



City Of Columbus  
Mayor Michael B. Coleman

## Office of the Mayor

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Dear President Mentel and Members of Council:

Today, in accordance with Section 26 of the Charter of the City of Columbus, I present you with the estimate of the expense of conducting the affairs of the City for fiscal year 2009. As is required under our Charter, this is my ninth balanced budget; however, as I anticipated one year ago, the financial challenges we face in 2009 as a result of the national economic recession precipitated by the housing crisis and credit market collapse have necessitated very difficult choices in balancing this budget.

Next year will be a year of unprecedented sacrifice for our city and its residents. In order to balance our budget in these economically challenging times, I have recommended the closure of recreation centers and pools, the elimination of police and fire classes, operating the city with more than 400 fewer employees, reductions in yard waste and bulk trash pick-up, and reductions in many outside contracts or services, including those with social service agencies and Neighborhood Health Centers. Every department and every agency of city government has shared in the sacrifices contained in this recommended budget. Many of these reductions go far beyond mere belt-tightening and extend deep into city operations, in some cases threatening the efficient delivery of city services. While I have spared uniformed personnel from layoffs for now, the Police and Fire Divisions have experienced some civilian personnel cutbacks. Finally, no pay increases have been budgeted, including my own, except for those required by our existing labor contracts.

The Economic Advisory Committee I appointed has been meeting since early this year and is conducting an exhaustive examination of vital city services supported by the general fund to determine if we face a long-term imbalance between necessary spending on essential city services and available revenues to support that spending. I expect its report by early next year and am fully committed to taking the necessary steps to address our circumstances.

In the meantime, we have been working all year to mitigate the effects of the national economic crisis. Through hiring controls and a subsequent hiring freeze imposed in August, followed by a round of layoffs this year, we have reduced the general fund workforce to more than 100 positions below those budgeted for this year. We have also imposed reductions in spending on goods and services, such as vehicles, travel, and uniforms. Because of these actions, our general fund spending for this year is anticipated to be a little less than what was originally budgeted for the year, despite large unbudgeted costs for fuel and Safety forces overtime. Nevertheless, because national economic conditions have greatly increased unemployment, our city income taxes for 2008 are far

enough below budget projections so that revenues this year do not even support reduced spending. The City Auditor projects no year-end carryover in the general operating fund for the first time since I have been Mayor, and we have been forced to use \$4.4 million of rainy day funds to support this year's operations, as well as a transfer of all available moneys from other funds.

Thus we face 2009 with no beginning-year balance in the general operating fund and a recession-induced, projected small decline in 2009 revenues from even those reduced 2008 revenues. When the Finance and Management Department prepared its three-year financial plan last June, it projected we would need about \$698 million in the general fund budget in 2009 to continue to provide the same services budgeted in 2008 at \$655 million. The City Auditor projects general fund revenues in 2009 to be only \$615 million---\$83 million less than we need simply to do the same things next year that we budgeted for this year. The budget I propose today is \$643.5 million, smaller than this year's budget and over \$50 million less than we need simply to continue doing in 2009 that which we do this year. We are able to propose a \$643.5 million budget only because, with the Auditor's support, we seek to use another \$28.5 million from our rainy day fund.

The use of this additional rainy day fund money in 2009 to address a little over a third of our shortfall will take the rainy day fund balance from \$44.5 million at the beginning of this year to \$11.6 million---the lowest it has been since I have been Mayor. I can recommend this only because the alternative would be an unacceptable reduction in Police and Fire services in our city. The Public Safety Department represents 72 percent of our general fund budget, and other departments have already been cut severely. However, I cannot support taking the rainy day fund any lower and would urge City Council to keep the balance at this level since we are in a recession and unexpectedly had to use a portion of it this year. With the fund this low, it will be very difficult to use rainy day fund money in the 2010 budget. Moreover, this fund must be restored over the long term to properly function as an emergency reserve fund

Even with this use of substantial rainy day fund money, we have had to cut over \$55 million from continuation funding in the general fund. Since the general fund budget is more than 80 percent personnel on a citywide basis, much of the reduction will occur in the number of city employees. With the layoffs this fall and those proposed for 2009, along with vacant positions not being filled, the civilian general fund workforce will drop by 243 positions, an 11 percent reduction in the number of civilian employees currently paid out of the general fund. Since 2000, we have reduced the number of civilian general fund employees by over 500. Moreover, no classes are funded in the Police and Fire Divisions for 2009 such that departing police officers and fire fighters will not be replaced next year, causing a reduction of an estimated 82 in uniformed personnel. In addition, funding issues in several of our other funds will result in a further reduction from layoffs and unfunded positions of 111 employees in those funds. By the end of next year, we will have 434 fewer employees in total than budgeted this year.

We have been able to reduce the number of layoffs we might have otherwise had, with City Council's help, by establishing a one-time employee severance plan. The plan,

estimated to save \$3 million in 2009, offers a five-year payout to non-uniformed general fund employees who choose to resign by December 31, 2008. City Council's agreement to increases in parking fines and impound lot charges also enabled us to avoid another \$1.6 million in cuts.

In the spring, we presented information to the Economic Advisory Committee on the costs of funding continuation budgets and the challenges we have faced since 2001 in developing the general fund budgets. Had general fund revenues continued to grow at the average annual rate of 6.5 percent experienced in 1991-2000, the general fund budget in 2009 would be \$863 million---\$220 million higher than the one I propose today.

In making the drastic cuts I have been required to make for the 2009 budget, the goal has been to be able to continue to provide essential city services to the extent possible. Thus I propose no layoffs of uniformed personnel, and the Safety Department is working to be able to continue to provide necessary police and fire protection services even with slightly reduced staffing levels. Although we cannot fill all vacant positions in Code Enforcement, there will be no layoffs there, and staff will continue to act to insure the integrity of our neighborhoods. Vital public health services will continue to be provided by Columbus Public Health, despite a reduction in the subsidy provided to Neighborhood Health Centers to support its services. Refuse collection will be provided as currently scheduled although we have had to propose some reduction in both bulk pickup and yard waste collection. Recreation and Parks will close some pools and recreation centers, although those remaining open will be staffed at levels sufficient to provide for a safe and productive recreation experience.

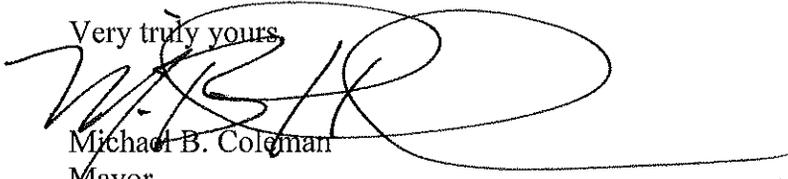
In addition to the reduction to Neighborhood Health Centers mentioned above, the assistance we give to other third party agencies providing social services of one kind or another has of necessity been reduced as well. However, we will continue to provide social and emergency services to our citizens during tough economic times. Some of those social services are currently supported by a small share of the bed tax now paid into an Emergency Human Services fund. We should consider reallocating the bed tax to increase the emergency human services portion in light of worsening economic and human conditions.

We have done the best we can to propose a balanced 2009 general fund budget which supports basic city services in economically challenging times. However, this is not the budget we need to have in the 21<sup>st</sup> Century in order to keep Columbus the best city in the nation in which to live, work, and raise a family. It will be my priority in 2009 to address these challenges with the help of the Economic Advisory Committee. It will also be my priority to continue to work with City Council to create and retain good-paying jobs and expand economic opportunities for our citizens.

In doing so, I find comfort in the fact that this is a great city in which one can always count on its citizens to work together to overcome whatever obstacle we face. When we need volunteers in our recreation centers, help in cleaning up litter, or assistance in maintaining our parks' flower beds, we have always been able to depend upon the people

who live here to step up. I have every confidence that we will surmount these budget difficulties as well. Our best days in Columbus lie ahead of us, and I welcome the participation of all our residents as we journey to the future together.

Very truly yours,



Michael B. Coleman  
Mayor