

CP 11/20/06

Of Commission as a Whole:

Whereas, the Mayor and City Commission, at the November 13, 2006, Finance/Policy Committee Meeting, discussed and reviewed the City Manager's Goals for fiscal year 2006/2007;

Now Therefore Be It Resolved that the City of Bay City by an affirmative vote of the City Commission does hereby approve the fiscal year 2006/2007 goals for the City Manager to be:

Finance:

1. Produce balanced budget
2. Reduce unfunded liabilities
3. Continue financial planning

Infrastructure:

1. Continue maintenance and repair of sewer collection system
2. Compliance with NPDES Permits
3. Maintain and enhance electric distribution system
4. Improve reliability and integrity of aging water system
5. Maintain streets and sidewalks with limited resources
6. City Hall infrastructure
7. Continue water and sewer negotiations with Out-City Customers

Communication: (with General Public)

1. Improve and increase communication to General Public
2. Establish an Ombudsman

Employee Relations:

1. Maintain Employee Appreciation Program
2. Improve employee skills and opportunities
3. Improve employee participation
4. Treat employees fairly and equally

Economic Development:

1. Become more customer oriented
2. Uptown at RiversEdge preparation and redevelopment
3. Dispose of City-owned property
4. Continue business attraction/retention/expansion efforts

ROBERT BELLEMAN, CITY MANAGER

CITY OF BAY CITY

GOALS REPORT 2006/2007

Prior to the City Manager Evaluation scheduled for September 17, 2007, I would like to provide you with an update on the status of the City Manager Goals for Fiscal Year 2006/2007. Some of these items have been undertaken by City staff and myself during the aforementioned fiscal year.

FINANCE

Under the goal on Finance there were three objectives. The three objectives included produce a balanced budget, reduce unfunded liabilities, and continue financial planning.

1. Produce balanced budget.
Status: Completed

My staff and I produced and submitted a balanced budget to the Mayor and City Commission as required under City Charter and in accordance with Commissioner Davidson's July 12, 2004 resolution. The balanced budget for all funds was submitted on June 4, 2007. The 2008 fiscal year City budget included an approximate \$1.2 million deficit for the General Fund, and approximately a \$650,000 deficit for the Street Fund. The General Fund deficit was reduced with minimal layoffs proposed (i.e. 4 fire fighters) as opposed to the proposed fiscal year 2007 budget which identified more than 15 General Fund employees for layoffs.

Electric

Costs continue to increase due to increasing wholesale power cost as well as the need to fund unfunded liabilities (see below). Self management of power supply is expected to save over \$2 million dollars a year over previous full requirements purchases from marketing companies. However, the electric utility is still expecting significant increases over the costs experienced in the previous contract. Although costs have been cut in other areas, these increases will make it necessary to increase rates in order to balance the electric budget. Cash reserves have been used in the past to mitigate rate increases, but reserve levels are nearing minimum levels.

2. Reduce unfunded liabilities.
Status: On-Going

As was approved in the fiscal year 2008 budget, the City of Bay City will make additional contributions to the Municipal Employees Retirement System Defined Benefit Unfunded Liability. Specifically, the City Commission approved an additional 5% contribution from the General Fund and Streets Fund to this unfunded liability, and a 10% additional contribution from all other funds. The 2007 fiscal year City budget included a ten percent (10%) contribution to MERS for the City's Defined Benefit Unfunded liability from all funds, except General Fund, Street Fund, and Water Fund. With these dollars, the City of Bay City will be able to invest these monies through MERS and obtain an approximate 7 1/2% return, which would hopefully allow us to eliminate our approximate \$25 million unfunded liability within 8 years. Currently, the projection is based on a 10 year contribution schedule. Likewise, City staff proposed increasing the percentage of payroll contributions towards the Health Care Trust Fund. Specifically, I had recommended in the fiscal year 2008 budget an increase of payroll contributions toward the Health Care Trust Fund for general employees and Police and Fire Employees.

As of January 1, 2001, an actuarial evaluation of retiree medical benefits for general employees both active and retirees recommended that the City contribute 16.3% of payroll for General Fund employees, which faces a \$26 million unfunded liability. The fiscal year 2008 budget included a total contribution of 4.25% of payroll for these general employees. This represented an increase of approximately 2.55% of payroll for General Fund non-Police and Fire employees, and approximately 2.12% of payroll for Street Fund employees.

Likewise, as of January 1, 2001, the actuarial evaluation for Police and Fire employees had identified an accrued liability of \$19,296,089. The actuarial report recommended the City contribute 19.2% of the payroll for Police and Fire employees. The fiscal year 2008 budget proposed to increase contributions to 5% of payroll for Police and Fire employees which represented an increase of approximately 2.85% of payroll. The City Commission approved budget reduced some of these additional contributions to 1.7% for General Fund general employees and 4.25% for the Street Fund, and to 2.15% for Police and Fire employees. Currently, the City has contributed to the Health Care Trust Fund \$2,214,892.89 for General Fund (general employees) and \$1,063,411.03 for Police and Fire employees, which totals \$3,278,303.92.

Electric

Contributions to cover MERS and healthcare unfunded liabilities have increased substantially in the current fiscal year. Additions of over \$1 million are expected to pay off MERS shortfalls over several years.

3. Continue financial planning.
Status: On-Going

As required by the City Commission, all "off-night" Finance/Policy Committee meetings include our 5 Year Financial Forecast discussion item. At this time, we review and discuss updated the 5 Year Financial Forecast for the General Fund, Street Fund (Major and Local), and for the Sanitation Fund. Cathy Szostak is working closely with Division Directors and Department Managers to prepare 5 Year Financial Forecasts for other funds including, but not limited, to Water, Sewer, Electric, and Motor Equipment Revolving Fund. The 5 Year Financial Forecast for the General Fund identifies that the fiscal year 2009 budget projects an approximate \$273,000 deficit. This projected deficit is significantly less than previous years, and unless there are unforeseen changes in revenues or additional expenses, this deficit will be more easily managed than previous years. Likewise, the 5 Year Financial Forecast for the Street Fund identified a deficit of \$467,125 with only about \$163,941 in remaining fund balance. Again, we will be faced with serious decisions within the Street Fund in trying to strike the balance between maintaining and improving our streets and balancing the budget.

Since fiscal year 2003, I have eliminated approximately 67 positions throughout the organization. The elimination of these 67 positions has resulted in a savings of \$5,060,440 to the City. Attached herewith is a detailed breakdown of the various positions eliminated starting in fiscal year 2003 through fiscal year 2008 per department. The estimated savings is calculated on the actual year in which the saving occurred and not compounded for future savings each year thereafter. These dollars reduced due to position elimination and/or attrition has aided the City in addressing its unfunded liabilities and producing balanced budgets with minimal layoffs. Again, as each position becomes vacant, I with the assistance of the Division Director/Department Manager review the position and its necessity to the organization. I try to combine positions when possible or eliminate if necessary.

Fire

The Fire Department contracted to have a Fire Station Location Study completed to identify a possible location for a central fire station on the west side. The study was completed and will be presented to the City Commission in the near future. The purpose of this study was to assist the City Commission in allocation of limited resources within the General Fund. The study provides a recommendation on how to reorganize the Fire personnel should the City face a reduction of seven (7) to nine (9) firefighters.

The Fire Department is working on various options to operate the department should a reduction of manpower occur due to retirement, resignation, etc.

Electric

The long term capital plan has been integrated into budget and other financial planning. Completion of the five year budget is underway in coordination with our Rate planning.

ROBERT BELLEMAN, CITY MANAGER

CITY OF BAY CITY

GOALS REPORT 2006/2007

INFRASTRUCTURE

1. Continue maintenance and repair of sewer collection system.
Status: On-Going

In the last year the Wastewater Division has completed 125 repairs to the sanitary and combined sewer system and 116 repairs to the storm water system. We are inspecting the storm water system for illicit discharges and have eliminated three this past year. As the sewer system is cleaned a video record of the current condition is generated. This information is used to prepare future repairs and is used to monitor areas of concern.

Likewise, the City Administration is reviewing financial scenarios involving our continued efforts in maintaining our sanitary/combined sewer collection system.

2. Compliance with NPDES Permits.
Status: On-Going

As is indicated in the comments below provided by Mr. Kaiser, Superintendent of the Wastewater Treatment Plant, the City of Bay City renegotiated its NPDES permit with the Michigan Department of Environmental Quality. There were a number of tests that were required under the old permit that will no longer be required under the new permit (i.e. fish bio uptake), and the City was able to reduce the number of days it was required to sample sewage outfall from 7 to 5 which will result in savings to the City's Sewer Fund.

Wastewater

According to Bill Kaiser, the State has recently issued a new NPDES permit which will go into effect on October 1, 2007 and continue through September of 2010. City staff worked closely with the State on preparation of this permit which resulted in the reductions in sampling and the analysis of the City's discharge to the river. The new permit has a reduction in metals sampling and the frequency of sampling the wastewater plants effluent was reduced to five days a week from seven days a week. We are currently evaluating the potential cost savings and staffing

requirements resulting from the NPDES changes and will include any necessary adjustments in next years budget request.

During the last year the division has updated the wastewater treatment plant's storm water permit. The permit updates included increased training of personnel, spill response notification, clean up procedures, site signage and containment improvements. These changes have increased the overall safety of the plant operations and reduced the potential impact of contaminants reaching the Saginaw river.

3. Maintain and enhance electric distribution system.
Status: On-Going

City Electric Department crews continue to make significant improvements in its electric distribution system to provide reliability. As was indicated in my budget message dated April 16, 2007, I stated "the Electric Department employees take great pride in the motto of being a customer oriented utility. At any time you could approach an employee of the Electric Department and inquire about their desire to maintain the system and to provide quick, reliable responses to customer requests."

Mr. Newton has provided specific evidence of activities completed by the Electric Department in maintaining and enhancing the electric distribution system.

Electric

The electric utility continues to fund necessary capital improvements to upgrade worn out facilities and meet load growth. Projects completed in the current year include:

- a. Bay Med Substation
- b. Marquette Ave Streetscape
- c. Mackinaw Road Circuit Addition
- d. Rector-Jablonski Park decorative lighting

4. Improve reliability and integrity of aging water system.
Status: On-Going

City staff has been working diligently to respond to water main breaks that occurred during the freeze/thaw period in the latter part of winter, 2007, and during the intense summer heat. Mr. DeKam has provided specific information on how his staff is currently maintaining a database on where water main breaks occur to help facilitate our prioritization of water main replacement projects in upcoming fiscal year budgets.

Likewise, the City of Bay City in 2003 had received an Infrastructure Rehabilitation and SDWA Compliance Needs Assessment for the Bay City Municipal Water Treatment Plant, as prepared by Malcolm Pirnie. The Needs Assessment had

identified approximately \$26 million worth of improvements to the plant over a 16 year period. The City of Bay City had filed and was approved for the Drinking Water Revolving Loan Fund program in which the City would receive substantially low interest loans through the Michigan Department of Environmental Quality. The loan application proposed a 5 year implementation schedule. However, the Out-City Water Customers had objected to the City moving forward with these improvements until they had received some assurances as to the terms and conditions of a long-term contractual relationship. As such, the Michigan Department of Environmental Quality had put the City on notice that aside from the \$6 million loan it received on the North Lagoon Remediation and Reclamation Project, it would not loan the City any additional dollars until such time the City resolved these contractual issues with the Out-City Water Customers.

John DeKam and I have met with the Out-City Water Customers since 2002 in attempts to negotiate a successor wholesale agreement, but also to discuss the capital improvements identified in that needs assessment. Contract negotiations and capital improvement discussions have gone back and forth over the past 5 years. The Out-City Water Customers and the City have made significant progress in trying to repair a relationship that was damaged earlier by the City of Bay City when it issued 5 year Notice of Cancellation of the water contracts. Ken Miller, Dale Majerczyk, and Terry Spiegel will agree that the open dialogue has been very healthy but at times frustrating when discussing future projects and related rate implications.

With all of this in mind, Mr. DeKam and I have been ensuring that future capital improvements to the plant or transmission mains are consistent with today's needs as opposed to future needs. In essence, there has been a "hold" placed on any major capital improvements to the Water Treatment Plant until we are able to determine whether we are successful in obtaining a successor agreement with the Out-City Water Customers.

Water

During the past year, Water Plant maintenance staff have reconditioned six large pumps and motors, replaced four smaller pumps used to pump residuals to lagoon, and reconditioned a number of valve actuators.

The North Lagoon has been excavated and reconstructed into three basins to facilitate annual cleaning. The three basins have a clay liner which prevents leakage, thus allowing more of the treated water to be recycled back through the plant and reduces our costs to treat Saginaw Bay water. The annual cleaning and disposal of one basin each year allows us to more effectively budget for these costs.

The Water Distribution department staff has installed three new valves where valves did not exist previously, and have replaced and/or reconditioned 11 valves and 5

hydrants. Over 300 lead service lines have been removed and replaced with copper. A small directional boring machine has been purchased and is being used effectively to replace lead service lines. Water mains have been replaced on Midland Street, Henry Street, Crump Street, and a new main installed on 11th Street Boulevard.

A database of all water main breaks over the past 25 years has been created. The database is being entered into the GIS to facilitate identifying the water mains that are in greatest need of replacement.

The Hydraulic Network Model of the entire water distribution system has been updated and is being used to identify areas in greatest need of improvement.

A comprehensive water leak survey has been conducted on all water mains inside the City, plus the major transmission mains that transmit water into the City. Surprisingly, only 30 leaks were found and most of those were relatively small leaks of one to five gallons per minute. Most of these have already been fixed, and crews anticipate repairing the remaining five or six leaks within a few weeks.

The 2 million gallon elevated water storage tank, located on Lincoln Street, was drained, cleaned, and inspected by a tank specialist. The interior coating was determined to be in excellent condition. The tank will be scheduled for another inspection, and possible interior painting in five years.

Approximately 650 water meters have been replaced over the past year. We have eliminated 30 meter pits and moved those meters into the houses. We have replaced 10 meter pits with thermal coil meter pit installations.

A consultant was hired to conduct an Automated Metering Reading and Information System (AMR/AMI) feasibility study. The study indicates that conversion to an AMR/AMI system will be cost effective and very beneficial to customers and to the City. Plans are being made to design and bid out conversion and replacement of meters with AMR/AMI.

5. Maintain streets and sidewalks with limited resources.
Status: On-Going

During the fiscal year 2007, the City of Bay City directly or indirectly completed several major road projects. Those road projects included South Wenona Avenue (from Ivy to Ionia), North Union, Henry Street Phase I, North Henry Street (Vermont to North Union), Marina Park Drive, and Marquette Drive. Likewise, the State of Michigan was able to make major repairs to the Lafayette Bridge and resurface Lafayette/Garfield /Washington.

The City continued to implement its \$250,000 ward based Sidewalk Replacement Program, continued to offer the low income assistance through Community

Development Block Grant funds, and the no-interest Special Assessment Residential Sidewalk Replacement Program. As you will recall in the Infrastructure Report, Mr. Gaydos had indicated that in order to maintain streets that are rated 4, 5 or 6 would cost approximately \$90 million; and to replace all of the sidewalk that needs to be replaced within the city limits would be approximately \$13 million. The City Commission and City Staff recognize that we are unable to afford these costs at this time, but continue to improve our service delivery using City employees and the zipper/tow behind asphalt paver (i.e. improvements along Midland Street).

Community Development

Staff continues to do the best we can with the limited resources available. Historically, resources for street and sidewalk replacement and repair have not kept up with the deterioration of this infrastructure. Typically, the design life of a normal street with normal use and maintenance is approximately 25-30 years. Many streets in the City are over 60 years old. As calculated for the 2005 Strategic Planning Retreat, repairing 136 miles of City streets (we have a total of 193 miles) is a nearly \$90 million expense. That 2005 cost estimate did not include utilities. Today that cost would be substantially higher due to fuel and bituminous price increases. Sidewalks face a similar challenge with a 2005 cost estimate of approximately \$13 million to replace deteriorated sidewalks.

With that background, this year we have made progress on a number of fronts:

- The Street Department continues maintenance programs including crack sealing, patching, pavement markings, center line painting, street sweeping, etc. A few highly visible projects this year include resurfacing and curb repair on Midland Street (ongoing) and the Veterans Memorial Park boat launch drive. In addition, road base repair and chip seal resurfacing was completed on Evergreen Drive and Randolph Street.
- Wenona Avenue from Ivy to Ionia (\$1,100,000) was successfully rebuilt this summer using federal and state resources for the street portion of the project.
- Woodside Avenue from Washington to Trumbull (\$1,200,000) has commenced. Funding for the street portion of this project is primarily state and federal as well.
- Progress continues to be made for the North Henry Phase II and III project (approximately \$6,600,000 of which 50% is utility work) that is slated to go out to bid this winter.
- The Commission was presented with a detailed scenario to save nearly \$200,000 annually by utilizing an outside vendor to operate the two City-owned draw bridges. A significant amount of staff effort went into researching and preparing this cost saving proposal.
- The Commission was presented with a \$500,000 proposal to resurface City streets, chip & seal streets and a plan to address a growing back log of utility cuts. A significant amount of staff effort went into preparing this proposal.

- The Commission was presented with an approximately \$175,000 proposal to address sidewalk and curb & gutter issues at the down town US Post Office. A significant amount of staff effort went into researching and preparing this proposal.
- Staff continues to work with MDOT and Carbone to prepare a grant application to reconstruct two blocks of Harrison Street (\$312,255). This grant is anticipated to be submitted to the City Commission on September 10, 2007.
- Sidewalk repairs continue to be made utilizing the \$250,000 CDBG appropriation for the ward based program and approximately \$60,000 for site specific low income repairs and safety issues.

6. City Hall infrastructure.
Status: On-Going

During the fiscal year 2007, City staff proceeded with bidding out the replacement of the front doors (east entrance) and 10th Street entrance (south entrance) doors. This project was designed, and awarded to Serenus Johnson Construction in the amount of \$101,675. Likewise, City staff continues to consider options available in assisting the City for the replacement of the clay tile roof.

This past fiscal year, City Hall had experienced a water leak which was aggressively cleaned up and the Commission Chambers was repaired with more authentic colors and new carpet.

DCM/Clerk

According to Ms. Muscott, in September, 2007, the front and side doors will be replaced with more efficient and historical doors. The doors that we presently have no longer meet code and do not seal properly.

Windows - We will look into the cost of replacing windows at City Hall to become more energy efficient.

Roof – We have \$1,000,000 in capital improvement fund, but are awaiting City Commission approval to continue with the bid process, as the architects have completed the plans to replace the roof. Grant opportunities will continue to be pursued as well.

7. Continue water and sewer negotiations with Out-City Customers.
Status: On-Going

Water Negotiations

As you will recall, the Out-City Water Customers filed a Demand for Arbitration as related to the True-Up for fiscal year 2005. Likewise, the Out-City Water Customers

have requested the ability to file a Demand for Arbitration for the fiscal year 2008 rates that took effect on July 1, 2007. In response to their Demand for Arbitration, the City engaged Tim Ferrand of Cummings, McClory, Acho, Davis and Mark Beauchamp to work with City staff in reviewing and addressing the items presented in the Demand for Arbitration by the Out-City Water Customers. City staff along with Tim Ferrand and Mark Beauchamp have met with the Out-City Water Customers and their attorney in an attempt to settle this Demand for Arbitration short of incurring costs associated with the actual formal arbitration process. After the first meeting, Ken Miller indicated that it was a very productive meeting and that we had made significant movement in addressing their concerns. We are currently working to identify additional dates for a second meeting relative to this matter.

A number of the issues brought up in the Demand for Arbitration are also items that are on the table for negotiations in a successor agreement. Tim Ferrand has prepared a draft successor agreement which is being reviewed by Mark Beauchamp for rate related matters. Once his review is completed, I have asked Mr. Ferrand to meet with the Mayor and City Commission to present this agreement in an Executive Session and to discuss legal issues relative to the contract terms, our approach, and the direction we are heading in. The Demand for Arbitration has temporarily derailed that process. However, I believe that once we are able to resolve the Demand for Arbitration, we will be back on track and have had the opportunity to make progress with regards to a long-term contract.

Sewer Negotiations

Over the past several years, Mr. Kaiser and I have been meeting with Ken Miller, Jim Marter of the Bay County Water and Sewer Department, and Terry Spiegel, Pam Wright, and Bill Tacey of Hampton Township to discuss the sewer rates for Hampton Township. We have successfully identified the appropriate rate based on what we believe are fair and equitable for treatment of Hampton Township's wastewater. With that in mind, Mr. Kaiser and I have been working with George Davis, City of Bay City special legal counsel for sewer-related matters, to prepare a successor agreement with Hampton Township.

Recently, I met with Mr. Davis to discuss some of those terms and conditions. He is preparing a draft agreement for Mr. Kaiser and my review. We are expecting the draft the week of September 17th. Once we have an opportunity to review it, we will share it with Hampton Township to obtain their feedback on the contract.

ROBERT BELLEMAN, CITY MANAGER

CITY OF BAY CITY

GOALS REPORT 2006/2007

COMMUNICATION (with General Public)

1. Improve and increase communication to General Public.
Status: On-Going

During fiscal year 2007, I had facilitated 5 Town Hall meetings in January of 2007. During those Town Hall meetings I was able to share some of the specific information about the financial challenges the City of Bay City has faced, and some of the implications those challenges may have on our ability to provide services. Likewise, I was able to open up the floor to any of the residents in attendance to ask questions of myself, City staff, or any of the City Commissioners who were attendance. I believe the Town Hall meetings were a positive, proactive forum for the City to share information with its concerned citizens. Likewise, I believe this forum should be continued as well as other opportunities to share information with the general public.

Currently, City staff utilizes our utility bill, the City Website, and Bay 3TV to convey information to the general public. We will continue to utilize these forums to share important and pertinent information with the general public.

Wastewater

The current and past rates for sewer usage are available on the City Internet for public viewing. The procedures for assessment of property damage of consumers from City caused backups has been changed and now provide the opportunity for a claim adjuster to be on site within hours of the incident. This important information is communicated directly to the affected property owners.

DCM/Clerk

The City of Bay City website has been updated to include various documents for the public to view.

Water

A commercially produced DVD program about public water supplies was provided to Bay3TV, which they continue to run on a fairly frequent basis. A two-color Water Quality Report has been produced and mailed to every customer served by the Bay City Water Treatment Plant. A number of helpful pages relating to water, rates, conservation, and policies have been posted on the City's web site.

Police

Routinely give press releases to local media regarding issues of public safety.

1. Keeps the Community informed about issues of public safety
2. Involves partnering with the media to deliver pertinent information to the public

General Information Memos through City Managers Office.

1. Keeps the public informed about programs and accomplishments of the police department.

The Chief of Police makes public appearances and speaks at various civic organizations.

1. Bay City Noon Rotary Club
2. ICANN Group Meetings
3. Bay City Jaycees
4. 100 Club of Bay County

The Department has three community policing officers that regularly attend various community meetings, talk to citizens about their concerns and what the Police Department can do to help them and their neighborhoods be safer.

Police Department is now listed on the City's Web Site. (in the process of updating antiquated information)

The Chief of Police belongs to various Civic Organizations and is on the Board of Directors for four different organizations. This involvement obviously entails communication to the General Public by representing the City and Police Department when at these organizations.

1. Morning Rotary Club
2. Board member of the Delta College In-Service Training Consortium
3. Board Member of the Bay County Literacy Council
4. Board Member of the United Way of Bay County
5. Board Member of the Criminal Justice/BPT Advisory Committee (Delta College)

Electric

The electric utility recently sponsored a booth at the Bay County Home Show and has been upgrading its web site time and resources permitting. Public Power Week open house was cancelled this year due to budget constraints.

2. Establish an Ombudsman.
Status: On-Going

Currently, I have elected to have my office receive complaints about various aspects of City operations and services. Likewise, my office properly documents and tracks complaints received and follows up directly with the affected departments via their Division Director and/or Department Manager. We then have verification of some final contact with the initial complainant.

Likewise, during the recent reorganization, I have taken over the supervisor of the Building/Code Enforcement Department and have been meeting directly with Jim Galford to address Code related matters. We recently adopted and implemented several policies that give general direction to the Building/Code Enforcement Department on matters of code interpretation; code specifications; communications with City Commissioners; and letters to property owners, developers and/or contractors.

ROBERT BELLEMAN, CITY MANAGER

CITY OF BAY CITY

GOALS REPORT 2006/2007

EMPLOYEE RELATIONS

1. Maintain Employee Appreciation Program.

Status: On-Going

When possible, I attempt to communicate to you, the general public, and the appropriate employees the City's appreciation for their dedication, hard work, and customer service oriented efforts. Specifically, I included on the City calendar highlights of the benefits and services provided by the City's Parks Department and Sewer Department. Likewise, I conveyed in my fiscal year 2008 budget message anecdotal evidence of City employees who have made a difference in providing services to our residents and utility customers.

Additionally, the City does have an employee recognition program that honors employees who have served the City for 5, 10, 15, 20, 25, and 30 years of service. This recognition program is conducted at a City Commission meeting on Bay 3TV whereby the Mayor and I present certificates to the employees for recognition for their years of service. As of September 2006, a total of 239 employees have been recognized through this program. The eligible employees for this year will be recognized in October, 2007.

Likewise, we recognize employees in the Human Resources Newsletter for their accomplishments, promotions, etc. Also, we recognize employees for their "over and above" efforts and suggestions on how to improve the organization and its operations.

Additionally the Police and Fire Departments issue awards to their employees. In May, the Police Department hosted the annual Memorial and Awards Ceremony to honor and remember Bay County Police Officers who died in the line of duty; and recognize those employees of the Bay City Police Department who have earned Citation Awards. This year the Fire Department sponsored an Award and Memorial Ceremony recognizing those Fire Fighters who have gone above and beyond the call of duty; and a memorial for the fallen fire fighters of the Bay City Fire Department.

2. Improve employee skills and opportunities.
Status: On-Going

The City of Bay City budgets annually training funds to improve skills of City employees. Likewise, we attempt to promote within the organization when our current work force meets the requirements of the position. We also have afforded employees in Water and Wastewater Divisions opportunities to assume a position and seek certification while holding that position as long as they obtain that certification within the timeframe specified in their specific job description. Over the past year, Mr. Berglund and I have implemented a Supervisory Training Program whereby we have invited special legal counsel to come in and conduct a Sexual Harassment Training Program and offer opportunities via Saginaw Valley State University through the American Society of Employers to improve their skills by taking one day classes in such topics as Accounting and Finance for Non-Financial Managers, Business Writing, Coaching and Counseling for Peak Performance, Creative Problem Solving, Principles and Practices of Supervision, etc.

Water

Several supervisory employees have been attending Michigan Public Service Institute (MPSI) classes each year for three years. Most treatment and distribution system employees attend periodic or annual one to three day classes sponsored by MDEQ, AWWA and/or MRWA to improve their knowledge in water supply practices. Water plant staff has developed and taught a four-hour training class on safe handling of chlorine.

Police

This year the Police Department joined the Delta College Training Consortium which provides quality in service training. Department reorganization resulted in the promotion of two officers to the rank of sergeant. When needed, the Department will send employees to specialized training such as accident reconstruction school. We are partnering with the FBI regarding the Safe Streets Task Force (more opportunities & training). Also, we are looking into partnering with the FBI to assist them in investigating internet crimes (all training and computer equipment will be paid for by the federal government).

Human Resources

To improve employee skills and opportunities, Human Resources developed a training schedule for all supervisors. This is the beginning stage of making our supervisors aware of areas they need to improve. Once the need is determined, the supervisor will be sent to the appropriate training course(s). Focus will be on developing supervisors' skills in addition to enhancing the skills of their subordinates. Special attention will be given to skills that help our supervisors deal

with employees in a fair and consistent way. Other areas will concentrate on the development of leadership and team building skills.

Electric

The electric utility has experienced the loss of eight valuable employees during the current fiscal year due to retirements. A major emphasis is being made to replace and train replacements.

3. Improve employee participation.
Status: On-Going

The City of Bay City has implemented an Employee Suggestion Program whereby we have suggestion boxes located at each of the work sites. Quarterly, Ms. Muscott, Mr. Bedell, and Deputy Chief Rupp review suggestions that are made and identify those that we can implement. If the City does in fact implement a suggestion, we demonstrate our appreciation to the employee by awarding them a \$50 gas card.

Likewise, I continue to hold quarterly labor management meetings whereby Union Presidents and Vice Presidents and Division Directors meeting for approximately an hour to an hour and a half to discuss matters of mutual interest or concerns that need to be remedied. Additionally, I maintain an open door policy whereby any employee within the organization may contact my office either in person or on the telephone and meet with me to discuss any matter.

Wastewater

The Wastewater Division continues to hold meetings with staff and their immediate supervisors, taking employee input on procedures and processes that can be streamlined and/or added to save time and funds. Some areas that staff concentrated on this past year are solids handling, chemical usage, basin overflow operations, and plant security.

Fire

The Fire Department included all personnel in the Fire Station Location Study. All personnel were given the opportunity for face to face input with the consultant. All opinions were considered.

Water

Several water plant employees have submitted excellent suggestions that have been implemented. Those employees were recognized for their suggestions.

Police

Employees are encouraged to participate in the Employee Suggestion Program. The Police Department instituted the Employee of the Month Committee. The department has the Honors Board to recognize outstanding performance by employees on a yearly basis. Three standing committees were formed made up of department employees: 1) Employee of the Month, 2) Policy and Procedure, and 3) Uniform and Equipment. These Committees have representatives from all areas of the organization. This is to ensure that all stakeholders have input into the various processes of the organization.

The Police Department instituted a monthly Department Staff Meeting to increase communication between management and employees. The Police Department also instituted monthly Command Staff Meeting to ensure better communication between the executive staff and command staff.

Human Resources

In an effort to improve employee participation, Human Resources developed a newsletter that is published on a monthly basis. The first issue was distributed in October of 2004, and has been well received by our employees. The newsletter provides an opportunity to educate employees and assist them to understand the current issues of the City. It also recognizes employees for their hard work and added effort, includes reminders of community events and holiday closings, provides reminders of procedures and benefits, shares information about programs offered by other departments, and includes ideas about health and wellness.

In addition, the collective bargaining agreements, many of the City forms are on the internet to give employees direct access to that information and assist them. Each department has scheduled staff meetings to make sure all their team members have current and updated information.

4. Treat employees fairly and equally.
Status: On-Going

Through our improved training programs, supervisors are being provided the skills necessary to treat employees fairly and equally. Likewise, Division Directors and I assist the Human Resources Department by reviewing and discussing issues/matters that are brought to our attention to try to resolve them amicably to both the employee and the City of Bay City.

During this past year, the City was successful in hiring a Police Chief after a two year search. Additionally, I have made a conditional offer to a candidate for the Human Resources Director. However, I still strive to identify a qualified, well experienced candidate for the Fiscal Services position.

Human Resources

To ensure that employees are treated fairly and equally, Human Resources reviews all job awards (promotions, demotions, and new hires), disciplines, and employee performance issues. This is conducted so each department supervisor has the same information that relates to these areas. All supervisors are being trained to make certain they are treating their subordinates equally and that they understand the rules and regulations as it relates to City-wide policies.

ROBERT BELLEMAN, CITY MANAGER

CITY OF BAY CITY

GOALS REPORT 2006/2007

ECONOMIC DEVELOPMENT

1. Become more customer oriented.

Status: On-Going

Mr. Black, Ms. Stowell, and Mr. Brandow have undertaken many opportunities to conduct outreach programs through various training programs and/or retention calls to convey our desire to work with our businesses. Our economic development staff is very customer oriented and attempt to address the issues that are presented to us in an amicable fashion.

Police

The Police Department's role in economic development is maintaining and improving the level of public safety. The department has instituted programs that will enhance public safety. Also, partnerships with other agencies, such as the Bay County Sheriff's Office and FBI, will increase our effectiveness in policing Bay City. Courteous service to the public is constantly emphasized by command staff. The following programs will be implemented in August, 2007: Curfew Enforcement Program, Traffic Enforcement Program, and Operation ACE-Alcohol and Crowd Enforcement.

2. Uptown at RiversEdge preparation and redevelopment.

Status: On-Going

Uptown at RiversEdge Preparation and Redevelopment – Earlier this year a number of key reports and studies were finalized for the Uptown site including: 1) Appraisal, 2) Geo-Technical Report, 3) Marina Feasibility Study and 4) Marina Design (nearly completed). In addition to these preparation efforts, staff recommended two proposals to the City Commission on August 20th to facilitate the redevelopment of this site. The first was the formation of a public/private partnership with the exclusive rights to a purchase option on the southern portion of this site. The preparation of this agreement represented nearly two years of active discussions, planning, coordination, negotiations, etc. with the local private sector leaders. The second proposal was for a purchase option to sell the northern end of the Uptown site to the Tall Ships Celebration: Bay City for a proposed Maritime Heritage Center. Discussions, planning, negotiations, etc. that lead to the staff recommendation for this project were over one year in the making.

3. Dispose of City-owned property.
Status: On-Going

The City of Bay City has made significant movement in selling property that is currently held by the City and not on the tax rolls. We continue to revise our policy and are currently finalizing a Request for Proposals to select a real estate agency who can market and broker these transactions on behalf of the City of Bay City.

Community Development

The City currently has approximately 61 surplus parcels in our inventory. Over the last year the City has sold or optioned 19 parcels for a total of \$323,645 to the City.

4. Continue business attraction/retention/expansion efforts.
Status: On-Going

During the fiscal year 2007, we saw expansions at Carbone of America – Ultra Carbon Division, Bay Carbon, OmniSource, St. James Church, Serv-A-Pure, and Straits Woodtreating.

Community Development

Continue business attraction/retention/expansion efforts – Ongoing efforts to meet this goal include:

1. Ongoing partnership with Bay Future on efforts such as the retain GM effort, responding with proposals requested by clients, maintenance of property data bases, gathering site location information for prospects and other such efforts.
2. Marketing of both the community and the Bay City Electric Department via trade shows and targeted advertising placements.
3. Facilitating property sales to developers and businesses seeking to expand or locate in Bay City.
4. 56 retention calls on Bay City employers from July '06 thru June '07.
5. Serving as an information resource on a variety of incentive programs (OPRA, PA 198, PA 328, Tool & Die Renaissance Zone, etc.).
6. Overseeing the economic development portion of the City's web page.
7. Preparing grants (Harrison Street) & Preserve America designation
8. Communicating with businesses and residents thru the calendar.
9. Preparing property for redevelopment by addressing public infrastructure in areas such as the Marquette Industrial Park, Marina Park Drive, Johnson Street, Midland Street and Harrison Street.
10. Planning for the redevelopment of key City Parks. Master Plans for Wenonah Park are completed and staff is implementing a recent \$500,000 grant award. A master plan for Veterans Memorial Park will be completed

shortly. Both parks are regional destinations and the redevelopment of those parks will enhance the festival season and attract more visitors to the community.

Electric

The electric utility has added new residential subdivisions including Shadows on the Green (Bay Valley), Willow Creek (Kasemeyer), and will be serving the new Fabiano Brothers distribution facility on Mackinaw Road.