



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DATE: February 17, 2016

TO: Pontiac Receivership Transition Advisory Board

FROM: Eric Cline, RTAB Department Manager, Department of Treasury

SUBJECT: RTAB Evaluation - City of Pontiac

Pontiac Receivership Transition Advisory Board Members:

On August 19, 2013, a Receivership Transition Advisory Board (RTAB) was appointed to serve in the City of Pontiac at the conclusion of Louis Schimmel's term as Emergency Manager. One of the duties assigned to the RTAB at that time, was to conduct a formal evaluation of the City's operational and financial progress, noting benchmarks achieved and not yet achieved. This second evaluation shall include a list of specific recommendations and potential resources available to the City. This second evaluation concerns the time period from June 17, 2015 to January 14, 2016.

Summary of Evaluation

The City has made significant financial and operational progress during the preceding 7 months. Currently, the City's total General Fund fund balance is \$10.8 million, as a result of the successful implementation of financial best practices. Equally notable is the quality of management and delivery of services for the residents during this period of review. The City has continued to demonstrate and increase its ability to govern itself, and as a direct result, a reduced degree of oversight from this Board is recommended.

Evaluation Process

Evaluation criteria has been developed, based on the contents of the Governor's appointment letters as well as the provisions of the Local Financial Stability and Choice Act, Public Act 436 of 2012. Collectively, the criteria was designed to gauge certain performance indicators, the degree of required state oversight, the implementation of best practices, and the City's involvement in future planning. Treasury staff interviewed each member of the RTAB individually; in addition, staff met with Mayor Waterman, Deputy Mayor Jane Bais-DiSessa, City Administrator Joseph Sobota, and Finance Director Nevrus Nazarko on January 14, 2016, to administer the enclosed evaluation questionnaire.

Summary of Findings – Annual Performance Indicators

Financial

During the preceding 7 months, the City of Pontiac has continued to achieve many short-term financial indicators. Emergency Manager Schimmel's two-year budget concluded at the close of the fiscal year ending June 30, 2014, which occurred during the review period of this evaluation. The City outperformed year two of this two-year budget by retaining \$5.6 million more in the General Fund than was originally projected. The City adopted the Fiscal Year (FY) 2015 budget and was only required to amend the budget once, which was approved by the State Treasurer. The City has issued no new debt during the last year.

The City remains involved in several lawsuits, although numerous lawsuits are planned to be settled soon after the publication of this evaluation. The pending retiree healthcare litigation remains the most significant financial concern of the City. With an amount in dispute exceeding \$206 million, the City would become immediately insolvent if these benefits were to be reinstated. At the time of this evaluation, the case was in mediation, as it has been for approximately a year per the City Administrator.

Economic Development/Growth

Pontiac has made great strides over the period covered by this evaluation in the area of economic and community development, which has resulted in a 1.6% increase of the local tax base's taxable value. This growth has come from private development projects such as the Strand Theatre for the Performing Arts project in downtown Pontiac; Challenge Mfg., a global Tier-1 automotive manufacturer; Bloomfield Park, a \$400 million mixed-use development including retail space, office space, and condominiums; and the ongoing M1 Concourse project. The City continues to make economic and community development a priority.

Operations

The City has continued focusing on operational effectiveness for the period covered by this evaluation. In 2015, the City joined the Michigan Local Government Benchmarking Consortium and is currently reviewing local services in order to identify benchmarks and cost decreasing opportunities.

Since the last evaluation, the City of Pontiac has successfully reduced the number of active litigation cases. As of January 14, 2016, the City remains involved in 16 active cases of litigation, 6 of which are close to settlement. The overall number of cases has drastically declined from 56 cases in 2014.

The City has concentrated on maintaining its financial stability, and solidifying its administrative structure by adding Deputy Mayor Jane Bais-DiSessa, and promoting community development. The Deputy Mayor will serve at the pleasure of the Mayor while overseeing daily operations of the City. She will also assist the Mayor with implementing community and economic development initiatives, along with preparing the budget and multi-year financial forecasts.

Summary of Findings – State Oversight

Since the last evaluation, the working relationship between City Administration and the Board has continued to improve. The working relationship between the Board and Mayor Waterman along with Deputy Mayor Bais-DiSessa has flourished. All parties involved have developed a professional and efficient working relationship with the growth and development of the City of Pontiac as the common goal.

City Administration and City Council have complied with Emergency Manager (EM) Lou Schimmel's orders. Per the final order, Pontiac is required to follow the Financial and Operating Plan (F & O Plan). The City consults department heads when creating the annual budget and references the F & O Plan to ensure financial accuracy. The number of Freedom of Information Act (FOIA) requests has substantially decreased by listing registered disbursements and all financial reports and contracts on the City's public web site. Furthermore, the Mayor and City Council continually seek ongoing training opportunities as suggested in the final order.

Lastly, the City has made significant operational and financial progress during the past year. However, the City has an outstanding OPEB litigation in the amount of \$206 million. Once this issue has been resolved, the Board believes Pontiac will be on the path towards local control.

Summary of Findings – Best Practices

Since the appointment of the RTAB, the City has implemented and maintained many of the identified best practices in the EM Order such as adopting written policies and procedures as well as position descriptions. Since the last evaluation, the City has developed and adopted new job descriptions for employees. These position descriptions are periodically reviewed to ensure accuracy. The City has also created written financial policies and procedures that are electronically and physically distributed to all new employees.

As identified in the last evaluation, the City has maintained an undesignated fund balance of 15%, which is reserved annually in the General Fund fund balance. The local unit has also followed the best practices guidelines of Government Finance Officers Association (GFOA) when creating the FY 2015/2016 budget.

Summary of Findings – Future Planning

Over the past 7 months, the City has made great strides. Pontiac's tax base has grown, realizing a 4.9% increase in current assessed value. The growth was attributed to an increase in property values due to fewer home foreclosures, demolition of blighted homes, and an uptick of private development projects. The City also used Community Development Block Grant (CDBG) funds which allowed them to eliminate over 500 blighted homes from various neighborhoods.

The City has developed and utilizes a comprehensive capital improvement plan (CIP) to identify non-reoccurring future expenditures and projects. The CIP is continuously reviewed and modified as the City identifies changing community needs, priorities, and funding opportunities. Pontiac

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uses the CIP in preparation of the annual budget. To help plan for upcoming expenses, the City has adopted a two-year budget, and is working on a multi-year financial forecast.

In the Governor's RTAB appointment letter, the City is required to adopt a model charter provision. Per this request, the City initiated a charter provision process. Charter amendments that should be considered were determined, and Pontiac moved forward with adoption. However, these proposed amendments were rejected by the voters. The City plans to re-evaluate these amendments to present to the voters.

Conclusions

The City of Pontiac has made significant operational and financial progress, and is on the right path to successfully transition from receivership to full local control. However, the noted pending issue in this report related to the outstanding OPEB litigation still needs to be addressed. Therefore, it is recommended that the RTAB continue, but with a reduced degree of oversight from the Board.



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Receivership Transition Advisory Board

Community Evaluation Criteria

Community: City of Pontiac

Date of RTAB Appointment: August 19, 2013

Review Date: January 14, 2016

Date of RTAB Review Approval: February 17, 2016

EXPLANATION OF CRITERIA

The Governor's RTAB appointment letter dated August 19, 2013 mandates that the Board "conduct a formal annual evaluation of the City's operational and financial progress by identifying strengths, weaknesses, benchmarks achieved, and benchmarks not yet achieved, including a list of specific recommendations, potential resources available to assist City officials, and any other constructive feedback that informs City officials, residents, and other stakeholders concerning how the City can promote and ensure its long-term sustainability."

The categories the community will be evaluated upon include:

- **Annual Performance Indicators:** Identification and measurement of the progress made by a local unit on specific criterion over the past evaluation period.
- **State Oversight:** Identification and measurement of the level of State oversight needed to be exercised by the RTAB to effectively monitor and guide local operations over the past evaluation period.
- **Best Practices:** Identification and measurement of the degree by which a local unit has implemented practices and procedures to improve its financial and operational conditions going forward.
- **Future Planning:** Identification and evaluation of those items that a local unit has implemented to improve its financial and operational conditions over the long-term.

The final report will also include comments and observations approved by the RTAB Board.

The final approved report will be transmitted to the Governor's office. A copy of the final report will also be provided to the local community, the State Representative, and State Senator of the local community.

SECTION 1. Annual Performance Indicators

Identification and measurement of the progress made by a local unit on specific criterion over the past evaluation period.

Submission of an Annual Audit

Submission of a timely and unqualified audit report is an indication of the financial strength and practices of a local unit.

	Yes	No	Comments
Has an annual audit been submitted?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	No material findings.
Is the audit report unqualified?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Unresolved finding from 50 th District Court.

Compliance with a Deficit Elimination Plan

A requirement for a local unit to file an approved Deficit Elimination Plan (DEP) could be reflective of financial weakness within the local unit.

	Yes	No	Comments
Has the submission of a DEP been required?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The TIFA Fund and GASB 70 book long-term liabilities of TIFA Fund. If TIFA received general Fund subsidy, it has to be paid back to the General Fund.

Pension/OPEB Liabilities

Pension and OPEB liabilities can be a tremendous drain on the fiscal resources of a local unit. The level of liabilities a local unit has could be reflective of a financial weakness.

	Yes	No	Comments
Are the overall funding levels for pension and OPEB liabilities stable or increasing?			Pension GERS fund increased, Police & Fire fund decreased, OPEB stable or increasing.
Is the local unit making its required pension contributions?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Is the local unit making its required OPEB contributions?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
What is the ratio between pension and OPEB contributions and overall expenditures?			Government wide expenditures 4.7%. General Fund 6.5%.
Are employees paying any contributions to pension or OPEB costs? If yes, at what level?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	No percentage required. OPEB plans closed. Only pension plan makes contributions.

Compliance with the Two-Year Budget			
<i>Adoption and compliance with a two-year budget by a local unit is required by P.A. 436 of 2012. The level of compliance will be an indicator of the success of the local unit in reestablishing full local control.</i>			
	Yes	No	Comments
Is the local unit meeting its two-year budget projections?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Exceeded expectations: <ul style="list-style-type: none"> • \$3M over budgeted revenue. • Expenses under budget by \$2.7M. Currently developing a two-year rolling budget.
How many budget amendments have been required?			One needed. The City exceeded what the Emergency Manager left.
Reduction of Debt Levels/Debt Service-to-Expenditure Ratios			
<i>Generally, declining debt levels reflect a fiscally strong local unit.</i>			
	Yes	No	Comments
What is the current debt level			The debt level is declining.
Is the overall debt level of the local unit declining?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Has the local unit assumed any new debt?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Bargaining Unit Issues			
<i>Multiple grievances, arbitration cases, and EEOC complaints are symptomatic of local unit operational issues and a sign of unpreparedness for full local control.</i>			
	Yes	No	Comments
How many labor grievances, especially arbitration cases, are currently pending?			One outstanding grievance – not current. Attempting to have pension multiplier increased for a select number of employees.
How have the outcomes of these actions generally impacted the local unit?			The City has no exposure.

Litigation			
<i>Extensive litigation and high litigation costs can be damaging to a local unit. Minimizing litigation costs while implementing risk management programs and ensuring proper insurance coverage will greatly assist a return to full local control.</i>			
	Yes	No	Comments
What is the total number of legal actions against the community?			1 - Remaining legal case pending through the City's insurance company. 8 - workers compensation 1 - insurance company 5 - VEBA 1 - Ottawa Towers
What have been the financial impacts of litigation declining?			OPEB - litigation (\$206M).
Is the local unit implementing measures to minimize future litigation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Adequate coverage for existing claims. Self-insured for workers compensation.
Achievement of Identified Goals			
<i>Creation, adoption and implementation of goals are important benchmarks for a local unit to achieve in order to improve financial and operational conditions. The extent to which a local unit achieves its goals is a determinant in restoration of full local control.</i>			
	Yes	No	Comments
Has the local unit established any benchmarks (either internally developed or by referencing external sources) to evaluate its operational effectiveness?			Joined Michigan Local Government Benchmarking Consortium.
Or			
How is the community measuring its operational effectiveness?			The City is <u>currently identifying</u> benchmarks and cost decreasing opportunities.

Organizational Stability			
<i>Given the nature of communities in fiscal distress, organizational stability is critical to reestablishing local control. Evaluation of organizational stability is important.</i>			
	Yes	No	Comments
Is there any apparent contention among the members of the governing body that is impeding the resolution of issues, causing issues to be postponed, causing issues to be readdressed or otherwise generating a public perception of an ineffective governing body?			Subject to individual perspective. Overall, no. However, disputes do arise that delay resolution of issues.
Does the local unit employ a professional Chief Administrative Officer?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Has there been more than 50% turnover on the local elected body in the most recent election?			Not applicable – no election.
Has the Chief Administrative Officer served in the local unit for more than two years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Joseph Sobota; 5 years in February of 2016.
Has the local unit reduced its total workforce by more than 5% since the last evaluation?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Increased since last evaluation. Approximately 32 full-time employees now.
Operational Effectiveness			
<i>Efficient and effective service provision is also a key sign of overall improvement in fiscal and operational conditions. Evaluation of operational effectiveness is important in judging the progress of a local unit.</i>			
	Yes	No	Comments
Has the RTAB received evidence of documented cases of basic services not being provided in a timely manner?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Has the RTAB received evidence of documented cases of significant citizen complaints not being addressed?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Have there been any cases of significant infrastructure or equipment failures?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

General Observations/Comments Regarding Annual Performance Indicators: The City of Pontiac has made noteworthy financial and operational progress during the preceding seven months.

Recommended Actions: Identify benchmarks, continue the development of a multi-year financial forecast, and continue seeking community development opportunities.

SECTION 2. State Oversight			
Identification and measurement of the level of State oversight needed to be exercised by the RTAB to effectively monitor and guide local operations over the past evaluation period.			
Compliance with Final Emergency Manager Order			
<i>A departing Emergency Manager will likely leave a detailed and comprehensive Final Order that will specify certain requirements and prohibitions for a local unit as it transitions back to local control.</i>			
	Yes	No	Comments
Is the City Administrator working collaboratively with the City Council, the Mayor, Deputy Mayor, other City or State officials, and the Board to successfully transition to the termination of receivership for the City?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Cordial environment.
What are the relations with the 50th District Court?			Operational concerns. The City has a good relationship with the Chief Judge.
Coordinate with the Mayor and Deputy Mayor to ensure submission of budgets to the Michigan Department of Treasury's Bureau of Local Government Services Office?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Department heads consulted All parties involved.
Is a register of all disbursements issued by the City published on the City's website on a weekly basis?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Added all financial reports and contracts to the website.
Work with the City Council, the City Administrator, other City or State officials, and the Board to successfully transition to the termination of receivership for the City by supporting, implementing, and maintaining the financial and operating plans and the reforms instituted by the City's emergency financial managers and emergency managers, including, but not limited to, the financial and operating plan for the City under Section 11 of Act 436?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The financial and operating plan is followed. The City utilizes the plans to create the budget.
Appoint a deputy mayor, subject to the requirements of the City's position job description, with confirmation from the Council, and the Board, to serve at the pleasure of the Mayor?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes, official start date 10/26/15.
Has a funding source for the Police and Fire VEBA been identified?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Subject to ongoing litigation.

<p>What are some of the recent economic development successes of the local unit?</p> <p>What direction does the future of community development within the community appear to be heading?</p>		<p>Community development is on an upward trend.</p> <p>New Private developments:</p> <ul style="list-style-type: none"> • Challenge MFG opening a new plant (400 new jobs). • \$400M project mixed-used development Bloomfield Park. • M1 Concourse condos. • Cultural development - downtown Strand Theater. • Industrial land owned by GM all sold, but 1 parcel – in the process of being developed. <p><u>Future Projects</u></p> <ul style="list-style-type: none"> • \$13M invested Oakland County Animal Control. <p>Senior Housing Commission Hawthorne Park 100 new units (looking to bring in 200 new people to the City).</p>	
<p>Provide in its policies and procedures that public comment on non-agenda items shall be placed on the agenda just before adjournment and public comment shall be limited at the beginning of the meeting to agenda items only, with a three-minute limit per speaker for both parts?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Formal meeting. System is in place in accordance with final order.</p>
<p>What is the status of the completion of the conversion and mitigation process of Galloway Park and the Hayes Jones property?</p>		<p>Ongoing, subject to DNR approval.</p>	
<p>Have the Mayor and City Council received annual training on the Open Meetings Act, and reading and understanding financial statements and financial reports?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Council training is ongoing, training is encouraged, depending on their schedule. Efforts have been made.</p>
<p>Have all planning commissioners, Zoning Board of Appeals members, and members of the Board of Review received annual training to assist them in the fulfillment of their roles and responsibilities?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Yes, all trained.</p>
<p>Are all Board and commission agendas (at least 48 hours before the meeting) and minutes (drafted and approved when prepared) being posted online?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Are all fees being annually reviewed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Are all proposed expenses associated with elections being reviewed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Is an inventory of City assets being annually reviewed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Conducted a GASB 34 re-evaluation.
Are general property, liability, and motor vehicle insurance levels and coverage being annually reviewed prior to renewal?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Degree of RTAB Oversight			
<i>The degree by which a RTAB must exercise oversight over a local unit could be indicative of its progress toward full local control and the local unit's reliance on the RTAB to make "difficult decisions."</i>			
	Yes	No	Comments
Has the local unit been providing timely and complete information to properly-made requests from the RTAB?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The City still submits a lot of last minute items to the Board.
Has the RTAB overruled local decisions? If yes, how many times? If yes, why?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Less lately, but it may be more related to the City not adopting items in conflict with the Emergency Manager Order. Items that have questions are usually resolved at a later time. The Board has overruled Pension Board members for being unqualified.
Has the RTAB rejected local proposals or requests for action? If yes, how many times? If yes, why?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes, however, the Board and the City usually reach an agreement, or additional information is submitted to the Board for clarification.

Level of Effort			
<i>What is the apparent level of effort that the local unit is pursuing its identified priorities? This could be an indication of operational efficiency.</i>			
	Yes	No	Comments
Is the local unit working cooperatively with the RTAB to accomplish identified priorities? If no, is the local unit openly reluctant or resistant to working with the RTAB?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Very cooperative.
Has the local unit refused to or not pursuing actions required by state law or Emergency Manager Order? If yes, why?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Are there special circumstances preventing the local unit from accomplishing particular priorities?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Unsure if the Council, retirees and Retirement Board understand the impact the retiree health (OPEB) will have on the City if it is continued as structured. Until the lawsuit is behind the City, it will not be financially secure.
Does the local unit lack resources necessary to accomplish particular priorities? (Asked both to the local community and the RTAB)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	\$10.8M fund balance. The resources appear to be getting better all the time.

General Observations/Comments Regarding Annual Performance Indicators: The working relationship between the Board and Mayor Waterman along with Deputy Mayor Bais-DiSessa has flourished.

Recommended Actions: Continue working towards a resolution for the outstanding OPEB litigation.

SECTION 3. Best Practices			
Identification and measurement of the degree by which a local unit has implemented practices and procedures to improve its financial and operational conditions going forward.			
Adoption of Written Financial Policies			
<i>The Governor's orders currently in effect require the implementation of best financial practices, "...as adopted by the financial officers' association."</i>			
	Yes	No	Comments
Has the local unit adopted written financial policies?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Is the local unit complying with all required procedures as set forth by the Michigan Department of Treasury's <i>Accounting Procedures Manual for Local Units of Government in Michigan</i> ?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Has the local unit implemented the recommendations for best practices, as set forth by the Government Officers Finance Association's "Best Practices and Advisories?"	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Budget documents follow GFOA. Looking into developing a Comprehensive Annual Financial Report (CAFR) report.
Adequate Risk Management and Insurance Coverage			
<i>Having an active risk management program and adequate insurance coverage will decrease the potential exposure and liability of a local unit.</i>			
	Yes	No	Comments
Has the local unit implemented an active risk management program?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Looking to add an additional staff member to help address sidewalk slip and falls.
Does the local unit have adequate insurance coverage and loss reserves in-place?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Is the local unit placing litigation related losses (judgments or settlements) on its tax rolls?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	None.
Establishment of Undesignated Fund Balance Levels			
<i>A local unit should establish a minimum level of undesignated fund balance that will be reserved annually.</i>			
	Yes	No	Comments
Has the local unit established a minimum level of undesignated fund balance that will be reserved annually?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Policy adopted 2015. 15% required 35.1% of expenditures
Has the local unit adopted a written policy to set this fund balance level?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	15%

Utilization of Cash Flow Projections			
<i>A multi-year cash flow projection will be beneficial in determining the overall financial strength of a local unit.</i>			
	Yes	No	Comments
Has the local unit developed a monthly multi-year cash flow projection?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	City has bond holders and an investment policy.
Has the local unit taken any steps to address any concerns identified by the cash flow projection?	<input type="checkbox"/>	<input type="checkbox"/>	No cash flow concerns.
Development of Written Policies			
<i>The development of written policies and procedures, including an employee handbook and employee job descriptions, will assist a local unit in achieving operational stability and consistency.</i>			
	Yes	No	Comments
Does the local unit have any adopted written policies and procedures?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
How are policies distributed to employees and records retained?			Physically & electronically distributed to new employees.
Do employee job descriptions exist?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Approved by the RTAB.
Are job descriptions periodically reviewed and updated?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	All are current and updated.
Does the local unit have an employee handbook?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	In the process of being reviewed. Expected to be published later this year.
Is the handbook periodically reviewed and updated?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes, currently updating.
Training			
<i>Training objectives should be implemented annually for all staff and elected officials within a local unit. Training objectives can be focused by the development of departmental goals and objectives, however, the orders issued by the Governor require mandatory financial and managerial training for elected officials. Resources should be allocated to adequately provide needed training. A minimum number of training hours per individual per fiscal year should be required.</i>			
	Yes	No	Comments
Does the local unit have a training policy?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The City does not pay for training for employees, but strongly encourages it.
Does the policy apply to both elected and appointed officials and employees?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	City pays for training for elected officials only.
Is the development and implementation of annual training goals required?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Are specific types or frequency of training activities required?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Does the local unit annually budget for training?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes, for elected officials only.

Consolidation/Collaboration Efforts			
<i>Efforts to consolidate services and/or collaborate on service delivery with other units of government can be both beneficial operationally and financially.</i>			
	Yes	No	Comments
Is the local unit pursuing service consolidation/collaboration?			The City is fully consolidated.
Have any operational benefits to these efforts been identified?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Have any financial benefits to these efforts been identified?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Development of Elected Body Goals and Objectives			
<i>The elected body of a local unit should create and implement reasonable operational goals and objectives and a basic timeframe by which said goals and objectives will be implemented. The overall objective is to improve overall management and operational efficiency within the local unit and to develop accountability for implementation.</i>			
	Yes	No	Comments
Has the local elected body adopted annual goals and objectives?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The Deputy Mayor is meeting with the departments to advocate goal setting.
Do the adopted goals and objectives contain timetables for implementation?			Not applicable.
Are the adopted goals and objectives periodically reviewed and reprioritized?			Not applicable.
What priority is being placed on the implementation of the adopted goals and objectives?			Not applicable.

Development of Managerial and Departmental Goals and Objectives			
<i>All departments, including the Chief Administrative Officer, within a local unit should be required to create and implement reasonable operational goals and objectives and a basic timeframe by which said goals and objectives will be implemented. The overall objective is to improve overall management and operational efficiency within the community at the departmental level and to develop accountability for implementation.</i>			
	Yes	No	Comments
Has the Chief Administrative Officer and department heads developed and adopted annual goals and objectives?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes, identified in the annual reports.
Do the adopted goals and objectives contain timetables for implementation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Are the adopted goals and objectives periodically reviewed and reprioritized?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
What priority is being placed on the implementation of the adopted goals and objectives?			The City continually reviews the goals.

General Observations/Comments Regarding Annual Performance Indicators: The City has adopted written policies and procedures as well as position descriptions.

Recommended Actions: Investigate adding staff to help address sidewalk slip and falls.

SECTION 4. Future Planning			
Identification and evaluation of those items that a local unit has implemented to improve its financial and operational conditions over the long-term.			
Utilization of a Capital Improvements Plan			
<i>A six year capital improvements plan (CIP) is required under the provisions of the Michigan Planning Enabling Act (P.A. 33 of 2008). The use of a CIP can identify needed capital and physical improvements and be tied to an annual budget process to allocate available resources for identified needs.</i>			
	Yes	No	Comments
Has the local unit adopted a Capital Improvements Plan?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The City is always improving upon the Capital Improvements Plan.
Are department heads involved in the CIP development process?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Is the Planning Commission involved in the CIP development process?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not involved per City ordinance.
Does the community utilize the CIP in its annual budget process?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Pursuance of Tax Base Enhancement			
<i>True recovery of communities in financial emergencies will be through economic development and community revitalization efforts that result in an enhancement to the local tax base.</i>			
	Yes	No	Comments
Is the local tax base growing?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Taxable value is at 1.6%. Assessed value is at 4.9%.</p> <p>The City attributes the growth in local tax to:</p> <ol style="list-style-type: none"> 1. Property values were undervalued. 2. Decrease of blight. 3. Fewer foreclosures.
Has the local unit allocated any resources toward the enhancement of its tax base?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CDBG; Community projects; Parks & Recreation; and Public schools (PEG).
Budget Forecasting			
<i>Adoption of an annual budget is a key function of the local unit and indicative of the allocation of available resources. The adoption of a multi-year budget is recommended to produce a longer term view of the financial stability of Pontiac. A multi-year forecast of 3-5 years in length is recommended as optimal.</i>			
	Yes	No	Comments
Has the local unit adopted a multi-year budget forecast the required two-year budget?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>One year was adopted. Two years was forecasted. Five year: yes.</p>
Is the local unit adopting its budget in a timely manner?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Are department heads involved in the budget development process?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The department heads are actively involved in the developing of the budget.

Adoption of Model Charter Provisions			
<i>The orders issued by the Governor call for the adoption of model charter provisions that are "...in the City's best financial interests." Some specific charter amendments could be identified in a Final EM Order. Others may need to be independently identified. A process to propose and move forward with adoption also needs to be identified and pursued by the local unit.</i>			
	Yes	No	Comments
Has the Governor required a local unit to adopt model charter provisions?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Has the local unit independently initiated a charter revision process?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Has a determination been made of what charter amendments need to be considered?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Has the local unit moved forward with adoption?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Have any proposed amendments been adopted?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Proposed amendments were rejected by the voters.

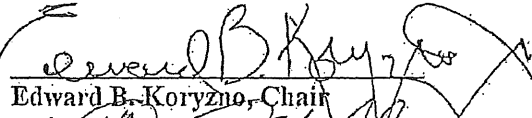
General Observations/Comments Regarding Annual Performance Indicators: The City utilizes department heads when developing its annual budget.

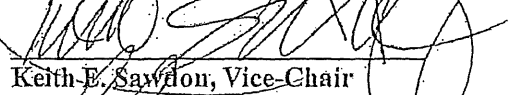
Recommended Actions: Move forward addressing the City's remaining blighted homes and continue to work on attracting new private developments.

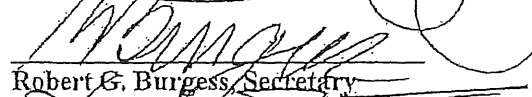
February 17, 2016

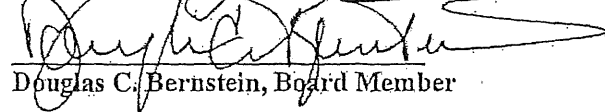
Overall Observations Regarding the Local Unit: Pontiac has made significant progress. They are on the right path to successfully transition to full local control.

Final Recommendations: Address outstanding OPEB litigation. It is recommended that the RTAB continue, but with a reduced degree of oversight from the Board.


Edward B. Koryzno, Chair


Keith E. Sawdon, Vice-Chair


Robert G. Burgess, Secretary


Douglas C. Bernstein, Board Member

	Yes	No	
Copy to Local Unit:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Date: <u>3/7/16</u>
Copy to State Senator's Office:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Date: <u>3/7/16</u>
Copy to State Representatives' Office:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Date: <u>3/7/16</u>
Copy to Governor's Office:	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Date: <u>3/4/16</u>