



## FREQUENTLY ASKED QUESTIONS – City of Vancouver Horizons, 2011-12 Budget

Below are some frequently asked questions about the 2011-12 budget process. This page is expected to be updated as new information and questions become available.

### **Q: How much is the City of Vancouver budget shortfall forecast for 2011-12?**

**A:** Using a fiscally conservative outlook, the city forecasts a \$10 million deficit for 2011-12 in its General, Street and Fire fund, which supports police, fire, street maintenance, long-range planning, parks and recreation, and other services. To shrink the gap between expected revenues and expenses, the City Manager implemented a major restructuring of the organization, including streamlining and consolidating departments and facilities, and flattening of management. Those efforts have been successful and are expected to save \$2.2 million, reducing the coming 2011-12 shortfall to \$7.8 million.

### **Q: What other options is the city exploring to address the shortfall and balance the budget for 2011-2012?**

**A:** During the next four months, the city will keep working to further reduce the deficit. For example:

- The city is meeting with union and employee groups now in an effort to cut health care costs by \$1.1 million, the equivalent of 11-16 employees.
- On Monday, July 12, the Vancouver City Council supported pursuing a federal grant to provide funding for three years for up to 10 full-time police officers, line positions that would otherwise be lost due to layoffs.
- The city is offering a voluntary retirement incentive to those eligible for retirement under the Public Employee Retirement System (PERS) or Law Enforcement Officers and Firefighters (LEOFF) by Dec. 31, 2010. This is a strategic, long-term measure that will help lessen, but will not solve, the 2011-12 deficit.

### **Q: What's been done to date to cut costs and save money?**

**A:** A number of strict austerity controls have been in place. Some of these include:

- No cost-of-living raises for management and non-union employees in 2009-2010, all but one union group in 2009; and several union groups in 2010
- Increased contributions for non-union and management medical coverage of dependents
- Freeze on all non-essential travel and training
- Increased scrutiny of professional services contracts
- Freeze on merit increases for management
- Voluntary furloughs where effective

### **Q: How many employees does the city expect to lay off to balance the 2011-12 budget?**

**A:** Based on the preliminary budget discussed with the City Council on Monday, July 12, approximately 105 employees citywide would be laid off prior to 2011 in order to meet the current forecast of a \$7.8 million shortfall for 2011-12.

### **Q: Why cut fire and police? Why not just cut other areas?**

**A:** Within the city's six Strategic Commitment areas, the one with the highest priority and most employees is "Safe and Prepared Community," primarily police and fire. The preliminary plan for 2011-2012 would cut 105 positions citywide to balance the budget. If no positions are cut from that public safety area, the city would have to eliminate 130 of the remaining 310 positions paid out of the city's General, Street and Fire operating fund. That's more than a 40 percent cut in remaining staff, some of whom support police and fire with payroll, computer, and vehicle and equipment services, for example. The resulting organization would be unstable and unsustainable, not to mention the significant exposure to legal and financial risks.

**Q: Has the city ever cut fire and police before now?**

**A:** Based on research to date, it appears there have never been layoffs of existing, uniformed firefighters (suppression forces) or existing, uniformed police officers in the City of Vancouver. Positions eliminated up to this time have been already vacant or civilian. There have, however, been many positions eliminated elsewhere during the city's history. This is a very difficult and different situation.

**Q: How does City of Vancouver staffing overall compare with other cities in the Pacific Northwest?**

**A:** Based on 2009 data from the International City/County Management Association (ICMA), Vancouver ranks near the bottom of the chart for the number of full-time positions per 1,000 population compared to other cities, such as Tacoma, Spokane, Richland and Bellevue in Washington, and Portland, Eugene, Corvallis and Albany in Oregon. The City of Vancouver is already a lean organization.

**Q: Why doesn't the City of Vancouver cut wages across the board by 5 to 10 percent to address the deficit?**

**A:** The city cannot unilaterally reduce all employee wages. An estimated two-thirds of the city's employees are represented by unions. Those contracts are subject to negotiations. In addition, contracts for fire and police unions are also subject to interest arbitration. In interest arbitration, an independent arbitrator makes the decisions, and the city is legally obligated to pay the wages and benefits dictated by the arbitrator. It should be noted that there have been no cost-of-living increases for management and non-union employees in 2009 and 2010, all but one union in 2009, and several unions in 2010.

**Q: If the deficit has been a problem since 2001, why didn't the city do something before?**

**A:** The city did. The fact is it was being managed well on an ongoing basis. Each year, city leaders have been carefully addressing budget concerns, primarily through cuts but also with some increases in fees and taxes, such as on utilities. What changed was the deep recession, with its unforeseen dramatic economic impact. The recession lowered the baseline for revenues, while pay, benefits and other costs have continued to rise.

**Q: Does the city's preliminary budget call for new taxes?**

**A:** No. The city plan does not include tax increases. The City Manager is committed to balancing the 2011-12 budget using the city's existing resources.

**Q: Why did city buy the former Columbian building at 415 W. Sixth Street when it will have to lay off people in December? How will the city pay for that building?**

**A:** Actually, this was a good time to purchase the building. It saves money and cuts costs. By buying this building and consolidating employees into one facility instead of continuing to pay rising rent on multiple sites, the city expects to reduce its ongoing operating expenses by about \$1 million in the 2011-12 biennium, and \$1 million every year after that. The city is using dedicated Capital funds and existing dollars set aside for rent and maintenance to buy the building. Funding is NOT coming from or competing with General operating funds for police, fire, street maintenance, parks and recreation, land-use planning and other services. Buying the building actually will put money back into the General budget on an ongoing basis and help support programs and people.

**Q: When was the last time the city made budget cuts?**

**A:** From 2001, which marked the passage of Initiative 747 property tax limitations, to 2008, the city cut \$14.2 million in programs and positions to balance the budget. The recent deep recession greatly exacerbated the financial situation by lowering the baseline for revenues, while pay, benefits and other costs continued to rise. As a result, the city addressed a total of \$21.5 million in cuts in the 2009-2010 General, Street and Fire funds budget. As a breakdown, \$9 million was cut when the budget was adopted in late 2008, another \$6.5 million was cut with the spring supplemental budget in 2009, and another \$6 million was cut in January 2010.

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