



TO: T.C. Broadnax, City Manager
FROM: Andy Cherullo, Director, Finance Department;
Tadd Wille; Budget Officer
COPY: City Council and City Clerk
SUBJECT: Request for Resolution to receive the Fiscal Sustainability Task Force Final
Recommendations
DATE: December 5, 2013

SUMMARY:

The City of Tacoma’s Fiscal Sustainability Task Force (“Task Force”) was convened by the City Council to examine the City’s expenditures and revenues and generate revenue enhancements and expenditures efficiencies to help the City address its structural deficit. In this request for resolution, the Fiscal Sustainability Task Force submits its final report to the City Council. The City Council directs the City Manager to evaluate and implement, as appropriate, recommendations in the Task Force report and to update the Government Performance and Finance Committee on actions that can be and/or will be taken as a result of the report.

BACKGROUND:

The City of Tacoma Fiscal Sustainability Task Force was convened in June 2013 at the request of Mayor Strickland and the City Council’s Government Performance and Finance Committee (“GPFC”). The Task Force was composed of 18 members representing a broad cross section of the City, including residents, business leaders, union representatives, and nonprofit agency leaders. The mission of the Fiscal Sustainability Task Force (FSTF) was to examine the City’s expenditures and revenues and to generate at least five to ten promising revenue enhancements or expenditure efficiencies to help the City reduce its structural deficit and align the growth of expenditures with the growth of revenues. The Task Force met ten times to complete its work, from June to November 2013.

ISSUE:

The Task Force concluded that, based upon the information provided, the City of Tacoma has an ongoing structural budget deficit in the City’s General Fund. This means that the City’s General Fund expenditures for current programs and services are growing at a faster rate than the rate of the growth in General Fund revenues. In the Task Force’s view, this is both an immediate and a long-term problem that threatens the fiscal sustainability of the City.

The Task Force recommends that the City examine its General Fund service levels, as well as the means by which these services are provided and funded. The report, presented to GPFC on November 20, 2013, offers 28 recommendations, focused on key drivers responsible for the imbalance between revenues and expenditures. Most recommendations are around efficiencies and ways to reduce the growth of expenditures. Primary recommendations include:

- The City must address City employee salaries and benefits in order to close fiscal gap.
- The City should undertake a long-term visioning process
- Given the size of police and fire departments, the search for efficiencies in these operations should be a priority.
- All departments should search for efficiencies on an ongoing basis.
- Additional revenues are needed but alone cannot solve the problem.
- Where appropriate, reduce or eliminate tax exemptions and credits; ensure strong compliance with existing tax codes.



- Sell unused/surplus/non-essential assets and apply proceeds to one-time purposes.
- Pursue opportunities for cost recovery from other agencies and third parties.

ALTERNATIVES:

No alternatives provided.

RECOMMENDATION:

Staff recommends that the City Council adopt this resolution to receive the final Fiscal Sustainability Task Force Final Report and direct the City Manager to evaluate and implement, as appropriate, recommendations of the Task Force and update the Government Performance and Finance Committee on actions that can be and/or will be taken as a result of the report.