to the Budget Department, DDOT borrowed $13.0 million from the general fund, which will be repaid in fiscal year 2010-2011. We were not provided supporting documentation regarding this transaction.

Proposed Budget

- The proposed budget includes $12.0 million in savings derived from an administrative audit of hospitalization charges. The audit will include reviewing employee claims and verifying the eligibility of participants. It is expected that the audit will be completed prior to June 30, 2009; thereby, realizing the cost savings in fiscal year 2010-2011. We are concerned that the audit will not be completed in enough time to impact the 2010-2011 fiscal year. As of April 24, 2010, the Administration had not selected a contractor for the audit.

- The Pension was computed using June 2008 actuarial rates. Both the GRS and the PFRS will be under funded once the June 2009 rates are used. The proposed budget does not provide for the cost associated with implementing the Defined Contribution Plan (DC Plan) or the impact on the City's pension contribution. Initial implementation costs associated with the DC Plan are estimated at more than $20.0 million.

- Although the proposed budget reduces major revenues, our analysis indicates budgeted revenue from Municipal Income Tax is still overstated approximately $10.0 million.

- Overtime for civilian and uniformed employees continues to be under funded. We project actual overtime for civilian employees will exceed budget by $11.3 million; Police and Fire actual overtime will exceed budget by $11.8 million.

Overview

The Mayor's 2010-2011 Proposed Budget of $2,909 million is approximately $761 million, or 21%, less than the 2009-2010 Budget of $3,670 million. The primary reasons for the decrease are the exclusion of $450.0 million in revenue bonds proceeds and $275.0 million in securitization transactions budgeted in fiscal year 2009-2010. The proposed budget also reduces Municipal Income Tax revenue $30.0 million. Estimated revenues included in the proposed budget consist of amounts from Local, State, and Federal sources. The following schedule identifies budgeted revenues and percentages for each governmental source, as compared to the Mayor's 2010-2011 Proposed Budget.

	2010-2011 Estimated Revenues (In Millions)	Percent of Total	2009-2010 Estimated Revenues (In Millions)	Percent of Total
Local sources	$2,237.9	76.9%	$2,971.8	81.0%
State sources	274.7	9.4	249.7	6.8
Federal sources	397.0	13.7	448.8	12.2
Total	$2,909.6	100.0%	$3,670.3	100.0%

Analysis of Primary General Fund Revenues and Appropriations

Revenues

- Other Revenues - The proposed amount of $2,022.0 million appears reasonable. However, the Budget Department did not provide us with requested information regarding certain changes in Other Revenues for fiscal year 2010-2011.
- State Revenue Sharing – The proposed amount of $233.4 million is reasonable, because it is consistent with the Governor's 2010-2011 Executive Budget recommendations. However, the State's budgetary crisis could reduce the City's portions of State Revenue Sharing. The City's failure to submit the Comprehensive Annual Financial Report to the State by due date, could cause the State to withhold a portion of the City's State Revenue Sharing payments.
- Property Tax Revenue – Current net property tax projection of $219.6 million for fiscal year 2010-2011 and the estimate for fiscal year 2009-2010 of $236.5 million are optimistic. Our analysis also concluded that the projected delinquent property tax estimate for fiscal year 2010-2011, and the estimate for fiscal year 2009-2010 are overly optimistic.
- Municipal Income Tax Revenue – Based on our analysis of economic factors impacting Detroit, the budgeted amount of $215.0 million from Municipal Income Tax is overstated by approximately $10.0 million. We have also concluded that the Budget Department's estimate of Municipal Income Tax Revenue for fiscal year 2009-2010 is overstated.
- Casino-Related Revenue – The $190.1 million in Casino-related Revenues included in the proposed budget is reasonable.
- Utility Users Tax Revenue – The proposed budget amount of $50.0 million of Utility Users Tax is optimistic, considering the downturn in Detroit's economy and the last two years of actual collections.

Appropriations

- Salaries and Wages – The proposed amount of $646.4 million appears reasonable except for the overtime portion, which historically is under budgeted. The $51.0 million decrease in Salaries and Wages is primarily due to cost savings derived from 26 budget required furlough days for civilian employees, and a net reduction of 1,152 budgeted positions. Based on our analysis, approximately 300 to 400 lay-offs would be needed to offset the anticipated cost savings from civilian employees who have not accepted the salary and wage concessions.
- Employee Benefits (Excluding Pensions) – The proposed amount of $318.2 million appears reasonable. However, the number of retirees is outpacing active employees; if the City does not find ways to reduce the cost of retiree healthcare, the cost for retirees could become a major challenge to the City's budgetary

process. Based on our analysis of fiscal year 2008-2009 data, the City paid $2,232 more per retiree for uniformed retired employees than for civilian retirees.

- Pensions – The proposed amount of $194.7 million is questionable for the following reasons:
  - Current actuarial rates were not available. The June 30, 2008 actuarial rates were used to compute the pension. It is unreasonable to assume that rates would remain unchanged given the economic decline of late 2008 and 2009.
  - It is anticipated that the General Retirement System (GRS) and the Police and Fire Retirement System (PFRS) will be under funded once the June 30, 2009 actuarial rates are available.
  - Actuarial indicators project large increases in the employer rate over the next few years unless the financial markets rebound within a relatively short period. Although financial markets have begun to recover, because of the three-year smoothing employed by both pension systems, employer contribution rates will continue to absorb the impact of the economic downturn over the next few years.
  - The proposed budget does not include the cost for implementation of the Defined Contribution Plan (DC Plan). According to the Pension Division, the initial implementation cost is estimated at more than $20.0 million.

Other

- General Fund Surplus/Deficit – The proposed budget projects an estimated accumulated deficit of $85.6 million. Based on our analysis the projected deficit for fiscal year 2009-2010 will be approximately $133.5 million.
- Risk Management Fund – The proposed budget for the Risk Management Fund is reasonable. However, a major challenge to the City's risk management approach is the lack of a citywide risk management policy.
- General Fund Subsidy - The General Fund Subsidy payments included in the proposed budget total $65.0 million. A $20.4 million decrease from fiscal year 2009-2010 is primarily due to a decrease in subsidy to the Department of Transportation of $18.0 million. Subsidy payments to the Airport will be eliminated once the planned transfer of Airport operations occurs.

EXHIBIT 1

COMPONENTS OF THE DECREASE IN REVENUES IN THE MAYOR’S 2010-2011 PROPOSED BUDGET

	Increase/(Decrease) In Millions
Revenue Bonds	$ (450)
Securitization Transactions	(275)
State Revenue Sharing	(42)
Municipal Income Tax	(30)
Subsidy from General Fund	(23)
Net Property Tax	(17)
Other Local Revenue - Net	(13)
Sales and Charges for Services	(11)
Solid Waste Fee	(8)
Sale of Assets	(8)
Other State Sources - Net	(6)
Utility User Taxes	(5)
Wagering Tax (Casinos)	(5)
Gas and Weights Taxes	(4)
Department of Energy Weatherization Grant	5
POC Transactions	7
Other Federal Sources - Net	8
Mass Transportation Funds	13
Revenue from Operations	18
Restructuring and Consolidation	85
Net Decrease in Revenues	$ (761)

EXHIBIT 2

COMPONENTS OF THE DECREASE IN APPROPRIATIONS IN THE MAYOR'S 2010-2011 PROPOSED BUDGET

	Increase/(Decrease) In Millions
Other Expenses (Decrease is primarily due to $509.3 million Water and Sewerage Revenue Bonds in 2009-2010 budget, $204.6 million in Non-Departmental; offset by increases for other initiatives.)	$ (670)
Salaries and Wages (Decrease is primarily related to a net decrease of 1,152 positions, and 26 budget required furlough days for civilian employees.)	(51)
Operating Services (Decrease is primarily due to a tipping fee reduction of $7.0 million, the exclusion of Civic Center $9.0 million reduction in general fund operating services.)	(20)
Employee Benefits (Decrease is primarily due to a decrease in hospitalization cost for uniform employees, lower social security taxes, workers' compensation, and unemployment compensation.)	(17)
Operating Supplies (Decrease primarily is due to a net $3.0 million decrease in enterprise agencies, and $1.0 million decrease in general fund agencies.)	(4)
Capital Equipment (Decrease primarily is due to $10.0 million decrease in Department of Public Works; and a $6.0 million increase in Library.)	(4)
Fixed Charges	1
Professional and Contractual Services (Increase is primarily due to an $8.0 million increase in the Water and Sewerage Department, $3.0 million in DDOT, and an overall $7.0 million decrease in various general fund agencies.)	4
Net Decrease in Appropriations	$ (761)

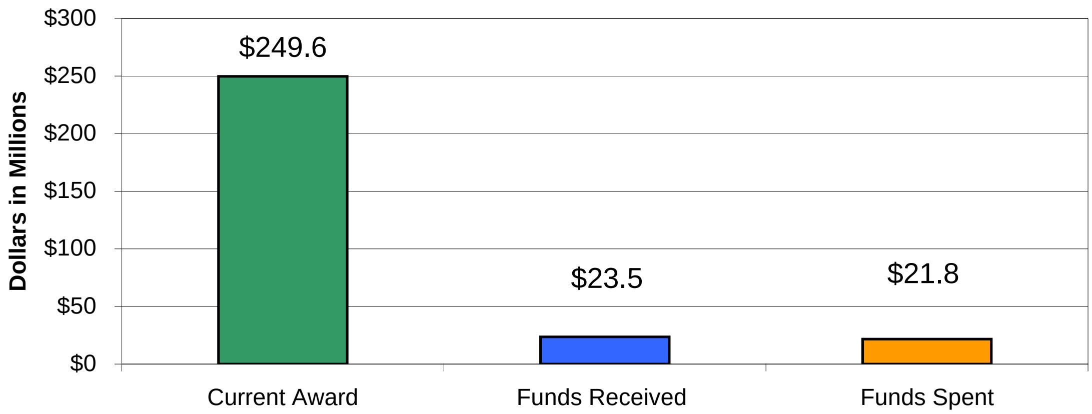
The Recovery Act and the City's Budget

In February 2009, the 111th United States Congress enacted the American Recovery and Reinvestment Act of 2009 (Recovery Act), in order to stimulate the economy during a severe recession period. The intended purpose of the Recovery Act was to create jobs and promote investment in consumer spending.

Only one Recovery Act grant has been included in the Mayor's 2010-2011 Proposed Budget – a $3.7 million grant to be used to hire 50 police officers. Other departments that have received or expect to receive Recovery Act funds include, but are not limited to, the Department of Human Services, the Department of Transportation, the Fire Department and the Workforce Development Department. The Budget Department indicated that other expected Recovery Act funds were not included in the budget, because many of the grants are only one-year grants and only grants that have been consistently renewed for many years are included in the budget.

As of March 31, 2009, the City has been awarded $249.9 million in Recovery Act funds. However, the bulk of the funds awarded to the City have yet to be received or expended. One of the major challenges facing the City is the reimbursable nature of the funds. The City must first spend the money and then be reimbursed by Recovery Act funds. This process is problematic, due to the City's limited cash flow. The table below shows the disparity between what has been awarded, received and spent.

Status of the City's Recovery Act Funds
As of March 2010



While Recovery Act funds do not compose a significant portion of the Mayor's 2010-2011 Proposed Budget, it is important to note that the City may be required to pay back a portion of the funds, if funds are not spent in accordance to the Recovery Act guidelines. The City has already been warned by the Department of Housing and Urban Development that certain federal grant funds (not specifically Recovery Act funds) are in danger of being withheld due to inadequate control over the disbursement of funds, inaccurate accounting, and continued late submission of the single audit. The City should be prepared for the very real possibility that Recovery Act funds may be withheld, or the City may be required to paid back funds if the overall weaknesses of the control environment and the timeliness of the single audits are not resolved.

Current Challenge to the City's Budget

A major challenge in the City's budgetary process is controlling expenditures. For example, from fiscal year 2005-2006 through 2009-2010[1], actual City overtime exceeded budget by $132.8 million. If Police and Fire are isolated, actual overtime exceeded budget by $66.4 million for the same period. Upon further analysis of Police and Fire expenditures, an interesting anomaly is revealed. From fiscal year 2007-2008 through 2009-2010 Police and Fire expenditures as a percentage of total General Fund expenditures are increasing even though overall General Fund expenditures are decreasing. This suggests that Police and Fire expenditures are more than likely being supported at the expense of other general fund agencies and other City services.

The problem with a structural deficit…there is never enough funding to go around. Police and Fire can no longer be protected from absorbing their share of the City budget crisis. While safety is a crucial component to the growth and health of the City, in order to address the budget's structural deficit, **every** City department must aggressively examine costs saving measures.

[1] The amounts included as actual for fiscal year 2009-2010 is an estimate by the Office of the Auditor General.

APPENDIX A

BALANCING MUNICIPAL BUDGETS

Chicago, IL
Expenditure Reductions
- Instituted government “slow-down” days.
- Laid off 431 employees.
- Eliminated 220 vacant positions.
- Employees pay more towards health-care benefits cost.
- Reduced contractual services, fuel costs, real estate and equipment rentals.
- Closed out two inactive or expiring tax increment financing (TIF) district funds.

Revenue Producing
- Hired bill collectors to collect outstanding balance owed to the City.
- Increased parking permit fees.
- Supporting a proposal to increase the state income tax.
- Leasing parking meters to private investors.

New York City, NY
Expenditure Reductions
- Reached a tentative agreement with unions to reduce health-care benefits.
- Reduced library funding and hours.

Revenue Producing
- Increased property taxes and sales tax.

Philadelphia, PA
Expenditure Reductions
- Reduced workforce by 5% during fiscal years 2002-2003 through 2009-2010.
- Eliminated leaf, bulk, and tire collection waste.
- Proposed a five-year budget that does not include salary increases during the next five years.

Revenue Producing
- Increased sales tax by 1%.
- Ten-year extension on the schedule for the city to make-up the pension system unfunded liabilities.

Atlanta, GA
Expenditure Reductions
- Eliminated 631 city positions.
- Reduced hours and pay of most employees (including police and fire) by 10%.
- Closed recreation centers.
- Reduced recycling from weekly to twice a month.
- Instituted furlough days.
- Imposed a hiring freeze.
- Increased employees’ share of health-care cost by 7% in 2009.

Revenue Producing N/A

Phoenix, AZ
Expenditure Reductions
- Closed recreation and senior centers.
- Reduced Sunday hours at public library.
- Increased fees for after school-programs.
- Imposed a hiring freeze.
- Controlled overtime.

Revenue Producing N/A

Los Angeles, CA
Expenditure Reductions
- Laid off 1000 employees.
- Negotiated an early retirement plan, largely financed through union concessions.
- 14% cut in overall compensation.
- Reduced library funding and hours.
- Considering leasing six city-owned parking garages to private investors.

Revenue Producing
- Raised residential trash collection fees by approximately $10 per month.

North Carolina
Expenditure Reductions
- Temporarily transferred employees with low workload to high demand vacancies instead of filling positions.
- Imposed a four-day workweek.
- Sale or refinance capital assets.
- Fully support solid waste disposal and water/sewer with fees based on usage, rather than a flat rate.
- Employees and elected officials assume maintenance duties to reduce contracted maintenance.
- Reduced internal service department budgets to fund direct service departments.
- Contracted engineering services to outside agencies.
- Retirement Incentives.

Revenue Producing N/A

New Jersey
Expenditure Reductions
- Shared services including but not limited to the following: Police, Emergency Dispatch, Health, Public Works, Municipal Courts, Animal Control, Purchasing, and Snow Removal.

Revenue Producing N/A

Vancouver, BC
Expenditure Reductions
- Proposed shared services in finance, IT and supply management.
- Proposed improving processes in payroll.

Revenue Producing N/A

Calgary, AB
Expenditure Reductions
- Controlled Overtime.

Revenue Producing N/A

Ottawa, ON
Expenditure Reductions N/A
Revenue Producing
- Increased transit fees.
- Increased rental fees for recreation facilities.
- Changed age limit for the eligibility of student bus passes.

South Portland, Maine
Expenditure Reductions
- Increased bus fares 20 to 25 percent.

Revenue Producing N/A

Mesa, AZ
Expenditure Reductions
- Expanded use of outsourcing.
- Consolidated planning, building safety, code compliance, and environmental departments to encourage staff versatility, organizational flexibility, and better retain technical expertise.

Revenue Producing N/A

Stimulating Local Economies

Portland, OR
- Portland's Job Creation and Stimulus Package is projected to create 4,985 jobs.
- Created working groups charged with developing micro-lending, micro-credit, and micro-exchange programs.
- Increased the storefront grant budget to provide a 75/25 matching grant program.

American Canyon, CA
- Created the American Canyon Can Thrive Now (ACT Now) in an effort to provide economic relief to residents and businesses affected by the recession. Including a voucher program to assist residents in jeopardy of having their water turned off.
- Reduced fee structure for building permits.
- ACT Now will invest with local and regional banks that can commit to lending to local businesses and residents.

San Francisco, CA

- Implemented the New Payroll Tax exemption. There will be no increase in payroll taxes for two years for existing employers and new employers will pay no new tax until 2011.
- Provide vacant storefronts to local artists for free.
- Provide business tax credits for new locally purchased equipment.
- Expand the banking literacy program for lower income residents.
- Provide no interest loans to local businesses.
- Expand health care support to small business.

EMERGING ISSUES

Emerging Issues are:

- Unforeseen or unexpected political, social, economic, financial, institutional or technological developments, either positive or negative, which are not yet generally recognized but which may have significant impact or cause changes in current trends of human activity.
- Lack of adequate policy, action, or leadership on an existing issue, which may become more significant or more urgent in the future.

Background

According to the National League of Cities, U.S. cities are expected to experience significant shortfalls in 2010 and 2011. Cities now face one of the most daunting and widespread fiscal crises in decades – and it's only just beginning. **The crisis in Detroit is on a magnified level compared to the nation. The fiscal crisis is, however, an opportunity to develop innovative ways of thinking in order to restructure, modernize, and find creative ways to create new revenue streams and effect cost savings in order to better serve residents and support growth in the City of Detroit.**

Issues

Loss of Community Development Block Grant Funding

Community Development Block Grant (CDBG) funds are a critical source of funding for the Planning and Development Department, and to the entire City.

The U.S. Department of Housing and Urban Development (HUD) is responsible for the issuing of HUD Community Development funding. In order to receive funding, the City must submit the Single Audit on a timely basis. Due to the continuing failure of the City to submit the Single Audits in a timely manner, the City is in jeopardy of losing Community Development funding

Proper and Timely Use of American Recovery and Reinvestment Act Funds

In February 2009, the 111th United States Congress enacted the American Recovery and Reinvestment Act of 2009 (Recovery Act). The intended purpose of the Recovery Act was to create jobs and promote investment in consumer spending.

The City of Detroit has been granted $249.6 million in Recovery Act funds, but has only received $23.5 million of the funds granted. Of the $23.5 million received, the City has expended approximately $21.8 million of the funds received.

Concerns:

- The majority of the Recovery Act funds are on a reimbursement basis. This exacerbates the City's cash flow problem.
- Loss of funds due to not spending the funds in a timely manner.

- If Recovery Act funds are not properly used and accounted for, the funds will have to be repaid.

Funding of Other Post-employment Benefits (GASB 45)
GASB 45, released in 2004, concerns the disclosure of the cost of providing health and other non-pension post-retirement benefits (OPEB) for retired public employees, also referred to as other post-employment benefits (OPEBs). GASB 45 strongly encourages, but does not require, public sector employers to set aside funds to fully fund OPEB. Some potential concerns/benefits related GASB 45 include:

Benefits of Pre-funding

- Contributes to higher bond ratings as rating agencies monitor the funding status of the retiree health program.
- Pre-funding the liability would result in a reduction of costs to the City, as earnings on investments would supplement employer and employee contributions for retiree health costs.
- Promotes transparency and accountability, fiscal responsibility, and long-term decision-making.
- As an unbiased source of information, the actuarial reports can be very useful for government and labor unions in negotiating health benefits.

Concerns of Pre-funding

- The initial cost of pre-funding OPEB would be significant and could contribute to the City's deficit. According to the City of Detroit Finance Department, the projected cost to fund post-employment benefits would be greater than $100 million.
- Mandatory pre-funding of OPEB may not materialize.
- Devoting money to pre-funding OPEB means that the City must either raise additional revenue or reduce spending elsewhere.

Cooperation, Collaboration and Consolidation of Municipal Services
Cities and counties frequently offer the same services and engage in the same activities. Costs can be reduced and services can be provided more efficiently when municipalities work together. Examples include:

- *Cooperation*
    - Michigan Delivering Extended Agreements Locally (MiDeal) is a cooperative purchasing program which offers more than 200 competitively bid contracts to its members enabling members to purchase a variety of products and services on the same terms and conditions and at the same pricing as the State.

- *Collaboration*
    - Sharing the services of specialized employees. For example, Grosse Pointe Shores and Grosse Pointe Farm plan to share the Farm's recreation and aquatics director.
- *Consolidation and Regionalization*
    - Consolidate Health and Human Services, which are provided by both the City of Detroit and Wayne County, could significantly reduce costs to the City.
    - Create a joint venture with the Wayne County Land bank to create efficiencies in staffing, infrastructure and program development.
    - Regionalize transportation planning and service. This would benefit the City's citizens by facilitating their ability to obtain employment in the surrounding communities.
    - Regionalize fire services. Steps could be taken to gradually reach full consolidation of services by initially implementing specialized services.

Recycling

Comprehensive recycling offers new business and employment opportunities.

Tire Recycling - Waste tires that are illegally dumped can pose a serious risk to the public health and safety, as well as to the environment. Recycling of waste tires by using new and innovative methods to productively use the tires provides a solution to the problem.

Los Angeles County has implemented active tire programs, which provide education on tire issues, conducts waste tire collection events, and constructs demonstration projects featuring practical uses for recycled tires. The collected tires are recycled and are used in the construction of amenities that benefit the community.

Scrap Metal – Detroit has historically lacked funding to demolish industrial and commercial properties due to the high cost of doing so. Recycling scrap metal can offset a portion of the cost of demolition by either reducing the payment to the contractor performing the work by the value of the scrap, or by having the City receive the proceeds from the sale of the scrap metal.

Curbside - Curbside recycling is an important factor into the revitalization of Detroit. As Americans have become more conscientious of the environment and have taken a more "green" approach, the City must offer all its residents the opportunity to recycle. Curbside recycling can attract new residents who want to ensure that they are contributing to a cleaner and healthier environment for themselves, their children and further generations. This would promote a cleaner and more environmentally friendly picture of the City of Detroit.

Cost Savings from Employee Wellness Plans
According to the Centers for Disease Control and Prevention a well constructed and well-run employee wellness program can reduce costs to the employer and improve employee health and morale. A return of between $2.30 and $10.10 for each dollar spent on employee wellness can be expected from decreased absenteeism and lower health insurance costs. Demonstrated cost savings by other municipalities include:

- A study of Gainesville's (Florida) claims data between 1992 and 2006 shows that their healthcare premiums are some of the lowest in the country. The program, which was initiated in 1992 and includes workshops, one-on-one counseling, health screenings, and fitness programs, uses a cash incentive program for participating employees and retirees.
- Municipal employees in Toronto used 3.35 fewer sick days in the first six months of its wellness program.
- The State of Rhode Island implemented a wellness program in 2008 that allows each employee to earn up to $500 to be put toward his or her health insurance premium by participating in the wellness program.

Compliance Federal Health Care Requirements
The City of Detroit has ratified or imposed contracts with 30 of 49 bargaining units. One of the City's contract modification is that effective July 1, 2010, family continuation dependent's qualifying age changed from 19 through the end of the calendar year in which he/she attains 25 years of age to 19 through the end of the calendar year in which he/she attains 22 years of age.

In March 2010, President Barak Obama signed the health care reform legislation. As part of the new federal health care reform, all health insurance plans are required to maintain dependent coverage for children until they turn 26 by an insurer. This dependent age requirement took effect immediately.

The City must take steps to ensure that health care requirements are in compliance with federal regulations and assess the impact of this requirement on the City's hospitalization expense.

Bargaining Unit Negotiations
The City of Detroit currently negotiates with 49 bargaining units. The number of employees within these bargaining units ranges from 2 to 2,689 employees. Negotiations to ratify contracts can be significantly hindered due to the amount of time it takes to negotiate with each individual bargaining unit. The City should look into the possibility of requiring unions with a minimal number of employees to merge unions and implement recommended action noted in the Mayor's Crisis Team Report.

Employee Suggestions
The Mayor's Crisis Team noted that employee input into operational problem solving could be an opportunity to improve efficiency and enhance City operations. A

comprehensive employee suggestion program can be an excellent way to reduce costs to the City and at the same time improve operations.