

City of Tacoma Fiscal Sustainability Task Force
TASK FORCE MEMBER RESPONSES TO HOMEWORK on
IDEAS FOR EFFICIENCIES, CUTS, BEST PRACTICES and REVNUUE ADDS
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All responses received to date are incorporated in the table below; some have been moved to a different category for consistency; there has also been some editing of longer responses.

Part 1: SHORT TERM EFFICIENCIES, CUTS, BEST PRACTICES
General Comments/Observations/Suggestions
1. Use benchmarking information to prioritize
2. Establish a cost structure competitive with other cities/counties to facilitate future growth
3. Staff observations and recommendations would be helpful—Task Force can supply input on their ideas.
4. Look at zero based budgeting- each year a department would have to prepare their budget based on actual request by line items to justify expenditures.
5. There should be a careful examination (department by department and overall) of the City of Tacoma’s cost profile compared to profiles of similar size/aged cities (preferably in WA). Outliers for Tacoma compared to those other Cities’ performance are the first places to look for targeted improvement.
6. Cut early - NOW - cut deep. The depth will accumulate \$ much more quickly, freeing up resources unless things actually get worse -and if things get worse, you are well positioned to keep going while others have to pull the plug. The money you have saved will help you survive.
7. Stop counting on a reprieve and budget as though it was worst case scenario - if things improve there will be a great deal of new breathing room created by the cuts and new information to re-evaluate our priorities and build the next budget.
8. This is big and important work. It cannot all be taken on simultaneously, but early wins will create momentum, and the expectation that the Task Force will receive routine and detailed reports of progress at regular time intervals will provide some additional incentive to develop and then stick to a plan.
9. Set City policy so expense growth rate does not exceed revenue growth rate. All departments share in cuts necessary to stay within revenue growth.
10. To better understand if our costs to provide existing or proposed levels of service are appropriate we need more information. Not all steaks are created equal. If we are paying for filet mignon we shouldn't be getting a flank. Similarly maybe we can't afford filet mignon right now. Maybe Frisko Freeze is more our budget.
11. Normally I am against “balancing the budget on the backs of the employees; however, in this case salaries and benefits is nearly 70% of the budget and there is NO WAY to solve this issue without it.
12. Generally the report of <i>City Fiscal Conditions in 2012, Local Government Financial Condition</i> report, and the <i>State of the Cities: By the Numbers</i> sheet list many of the general considerations for the City of Tacoma. Some of those mentioned repeatedly are:

<ul style="list-style-type: none"> • Hiring freeze – provided overtime costs do not skyrocket • Wage freeze/reduction • Layoffs • Benefits package restructuring – particularly health care and pensions • Decrease in non-public safety spending – particularly human services/education <p>While the City has already implemented some of these in some fashion it is clear more work is needed to improve long-term sustainability of the City.</p>
13. Where are we with zero based budgeting?
14. More Private-public sector partnership that are designed well and implemented well, so working class benefits
Labor Costs
1. Furloughs for all departments if possible. It could be as little as 1-2 days per month. Every other month. Even TPD & TFD (I know this will be tough on these two departments).
2. Salary freeze and/or cuts on all non-represented employees. Re-open union contracts to negotiate similar savings.
3. Review all contractual obligations to current “represented” employees for potential reductions in salaries, benefits, etc. through negotiation of contracts.
4. Reduce the work week for City Hall employees to four days at 10 hours per day.
5. Look at possible positions to eliminate in management: consolidate departments/ functions.
6. Tight control of wages that do not exceed inflation.
Employee Benefits : Health Care
7. Next Biennium and beyond—review health plan benefits and align with market.
8. Cut the total expenditure of health care from 8.4% of the General fund down to 6.9%. This will be a \$6M difference in the general fund.
9. Contract health plan review-competitive bidding for business- reduced costs.
10. Health Insurance Reform: Set City Policy to have consistent health care across union/non-union groups with no Cadillac plans.
11. Reduction in health insurance costs. (\$70M+ savings).
12. Explore health care savings (HSA, high deductible, higher contribution rates) and implement same. Re-open union contracts to negotiate similar savings.
Employee Benefits: Pension
13. Get the best RFP available on the different retirement plans going forward. The city can’t keep paying 54% on contributions. Drop that by 5-10%.
14. Get a solid grip on your current and future pension obligations. Why are the exempt employees the only ones to “share” the expense load, and how can the City continue to deny the enormity of the unfunded future pension expense given “promises” made to past and current employees? Denial won’t solve the problem.

15. Revise Pension: Eliminate defined benefits for future employees and move all new employees (union/non-union) to a defined contribution program.
16. Reduction in retirement benefits. (\$6M+ savings)
Service/Asset Specific Suggestions
--Fire and Police Department--
17. Does the fire department by law have to deploy a fire engine for every emergency call even when the call is for a medical issue? If not can the fire department cut back on running its engines?
18. Complete comparable study (i.e., Spokane versus Tacoma) and set target for cost per capita for police and fire. Reduce police and fire budget through cost savings or head-count reductions.
19. For fire, do a quick study - where are the most fires. Triage services based on frequency and intensity and probability, distance and response time - and be ready to reduce service at 50% (or whatever) of the stations, and/or close some.
--Other Departments and Services--
20. Close the city offices - all of them - one day a week for a year - Furloughs for everyone except the police - while the rest of this is sorted.
21. Can the city divert some funds from surface water property taxes and use them for street repairs? The city is spending many millions on surface water "improvements" ...infiltration and remediation projects... is it a voluntary decision? If voluntary ...these funds should be diverted for road and actual infrastructure improvement. I believe the people of Tacoma would rather have their roads fixed then to have the city spend their money on wastewater projects which are not required by law
22. Eliminate/reduce non-essential services
23. Reduce planned level of contributions to deferred maintenance and to reserves.
24. Sell other non-essential assets (i.e., theaters) to pay down the debt.
25. Cut the City Attorney Personnel Services by 15%-20%
26. Assess resources being used in community and economic development – specifically housing division, local employment/apprenticeship Training and HUD. Is this a service that is already being provided by a non-profit in the city (i.e. Habitat for Humanity, Tacoma Rescue Mission, etc.)? If so –provide grants to these non-profits, instead of full-time employees w/ benefits. 27.9 employees in this division: Could reduce and create a position specifically to work with pre-existing organizations to beef up their services with the help of city grants.
27. Look more closely at enterprise funds – what can be eliminated or reduced?
28. More partnerships with cities near-by – University Place, Puyallup, Steilacoom, Lakewood, Federal Way
29. Adjust CEO salaries by providing incentives for doing so.

Part 2: SHORT TERM REVENUE ADDS
General Comments/Observations/Suggestions
1. May not be necessary after seeing benchmarking information
2. Staff observations and recommendations would be helpful. Then the Task Force can supply input.
3. Do not tax citizens to raise revenue.
4. There are limited revenue options available to the City without substantial legislative changes at the state or local level. Some of the more interesting ones spread the pain of additional costs as widely as possible without a specific group paying a substantial disproportionate share. Notably, none of them solve the entire problem on their own.
5. Include in future 2015-2016 biennial budget forecasts the projected revenue from the 2015 US Open @ Chambers Bay – which is projected (conservatively) to bring in \$150-200M of outside money, much of which will be spent in Tacoma (hotels, taxi, restaurants, etc.)
Service/Asset Specific Suggestions
--Asset Sales-- <i>(note: asset sales were sometimes proposed as savings, rather than revenue adds—reduction of ongoing O&M or ability to pay off debt.)</i>
1. Sell surplus real estate and other assets.
2. Sell off at least three - five properties that the city owns. That would be worth \$5M-\$10M total).
3. Review property city owns and determine if market is right to sell surplus land/buildings.
4. Selling assets – properties. Convention Center? Tacoma Dome? Cheney?
5. Sell off as much of Tacoma Rail that is possible.
6. Sell/lease non-used land
7. Sell convention center or lease it
8. Management contracts or sale of underperforming/ underutilized assets. Sale proceeds should not fund one-time expenses, like emergency deferred maintenance. Mountain Rail costs the general fund less than \$1M/biennium; Parking costs the general fund approximately \$2M/biennium; Public Assembly Facilities is projected have increasing losses exceeding \$5M/biennium. If any of these systems can be better managed under a private contract more efficiently it should be considered. Alternatively, sales of these assets could be considered.

--Other--
9. Naming rights to T Dome (\$2M - \$5M minimum per year). The T Dome is the most visible piece of property the city owns and has an unbelievable amount of cars going by each day.
10. Naming rights to Convention
11. Sell naming rights to City properties – e.g. Tacoma Dome; Convention Center (estimated revenue: \$500K-1M+/year)
12. Increase bookings at the Tacoma Dome by 20%.
13. Double the utilization at the Convention Center.
14. Bonding of one-time significant/emergency capital expenses. (\$40M over multiple years depending on tool) There would be a list of projects and a horizon for tax collection and project completion.
Enforcement of Existing Taxes, Regulations
15. Hire companies to aggressively go after companies who are not paying B & O tax.
16. Consultant to find B&O tax avoiding companies doing \$100,000+ in Tacoma.
17. Review and enforce business license requirements for businesses based outside of Tacoma, but doing work inside City limits.
Tax Revenue Ideas
--B & O Tax--
18. Have the city council raise the B & O tax by 1% (\$4.5M annually)
19. Increase B & O tax.
20. Implement B&O tax on all non-profit organizations, “private operated kindergartens” and “precious metal and monetized bullion sales”
21. Reduce B&O tax threshold for individual businesses to lower level (i.e. \$20k)
--Other Taxes –
22. If Tacoma passes the utility tax for road repairs, this will help. We need to make sure that Tacoma Power passes this tax along to the residents. If they eat the cost, we lose the possible added income.
23. Do a voluntary "property tax" -... give the calculation of a 1% increase in property taxes and ask people to donate that amount. Explain the property taxes cannot be increased - so no worries - and we have gone to a voluntary system to support XXXX and list those priorities. Allow people to designate from the list, where their dollars will go.
24. Admissions tax (\$0.5M/biennium). This was previously considered and narrowly rejected by Council. Reconsideration of this to make it more palatable should be considered.

25. Implement non-profit arts admission tax
26. Go to citizens and ask for increase in sales tax, GET tax and/or property tax levy lid lift.
Other Non-Tax Revenues, Grants
27. Keep asking for Federal grants for TPD and TFD.
28. Sell permits for monthly, yearly parking and allow parking in specific areas on downtown streets
29. Equity charge all vehicles that use the roads
30. Charge property owners with parking areas a road maintenance fee based on the number of parking spaces the property has.
31. Evaluate Permitting Fees (\$1-\$3M/biennium): These fees should be targeted to cover the bulk of the costs of permitting filling the gap currently covered by the general fund.
32. Increase in intergovernmental transfers
33. Increase in specific licenses/fees (\$1M+/biennium): There are any number of user fees the City charges that could increase. A \$10 increase in the business license fee for 2012 resulted in an additional about an extra \$500,000 per biennium.
34. Sell advertising space on City properties – e.g. Light Link Rail, Fire trucks, Police cars (Bail Bonds, DUI attorneys, etc.)
35. Increase fees/fines, including: false alarms (fire and burglary); parking/traffic violations
36. Charge Port of Tacoma service fee(s) for services rendered, including fire and police
37. Seek reimbursement for and future revenue sharing with South Sound 911 for budgeted expenses for police/fire dispatch services which should now covered by the county-wide sales tax increase (estimated revenue enhancement (for police dispatch service alone): up to approx. \$7.5M/year)
38. Collect on insurance claims (currently going unclaimed) for emergency services – e.g. hazardous clean up from vehicle collisions
39. Resolve revenue sharing dilemma with State over, among other things, 1183's excise tax – which should provide more revenue to local governments under the scheme to privatize the sale of alcohol

Part 3: LONG TERM EFFICIENCIES, CUTS, BEST PRACTICES
General Comments/Observations/Suggestions
1. There should be a careful examination (department by department and overall) of the City of Tacoma's cost profile compared to profiles of similar size/aged cities (preferably in WA). Outliers for Tacoma compared to those other Cities' performance are the first places to look for targeted improvement.
2. City workers deserve to be paid fairly, and I'm not advocating becoming a "union busting town") but the days of local public sector cushy job contracts are over. Salaries and benefits represent nearly 70% of the general fund budget. Therefore, like it or not, the focus of long-term expenditure cuts must be here.
3. Extensive research on best practices for sustainability
Labor Costs
4. Furlough days if still a necessity.
5. Link City union contracts to a regional, not national Consumer Price Index
6. Somehow there has to be a halt to the amount of overtime.
7. Change status of as many "represented" FTE positions in City staff as possible to "non-represented". Don't eliminate positions, just change status and corresponding obligations. I have no idea how to do this of course, but it's clear that the burden the City bears related to "represented" staff is too great.
8. Negotiate salary freeze, slower pay increases (ex., 2% instead of 2.9%), and/or reductions in health ins., retirement/pension benefits with unions (expect that this will take several years to implement due to length of current contracts).
9. Consider a policy to cap bargained increases at the rate of inflation. In addition, the City must recognize that if there is no money, outsized raises cannot be given even if exemplary performance might warrant it.
10. Conduct a new compensation study that compares total compensation packages rather than salaries alone. This may also include benefits not available to all comparables – training, ability to use fleet vehicle to commute, etc.
11. Set policy to pay median salaries rather than at the 60 th or 70 th percentile.
Employee Benefits: Health Care
12. Health care costs for employees clearly have to be adjusted. This is a no brainer.
13. Make city employees pay for more of their health care benefits- for self and spouse.

<p>14. A \$24-\$30M tax per biennium because of the richness of the health insurance package is unconscionable when the City considers its financial position. This must be corrected to realize the \$12-15M savings in 2018.¹</p>
<p>15. Healthcare cost decrease per employee – negotiation</p>
<p>Employee Benefits: Pension</p>
<p>16. Get a solid grip on your current and future pension obligations. Why are the exempt employees the only ones to “share” the expense load, and how can the City continue to deny the enormity of the unfunded future pension expense given “promises” made to past and current employees? Denial won’t solve the problem.</p>
<p>17. Freeze for current or eliminate Defined Benefit Plan for new employees</p>
<p>18. With plan benefits described as “superior,” there should be a discussion about how to better align these benefits. Under the TERS program the City contributes 11% of employee pay into the program. This is notably well above the average 2.5% contributed in private 401k plans. It also well above the most common match cap of 6% for those private companies making a matching contribution.</p>
<p>19. Determine a strategic course that will do away with abuses of pension payment structure within police and fire departments - and any others identified.</p>
<p>Outsourcing of Services</p>
<p>---Fire & EMS---</p>
<p>20. Privatize EMS/Paramedic services and have firefighters be simply firefighters. Bring back the private ambulance services for everyday services and leave the fire department out of this. An engine and ambulance is not always needed- it can be a big waste of funds when everyone goes to a heart attack or stroke case.</p>
<p>21. Explore a public private partnership that will move EMS services to private vendors and have a fire department that responds only to fire related calls. Drop responding to calls that "build community support and good will" - lock outs, cats in trees etc. as a strategy -</p>
<p>22. Develop a more creative ways to have staff on hand to respond to fire calls eg: require department to come up with three other ways to respond to fires with both equipment and personnel.</p>
<p>23. Expand, ASAP, the connectivity of downtown Tacoma- needed for medical and technology orientated fields. This is important to especially the downtown core but then needs to get into the neighborhoods, especially around the colleges. Tacoma is not the most wired city and it</p>

¹ For discussion, without knowing the City’s details...If the plan was reduced to a more typical high quality private sector employee cost of \$700/mo. fully subsidized by the City this would equate to a cost of \$8,400/mo. If the plan also subsidized family coverage at 50%, with employees paying 50%, that could run roughly \$350/mo. for a spouse and \$200/mo. for one child out of the City’s budget. If 40% of employees buy-in on average for one spouse & one child that’s and additional \$550/mo. for those employees, or an average of \$220/mo. when distributed across the full employee pool. This brings the total cost of the health insurance to \$10,040 per employee per year – or about 40% below current costs or a savings of about \$46M per biennium.

needs to get back there.
--Other--
24. Eliminate some collective bargained services for facilities such as the Tacoma Dome, which drives up the cost to set up for events and eliminates the events which will “pencil” for the Dome. Can the city retain ownership of the facility and then subcontract out the particular service?
25. Can the city eliminate services which could be provided at less expense through subcontractors? While of course police and fire could not be eliminated, what about maintenance of city properties? I doubt that anyone would dispute that a private lawn service company would mow and maintain city grass, mediums or plantings for cheaper than a full time city employee. This also eliminates administrative positions.
26. Consider functions that could cost-effectively be contracted to the private sector.
27. We have so many attorneys for the city but then it seems a lot needs to be contracted out. Look into this area.
28. Cost-benefits analysis of outsourcing IT
Service Savings/Reductions
29. The City should examine its supply spend. When was the last competitive bid for the top 100 (in \$ value) supply items? When was the last thorough examination of owned vs. out-sourced labor (like archival services, like printing, etc.)? When was the last “sacred cow” round-up? You’ll know those “cows” by the immediate statement of, “Oh no, it would be impossible for us to ever outsource that service.”
30. Reduce the eligibility of free/reduced lunch program participants.
31. Cut 10% from police and fire long term operating budget. The 10% would include savings from proposed changes to health and pension above.
Asset Sales
32. Long term sponsors for any City assets – Convention Center/Tacoma Dome/ Cheney State Farm Dome.
Other
33. Transfer the Tacoma Housing Authority to the Fair Housing Division
34. Police and fire need some form of on-going performance measure that includes financial performance. Current measures (24/7) only track operating performance and provide an incentive to spend to hit performance target. These measures must include financial performance information
35. Assess resources being used in community and economic development – specifically housing division, local employment/apprenticeship Training and HUD. Is this a service that is already being provided by a non-profit in the city (i.e. Habitat for Humanity, Tacoma Rescue Mission, etc.)? If so –provide grants to these non-profits, instead of full-time employees w/ benefits. 27.9 employees in this division. Could reduce and create a position specifically to work with pre-existing organizations to beef up their services with the help of city grants.
36. Using oil based instead of water based paint on road lines – decreasing the frequency of road

painting needed.

Part 4: LONG-TERM REVENUE ADDS
General Comments/Observations/Suggestions
1. Establish a revenue structure competitive with other cities/counties to facilitate future growth
2. Staff observations and recommendations would be helpful. Then the Task Force can supply input
3. Go to the state and ask for help. We need to form a coalition of Washington cities who are struggling with deficits and ask for the state to help increase the general fund pot through changes in property tax limit, dedicated sales tax increase, and/or revenue distributions from liquor and vehicle tab fees.
Enforcement of Current Taxes, Regulations
--B&O Tax Enforcement--
4. Hire companies to aggressively go after companies who are not paying B & O tax especially if this worked in the 15-16 biennium
5. Review and enforce B&O tax requirements for businesses based outside of Tacoma, but doing work inside City limits.
6. Consultant to find B&O tax avoiding companies doing \$100,000+ in Tacoma.
--Other--
7. Need a way to check the many home-based businesses that do not currently have licenses, but need to get them.
Tax Revenue Ideas
8. Raise taxes (equitably)
9. Eliminate the Multiple Activities Tax Credit
10. I am not sure there are any long term revenue adds, the B&O taxes are maxed out, and the property taxes are capped. The only other major source of revenue would be taxes like the utility tax currently proposed.
11. Increase B&O tax to maximum allowable limit of .2% on appropriate business categories.
12. Have the city council raise the B & O tax by 1%.
13. Sales tax revenue increase to all businesses. This requires a vote of the citizens.

14. City marijuana tax - is this possible?
15. Have the port start paying property taxes
16. Add property to the tax rolls.
Asset Sales <i>(note: asset sales were sometimes proposed as savings, rather than revenue adds—reduction of ongoing O&M or ability to pay off debt.)</i>
17. Sell off more property.
18. Sell Tacoma Public Utility and use the revenue to pay down debt, resulting in long term interest cost savings.
Other Non-Tax Revenues, Grants
19. Keep asking for Federal grants for TPD and TFD.
20. Reduce debt. Apply proceeds from asset sales to reduce debt.
21. Surcharge for students riding Tacoma school buses
22. Annual bicycle registration fee
23. Annual pet registration fee (2 or more pets)
24. Look for additional ways to create public private partnerships. eg: pothole repairs Increase income (taxing private company) and get the job done.
25. The city might be smart to place cameras in all school crossing zones as there would be the need for less police involvement and more ticketing ability. It would also be safer for kids as there are simply too many speeders in school zones.
26. Increased library fines - \$.30 -\$.50 per day
27. Thoughtfully increase income to city from hospitals - preventing unintended consequences to non-profits.
28. Increase revenue by attracting more business to the City of Tacoma. Continue to actively market the City in conjunction with the EDB, Port, and regional business.
29. The two highest tax generating regions are the Mall area and Port area. The City should be doing everything possible to support growth and expansion in these two key areas. For example, expedited permitting process for these two areas
30. Get people and business to move to Tacoma. Tax abatement for a fixed period for mixed use development or single family housing in struggling or underutilized areas.
31. Have the travel-hospitality businesses help promote conventions and events to bring in customers.
32. Work with the small business incubator and expand the startup and business incubator systems.

33. Bring in businesses in all areas throughout the city and not just downtown.
34. Short-term tax benefits for business/entrepreneurial start-ups.

Part 5: Ideas/Suggestions offered from Meeting 5 that could potentially become recommendations:
1. City should identify, adopt and follow best practices on managing spending.
2. Track savings from efficiency and innovations and ensure departments don't have a mindset that they will just spend the savings.
3. Re-evaluate performance targets for revenue generating assets – targets should be set at levels to minimize the need for general fund subsidy.
4. Applaud the city for the performance tracking program.
5. Long term vision is needed to know where the City wants to go, and to make recommendations supporting that vision.
6. We need to address this situation in a way that will attract businesses and residents to the city.
7. We need a vision of the service levels we can accept.
8. Contract out for a new salary study. Look at total compensation, not just salary.
9. Look at salary freezes, benefit changes, furloughs, etc. for represented employees, not just the non-represented employees.
10. Council needs to stay nimble to respond to better and worse years.