

Outline of Task Force Report

Executive Summary: (1 p)

- Mission
- Process
- Finding of serious structural budget deficit
- Summary of major recommendations
- Offer to re-convene in X months.

Report: (14-6 pp, plus attachments)

A. Introduction (2-3 pp)

1. Mission
2. Task Force Membership
3. Process (# meetings; charter; presentations; subcommittee on benchmarking; homework; ballot; review and prioritization of recommendations)

B. Summary Review of Key Information Provided to Task Force (3 pp plus attachments/diagrams)

1. General fund:
 - a. Expenditures (initial survey: everything rated as of average or greater value).
 - b. General fund revenues
2. Projected deficits in General Fund over next 2 biennia: size, sources.
 - a. Projected gap b/t growth in revenue and expenditures
3. Key challenges:
 - a. Growth rates in salary, benefits, health care for General Fund (GF) employees exceeds inflation and exceeds rate in growth of GF revenues.
 1. Salary growth rates higher for represented employees (majority of employees) than for non-represented employees.
 - b. City is currently utilizing all state taxing authorities available; remaining options almost all require voter approval. other than closing loopholes, there are limited opportunities to increase revenue;
 - c. As a result of the drop in property values occasioned by the Great Recession, the City now exceeds statutory limits allowed for councilmanic debt (non-voted property tax bonds)
 - d. Reserves have depleted to balance budgets in recent years; maintenance on existing assets has been deferred.
 - e. Debt service burden has grown quickly in recent years and cannot be reduced (no prepayment of debt)
 - f. Challenges on the near-term horizon:
 1. EMS levy is maxed and this function is likely to require GF subsidy absent other solutions.
 2. Unless federal law changes, City will be subject to a hefty "Cadillac health care" penalty starting in 2015

C. Key Finding and the Road Ahead (2 pp.)

1. Finding: There is a structural deficit *[text previously reviewed and approved.]*
2. The City should strive to reach fiscal sustainability, sustain its fiscal integrity, and be mindful of the issue of competitiveness as it develops its budgets.
 - a. How the Task Force defines Fiscal Sustainability, Fiscal Integrity and Competitiveness. *[definitions previously reviewed and approved.]*
3. Benchmarking findings:
 - a. Benchmarking is an important tool to address the budget gap.
 - b. City is competitive in expenditure levels now—concern that this could change if cost drivers are not addressed.
 - c. Important to keep overall expenditure level and tax comparisons in mind when budgeting.
 - d. City seems to be significantly under-investing in its local street system as compared to peer cities.
 - e. Benchmarking indicates there are also opportunities to reduce policy, fire/EMS and library expenditures.

D. Recommendations (6-7 pp.)

1. General observations and policy recommendations *(presenting first consensus recommendations and then additional recommendations)*
2. Efficiencies and Expenditure Reductions *(presented by subject area, distinguishing consensus and additional recommendations)*
 - a. Controlling and Reducing Costs of Employee Salaries, Health Care and Pension Benefits
 - b. Find Efficiencies in Delivery of Fire and Police Services
 - c. The Search for Efficiencies Should Be a Continuing Priority
3. Revenue Adds *(presented by subject area, distinguishing consensus and additional recommendations)*
 - a. General revenue strategies
 - b. Sell non-essential, un-used and surplus assets
 - c. Get more from existing assets
 - d. Pursue opportunities to recoup intergovernmental and other funds
4. Ideas the Task Force Would Not Recommend

E. Conclusions (1 p.)

1. Challenge is great, but not unique. And it must be tackled.
2. There are many ways to make progress. This report outlines some. Greatest opportunities lie with finding efficiencies and getting control of growth of salaries and benefits.
3. Thank you for this opportunity to provide our ideas.
4. Request to reconvene in months to review progress to date, offer additional ideas.

Attachments:

1. List of Task Force Members, Alternates
2. Tabulated Ballot results as Reviewed, Amended by Vote of Task Force
3. Subcommittee Report on Benchmarking