



Mayoral Advisory Group
Interim Report of Activity, Findings & Recommendations

Prepared by:
Mayoral Advisory Group

With the assistance of the
Erie Regional Chamber and Growth Partnership

Including comments from:
Joseph E. Sinnott, Mayor, City of Erie
and
Mark Kwitowski, Early Intervention Plan Program Manager

November 28, 2007



November 6, 2007

The Honorable Joseph E. Sinnott
Mayor
City of Erie
Erie City Hall
626 State Street
Erie, PA 16501

Dear Mayor Sinnott:

The following pages comprise the interim report of the Mayoral Advisory Group (MAG), a group of more than 40 business and community leaders who have volunteered their time, talents and expertise over the last fourteen months to help the City of Erie improve its financial condition and avoid PA Act 47 distressed status.

As you know, the Erie Regional Chamber and Growth Partnership (ERCGP) was instrumental in forming the MAG, and we have followed the group's work with great interest. Having said that, as Chairman of the ERCGP's Board of Directors and a City taxpayer, I submit this report to you with mixed emotions. Although I applaud the dedication of the MAG and I recognize the City's efforts to implement certain of the group's recommendations, I am disappointed with the timely availability of useful information and the speed in which important changes are ultimately implemented. It is clear that much work remains.

Please know that the ERCGP is committed to this process and will continue to support the MAG's efforts. It is my hope that your administration will give serious consideration to all MAG recommendations, and that you will make the tough choices and changes needed to bolster the City's fiscal health for years to come.

Sincerely,

James A. Schaffner
Managing Principal, Schaffner, Knight, Minnaugh & Company, PC
Chairman, ERCGP Board of Directors



The City of Erie, Pennsylvania

Joseph E. Sinnott, Mayor

November 16, 2007

Jim Schaffner
Chairman, ERCGP Board of Directors
208 E. Bayfront Parkwy., Suite 100
Erie, PA 16507

Dear Chairman Schaffner:

There is an old axiom that coming up with new ideas is the easy part, undoing the old is where the difficulty lies. I believe that this maxim provides an accurate description of the circumstances we find ourselves in as we attempt our transition, as a City and region, into a new economy.

As anyone who has ever held the chief executive position of a large and diverse organization can attest, there are few tasks more daunting than managing change. Managing change under severe fiscal distress, in a political environment, with labor bargaining units (two with binding arbitration), and ridged State requirements is especially challenging. However, change for the better is the task at hand as we progress through the Early Intervention Program (EIP) in our effort to avoid PA Act 47 distressed city status, and we must weave our way through the obstacles if we are to succeed as a community.

The Mayoral Advisory Group (MAG) has been, and continues to be, a valued source of advice and expertise as we progress through the Early Intervention Program. We are heading, slowly, in the right direction. I do, however, share the MAG's frustration as we encounter the multitude of impediments to change that are endemic to municipal government. We must remember that many (not all) of these impediments are structural in nature (State requirements) and beyond our control. The others will require our patience and persistence to overcome, as they would in any organization that has long been under the stress of doing the best they could with meager resources.

Act 47 and the Early Intervention Program have been in existence in excess of forty years, yet each of Pennsylvania's 56 cities, without exception, is fiscally distressed. Clearly, the requirements under which cities are required to operate must be reformed. As we await (and lobby for) meaningful reform at the State level, we must carryout the EIP Implementation Plan with due diligence to insure that we are providing services in the most efficient and affordable manner that our circumstances allow. However, we must not delude ourselves into thinking that the EIP process is a panacea. It is a necessary exercise to help put the City's house in order, but this is a problem that requires a regional solution.

OFFICE of the MAYOR

Room 500 • 626 State Street • Erie, PA 16501
Voice: (814) 870-1204 • Fax: (814) 870-1329



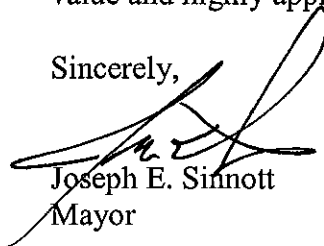
As we move forward, we must learn from our successes and our mistakes, as well as those of our predecessors. Employee related costs for Public Safety (Police and Fire) comprise approximately 55% of the general fund budget. Because of the PA Act 111 requirement of binding arbitration, attempts to make significant changes in Public Safety, outside of the collective bargaining process, have invariably failed. Therefore, we are making every effort to prepare for contract negotiations and believe we are better prepared than at any time in recent history. This is the most crucial of our efforts and all others pale in comparison.

Because financial resources are sparse, we are concentrating our efforts on initiatives without significant upfront costs. There have been a number of successes in this area, such as, outsourcing of earned income tax collection, the sale of delinquent property tax claims, a contract for inventory management at the City Garage, and a more lucrative recycling contract, to name a few. There are additional projects of this type, in the pipeline, that we intend to pursue. A number of technology related recommendations from the MAG are promising and we await details associated with costs and funding.

Much has been accomplished, yet much more remains to be done at many levels. The situation we find ourselves in has evolved over many decades and will not be solved overnight. Only through persistence, cooperation, and dedicated service to our community, will we succeed.

I would like to take this opportunity, on behalf of all the citizens of the City of Erie, to thank the members of the Mayoral Advisory Group for the assistance provided my staff and me during this difficult time. They are truly an exceptional group of leaders. The investment of their expertise and precious time away from busy schedules is of great value and highly appreciated.

Sincerely,



Joseph E. Sinnott
Mayor

JES/raa

Mayoral Advisory Group Interim Report of Activity, Findings and Recommendations

TABLE OF CONTENTS

Mayoral Advisory Group Purpose and Subcommittees	1
Commentary of Norman H. Stark, Chairman, Mayoral Advisory Group and Mark Kwitowski, City of Erie Early Intervention Plan Program Manager	2
Subcommittee Reports	5
• Administrative Department Operations Subcommittee and Comments from EIP Program Manager	6
• Capital Improvements Subcommittee	11
• Payments and Services in Lieu of Taxes Subcommittee	16
• Police and Fire Subcommittee	18
• Revenue Enhancement Subcommittee	19
Appendix	22
Summary/Status of Mayoral Advisory Group Early Intervention Plan Strategic Initiatives	

MAYORAL ADVISORY GROUP PURPOSE AND SUBCOMMITTEES

Purpose:

In 2005, Resource Development and Management Inc. prepared for the City of Erie an Early Intervention Plan (EIP) to help the City improve its financial condition and avoid PA Act 47 distressed status. The plan contained six steps:

1. Financial condition assessment
2. Financial trend analysis
3. Emergency plan for current fiscal year
4. Management audit/review
5. Multi-year plan adoption
6. 5-year plan implementation

In late 2006, Mayor Sinnott established a "Mayoral Advisory Group" (MAG) to provide further guidance for implementing the EIP's recommendations and to develop additional recommendations to improve the City's fiscal health. The MAG is chaired by Norman H. Stark, Esq., and consists of five subcommittees comprised of over forty business leaders. The working subcommittees include:

1. Administrative Department Operations
2. Capital Improvements Prioritization and Financing
3. Payments and/or Services in Lieu of Taxes
4. Police and Fire
5. Revenue Enhancement

The work of various subcommittees continues. The following pages provide an interim report of the MAG's activities, findings and recommendations to date. It is important to note that although the MAG Police and Fire Subcommittee has worked diligently and produced a series of recommendations, the substance of their work is not reflected in this report due to current and ongoing uniformed services contract negotiations. Once contracts are ultimately secured with the fire and police unions, this subcommittee's work will be made publicly available.

Finally, please note that the Appendix includes summary tables showing the EIP strategic initiatives and recommendations along with the status of the City's implementation of each.

COMMENTARY OF NORMAN H. STARK, CHAIRMAN, MAYORAL ADVISORY GROUP

Overview:

The Mayor asked the Mayoral Advisory Group to assist him in five specific areas of City government. He did not ask the group to be general advisors who would opine on all matters that may concern the City.

Some of the specific issues were short term e.g. how to slow the growth or reduce the cost of fire and police protection. Since both are labor intensive and influenced by union contracts, the Police and Fire Subcommittee advised the Mayor to select an experienced labor law firm to assist in the negotiations; budget a substantial amount to pay for extensive preparation and start well in advance of the negotiations so the City would be prepared to bargain effectively.

The Mayor followed this advice; therefore there is little more for this committee to do at the present time.

Other issues are long term and progress toward solutions will take many months, e. g. determine what real estate the City does not need; then decide how to develop it. An example of this issue may be as follows. Today the City owns, but does not use, Glenwood Park east of Glenwood Park Avenue. It also owns the west side of Bayview Field, which is no longer actively used for baseball. Both areas are desirable for residential use. Their sale would immediately reduce the City's liability for maintaining them; generate cash for needed capital improvements; return real estate to the tax rolls and cause an increase in the City population.

No one has studied this issue yet; therefore it will be many months before the Mayoral Advisory Group can advise the Mayor on this matter.

Most issues require more study; therefore the Committee's work is ongoing.

Progress to date:

The reports of the subcommittees are included in this document. They indicate some of the work done to date. Other significant advances are as follows:

1. The Early Intervention Program (EIP) is more widely known now; therefore there is more acceptance of its recommendations. This EIP is not simply a series of general recommendations. It is an expert analysis of the City's problems and contains specific recommendations to solve many of those problems. It includes a schedule for implementation and suggests who should do the work.
2. The Mayor has appointed Mark Kwitowski to implement the EIP and Mark is actively engaged in doing just that. He has read and understood the EIP; has listed each recommendation and is systematically implementing each one that is practical. (Please see the Appendix for charts listing the EIP initiatives and status of City implementation to date.)
3. We recommended, and the Mayor followed through on a professional "retreat" conducted at Penn State Behrend. It was the first time in memory that the City leaders took time off to get to know each other and work together as a team for the benefit of the City. This is only a start, but it is an important first step toward joint effort on City business matters.

4. The Mayor and the Mayoral Advisory Group have developed a "routine" of having monthly meetings between the Mayor and the relevant subcommittee chairmen to chart progress to date and plan ahead. This has enabled the Mayor to channel the Committee's work into higher priority areas. For example, on January 8, 2007, the Mayor asked the group to focus on eight services the City needs that might be provided by local businesses as a gift to the City. For example, he asked for assistance to the human relations department in developing job descriptions and an employee evaluation system. As a direct result of identifying this need, the president of the Center for eBusiness and Advanced IT (eBizITPA) offered to explore with the City funding support for these tasks should they be eligible activities under eBizITPA's programs.

Challenges faced by the Mayoral Advisory Group:

The "culture" of City Hall is way behind the times. In the service business today, the theme is serve the customer better, faster and cheaper. Some City employees simply don't think this way. Their "style" is "do it the way we always did it" and "don't rock the boat". As a result, improvements take place very slowly.

For example, throughout the EIP there is the recommendation that the various department heads "should develop, within the next three months, an implementation plan for the recommendations" related to his/her specific office. In every well-run business that paid for an extensive management study, that recommendation would be a "marching order". The CEO would immediately direct each department head to develop a plan for the improvement of his/her department, along the lines recommended by the "experts". It has been 15 months since the EIP was published, but not one department head has shared his or her plan with the Mayoral Advisory Group.

This "cultural" deficiency must be overcome because so many of the EIP's recommendations deal with "modernizing" the way the City does business. For example, the City should develop a culture of managed competition. This means that City employees should see themselves working in competition with outside suppliers of services, whether it is maintaining payroll records or patching potholes. If they knew they would be out of a job if someone else did it better, faster or cheaper, they would try to improve their performance.

The next step:

The subcommittees are functioning and are making contribution to the City's welfare; therefore they should be continued. Some members have "moved on" to other interests, and where appropriate, the chairmen should appoint new members to the subcommittee. Many others are still in place and studying specific issues. Therefore we should continue to support the work of the Mayoral Advisory Group and continue to urge the City to implement every practical recommendation in the EIP.

COMMENTARY OF MARK KWITOWSKI, CITY OF ERIE EIP PROGRAM MANAGER

As one reviews this interim report, it is important to note that there are three items mentioned in the report that need additional clarification regarding the City's position:

1. *Sale of City properties:* The sale of various City properties for the purpose of development has been studied on numerous occasions and has always been met with stiff resistance. Erie Golf Course, McClelland Park, and more recently Ravine Park, are just a few that come to mind. We have no doubt that the citizens of the Glenwood and Bayview Park areas would resist as well. The people are very protective of their green spaces and feel that they enhance the quality of life in a neighborhood. Although it may be necessary at some point, we prefer to concentrate our efforts on the development of existing City lots and preserve our existing green spaces for future generations.
2. *The "culture" of City Hall is way behind the times:* As in any organization, the task at hand is accomplished using the assets available. In an organization such as the City, where a tight capital budget prevents the acquisition of technology but manpower is sufficient, the organization will adapt to the situation and adopt a manual solution. This has been changing, due to a significant reduction in personnel, and City government is adapting as new technology is acquired and put into service. It should be noted that this was not a problem in City departments that had sufficient funding, such as the Erie Wastewater Treatment Plant, which is among the most technologically advanced in the nation.
3. *Development of plans within three months:* The Mayor, knowing that many of his new managers were coming from the private sector and outside of City Government, chose a different route. He selected the priorities and directed his managers to carry them out. This was a conscious decision to allow them time to adjust to their new surroundings.

SUBCOMMITTEE REPORTS

ADMINISTRATIVE DEPARTMENT OPERATIONS SUBCOMMITTEE

Purpose:

The purpose of this subcommittee was to determine how best to implement the Early Intervention Plan (EIP) in all City offices, departments, and bureaus, aside from those covered by other subcommittees.

Approach:

After studying the EIP, the Subcommittee met several times in September and October 2006 to discuss which issues ought to be addressed first. Initially, the Chair requested that each member provide a short list of three initiatives that seemed most important or that would likely have the greatest effect.

At the first meeting, the following issues were deemed most critical:

- **Payroll** – automate the payroll system; centralize departments to unify payroll system; train payroll system administrators and users on most efficient use of the system; and improve the data submission process.
- **Finance/Accounting** – determine the actual state of the City's budget; perform independent audits; develop a system adherent to Generally Accepted Principles; investigate unbudgeted item spending and limiting the practice; and change the insurance selection to an open bidding process.
- **Human Resources** – monitor staffing and address job overlap; develop handbooks, policy manuals, and job descriptions; combine and cross-train finance jobs; prepare in advance for union contract arbitration; determine justification of full benefits for part-time employees; and expand e-government to improve customer service.
- **PILOTS Program** – form a public service foundation as a body to coordinate efforts of the local public and private sectors with non-profit organizations, academic institutions, and private citizens.

The Mayor reported that he had already envisioned the development of such a foundation on the Pittsburgh model and that this issue was already being addressed by another subcommittee.

The Chair or his representative met regularly with the full Mayoral Advisory Group and the Mayor over the next year. The report from this subcommittee at each meeting focused on the three primary initiatives ultimately selected and continually requested the Mayor's support in moving them forward.

Initiatives:

After a number of meetings with City officials, including the Chief Information Officer (CIO), the Human Resources Director (HR), the Controller, and the Mayor himself, to determine the actual state of affairs within the City Government, the full subcommittee decided on three specific areas on which it would encourage the Mayor to focus primary attention:

- Appointing an Implementation Manager to oversee and coordinate EIP activities
- Assisting the Human Resources Director in performing a job analysis
- Developing a plan to upgrade and integrate the City's information technology (IT) and communications system

Results:

Implementation Manager Assessment

The subcommittee had recommended the Mayor appoint someone from outside City government with relevant experience to oversee the process of implementing the Mayoral Advisory Group's recommendations. The mayor appointed a City official to this position. This Implementation Manager has provided effective coordination of the EIP implementation function.

Background

In October 2006, this subcommittee recommended that an implementation manager be appointed to oversee and direct proposed changes in order to relieve the burden on the Mayor. It also reported that there is State funding available for such a position. The subcommittee further suggested that the individual chosen for the post be from outside City Government, perhaps a retired member of the community with relevant skills.

The Mayor expressed interested in this proposal, but preferred that the individual be an appointment from within City government in order to shorten the learning curve and smooth transitions. The Mayor eventually appointed Mark Kwitowski, Deputy Bureau Chief of the Sewer Department, to the position of Implementation Manager.

Mr. Kwitowski has met regularly with full Mayoral Advisory Group, and has provided reports to it and to the City Council on EIP implementation progress (May, September).

Human Resources Job Analysis Assessment:

The initial assessment conducted in concert with the Early Intervention Plan (EIP) was that accurate job descriptions for City employees were needed. The subcommittee looked for a way to perform a job analysis that would result in a determination of the actual functional responsibility of each position to ensure that new and internal applicants meet minimum qualification requirements.

Despite discussions with a number of City officials, subcommittee members, and Gannon representatives, this issue remains unresolved and the level of effort by various actors unclear.

Background

The subcommittee recommended that one of the local colleges provide this service free of charge for the City. It further recommended that Gannon University be approached to provide a qualified student from the business school and someone with relevant Human Resources experience as an advisor.

In February 2007, the Chair of the Mayoral Advisory Group connected the City HR Director and the dean of the Gannon University Dahlkemper School of Business, to begin planning the project.

On March 30, 2007, the HR director sent a memo to the Mayor reporting from her meeting with the dean of Gannon's school of business that the project would cost \$7,500 for:

- o Compensation of the selected student for not taking another paid internship
- o Supplies
- o Faculty advisory fee

At the June 6, Mayoral Advisory Group meeting the Mayor and another subcommittee chair on the Gannon Board of Trustees agreed to approach the president of Gannon University about making these resources a gift-in-kind to the City. The results of this effort were not reported to the subcommittee.

At the August 15, 2007 Mayoral Advisory Group meeting, the Mayor informed the subcommittee that he was pursuing avenues for State funding of the project.

On October 2, 2007 at an Erie Regional Chamber and Growth Partnership Board meeting, the group was informed that the Mayor's new assistant is beginning to "move forward" on this issue, but no specific details have been provided.

At the same meeting, the president of the Center for eBusiness and Advanced IT (eBizITPA) offered to explore with the City funding support for the job analysis project on the condition that the results of the project be made available on the City's website. Due diligence is underway to determine if this project, as currently structured, is eligible under eBizITPA's programs.

Information Technology Assessment

This initiative attempted to address the City's pressing information technology (IT) needs. These include automation, centralization, and integration of the payroll system; electronic document management; infrastructure improvement investment; e-Government services, and Enterprise Resource Planning (ERP), for a comprehensive upgrade to the City's ability to perform required functions.

In April 2007, the Subcommittee presented a three-to-five-year initiative to address all five improvement phases. In August 2007, the Mayor approved the purchase of an upgrade to the existing payroll system, without announcing or approving further plans for improvements.

It appears unlikely that additional progress will be made on the IT initiative within the term of the current Administration.

Background

In April 2007, the subcommittee presented its plan for IT system integration to the Mayor and the City's Chief Information Officer (CIO). The Mayor expressed appreciation for the time and effort that had gone into the presentation by the subcommittee members and the CIO and expressed interest in the plan itself. He further agreed to consider bringing an abbreviated version of the presentation before the City Council. *(Detailed information on this plan is presented at the end of this section of the report.)*

Although IT infrastructure improvements are very important to the City in many ways, it was agreed by all present that there are many processes within the City Government that are not at optimum operation and until these process problems are addressed at all levels, automation will only serve to further institutionalize many of them.

The subcommittee then suggested that many City processes be charted to determine where problems lie and also to outsource many, including payroll and ERP because it was such a large job beyond local capabilities. It also offered to identify specific companies devoted to such implementation for municipalities, in order to facilitate process improvements that will outlive individual administrations.

In August 2007, the Mayor and City Council approved the purchase of an \$8,000 service upgrade to the current Pentamation accounting system, including staff training. This solution is likely to improve some aspects of payroll automation and integration, but does not address even the most basic elements of Phase 1 of the five-year plan (*see below*). These include errors and inefficiencies in the current timekeeping and reporting system (i.e. manual data entry and re-entry, lack of statistical methodology to calculate future costs and manpower needs including overtime use).

It also does not ameliorate pressing HR or Finance issues, or the infrastructure solution in Phase 3 that was to be a long-term investment in a scalable solution intended to last 10-15 years and enhance the City's overall financial health.

In brief, the five-phase plan was intended to provide the following benefits to the City over the next three-to-five years:

Phase 1: Time and Labor Management (TLM) - Control of overtime, increased staff efficiency

This first phase alone is estimated to save the City \$400,000 annually

Phase 2: Laserfiche Document Management – Manages paper and electronic documents, reduces record storage and filing costs, integrates with key line of business applications, preserves municipal knowledge for the future, and provides instant access to public records

Phase 3: Municipal Long Haul Ethernet Network (Fiber Connectivity) – The City-wide Enterprise Resource Planning (ERP) System provides needed information to decision-makers, employees, and citizens. It replaces separate databases with a single, integrated system, providing accuracy and reliability with reduced manpower spent on re-keying information.

Phase 4: e-Government Website – Citizens need an interactive Website from which they can do business with the City, including accessing building permits, Parks and Recreation Department, a fine payment system, and bid lists with online registration and bid submission capability.

Phase 5: Enterprise Resource Planning System (ERP)

Financial Management – Implementation of an efficient ERP system would address deficiencies in accounts payable, bid management, budgeting, contract management, fixed

asset management, general ledger, inventory, performance-based budgeting, project and grant accounting, purchase orders, requisitions, treasury management, work orders, and fleet and facilities management.

Human Resources – This system would improve HR management through applicant and pension tracking.

Revenue Systems – This system would increase efficiency in processing accounts receivable, animal and business licenses, cash collection stations, general billing, parking tickets, permits and code enforcement, slip reservations, and utility billing.

Comments of City of Erie EIP Program Manager regarding Administrative Department Operations Subcommittee Report:

Although the City believes the MAG's Recommendations for Implementation of Technology provide an excellent approach, there were no cost estimates or funding sources identified for the various phases. This is a serious problem considering the City's financial situation. As our available funds allow, we are implementing portions of the plan, such as connection to the fiber-loop (Phase 3).

Also, it is our opinion that the \$400,000 in potential savings that the EIP Plan suggests (as mentioned in Phase 1) is highly inflated. For instance, the EIP Plan refers to the 2002 study by an outside consultant that three of the twenty-three departmental clerks involved in payroll could be eliminated. Since 2002, we have reduced our clerical staff by approximately forty-nine positions, and other personnel have absorbed their duties. Therefore, a further reduction of departmental clerks is doubtful.

The predicted overtime reduction savings appear to be unrealistic as well. The overwhelming majority of overtime in City service is the result of contractual minimum-manning requirements for Police, Fire and Wastewater Treatment. Beyond snowplowing and sewer back-ups, overtime is negligible. It is more likely that additional overtime savings would be attributable to the collective bargaining process.

CAPITAL IMPROVEMENTS PRIORITIZATION & FINANCING SUBCOMMITTEE

Overview of Charge:

Identify what capital improvements should be made, in which order, and how to finance them.

Work to Date:

The Mayor asked each City of Erie Department to develop a five (5) year Capital Improvement Plan (2007-2011). That information was then compiled by the City's Director of Public Works, Property and Parks, and then presented to the Capital Improvements Subcommittee.

The subcommittee reviewed the five year Capital Improvement Plan (2007 – 2011) that was proposed by the City of Erie. The plan was divided into seven major Bureau categories:

- Bureau of Engineering
- Bureau of Sewers
- Bureau of Streets
- Bureau of Public Maintenance
- Bureau of Municipal Garage
- Bureau of Refuse and Recycling
- Bureau of Parks and Recreation

The Bureau proposals were assigned to various subcommittee members who were to review and meet with appropriate representatives of the City of Erie. They were to develop a better understanding of the five year plan and understand the prioritizing of the proposed projects:

- Mandatory (compliance with laws and codes),
- Condition (how was the condition or assessment determined),
- Improvement (what value does the project bring to the city), and
- Financial return or payback.

Additionally, they were to identify where funding for the project was to come from, identify where labor resources (internal or external) were to come from, and review the project award process (bidding, quality control, etc.)

Bureau of Municipal Garage:

On August 21, 2007, an outside representative designated by the subcommittee visited the City of Erie Municipal Garage and met with the bureau chief, who is responsible for the effective operation of the City's fleet. A City communication manager was also in attendance.

The bureau chief's over 25 years of experience is serving the City of Erie well. Some good business practices that are currently implemented in the Municipal Garage are as follows:

- **Fleet Management System**—tracks inventory and maintenance on vehicles.
- **Regular Preventative Maintenance Cycle**—all units are seen twice a year and maintenance is done according to mileage.
- **Fueling System, on-site**—end user must key in mileage and vehicle number to obtain fuel. Fuel consumption is tracked to vehicle and works with Fleet Management System to create preventative maintenance orders.

- **Purchase order contract for on-site fuel**—since fuel is a large expense, the Municipal Garage does take advantage of discounts with a fuel contract.
- **Parts Consignment Program**—the Municipal Garage is currently entering into a contract with NAPA to control the inventory of parts. NAPA will be responsible for stocking all parts, clearing shelves of any obsolete parts, and billing the Municipal Garage.

The City of Erie Municipal Garage operates under a limited budget; various personnel issues and political pressures create an even bigger challenge for the municipal garage. With limited capital dollars, the City of Erie Municipal Garage is functioning well. The subcommittee representative thinks the area for concentration is in the amount of money spent on vehicle repairs due to abuse and misuse. There appears to be a lack of ownership on the part of those using the vehicles to take care of the vehicles; using the fleet management system, tracking repairs from abuse or misuse could help lead to some policy changes; possibly charging those costs (including labor) back to the using departments. If nothing else, data could be compiled to get a complete picture of abuse and misuse expenditures that could lead to some positive changes in the future.

The viability of a T-Tech Machine (or similar machine) that flushes transmission systems—this type of machine reduced transmission failures by 50% in the Erie Municipal Garage. Also, the bureau chief schedules all the Preventative Maintenance of vehicles with the using departments as opposed to letting the mechanics communicate with the end users on maintenance scheduling.

Erie Sewer Collection and Treatment Plant

On April 23, 2007, two subcommittee members interviewed the Superintendent of the Erie Sewer Collection and Treatment Plant. By way of some background:

- The Erie Sewer Authority is the owner of the sewer plant and the City of Erie is the operator.
- The Sewer Authority has \$925,000 invested, of which about \$3,000.00 is committed to projects and has \$6,700,000 in uncommitted funds. (Note: based on further review by City officials, it was reported that these numbers are not accurate. According to Mark Kwitowski on 11-28-07, the following table accurately depicts the Erie Sewer Authority Funds Available as of October 31, 2007):

Total Available Project Money	\$8,600,013
Unexpended Committed Funds (inc. contingencies)	<u>2,045,510</u>
Uncommitted Funds available	\$6,554,503
50% of Contingency Amount - - \$596,529.47	<u>298,265</u>
Uncommitted Funds plus 50% of Contingency Amt.	\$6,852,768

Mr. Kwitowski further explained that the contingency amount refers to an engineering number to cover unanticipated project cost overruns.

- There is a distinction between those items that qualify as a capital improvement and those that fall into repair and replacement. All major items for capital expenditures are on a bid basis.

- The Sewer Authority reimburses the City Sewer Department for authorized capital expenses.
- The City Sewer Collection and Treatment plant employees are the operators of the plant. The moneys which customers pay for treatment comes to the treasury of the City's Bureau of Sewers. Average homeowners pay \$55.00 per quarter and all other facilities pay for their usage.
- Because the costs of operating are far less than the revenues, the Sewer Bureau assists the City in many ways. A portion of the City's engineering staff, legal, and others are paid by the Bureau. Additionally, there is an annual draw of about \$2,000,000 from Bureau funds toward the City's other budgetary needs.
- It could be questioned if all funds are invested at the greatest return available with extreme protection for quality and reliability of the institutions where investments are held.
- There has been in the past and is today a five year capital improvement plan in place. The superintendent and his staff have given careful consideration to the future needs. They are actually aware that the replacement of worn machinery, equipment and vehicles is an ongoing need. They are reasonably sure that their projections for three years are accurate, but contend that further years out are "best guesses" as cost increases and changes of treatment needs could effect their predictions.

The two subcommittee members concluded their visit with the impression that this is an area that needs little adjustment. What became evident is that if there were a \$2.00 per month increase for homeowners and a comparative increase for all others, a very large amount of moneys would be available. While some may deem this as an additional tax, it was pointed out that all who are normally tax exempt would also pay for their usage.

Bureau of Engineering and Bureau of Public Building Maintenance

On April 25, 2007, two subcommittee members met with the Director of the Bureau of Engineering and Bureau of Public Building Maintenance. The director has worked in the Bureau of Engineering for 12 years and has served as director since January 2006. He reports to the City's Director of Public Works. Again, by way of some background:

- Determining streets upgrading and paving needs, repair of bridges, traffic signal problems, and various sewer projects and public building improvements and maintenance are within the scope of this department's duties. This department provides the technical knowledge, determines specifications, conducts the bid procedures, and when awarded, inspects contracted work.
- When needed, capital improvement and maintenance projects are identified, and cost estimates are produced. While this group may prioritize and make recommendations, they have no control of the budgetary sources. Each year, the Director of Public Works presents those items to the Mayor for inclusion as budgetary requests. Final approvals and allocations take into consideration the financial state of the City of Erie.
- The estimated amount of projects through 2011 for the Bureau of Engineering is \$36,545,500, of which about \$5,000,000 is covered by grants for the curb projects. The Commonwealth of Pennsylvania's only mandated project is the curb ramping, which now

must be completed within ten years. Bridge improvements are a sample of where the Commonwealth is a major funding participant.

- It was pointed out that the emergency preemption (currently Rad-o-Light) of traffic lights and control of street lighting are on the wish list.
- To accomplish all desired tasks, this department would require additional professional engineering staff. As pointed out by this director and others, the City of Erie's financial condition is the big elephant in the closet. Until there is an easing of the financial constraints, capital projects that are preventive maintenance items will suffer.

Streets Department

On Wednesday, May 2, 2007, two subcommittee members interviewed the Bureau Chief of the Streets department. The chief began his employment with the City of Erie in 1970 and became bureau chief in 2000. He worked his way up through the ranks until he was named to his management position.

The street department's funding comes from two sources:

1. Liquid fuels for municipalities, which are received from the state's liquid fuel tax receipts from the gasoline tax. The allocation of these funds to the various municipalities each year is based on the ratios of mileage and population of the municipality to the state totals, and the revenues must be used on the roads and streets for which the municipalities are legally responsible. Fifty percent of the funds are distributed based on the municipality's proportion of local road mileage to the total local road mileage in the state, and 50% on the proportion of a municipality's population to the total population of the state. The City of Erie is getting \$1,935,795 from the liquid fuels in 2007. The budgeted 2007 liquid fuels expenditures are \$2,150,230. The \$200,000 shortage will come from a reserve fund, which has a balance of \$1,000,000. This reserve fund came from liquid fuels receipts in the past. Some key components of the liquid fuels budget are \$980,000 for street lighting/traffic signals and \$669,460 for road maintenance and operating supplies (including salt).
2. The balance of the department's funding comes from the City's General Fund. The 2007 budget for expenditures for the General Fund is \$3,587,117. The ability to pay these funds is contingent on the City of Erie's financial status. Over \$3.1 million of this budget is related to employee expenses such as regular wages, overtime, taxes, insurance etc. This is a very labor-intensive budget.

An area of concern is that the Streets department is responsible for the annual spring cleanup held in April every year. This program started twelve years ago and it is a way for city residents to get rid of one large item each week over a five-week period. This costs the street department approximately \$450,000 each year. A possibility would be to charge the residents for this service and have someone else responsible for the work. The problem with cutting the program would be that people might dump their trash on other property. (Note: Upon further review by City of Erie officials, on 11/28/07 Mark Kwitowski clarified that the annual spring cleanup is the responsibility of the Bureau of Refuse and Recycling (not the Bureau of Streets) and that the cost of the program is between \$70,000 and \$80,000 per year.)

There could be some payroll savings if the time worked from the employees was monitored better for more efficiency. There appears to be issues relating to the teamsters' contract with respect to employees being required to work light duty when hurt. There isn't any light duty work in the department but the City is required to pay these employees. Also, there appears to be overtime issues with the contract. Per the contract, management needs to call the employees in sequential order and the employee has the right to refuse. The reason an employee might refuse is so they can get called on a Sunday or holiday, which would be double time instead of time and a half. This is basically during the snow season. There is an assumed half hour lunch on the job. The contract expired 12/31/06 with the Teamsters so this would probably be a good time to examine and make sure it is fair to both sides.

PAYMENTS AND SERVICES IN LIEU OF TAXES SUBCOMMITTEE

Overview of Charge:

The Payments and Services in Lieu of Taxes Subcommittee's charge was to consider how revenue and/or services might be obtained from owners of exempt property in the City (\$954 million or 27.5% of the assessed value of all property in the City, according to information provided to the subcommittee).

Work to Date:

The subcommittee's first task was to gather facts. The group learned the following:

1. Forty-seven percent (this and all percentages that follow refer to assessed value) of the exempt property is owned by governmental bodies, not nonprofits. Over one-third of the exempt property is owned by the three taxing units (City, County, School District) themselves.
2. Of the 53% owned by nonprofits, two-thirds is owned by six institutions: the Roman Catholic Diocese, Gannon, Hamot, LECOM, Mercyhurst College, and Saint Vincent. Twenty-three percent is subject to existing Payments in Lieu of Taxes (PILOT) agreements (20% by Hamot and Saint Vincent, whose current PILOT agreements are at 50% of assessed value, as compared to an estimated average of 33% for hospital PILOTS statewide).

The subcommittee determined that its charge had three components:

1. Considering whether currently exempt property is in fact legally exempt.
2. Formulating a strategy for obtaining payments in lieu of taxes from owners of exempt property.
3. Formulating a strategy for obtaining free or discounted services from owners of exempt property.

As to the first component, the group examined the various legal bases for the current exemptions. In most cases the governmentally-owned property is statutorily exempt without question. The analysis with respect to property owned by nonprofits is more nuanced; in general, though, present statutory and case law would support the current exemptions. The subcommittee learned that the three taxing bodies had already initiated a cooperative effort to examine exempt properties on a parcel-by-parcel basis. The School District, as the body with the most money at stake, had taken the lead. We encouraged the City to participate in this effort, and concluded this part of our work.

As to the second component, the subcommittee considered in depth the Pittsburgh model of creating a public service fund into which nonprofits would make voluntary contributions. Such a fund could be housed and administered by The Erie Community Foundation. Contributions could be designated for a particular purpose (public safety seemed to be the most acceptable purpose, on both sides). The Foundation had initially expressed considerable enthusiasm for such an effort, which had raised material sums in Pittsburgh.

The Mayor expressed a preference for striking deals with the major nonprofits on his own before such a fund were established (as matters developed, he was, to our knowledge,

successful in reaching agreements with LECOM, Mercyhurst, and Cathedral Prep). The Erie Community Foundation indicated that, for a variety of reasons, it did not wish to proceed with the fund if the major nonprofits were not to be included. (An Urban Institute study commissioned by The Foundation and its Nonprofit Partnership, completed while our work was underway, confirmed that the vast majority of smaller Erie nonprofits were indeed operating on (at best) a break-even basis.) Concurrently, criticism of the Pittsburgh model began to emerge there; it was pointed out that the contributions were short-term and disproportionate and did not facilitate a longer-term solution. When these findings were reported to the Mayor, he determined that proceeding with the fund would not be wise at this point, and the subcommittee stepped back from this portion of its task.

As to the third component, voluntary services, the subcommittee had originally concluded that no organized effort should be mounted until after the program to raise monetary contributions had concluded; otherwise, the monetary program could be negatively impacted. The Mayor prepared a memo dated 1/18/07 listing some of these services. It is our understanding that arrangements for provision of some of these services have already been made through other subcommittees. At the request of the subcommittee, The Nonprofit Partnership has indicated its willingness to assist with an effort to solicit other services if and when the Mayor believes it appropriate.

At this point, it was determined by the larger Mayoral Advisory Group that the work of the Payments and Services in Lieu of Taxes Subcommittee should be put on hold. More recently, it has been suggested by the Chair of the Mayoral Advisory Group that we recommend a policy for the approach to nonprofits for monetary contributions.

Next Steps:

With respect to next steps, two avenues appear to be most promising. The first, suggested early on by the Mayor, is a longer-term effort to institute a municipal services fee that would operate outside of the restrictions on ad valorem taxation. Ideally such a fee could be in place when current pledge commitments or PILOT agreements expire. Such a fee would likely require statewide legislation, which would be most effectively pursued in concert with other cities and municipalities. It is our understanding that the Mayor has already discussed this possibility with other advisors.

The second avenue is suggested by the results of our research into methodologies used in other parts of the country, particularly New England. In some municipalities a standard percentage of a hypothetical tax bill is determined (e.g., the portion of tax collections directed to public safety) and requests are made to nonprofits to contribute that amount voluntarily. In Erie, a starting point could be the 15% figure suggested by the Early Intervention Strategic Plan, which would double the 7% currently received through existing arrangements. (Care would obviously need to be taken not to disturb the current agreements with some significant nonprofits who are contributing far in excess of that percentage.) If successful, this effort could yield \$700,000 annually, according to information provided to the subcommittee. The Mayor could, as he had originally suggested, call a summit of nonprofits to promote such an effort.

POLICE AND FIRE SUBCOMMITTEE

Overview of Charge:

The Police and Fire Subcommittee's charge was to review the Early Intervention Plan report and make recommendations regarding implementation of cost-related improvements regarding the police and fire departments.

In light of current contract negotiations between the City of Erie and its fire union, the activity of the police and fire subcommittee is not included in this report.

REVENUE ENHANCEMENT SUBCOMMITTEE

Overview of Charge:

The Revenue Enhancement Subcommittee's charge is to identify ways the City of Erie can increase revenues from fees for service and the sale of non-essential assets. As part of its work, the subcommittee is also considering state legislative changes that could bring additional revenues to the City.

Work to Date:

The subcommittee is exploring a number of different options to enhance the City's revenue stream. The research is all in process; the subcommittee has not yet presented formal recommendations to the Mayor and his administration.

Challenges:

The subcommittee's main challenge has been obtaining the information from the City necessary to undertake its work. This is partly because the City does not maintain internal information in a way that is easily accessible or useful externally. As a result, the subcommittee's work has progressed much slower than originally anticipated.

Areas of Exploration:

When the Revenue Enhancement Subcommittee began its work, the group focused its exploratory efforts on the following:

- Golf courses
- Liquid Fuels taxes
- Real Estate asset usage
- Refuse collection
- Sewer
- Gaming Revenue – allocation and process
- Sales Tax increase
- Personal Property Tax on Motor Vehicles
- Business Payroll Tax

After several months of due diligence, and with additional direction from the Mayor, two of the aforementioned topics (refuse collection and business payroll tax) were removed from consideration, and the subcommittee refined its focus to opportunities within the following five general areas:

- PA legislative issues with the strongest likelihood to succeed
- Regional asset solutions
- Real estate utilization
- Erie International Airport
- Water and sewer

The following paragraphs summarize the subcommittee's activity in each of those areas.

PA Legislative Issues

The subcommittee has researched and debated a number of legislative opportunities that could produce additional revenue for the City. These include:

- A county-wide increase (up to 1%) in the sales tax that would result in direct property tax reduction and support regional assets
- Personal property tax on motor vehicles
- Change in the Liquid Fuels Tax proceeds distribution method

Although much research has been done and additional debate will take place at the subcommittee level, the group is hesitant to broaden the patchwork of taxes in Erie City/County. Toward that end, the subcommittee is not currently recommending that these tax-related opportunities be advanced by the City (all require County-wide or State-wide participation anyway), but rather that our state legislators be made aware of the opportunities and how they are put to use in other parts of our country.

Regional Asset Solutions

In June 2007, the Erie Regional Chamber and Growth Partnership and the Regional Assets Task Force put forth a unified voice for the use of Erie County gaming revenues in support of regional assets. Using gaming revenues to subsidize regional assets could relieve the City of a substantial financial burden, enabling City dollars to be directed in other ways. Subsequently, in September 2007, the Erie County Gaming Committee, a group chaired by County Councilman Joseph Giles, released its final report to Erie County government and recommended the use of gaming funds to support regional assets. The final decision now rests with Erie County Council and the County Executive.

On a slightly different note, the Revenue Enhancement Subcommittee considered whether the City should seek gaming funds in lieu of property taxes for regional asset properties. This idea has not yet been fully vetted by the subcommittee or with the Mayor. Several of the subcommittee members are active in the Regional Asset Task Force who has strongly supported inclusion of the City housed regional assets in gaming funding.

Real Estate Utilization

This effort has involved evaluating all City-owned properties (225 parcels) to determine their highest and best use. The goal is to return to the tax rolls property that can bring revenue into the City. This work is currently underway. The City of Erie Redevelopment Authority is being included in the discussion. Numerous City properties are being evaluated; just recently, the Erie County Planning office has provided the subcommittee with a City mapping of all sites.

One important part of this discussion involves the three City-owned golf courses: Erie, JC Martin, and Downing. Both JC Martin and Downing continue to operate, but the City closed Erie Golf Course.

Recently the Erie Golf Course became an important component in the agreement reached between the City of Erie, County of Erie, Erie Municipal Airport Authority and Millcreek Township for the funding of the Erie International Airport runway extension project, so the subcommittee has no plans to make further recommendations for that course. The subcommittee will now

consider whether there are any revenue enhancement opportunities with the remaining two courses.

Erie International Airport

As aforementioned, the City of Erie, County of Erie, Erie Municipal Airport Authority and Millcreek Township recently reached an agreement relating to the funding of Erie International Airport's runway extension project and the governance structure of the Erie Municipal Airport Authority. At issue was the cost of the project, which could require over \$23MM from Erie County government to complete, along with the governance structure of the Erie Municipal Airport Authority board of directors, which is the airport's governing body. The current appointment structure of the board is five appointments, all being made by the City of Erie. The new agreement is for five appointments to be made by the City and four to be made by the County.

As an agreement between the necessary parties has been successfully reached, the subcommittee does not at this time anticipate making additional recommendations relative to Erie International Airport. The subcommittee will, however, remain abreast of the project and the Erie Municipal Airport Authority's activity to determine if future recommendations are warranted.

Water and Sewer

The subcommittee is currently exploring revenue opportunities that could materialize through changes in the City's water and sewer operations.

Currently water is provided to City residents (and others) through the Erie City Water Works, which is an operating authority. The City owns the water infrastructure and leases it to the authority to operate. This authority also provides water to a number of surrounding municipalities.

Sewer services, however, are delivered through the City's Bureau of Sewers as a departmental operation.

The Revenue Enhancement Subcommittee is now looking at the delivery of both water and sewer within the City and externally to determine if there are enhanced revenue opportunities. Toward that end, the most immediate next step is to invite Joseph Hohman of Resource Development & Management (RDM) to brief the subcommittee on opportunities that were previously identified in a 2002 RDM report relating to regionalization of water service in Erie County. Following that presentation, the subcommittee will consider its recommendations in the areas of water and sewer. The subcommittee views this opportunity to represent the best option to raise immediate cash, invest available liquidity, and create a dynamic annual flow of cash, all of which might be directed to support the City's current and future debt service, rating, and cash flow demands while establishing an "everyone wins" regionalism solution to a growing issue among suburban communities.

APPENDIX

EIP STRATEGIC INITIATIVE 1

IMPROVE THE REVENUE STREAM

Recommendation

Status

Emergency Municipal Service Tax \$52/year (potential impact \$800K)	Tax at allowable max of \$52 since 2006
Amusement Tax 5% on admission to entertainment venues	3% tax on tickets \$5+ (May 06) → 3% on all tickets (2007); not at 5% (As of 10/07 has generated \$165,100)
Increase Earned Income Tax Levy for Distressed Pensions (potential impact \$600K)	Tax at allowable max of 0.18%
Increase Real Estate Millage by one mill (potential impact \$2.3MM)	+0.5 mill (2006) → + 1.24 mill (2007) (now at 11.45 mills)
Increase mech. dev. fee from \$75 to \$200	Recommendation not implemented
Ensure City reimbursement for services to cover costs; develop accounting system addressing all costs of activity	Central Service Fee in place; 19 reimbursement line items
Identify various options to increase Payments in Lieu of Taxes (potential impact \$700K)	2007 → expect \$930,000; up from \$596,000 in 2006; Discussions ongoing with City-based nonprofits

EIP STRATEGIC INITIATIVE 1

IMPROVE THE REVENUE STREAM

Recommendation

Status

<p>Investigate development of rental property inspection program (potential impact \$180K)</p>	<p>City ordinance of 2006 requires registration and inspection of all rental units. Fee is \$40/unit/year. Program designed to be revenue neutral.</p>
<p>City should establish internal group to identify opps and discuss development of “Market Based Revenue” policy</p>	<p>Limited potential for City; opportunities under consideration internally</p>
<p>Golf operations must be closely examined to determine future direction</p>	<p>Underway – options under exploration by Mayoral Advisory Group (MAG) Revenue Enhancement Committee and internally</p>
<p>City should adopt policy that non-recurring revenues should be used for either capital expenditures or for non-recurring expenditures and not for general operation expenditures of a recurring nature</p>	<p>Goal, not yet policy; present financial constraints make full adoption as policy difficult</p>

EIP STRATEGIC INITIATIVE 1

IMPROVE THE REVENUE STREAM

Recommendation

Status

Re: City's sewer system, explore structural alternatives that could annually generate a return on investment	Underway –options being explored by MAG Revenue Enhancement Committee and internally
City should initiate discussion with county and state officials re: sharing of gaming revenue	City supported regional assets funding; other opportunities discussed?

EIP STRATEGIC INITIATIVE 2

CONTROL PUBLIC SAFETY COSTS - Fire

Recommendation

Status

<p>Convert from four platoon to three platoon system, changing work schedule of 24 on/72 off to 24 on/48 off (projected impact: \$1.77MM annually)</p>	<p>Under consideration through contract negotiations</p>
<p>Deputy chief's aide should be used when needed to fill openings that would otherwise result in off-duty overtime callout</p>	<p>Under consideration through contract negotiations</p>
<p>Electrical division should be moved to public works cost center</p>	<p>Under consideration through contract negotiations</p>
<p>Fire chief should develop implementation plan for all fire-related recommendations not requiring collective bargaining agreement</p>	<p>Ongoing; awaiting collective bargaining agreement</p>

EIP STRATEGIC INITIATIVE 2

CONTROL PUBLIC SAFETY COSTS – Police and Fire

Recommendation

Status

City should consolidate police and fire dispatch services	Decision to consolidate overturned by arbitrator
City should transfer all dispatch functions to County	Discussions ongoing with County; also under consideration through contract negotiations
City should explore opportunities to provide police and fire services to other Erie County municipalities	Under consideration by MAG Police and Fire Operations committee and internally; Millcreek Twp. approached re: fire service; also part of COG work

EIP STRATEGIC INITIATIVE 2

CONTROL PUBLIC SAFETY COSTS – Police

<u>Recommendation</u>	<u>Status</u>
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Reduce number of rank officers	Under consideration for collective bargaining
Do not re-fill vacancies in rank	Being done on case by case basis
Turn over traffic court operation to County	Complete (2006)
Extend screening process re: officers' attendance at criminal court → reduce # of officers attending hearings	Complete
Negotiate arrangement with district attorney for confiscated property proceeds	No changes made; City satisfied with current relationship
Eliminate sergeant and detective from property control and evidence function; reorganize identification unit (potential impact \$152-\$225K annually)	Under consideration for collective bargaining
Determine where civilians can replace officers for cost savings	Further study needed
Transfer school guards cost to school district	Increased from \$85K in 2006 to \$105,800 in 2007; total budget 2007 \$165K

EIP STRATEGIC INITIATIVE 3

DEVELOP CULTURE OF MANAGED COMPETITION

<u>Recommendation</u>	<u>Status</u>
Adopt managed competition model → employees compete with private contractors for City's business	Used sporadically, but long term goal; concentrating on outsourcing where it makes sense
Identify contract management team to identify, administer and monitor managed competition opportunities	Long term goal; not yet accomplished
Consider managed competition use to provide services and reduce personnel expenditures	Used sporadically; other opportunities under evaluation
Centralize and automate City payroll system	Under evaluation
Outsource earned income tax collection	Complete
Outsource collection of delinquent property taxes	Delinquent property tax claims sold to outside company for approximately \$2.5MM
Continue to outsource plan reviews and inspections for UCC → require % of fees to be paid back to City	Complete

EIP STRATEGIC INITIATIVE 4

IMPROVE MANAGEMENT TO CONTROL OPERATING COSTS

Recommendation

Status

Redesign approach to collective bargaining process	City is most prepared as its ever been for contract negotiations
Adopt “Operating Budget Policies and Fiscal Performance Goals	Ongoing
Fully implement National Advisory Council on State and Local Budgeting guidelines	Ongoing
Convene monthly meeting of department heads to review budget progress and identify fiscal issues for coordination	Complete and ongoing
Increase employee contributions for healthcare premiums	Non-bargaining personnel complete; AFSCME complete; Teamsters, Police and Firefighters under consideration through contract negotiations
Consider redesign of healthcare plan	Not complete; all options being explored

EIP STRATEGIC INITIATIVE 4

IMPROVE MANAGEMENT TO CONTROL OPERATING COSTS

Recommendation

Status

Redirect controller’s office toward program audits and cut back on pre-audit function	Not complete; in conflict with City ordinances and possibly Third Class City Code
Various department heads should develop implementation plans for EIP recommendations not requiring collective bargaining agreements	Ongoing
Develop plan for implementing purchasing recommendations in EIP report	Under exploration by MAG Administrative Department Operations
Replace time/attendance/pay reporting system	Under exploration by MAG Administrative Department Operations
Adopt e-governance and technology enhancements in EIP report	Under exploration by MAG Administrative Department Operations; also under COG purview

EIP STRATEGIC INITIATIVE 5

IMPROVE MANAGEMENT OF WORKFORCE

Recommendation

Status

Control personnel costs by managing size of workforce, limiting raises and reducing benefit costs	Ongoing and under consideration through collective bargaining efforts
Labor agreements should reflect cost reduction measures	Under consideration through contract negotiations
Ensure necessary technology training to make effective use of information systems	Review underway by MAG and internally; training on Pentamation upgrades underway
Clearly articulate policies, procedures and job performance standards; maintain and update as needed	Assistant to Mayor has formed a policy review committee to update all policies not covered by collective bargaining agreements; committee has met weekly since 9/07. Also, in conjunction with MAG and Gannon, HR manager is exploring development of updated job descriptions and an employee handbook. Performance evaluation system is being developed as time allows.

EIP STRATEGIC INITIATIVE 6

IMPROVE COMMUNITY AND ECONOMIC DEVELOPMENT THROUGH INFRASTRUCTURE PLANNING & FINANCING

<u>Recommendation</u>	<u>Status</u>
Develop multi-year capital budget and economic development plan; ensure full funding of budget	Underway through MAG Capital Improvement Prioritization and Financing Committee and internally
Take lead in developing MOU between economic development organizations serving City	Erie’s economic development structure is regional in nature (Lead Economic Development Team)
Create forum to focus on City’s economic development needs	In place through county-wide Lead Economic Development Team
Develop plan to implement all EIP economic development recommendations	Ongoing
Investigate feasibility of Regional Code Enforcement Program offering code enforcement and building inspection services for fee	Not yet complete
Investigate DCED grant for code enforcement activities	Not yet complete

EIP STRATEGIC INITIATIVE 6

IMPROVE COMMUNITY AND ECONOMIC DEVELOPMENT THROUGH INFRASTRUCTURE PLANNING & FINANCING

Recommendation

Status

Partner with County or Northwest Commission for use of GIS system to improve code enforcement and planning	Underway
Examine TIF and LERTA to determine effect on new investment; restrict use of these when a direct effect on investment cannot be established	New LERTA structure under consideration; TIF use being considered for first time for Koehler project

EIP STRATEGIC INITIATIVE 7

DEVELOP AND STRENGTHEN PUBLIC/PRIVATE PARTNERSHIPS

<u>Recommendation</u>	<u>Status</u>
Designate city official as “Intergovernmental/Partnership Coordinator	Not implemented; Mayor designated Early Intervention Program Manager to serve in this capacity in interim
Adopt annual intergovernmental plan	Not complete; however, City participates in COG which is coordinating intergovernmental planning
Develop partnership with Erie County and Millcreek Township for joint bidding and purchasing; also pursue task force to identify joint service areas	Not complete; opportunities for service sharing, joint purchasing, etc. under exploration through COG
Form partnerships with Erie County and other municipalities for improved police, fire, emergency services, parks and rec, economic development, and land use planning	Not complete; under exploration through COG
Work with Erie County to improve equity and accuracy of property assessments to current market values	Not complete

EIP STRATEGIC INITIATIVE 8

SUPPORT STATE LEGISLATIVE CHANGE

Recommendation

Status

For legislation that would create uniformity of assessments, require constant updating of property values, and standard of fair market value	Under exploration through MAG Revenue Enhancement Committee
Legislation to amend Act 111 controlling collective bargaining for police and fire to better reflect economic capacity of governmental units to pay for awards	Explored by MAG Police and Fire Operations Committee
Legislation to support tax base sharing and regional asset districts	Under exploration through MAG Revenue Enhancement Committee
Legislation to provide alternative revenues for communities that have large percentage of tax-exempt properties	Under exploration through MAG Revenue Enhancement Committee