



2011 and Beyond: City Council Retreat

May 21st, 2010



Agenda

- Objectives for the Day
- Recap of Previous Retreats/Outcomes
- Summary & Discussion of Community Engagement
- Overview of 2011-12 Deficit
- Deficit Reduction Approaches
- City Manager's Direction
- Wrap Up and Review of Parking Lot Items



Objectives of the Day

- Review & confirm retreat outcomes to date
- Mutual understanding of Community Engagement Results
- Confirm City Manager's Direction



Retreat Outcomes to Date

- Understanding of structural deficit and impact on future budgets (6 years)
- Revenues vs. Cuts
 - No new taxes for 2011-12
 - Future revenues voter dependent
- Compensation Approach
 - Seek to be wage competitive within our market
 - Seek reform/cost containment on benefits



Retreat Outcomes to Date

- Capital Programs, Constraints and Opportunities
 - Transportation capital ends in 2010; no new projects
 - Parks capital winding down
 - No significant capital funding tools within Council authority
 - All future solutions voter dependent



Retreat Outcomes to Date

- Alternative Service/Governance Approaches
 - Voter options include:
 - Capital vs. operating
 - Local vs. regional
 - Special purpose vs. general purpose government
 - All mid - to long - term strategies



Civic Engagement Results



Overview of 2011-12 Deficit Approach

- Forecasted deficit ~ \$10 m

- Managing it down
 - Streamlining & Efficiencies ~ \$0.7
 - Facility Consolidation (target) ~ \$1.0
 - Health Care Restructuring (target) ~ \$1.1
 - Other fiscal restructuring (target) ~ \$0.5

- **Net Program Reductions ~\$6.7 m**



Alternative Deficit Reduction Approaches

- 3 alternatives and their implications
 - **Alternative A:** No Cuts to Safe & Prepared Community
 - **Alternative B:** 10% FTE Across the Board Reduction
 - **City Manager's Direction:** Programmatic Reductions based on Priorities of Government (Horizons)



Alternative A: No Cuts to Safe & Prepared Community

- Why this scenario?
- Summary implications:
 - Net Reduction of 97 FTE's
 - ~30% reductions in all other strategic commitments



Alternative A: No Cuts to Safe & Prepared Community

- Probable Outcomes:
 - Healthy Livable Sustainable
 - Partial or full closure of community center(s)
 - Fewer recreation programs; impact of lost revenue
 - Grounds maintenance: reduce by up to half
 - Lower quality/less safe parks and facilities
 - Accountable, Responsive Government
 - Reduce support services up to half
 - Significantly Increased risk; decline in workforce quality
 - Development review: reduce by up to half
 - Slower permit timeframes



Alternative A: No Cuts to Safe & Prepared Community

- Probable Outcomes:
 - Fiscal Health & Economic Vitality
 - Eliminate business recruitment/retention and redevelopment efforts
 - Worse climate for new and expanding businesses; lost opportunity to grow jobs and tax base
 - Transportation, Mobility & Connectivity
 - Street Maintenance: cut by up to 50%
 - Reduce life of street system
 - More & deeper potholes; slower to no repair
 - Increased long term cost exposure



Alternative A: No Cuts to Safe & Prepared Community

- Probable Outcomes:
 - Active & Involved Community:
 - Eliminate Mediation
 - Reduced or eliminated community outreach and public education in all key areas

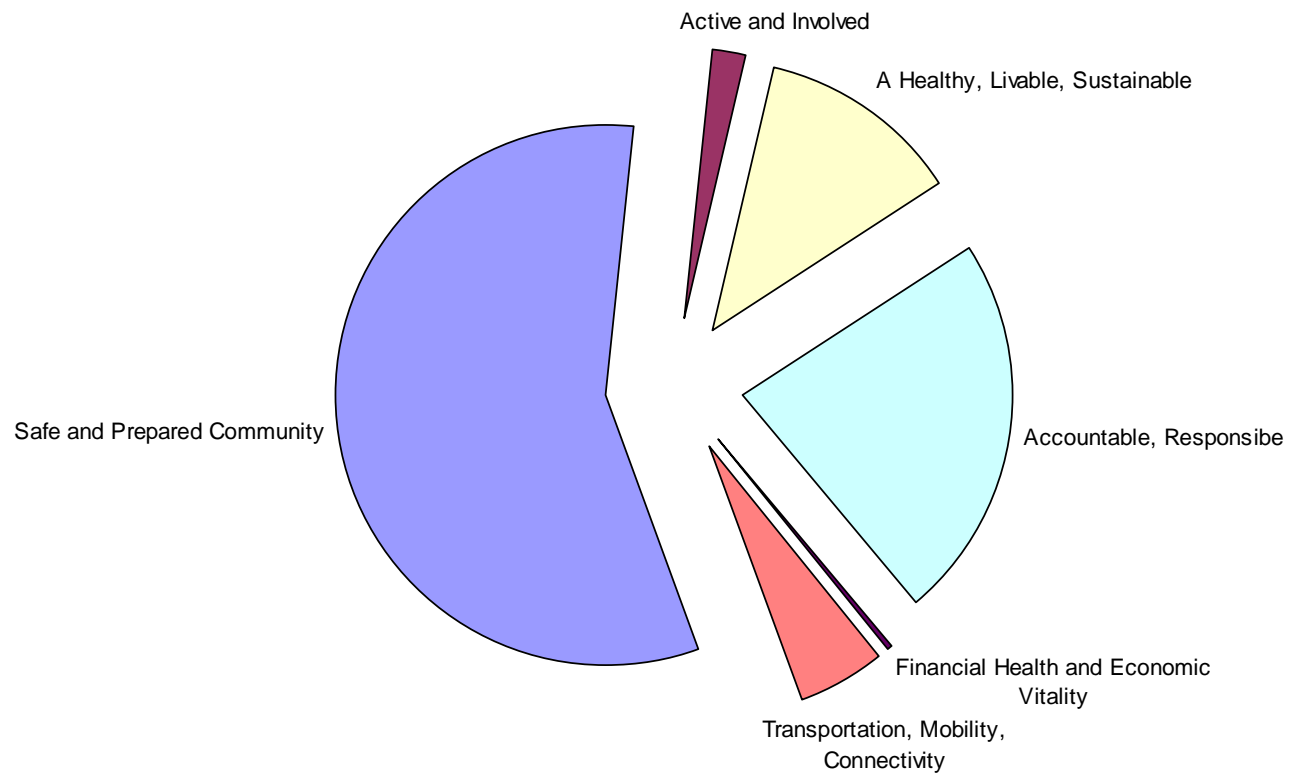


Alternative A: No Cuts to Safe & Prepared Community

- Does not eliminate all impacts to public safety
- Structural deficit grows faster than with balanced cuts
- Additional layoffs in 2013 and 2015
- Reflects only one community priority

Alternative A: No Cuts to Safe & Prepared Community

2010 General Fund FTE Allocation by Strategic Commitment





Alternative B: 10% FTE Reductions Across the Board

- Net reduction in **74 FTE's** across all strategic commitments (as opposed to 97 without Safe & Prepared)
- **42 FTE** reduction in Safe & Prepared



Alternative B: 10% FTE Reductions Across the Board

- Probable Outcomes:
 - **Safe & Prepared Community:**
 - Eliminate over 40 positions that support Safe & Prepared
 - Further reduce code enforcement
 - Close 1 or more fire stations; reduced response times
 - Reduced police responsiveness to lower priority incidents
 - **Healthy, Livable Sustainable**
 - Reduce recreation offerings (revenue impact)
 - Reduce street and grounds maintenance
 - **Fiscal Health & Economic Vitality**
 - Reduced responsiveness to business recruitment and expansion opportunities



Alternative B: 10% FTE Reductions Across the Board

- Representative Outcomes:
 - **Active & Involved Community:**
 - Reduced or eliminated citizen, neighborhood and mediation services
 - **Transportation, Mobility & Connectivity:**
 - Reduced Street Maintenance
 - No capital program
 - **Accountable, Responsive Government:**
 - Less responsive and timely
 - Weakened stewardship of taxpayer funds.
 - Less transparency.



Alternative B: 10% FTE Reductions Across the Board

- ❑ Overall deterioration in all services
- ❑ Maintains current balance of services
- ❑ Additional reductions in 2013 & 2015
- ❑ Does not follow priorities of government



City Manager's Direction: Priorities of Government (Horizons)

- Principles
 - buying **results** – or outcomes,
 - that **citizens value most**,
 - within our **available means**



City Manager's Direction: Priorities of Government (Horizons)

- Resources allocated based on community priorities
- Reductions made with long term in mind
- Review cost recovery goals
- Pursue reforms
- Plan to engage voters



City Manager's Direction: Priorities of Government (Horizons)

- **Resources allocated based on community priorities**
 - Balanced set of services
 - Focus on buying higher priority results
 - Significant, permanent and ongoing program reductions required
 - All service areas and strategic commitments will be impacted



City Manager's Direction: Priorities of Government (Horizons)

- **Reductions made with long term in mind:**
 - Strategic reductions to minimize long term costs
 - Trained workforce
 - Asset preservation

- **Review cost recovery goals**



City Manager's Direction: Priorities of Government (Horizons)

□ **Reforms**

- Service delivery:
 - Explore contracting out/privatizing
 - Maximize opportunities of non-profit groups
 - Empower citizens to provide needs/wants at neighborhood level
 - Targeted reduction in services or hours
- Compensation
 - Remain wage competitive in long term
 - Seek cost savings primarily through health care benefit reforms



City Manager's Direction: Priorities of Government (Horizons)

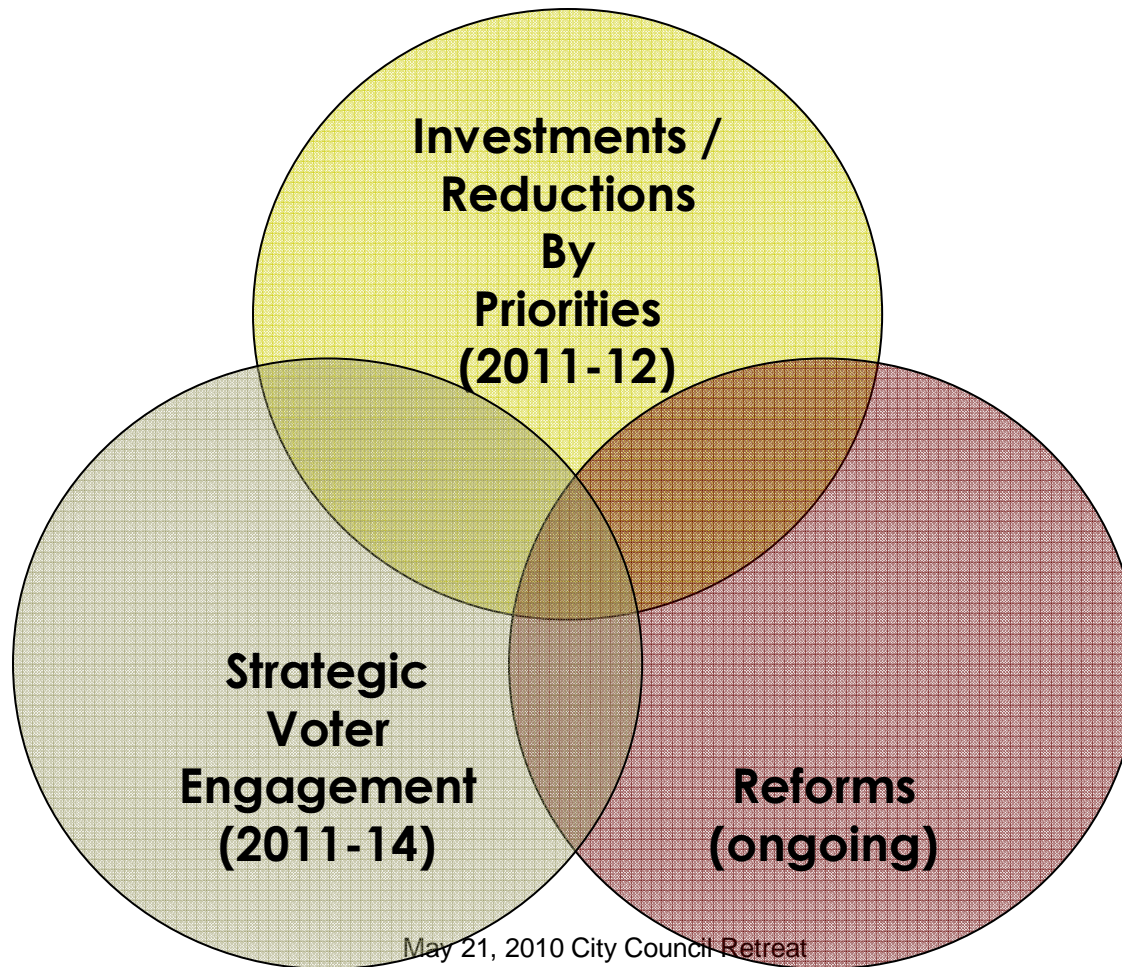
□ **Voter Engagement**

- All future anticipated revenue & service delivery alternatives require voter approval
- Explore governance and service delivery issues in 2011-12
 - Local vs. regional governance
 - Special purpose vs. general purpose
- 2-4 year strategy prepared in 2011
 - Transportation, Mobility & Connectivity
 - Safe & Prepared
 - Healthy, Livable, Sustainable (Parks & Recreation)

City Manager's Direction: Priorities of Government (Horizons)



City Manager's Direction: Priorities of Government (Horizons)





Wrap Up, Parking Lot

- Primary Parking Lot issues
 - **Parks** Issues
 - **Transportation** Benefit Districts
 - **General Facilities** Issues
 - What is City's role in “**job growth?**”
 - Implications of continued **annexations**
 - **Revenue Issues/Council Fiscal Policies**
- Future workshops



Wrap Up, Parking Lot

- Next Steps
 - Workshops throughout summer on budget progress and Parking Lot items
 - City Manager's preliminary budget October 2010
 - Public hearings and adoption fall 2010



Thank you