

VISION 2016

■ Strategic Recommendations for Dearborn's Future — Dearborn Community Task Force

FIVE-YEAR CITY TRANSFORMATION PLAN
EXECUTIVE SUMMARY
NOVEMBER 10, 2010

Community Task Force Members

The development of "Vision 2016" by the Dearborn Community Task Force was a collaborative process. The successful implementation of the plan will require the active participation of a wide range of community stakeholders. The following individuals participated in the development of this five-year strategic plan. Each member was a participant on both the committee of the whole and one of the subcommittees, as listed below.

| Administrative Efficiencies | Image & Development | Personnel | Revenue Enhancements |
|--|---|--|---|
| Tim Bracco, Chair Ford Motor Land | Ernest Oz, Chair Attorney, Grant Writer & Community Group Representative | Nick McCreary, Chair MI Regional Council of Carpenters | Jane Ahern, Chair Dearborn Democratic Club President & Highland Neighborhood Association |
| Mike Bewick, Co-Chair Times-Herald Newspaper and East Dearborn DDA | Hassan Jaber, Co-Chair ACCESS Executive Director | David Anderson, Co-Chair Local Business Owner & Board of Review | John Ruselowski, Co-Chair Recreation Commission & Allied War Veterans Council |
| Jamal Al MI Regional Council of Carpenters | Fay Beydoun American Arab Chamber of Commerce Executive Director | Dr. Tawfic Hassan City Plan Commission | Ahmad Chebbani Local Business Owner & American Arab Chamber of Commerce |
| Nasser Al-Rayashi City Plan Commission | Teresa Lousias Local Arts Community Activist | Rick Morrone Dentemax - Blue Cross Blue Shield & Resident | Joe Guido Local Architect & School Board Representative |
| Rabih Hammoud Resident & Community Group Representative | Cathy McAdam Dearborn Commission on Disability Concerns | Mary Beth Rieth Neighborhood Association & Other Community Groups | Linda Hallick City Plan Commission |
| Mike Kaid Local Business Owner & Resident | Catherine O'Malley Fairlane Town Center | Nancy Siwik City Plan Commission & Local Business Owner | Mona Hammoud PNC Bank, Business Banking Loan Manager & League of Women Voters |
| Mary Petlichkoff Neighborhood Association & School Board Representative | Roy Van Oast Realtor | Bob Schneiders Educational Data Systems, Inc. & Resident | Gary Kuhlmann Local Business Owner & Dearborn Goodfellows |
| Marcel Pultorak Library Commission & Retired City Finance Director | | Mayor Jack O'Reilly City of Dearborn Mayor | Dr. Gail Mee Henry Ford Community College |

Dearborn, Michigan, is the quintessential example of the American melting pot. Since its earliest days, it has attracted people from around the country and the world. They came in search of jobs with the Ford Motor Company, worked hard, and created a community of appealing and varied neighborhoods.

As Ford prospered and grew, so did Dearborn. Automobile-related supply companies located in the City along with a growing service industry. Blessed with the strong tax base provided by a world-class industrial firm and many other businesses, Dearborn was able to provide an array of public services that were unmatched by most other communities. As a result, generations of families chose to remain in Dearborn and residential property values remained high.

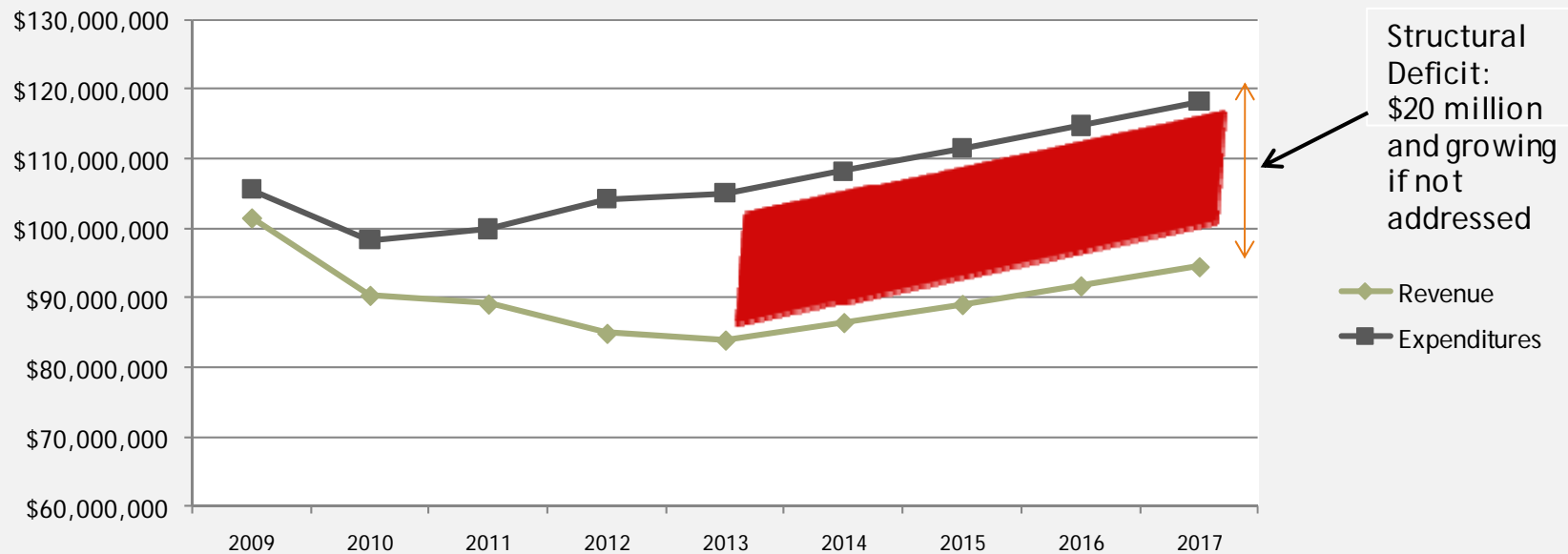
The Recession

For the past several years, the economy has soured. Entire countries have teetered on the brink of bankruptcy, our national economy has been shaken by the collapse of major corporations, and locally, the loss of jobs has manifested itself in the form of vacant commercial buildings, abandoned homes, and the departure of residents. Other communities are grappling with similar issues, and many of them are addressing them through personnel layoffs and consideration of new taxes.

These challenges have had an additional effect: the loss of jobs, businesses, and residents all contributed to a reduction in the value of the Dearborn property. It is the taxes levied on that property that provides 75 percent of the revenue the City uses to operate. Thus, as property values have declined, so have tax revenues. Compounding the problem is the fact that The City's operational costs have increased at the same time. As a result, the City's Finance Director is projecting a **structural deficit of nearly \$20 million for the 2011-2012 fiscal year (July 1, 2011 - June 30, 2012.)** The problem unfortunately does not end with the next fiscal year. Unless the anticipated shortfall is corrected, it will likely become larger in the following years. To put the problem in perspective, the City's tax revenues this year will be about the same as its tax revenues were ten years ago.

This is not a situation in which we can "ride out the storm" and expect to "return to normal" when property values rise. Proposal A, enacted in 1994 under vastly different economic circumstances, limits the amount that the taxable value of residential property can increase in any year, with maximum of 5 percent. Therefore, when our seriously depressed market values eventually begin to rise, tax revenues will not rise at the same rate. For example, a one-year increase in market value of 15 percent will not generate a 15 percent increase in tax revenues. Because of Proposal A, the taxable value can only rise 5 percent, with the same tax rate. The result? It will take many years under the current laws for property values to generate the amount of revenue they did before the recession, if the millage rate stays the same. In the meantime, costs will likely increase. The depth of the challenges will require dramatic actions. How we meet these challenges will determine the future of our community. It is time to roll up our collective sleeves and get to work.

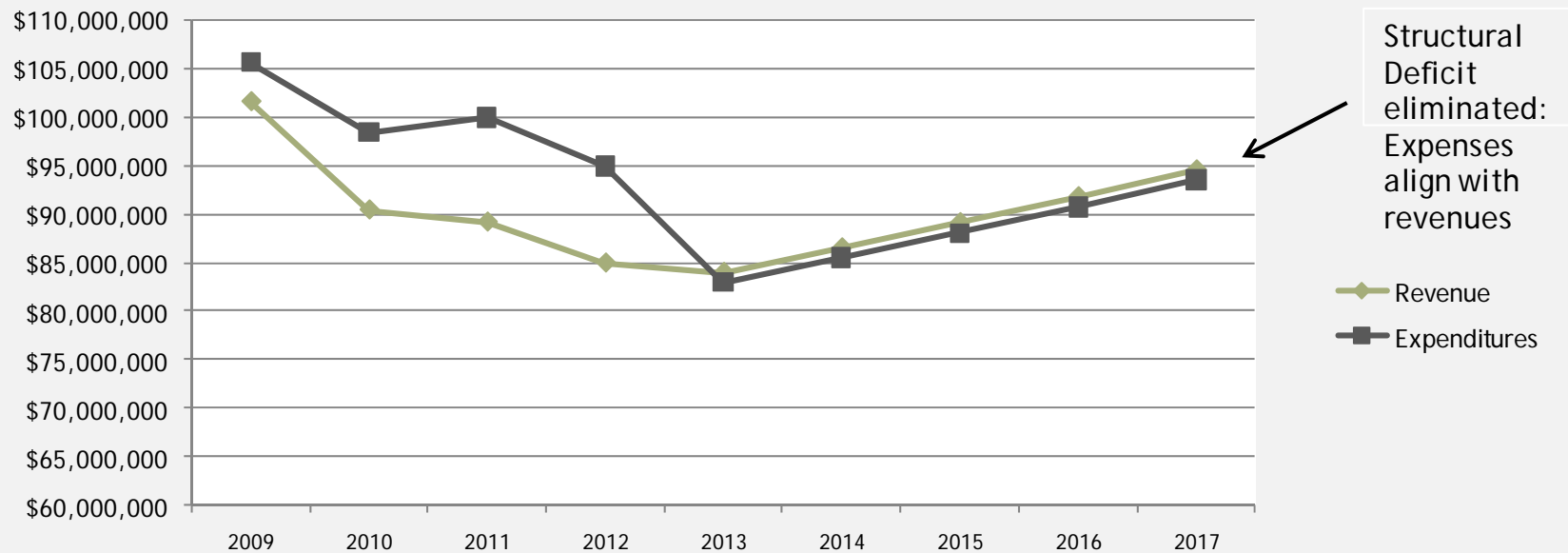
Future Financial Outlook - "Do Nothing" Scenario General Fund Income less General Fund Expenditures



Note: The data above reflects actual financial results from 2009 - 2010, the 2011 adopted budget and a financial projection for the remainder of years to 2017.

The \$20 million dollar structural deficit represents approximately 20-25% of City expenditures (i.e. programs/ services.)

Future Financial Outlook - "Take Action" Scenario
General Fund Income less General Fund Expenditures
Goal: To Eliminate Financial Gap by 2013



Note: The data above reflects actual financial results from 2009 - 2010, the 2011 adopted budget, half of the deficit eliminated in 2012, the remainder of the deficit eliminated in 2013, and a financial projection for the remainder of years to 2017.

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Current Economic Reality - Sample of Failed or Financially Challenged Major Corporations

The recession began in the private sector and is now significantly impacting the public sector.



City eyes \$50 million bond issue for operational costs

(City of Southfield)

C&G News

September 23, 2010

Livonia city budget plan calls for layoffs, fee proposed on tax bills

Hometownlife.com

September 24, 2010

Cuts trim deficit to \$1.53 million

Recommended budget for 2010-11 includes reducing city's workforce by 60

full-time employees

(City of Ann Arbor)

AnnArbor.com

April 8, 2010

Deep budget cuts being proposed for Jackson police and fire departments

Steve Carmody, Michigan Radio

September 27, 2010

Warren Official urges layoffs of cops

Detroit Free Press

March 25, 2010

Dearborn's Challenges

Our challenges are clear. We must balance the City's budget today without sacrificing the quality of essential or reasonable services. And we must employ effective strategies to develop new revenues for tomorrow. Some significant steps have already been taken to address the projected budget deficit and new initiatives have been launched.

Over the past several years, the City's departments have strategically reduced their budgets through a variety of means. This has helped the administration to cope with past reductions in revenue. But now, the larger impacts of the recession are being felt and traditional responses will not be enough.

To that end, the administration invited representative members of the community to participate in a task force to review the financial situation, evaluate priorities, engage in strategic planning, and recommend solutions for the problems. The Community Task Force was composed of a diverse group of Dearborn citizens and opinion leaders representing a cross-section of the community. It was formed in January, 2010, and worked through October, 2010, to develop a transformational plan for guiding the community through these difficult times to a stronger, more vibrant future. The Task Force reviewed financial information and projections provided by Dearborn staff to better understand Dearborn's current position and its future prospects. It concluded that Dearborn can and will have a bright future if difficult decisions are made today and over the next few years.

The full task force has met as a group about a dozen times. The larger group was then divided into four sub-committees to review data, brainstorm, and make recommendations. The blending of their reports was summarized into this executive summary document as the City's five-year strategic transformation plan. Each detailed subcommittee report is available to City leaders for reference in moving forward with the plan.

In developing this strategic plan, the members of the Task Force recognized that city governments must adhere to certain guiding principles. In general terms, their analysis and recommendations were guided by the belief that city government must:

- ☐ Make service to the community its first priority
- ☐ Be responsible, responsive, accountable and transparent
- ☐ Invest in strategies and technology that enhance effective governance
- ☐ Seek out and consider the ideas and opinions of all stakeholders
- ☐ Empower City staff through excellent, focused training and development
- ☐ Take action now

Something else was discussed, too. While citizens expect many services from local government, as times change, those expectations may also need to change. It is impossible to sustain yesterday's level of services with less revenues and more costs. However, cuts in staffing and services and increases in fees and taxes are only short term remedies. In the long-term our ability to emerge from these difficult times depends more on our citizens than our government.

A community is comprised of four essential elements: government, education, business, and its people collectively. The strength and vitality of any community is determined not by just one of its component parts, but by how they support one another. If the people of this community believe in this proposition and are willing to work together, sacrifice, and dare to believe in their vision for the future, then our current struggle will be transformed into opportunity.

It is with this belief that the members of the Task Force engaged in their work. As a group, we believe that Dearborn's future can be strong, secure, and bright.

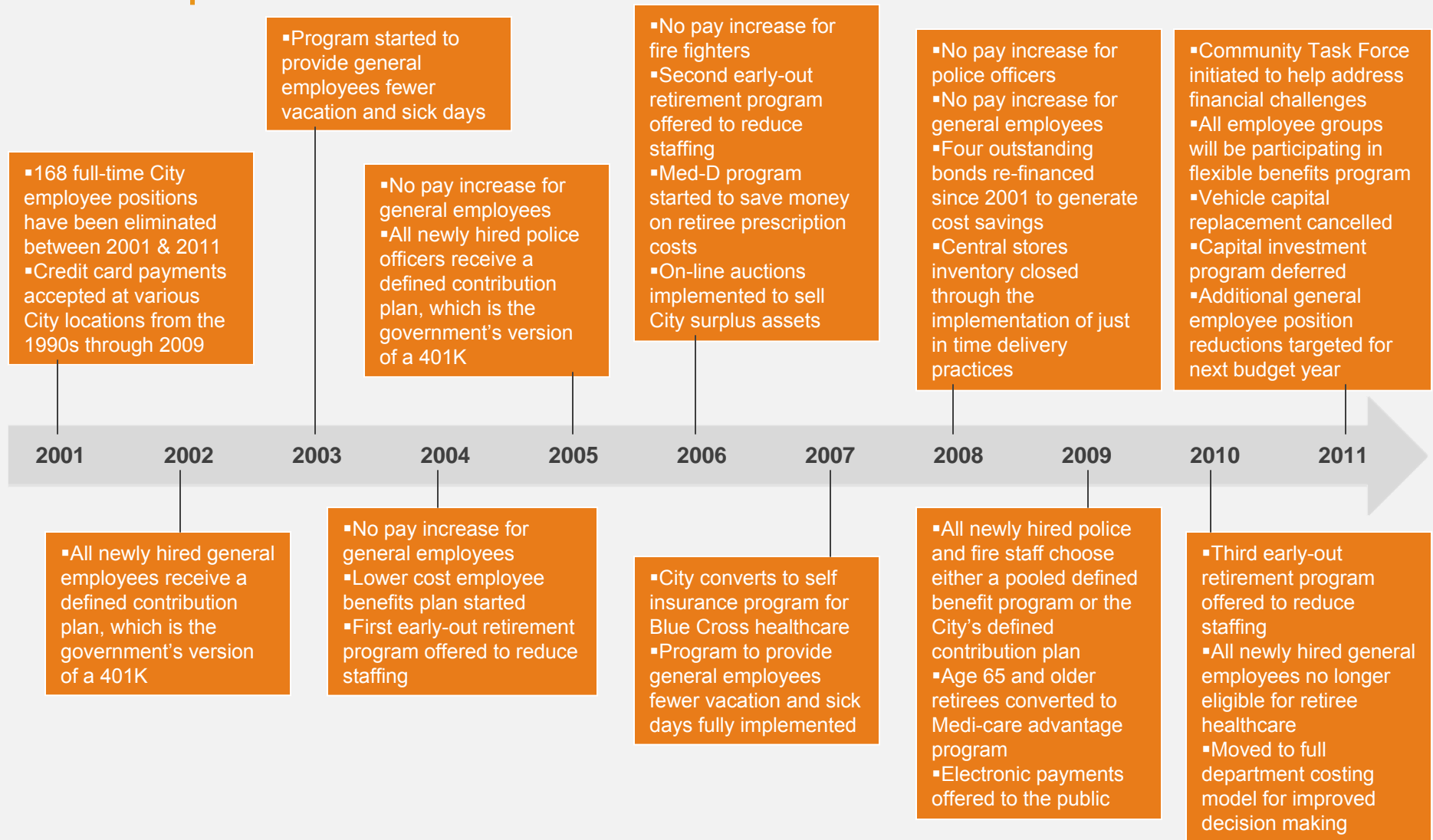
1. ADMINISTRATIVE EFFICIENCIES

Before asking for additional money from its citizens, a government should demonstrate that it has used their tax dollars responsibly in the past and will continue to do so. This concept is generally referred to as “good stewardship.” The administration’s budget balancing efforts and the work of the Community Task Force reflect an adherence to this principle. The focus of the Administrative Efficiency subcommittee and recommendations represented here relate to operational efficiency and building organizational capacity. It is recommended that the City should:

- ☐ Perform an independent staffing and efficiency study of operations
- ☐ Change business processes where necessary to achieve maximum efficiency
- ☐ Continue to make investments in strategic technology for the future
- ☐ Strengthen a performance-based culture in conducting City business
- ☐ Implement an annual process improvement system for staff-initiated projects
- ☐ Use the most cost effective means of delivering services
- ☐ Develop and maintain an integrated computer system that fosters increased efficiency and sound planning, management, and decision-making
- ☐ Establish a centralized call center to provide citizens with improved services at a lower cost
- ☐ Partner with other organizations where services can be provided at lower costs

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Cost Saving Actions Taken by City Officials Since 2001 - Currently Saving In Excess of \$12 Million Dollars Per Year



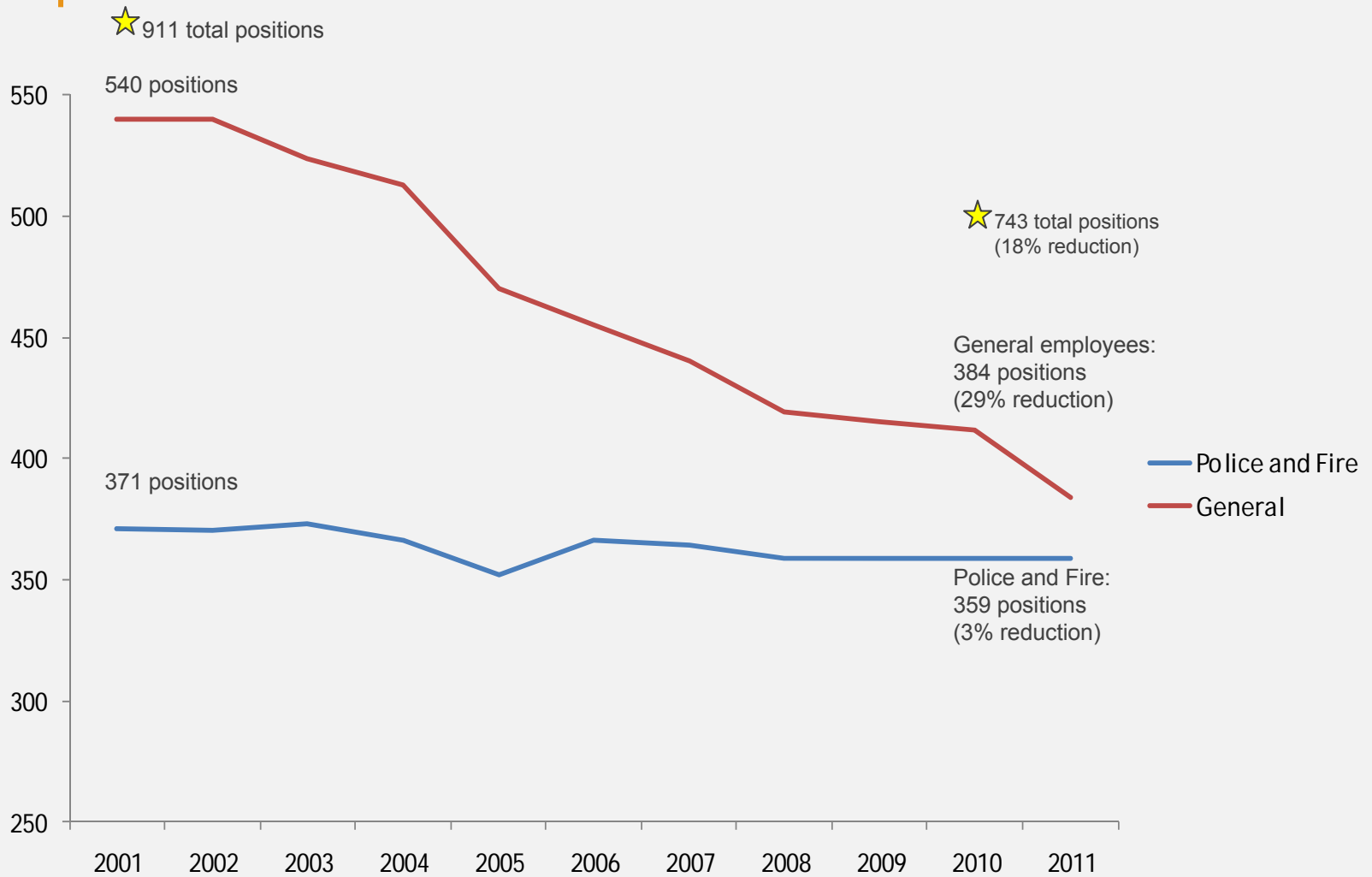
2. PERSONNEL

While the reductions and adjustments implemented by the City have been difficult, particularly where they directly impact city employees, more still needs to be done. As the recession worsens and property values and tax revenues continue to decline, the committee studying personnel issues believed that additional actions are required to balance the budget. The subcommittee recommends the adoption of the following strategies:

- ☐ Use regular retirements to reduce the overall number of employee positions
- ☐ Strategically reduce additional employee positions, if and when necessary
- ☐ Negotiate benefit and salary reductions in employee contracts
- ☐ Simplify the Human Resources structure to provide for increased flexibility in job descriptions and responsibilities
- ☐ Revise the Charter-mandated minimum staffing levels
- ☐ Offer early retirement packages again

The members of the Task Force in general, and this committee in particular, recognized that public safety is the most important service provided by city government, in the form of police and fire protection. However, with a Charter-imposed requirement for minimum staffing in the Police and Fire Departments, 67 percent of the 2010-2011 General Fund budget was allocated to public safety activities. This has a significant impact on the operations of other services the city has traditionally offered. Dearborn citizens have always appreciated and valued the safety and security provided by our police officers and firefighters. Unfortunately, unless the City's budget is balanced in a more appropriate way, services in the areas of recreation and culture, public works, general government, and health and welfare will have to be dramatically reduced.

Full-Time Staff Reductions - Police and Fire As Compared to All Others

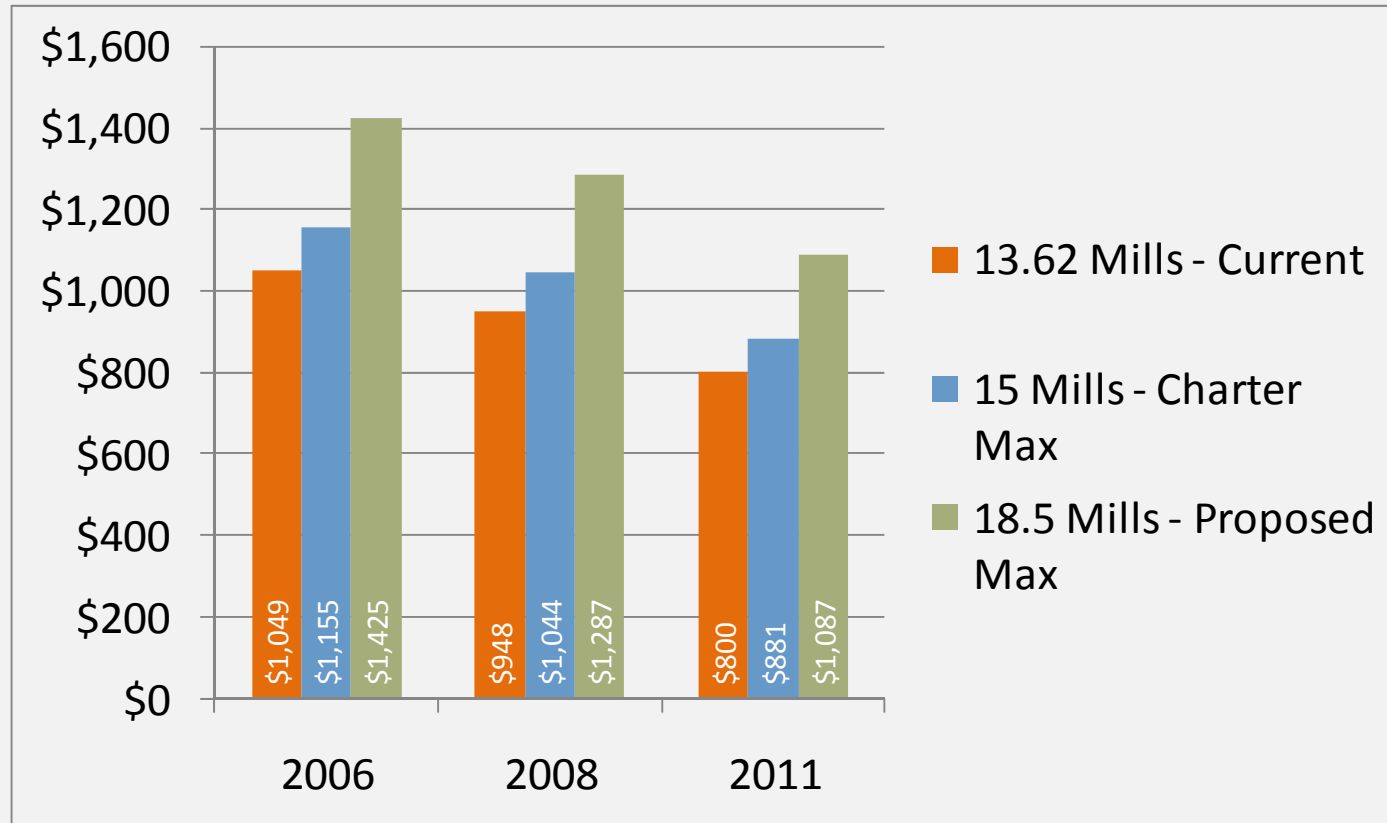


3. REVENUE ENHANCEMENT

The Revenue Enhancement subcommittee recognized that addressing the City's financial challenges in the least disruptive way will require a balance of revenue increasing and cost reducing actions. With a projected deficit of nearly \$20 million for the 2011-2012 budget, eliminating the deficit through only cuts and continued deferral of essential projects will require gutting services and programs. In the short term, increases in user fees and millage rates offer the best source of additional funding. The Revenue Enhancement subcommittee suggested the following options:

- ☐ Increase the current millage rate to 15 mills - the maximum levy allowed under the City Charter. Such an increase can be implemented without a vote by citizens.
- ☐ Reasonably increase fees and fines to create approximately \$1 million dollars in additional revenue.
- ☐ Seek voter approval to raise the millage rate in the City Charter to 20 mills - the maximum allowed by law. However, the committee added that only 18.5 mills should actually be levied. The new 3.5 mills (over the current 15 mill levy maximum) should be for specifically identified purposes. The 3.5 mills should also have a pre-determined end date, such as five years.

Taxes for "Average" Household - Based Upon Potential Millage Rate Changes



This chart demonstrates the dollar value impact of different millage rates at the "average" taxable property values in 2006, 2008 and 2011. A home that was valued at \$77,000 in 2006 would have had a \$1,049 tax liability @ 13.62 mills, while the same property valued at \$58,470 in 2011 would have an \$800 tax liability at the same tax rate. If the tax rate is increased to 15 or 18.5 mills in 2011, the tax liability increases to \$881 or \$1,087, respectively. The 2011 taxes paid at 15 mills would be 16% less than what was paid in 2006 and at 18.5 mills would be 4% more than what was paid in 2006.

This graph is based on the following average taxable property values in the City: 2006 = \$77,000 (estimated); 2008 = \$69,583 (actual); 2011 = \$58,740 (projected).

4. IMAGE AND DEVELOPMENT

What makes a great city? In general terms, it is a place that provides excellent quality of life and good jobs. These features have made Dearborn a very desirable city in which to live. An abundance of well-paying jobs has long been a magnet drawing people to Dearborn and the existence of excellent city services has solidified the choice of many people to make Dearborn their home.

In the past few years, though, the dream of a comfortable life in Dearborn has been badly compromised by a shrinking and changing economy, credit struggles, and general financial strains. Citizens have moved to other parts of the country in search of jobs, businesses have closed, and attracting new residents and businesses has been very challenging.

The reality of our situation as residents of Dearborn is that we cannot effectively cut, tax or wait our way out of this problem. We face a very real “fork in the road;” we can choose to make cuts, raise taxes, and hope for the best or we can view this moment as an opportunity, embrace it, and take pro-active steps to define our future.

Making cuts and raising revenues without making fundamental change is the easier road right now, but can lead to mediocrity or worse. Change and innovation are much more difficult in the near term, but offer the prospect of a brighter future.

4. IMAGE AND DEVELOPMENT (CONTINUED)

The Image and Development subcommittee chose the latter option in its recommendations. They fall into two general categories: image and development. They are generally as follows:

- ☐ Develop a list that identifies community assets
- ☐ Implement a comprehensive marketing plan to attract new residents, businesses, and visitors
- ☐ Implement a targeted economic development plan to attract businesses to Dearborn
- ☐ Establish measurable outcomes that enable the City to determine the relative success of its attraction and retention efforts
- ☐ Streamline the City's permitting process and review all local ordinances to facilitate develop efforts and better serve residents
- ☐ Commit a significant percentage of the annual budget to "quality of life" services, programs, and projects
- ☐ Increase the green spaces throughout the City and enhance the "walkability" and attractiveness of the City's downtown areas
- ☐ Develop new and strengthen existing partnerships between the city government, educational institutions, local businesses, and community organizations and members
- ☐ Maintain and expand parks and recreations programs to promote a healthy, active lifestyle for residents

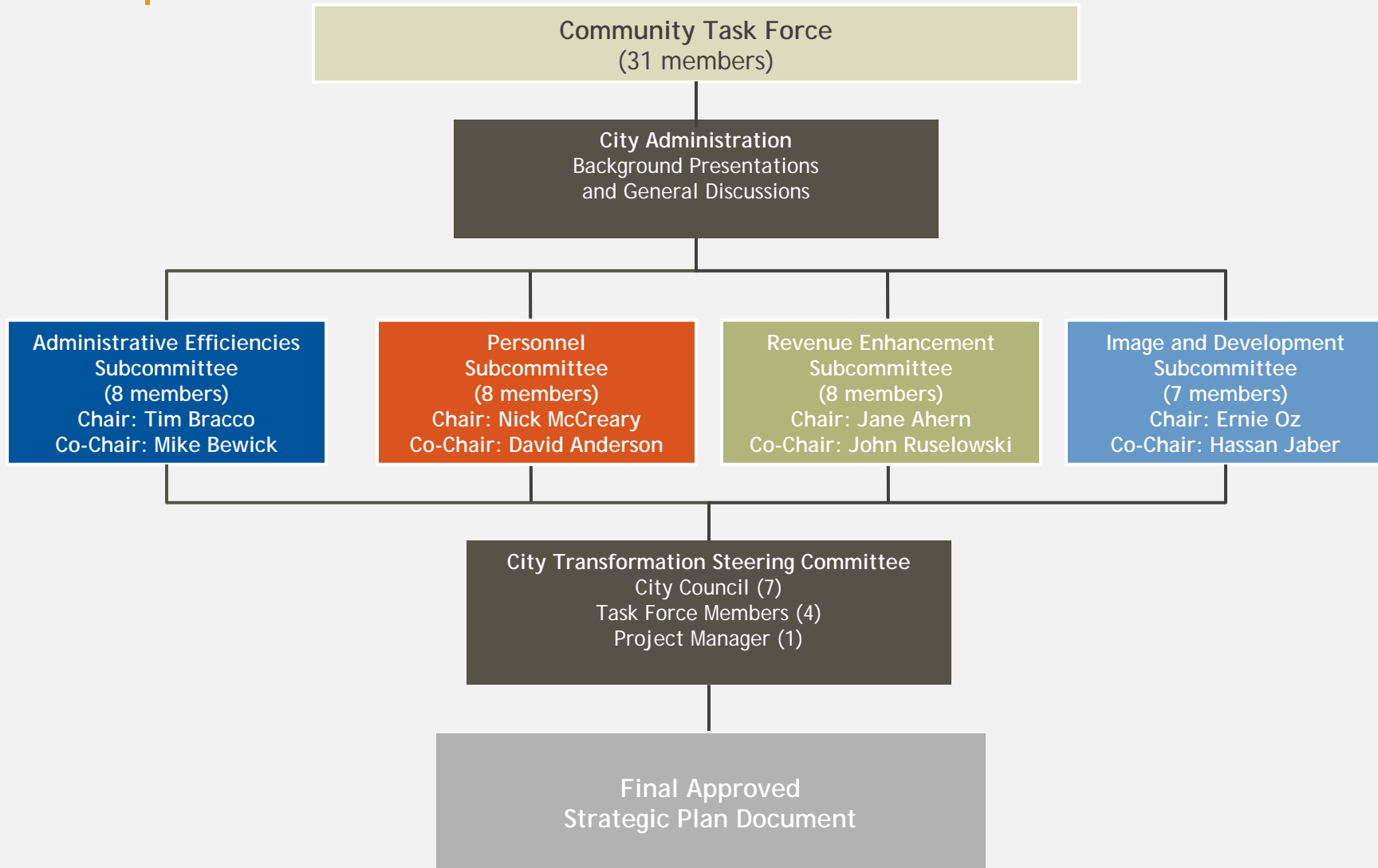
In order to move forward with this five-year City transformation plan, the Community Task Force has organized the key strategic initiatives of the four subcommittees described earlier. Each subcommittee initiative has been color coded to provide quick and easy reference for the key project stakeholders.

- Administrative Efficiencies - dark blue - same color as dark blue bullet
- Personnel - red - same color as red bullet
- Revenue Enhancement - green - same color as green bullet
- Image and Development - light blue - same color as light blue bullet

The following pages outline the project committee framework, the key strategic plan initiatives and the detailed recommendations from each subcommittee. We anticipate the City Transformation Steering Committee will review the five-year plan, consider revisions and ultimately determine the method for implementing the City's strategy.

This plan offers a blueprint for the future of the City of Dearborn, and provides an overall framework for accomplishing the difficult tasks that are to come. The good news is that the City has developed this viable strategy for advancing Dearborn during difficult economic times, positioning our community for a prosperous future. The following pages outline the key initiatives and action items to enable Dearborn's success in both the short and long term.



Project Committee Framework





Key Strategic Plan Service Transformation Initiatives

| Focus: Deficit Elimination \$20 M | | Focus: Efficiency Gain | Focus: Strategic Transformation | Focus: Long Term Sustainability |
|--|---|---|---|--|
| Implement an external, independent staffing and efficiency study | Develop a strategic technology investment plan | Enhance the City's web presence for self-service and communication | Evaluate and implement collaborative services with surrounding communities | Implement regional public safety services w/ surrounding entities |
| Implement a citywide re-organization plan | Create a performance management system | Core business process reengineering for ongoing efficiency | Evaluate and implement the feasibility of automated meter reading technology | Finalize partnerships and collaborative services with area academic institutions |
| Implement an external, independent compensation study | Implement regional dispatch service w/ surrounding communities | Implement a customer service call center | Implement a recreation authority w/ surrounding communities | Retain a minimum fund balance of 10 – 15 percent of annual general fund costs |
| Increase millage to current charter levy maximum of 15.0 mills | Implement an external, independent classification study | Create increased human resource agility through a streamlined structure | Make further investments in quality of life initiatives for City residents & businesses | Finalize collaborative services and public/private partnerships with non-governmental entities |
| Resolve public safety funding issue – millage vs. mandate | Reduce personnel costs to required deficit plan reduction level | Make further investments in tourism and recreation | Make further investments to support healthy, active lifestyles for city residents | Implement Wi-Fi accessibility throughout the City |
| Develop community marketing plan and campaign | Increase charter levy maximum millage rate beyond 15.0 mills | Expand existing visitor services | Establish an enhanced culture of beautification and environmental responsibility | Develop navigational signage throughout the City to promote improved tourism |
| Facilitate targeted economic development efforts | Establish a city volunteer office to assist with key quality of life services | Expand city activities, services, events and points of interest | Enhance the pedestrian appeal of downtown Dearborn areas | Develop an intra-city transportation system to support residents & visitors |

Initiatives Either Currently Underway or To Be Started

 Administrative
Efficiencies
 Personnel

 Revenue
Enhancement
 Image & Development

| | FY 2011/12 | FY 2012/13 | FY 2013/14 | FY 2014/15 | FY 2015/16 |
|--|---------------|---------------|---------------|---------------|---------------|
| 1. Perform and implement the results of a citywide staffing and efficiency study/audit | | | | | |
| 2. Create a more effective organization structure | | | | | |
| 3. Establish ballot proposal contingency plans | | | | | |
| 4. Establish a funding mechanism to financially support the current target minimum Police & Fire staffing levels | | | | | |
| 5. Eliminate minimum staffing from the charter | | | | | |
| 6. Deliver the same services through a lower cost structure | | | | | |
| 7. Create a central dispatch authority with nearby areas | | | | | |
| 8. Create a performance management system | | | | | |
| 9. Use existing ERP or purchase/ implement a new ERP system | | | | | |
| 10. Evaluate feasibility of being a contract service provider | | | | | |
| 11. Develop a strategic technology investment plan | | | | | |
| 12. Create a process improvement system | | | | | |
| 13. Create a "tech savvy" culture | | | | | |
| 14. Create a reward & recognition program for contributions | | | | | |
| 15. Re-engineer core business processes | | | | | |
| 16. Create automated services | | | | | |
| 17. Create a website for on-line business transactions | | | | | |
| 18. Centralize city customer service into a call center | | | | | |
| 19. Evaluate library collaboration/ cooperative with nearby communities & Dearborn Public Schools | | | | | |
| 20. Evaluate feasibility of establishing regional partnerships for key services | | | | | |
| 21. Evaluate feasibility of automated meter reading technology | | | | | |
| 22. Evaluate feasibility of creating a recreation authority | | | | | |
| 23. Identify required service reductions | | | | | |
| 24. Benchmark progressive service delivery models | | | | | |
| 25. Evaluate feasibility of consolidated, collaborative, public safety w/ surrounding communities | | | | | |
| 26. Perform and implement the results of a market study of the current benefit structure & a citywide efficiency & effectiveness study/ audit | | | | | |
| 27. Develop ideal model labor contracts | | | | | |
| 28. Ensure the audit addresses all aspects of government operations | | | | | |
| 29. As an end result of the audit, develop a prototype: Organizational structure, Staffing levels, Employee compensation packages, Union contracts, etc. | | | | | |
| 30. Share the comprehensive audit report with the public through the media and City web site | | | | | |
| 31. City shall publicly respond via the media and city web site which operating and budget recommendations from the consultant's report were declined and why | | | | | |
| 32. Consider implementation of furlough days | | | | | |
| 33. Offer retirement incentives to reduce the existing workforce | | | | | |
| 34. Reduce 2011 personnel costs (\$60M) by between 25 percent and 30 percent in total (\$15 - \$18M) | | | | | |
| 38. Establish a funding mechanism to financially support the current target minimum Police & Fire staffing levels or Eliminate minimum staffing from the charter to maintain an acceptable level of city services in addition to public safety | | | | | |
| 39. Restructure legacy & current benefit programs on a go forward basis | | | | | |
| 40. Consider re-definition of work week (4-10s, 7 days) | | | | | |
| 41. Perform and implement the results of a comprehensive compensation & classification study to compare wages & benefits to other local governments and the private sector | | | | | |
| 42. New millage elections for additional city operating funds shall be contingent on the city & all employee unions accepting the majority of the changes submitted in the report | | | | | |
| 43. Implement a "lean" staffing model | | | | | |
| 44. Consider wage cuts or at a minimum no wage increases | | | | | |

The Future

The goals outlined in this plan are achievable. They are realistic. They will cost short term pain in the form of reductions in services, jobs, and the comfort of familiar procedures. They will cost increases in user fees, fines, taxes (through millage increases), and the expenditure of money on new projects even when some older ones may be delayed or eliminated. It will not be easy. However, if we invest our patience, our money, and ourselves we can keep Dearborn a great community in which to live.

A dynamic Dearborn, one that works together and supports those in need, is energetic and optimistic, is creative, interesting, and welcoming, will attract new businesses, residents, and visitors. For the long term, that translates into higher property values, increased revenue, and the ability to offer even better services and programs.

These changes can and should be just a beginning. The drive to keep Dearborn a vibrant community must be fueled by the vision, ideas, dreams, and the work of all members of our community. We have a choice. Let's define our future and make it happen.

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■ Thank You.

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FIVE-YEAR CITY TRANSFORMATION PLAN
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