

# Cutback Management: Building the 2010 City of Lawrence Budget

KSGFOA Fall Conference  
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City of Lawrence

# City of Lawrence Stats

- Population 89,968
- Full Service City – 13 Departments
- 14 Budgeted Funds
- 2010 Budget
  - Total Revenues - \$164,457,707
    - Property taxes 14%
    - Other taxes 27%
    - Charges for services 30%
    - Fund Balance 17%
  - Total Expenditures \$157,260,736
    - Salaries and benefits 39%, 50% if exclude transfers
    - Transfers out 23%
    - Contractual services 15%
    - Debt service 13%
  - 771.48 FTEs in 2010 Budget



# City of Lawrence – How Bad Was It?

- Assessed Valuation predicted to be down 5%
  - First decrease in over two decades
- State discussion of eliminating transfer of liquor tax - \$1.9 Million in 2010
- Other major revenues sources limited
  - Franchise fees at the max
  - New sales taxes in 2008



# Political Constraints

- Commission goals
  - Balance revenue and expenditures
  - Maintain fund balance
  - No mill levy increase, minimize utility rate increases
- What was off the table?
  - Property tax increase
  - Reduced expenditures related to public safety or street maintenance
  - Closure of nature center or wading pool
  - Elimination of City funded school crossing guards
  - Reductions to outside agencies



# City of Lawrence – What Did We Do?

- Started early
- Increased transparency and communication
- Changed our budget philosophy
  - Focused discussion on revenues rather than expenditures in the beginning
    - Provided political cover for City Commission
      - Shifted some of the blame to the State for possibly taking liquor tax
      - Allowed discussion of reductions or eliminations of programs previously off the table
  - Submittal reflected fiscal constraints rather than what needed to adequately fund departments
    - Forced departments to prioritize
    - Reduced City Manager's Office cuts / across the board cuts



# What Did We Do? - Maximized Other Revenue Sources

- User Fees –nature center, wading pool, green fees, municipal court
- Service Charges – utility rates, parking meters, township fire service
- Fines – overtime parking and other traffic fines
- Sales Taxes –
  - New sales taxes for transit meant more resources for transit and increased mill levy in General Fund
  - Increased local sales tax transferred into recreation operation fund meant increased General Fund mill levy
- Transient Guest Tax – Increased rate to 6% to provide additional resources for CVB and heritage tourism



# What Did We Do? – Balanced Expenditures with Revenues

- Took steps to limit growth in personnel costs
  - Reduced number of positions by 11.79 FTEs
    - Shifted responsibility for enforcement of City's civil rights ordinance to other divisions in Legal Dept. resulting in elimination of two occupied positions
    - Reorganized and restructured workgroups
  - Continued new employee compensation system
    - eliminated general wage adjustment
    - replaced step merit system with percentage based merit pool (excluding MOU groups) – 1.25% vs. 2% in '09
  - Marketed administration of our healthcare plan and made plan design changes
- Use reserves for one time expenditures
- Deferred, deferred, deferred



# Who Did What?

- City Manager's Office
  - Made initial recommendations for reductions in response to possible elimination of liquor tax
  - Provided targets for department submittals
  - Communicated with employees (especially those effected by reduction/elimination of programs) and the public
  - Led negotiations with both MOU groups
- City Commission
  - Listened to a lot of public comment
  - Provided direction on mill levy early
  - Provided clear direction about highest priorities and what was on or off the table for discussion
  - Mayor provided leadership especially for new commissioners



# Who Did What?

- Departments
  - Prioritized programs and expenditures prior to 2010 submittal
  - Provided painful but realistic and meaningful reductions or program eliminations for consideration
  - Recommended fee increases, new charges, or other revenue enhancements as well as way to increase efficiency by reducing expenditures and restructuring or cross training
  - Engaged public in finding solutions
  - Human Resources provided salary and benefit information as available
    - A good humored computer programmer also key
- Public – actual public involvement!
  - Provided public comment very early in response to state budget issues
  - Participated in discussions regarding alternative funding sources, fee increases, and service reductions

advisory boards  
hospitality industry

downtown merchants  
civil rights groups



# Crisis or the New Normal?

- Assessed valuation – flat is the new up
  - Anticipate decrease of 5% for 2011
  - Recent news that may be only 2% or 3%
  - Hopeful that we will begin to grow again in 2012
  - Increased focus on economic development
- Many of our techniques tough to sustain
- Plan to continue new philosophy into future



# Questions?

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