



Dear Troy Citizens,

The City of Troy is taking control of its future by engaging in a massive restructuring initiative. This is being done to assure that we can deliver municipal services in the most cost efficient and effective manner.

City Management's aggressive restructuring plan to streamline the operations of the City and ensure that Troy remains a fiscally responsible community is a multi-year project that will be rolled out in phases. But it is important to understand that the City of Troy has always been a very lean operation with a history of being fiscally responsible. We have had the lowest millage rate in Oakland County while always providing quality services to our residents. For more than 15 years, the City of Troy has worked to reduce its employee costs including engaging in a massive restructuring initiative during these tough times.

City administration has reduced the workforce by 150 full-time employees in the last 6 years. This equates to 30% of the full-time workforce. We have the lowest millage rate in the area and one of the lowest per capita rate of employees to residents in Michigan. And numerous measures have been taken thus far to position Troy to implement these cuts to staff and resources with minimal interruption to services.

While City Management has spent a great deal of time and effort to research, present and implement a variety of projected financial strategies, we thought it would be beneficial to establish a mechanism that regularly communicates these "best practices" of cost reduction and fiscal responsibility to the residents and businesses of Troy.

City Management has created a segment on its website of "Best Practices." Found within the Organizational and Economic Sustainability Section of the website, this feature will provide information on the City's continuous efforts to manage costs and use best-value purchasing measures. As we continue to implement this management strategy, we will regularly update this section to include recent efforts for organizational and fiscal responsibility.

## **Best Practices - - Cost Savings Measures:**

- Between October 2009 and June 2011, the City reduced its payroll by more than \$8,000,000 or 26%.
- City administration has reduced its workforce by 150 full-time employees in the last 6 years. This equates to 30% of the full-time workforce.
- The City obtained more than 10% concessions from every employee, unionized and non unionized. We know of no other city in this area that can make that claim. This was done without the contentious arbitrations that other cities have become embroiled in.
- The City offered an early retirement package to qualified employees which saved the City money and reduced the number of layoffs.
- The International City/County Management Association (ICMA), a professional firm with over 9,000 municipal clients, evaluated our efficiencies, including salary and benefits. Many of the recommendations are already in place with additional recommendations being implemented.
- The ICMA study compared our employees' salaries and current benefits and said they are "comparable to similarly sized Michigan cities; and measures to contain these costs are leading edge practices." (pg. 4)
- The ICMA Study reported the City's efforts to outsource and privatize services such as building inspections and the golf courses mirrors the leading practices found across the nation, and the privatization review process is well designed.
- The City's actions to address the cost of employee benefits – particularly pensions and post retirement benefits – place it among local government leaders in managing these costs.
- ICMA reported that City employees have responded well to the budget crisis and have contributed innovative solutions for improving efficiency.
- The ICMA Study confirmed that we are on track, following sound management plans to effect positive change and continue our quality services.
- Cost savings have also been achieved with reduced benefit levels for new hires. Beginning in 1992, the City eliminated Traditional Health Care Coverage for all new employees (plan options include HMO or PPO) and in 1983 added premium cost-sharing by employees.
- Changes to employee pensions plans include: Defined Benefit (DB) Plan replaced with Defined Contribution (DC) Plan for new hires in all employee groups, starting in 1998; Employer Contribution to DC Plan reduced for all groups starting in 2003; and Retiree Health Insurance replaced with Retiree Health Savings (RHS) Plan for new hires in all employee groups starting in 2006.
- Also, the City eliminated longevity pay for new hires for all employee groups beginning in 1993 and eliminated tuition reimbursement for non-union employees in 2008.

- All non-represented employees and three bargaining units began taking 10% concessions in February 2010. Since that time the City has obtained more than 10% concessions from every employee, unionized and non unionized. We know of no other city in this area that can make that claim. This was done without the contentious arbitrations that other cities have become embroiled in.
- The agreement between the City of Troy and the TFSOA, for the three-year period from July 1, 2011 through June 30, 2014, will result in a 13 percent savings in the Fire Department's payroll. The contract, which is one of six the City has renegotiated with employee groups, includes a five percent wage decrease in the form of furlough days, cost-saving changes to health insurance and the elimination of longevity pay. An early retirement Incentive program was also offered and would only be implemented if the City saves money as a result the early retirement.
- The City received Federal *Energy Efficiency and Conservation Block Grant* funds to make a variety of efficiency upgrades to City facilities including heating and cooling improvements, to purchase energy-generating wind spires, and install energy efficient LED lights in City buildings.
- By switching to the compatible ink and toner cartridges, the City will save an average of 27% or \$10,000 per year.
- Changed the specifications for the quarterly *Troy Today* which resulted in the total estimated cost for these services to be decreased approximately \$35,500 over last year in large part due to the reduced weight of the paper and a reduction in the number of pages for the newsletter. The reduced paper weight has also saved approximately \$5,500 annually in postage costs.
- Engineering Department is now a hybrid of in-house and consulting staff. Since 2005 the engineering department has been restructured, reduced its staff by 50 percent to 13 full time positions and 3 part time positions. The hours given by the part-time employees were reduced by 40 percent. The department's blend with outside consulting firms is the optimum mix of staff and consultants allowing the city to break even on the department's expenditures.
- Building Inspection Department - In June 2010, the City privatized the entire building department with a contract with SafeBuilt Michigan Inc. The contract will result in a savings to the City of approximately \$295,000 in the first year, and will remove the general fund subsidy to the department that has been required in past years. The savings to the City came without a reduction in service to the community.
- Privatized the City Golf Courses - The City privatized its golf course operations and contracted with Billy Casper Golf, LLC. The company guarantees the City a net income of \$325,000 in the first year as opposed to the fund balance that has been incurred by the Sanctuary Lake course. Billy Casper Golf has also increased revenue at the courses along with providing marketing that the city could not otherwise provide.
- Planning Department - The department has eliminated three positions, bringing the number of full-time staff to two. The consolidation of this department will result in a cost savings of \$250,000 per year. The department relies on consultants for development review activity which are paid for directly by applicants through escrow payments.

- Improved efficiencies in preparation of minutes for Planning Commission and Zoning Board of Appeals meetings by preparing condensed minutes and archiving video recordings of the meetings, which are now available for viewing online.
- Code Enforcement Inspectors use their same computer for desk and field use. Utilizing the Police Department's existing mobile communication technology, Inspectors have real time access to City Hall computers. The result is an increase in the number of calls they respond to, a reduction in call response time, and the elimination of duplicative paper inspection records.
- For City-ordered overgrown weed and grass cutting, Code Enforcement Inspectors have assumed abatement contractor oversight from the Parks Division. This resulted in removing an administrative layer, allowing overgrown weeds and grass to be removed in less time.
- Electronic agendas for City Council, Planning Commission, Zoning Board of Appeals and Building Code Board of Appeals reduce preparation time and distribution costs.
- Achieving 5%-10% concessions on vendor and consultant contracts.
- Reduced operating supplies.
- Utilizing the Customer Choice Program for natural gas saved \$70,000 in energy costs for FY 09/10.
- Copier and printer replacement / consolidation will save the City \$40,000 over the next five (5) years.
- Fleet Maintenance Division – By switching to synthetic oil in our fleet of approximately 500 pieces of equipment/vehicles, we have extended oil changes from 3,500 miles to 18,000 miles per vehicle saving money and decreasing labor costs.
- Best practices in procurement/purchasing saves the City at least \$1 million annually.
- Restricted employee training and associated costs.
- In 2005-06 began participating in the Federal Government's Medicare Part D Subsidy Program and have received over \$400,000 in subsidy to date.
- In 2010 began participating in the Federal Government's Early Retirement Reinsurance Program and we will have received over \$180,000 in subsidy by the end of April 2011.
- We began self-insuring our dental insurance coverage for employees in Jan 2010 and have reduced our costs by 20%.
- All the Fleet Maintenance In Sourcing is being done without the addition of new staff. Through a utilization study in 2010, we have decreased the size of Troy's Fleet by 8%.
- Troy along with 31 other communities regionalized various hazardous material response teams into one team that services all 32 jurisdictions. This has provided for reduction in sustainment of specialized equipment, fewer specialized vehicles and economies in personnel and training for the 32 jurisdictions.

## Best Practices in the Troy Police Department

- Flattening the organization through the elimination of command positions.
- Replacement of full-time sworn personnel, with part time non-sworn.
- Civilianization of positions previously filled by sworn personnel.
- Consolidation of Dispatch and Jail Services with the City of Clawson.
- Consolidation efforts for Dispatch and Jail Services continue with other jurisdictions.
- Consolidated Major Crimes Case Investigation Teams.
- Consolidated Fatal Traffic Crash Investigation Teams.
- Consolidated Hazardous Materials Response Teams.
- Consolidated Tactical Incident Response training and support.
- Received Homeland Security and other grants in excess of \$2.1 million.
- Revenue recovery in excess of \$1.4 million.
- Implementation of numerous technologies.
- Transfer of Animal Control to Oakland County.
- Significant reduction in overtime.
- Consolidated Training.
- Rental agreements for the use of the gun range with local and federal agencies.
- Elimination and combination of positions, especially in command ranks.
- Partnerships for education and prevention programs/efforts with other community organizations.
- Concessional contract negotiations with PD Unions.

**FACT:** Safest City Ranking On November 22, 2010, CQ Press released City Crime Rankings 2010-2011: Crime in Metropolitan America. According to the CQ report, Troy is the safest city in Michigan and the 13<sup>th</sup> safest city in America with a population of 75,000 and above. Troy was ranked as the safest city in Michigan for cities with its population in 9 of the last 13 ranking periods, including the current one. Troy achieved “Safest City” rankings as high as 5<sup>th</sup> and 6<sup>th</sup> in the United States for cities with populations between 75,000 and 99,999 in 2006 and 2005, respectively. Troy has consistently ranked among the top 25 safest cities in the United States with populations over 75,000 since 1998.

## Best Practice/Generating New Revenue

- City departments have implemented innovative ways to generate new revenue.

- In Sourcing Fleet Maintenance: Troy's Fleet Division contracts with 9 neighboring communities and other government agencies to maintain and service their vehicles. Troy also leases vehicles to a neighboring community which brings in revenue.