

RESOLUTION

WHEREAS, as a result of a business model ill-suited to current needs, a recession, and an adverse court ruling with respect to school funding, the City of Memphis entered the FY 2011-2012 budget preparation process with a funding gap of \$60.0 million; and

WHEREAS, on April 19th the Administration presented to the Council a balanced budget not requiring a tax increase and with recurring cuts in excess of \$25 million; and

WHEREAS, it was the will of the Council, the Administration concurring, to seek additional recurring cuts so as to avoid a repeat of the financial conditions surrounding the current budgeting process; and

WHEREAS, more specifically, it was the view of various members of the Council that the proposed budget as submitted by the Mayor on April 19th, 2011 did not give adequate treatment to additional revenues, other than a property tax increase, and that said proposed budget did not contain enough in the way of recurring cuts; and

WHEREAS, after much deliberation, the Council expressed a continuing desire to seek alternate sources of revenue and additional recurring cuts in the City's O&M budget; and

WHEREAS, the Council requested the Administration to research various changes in the City's model of delivering essential services, including, but not limited to, solid waste management and fire services; and

WHEREAS, the Council wishing to proceed in a manner that gives full and adequate consideration to the effect any such changes will have on the City's ability to meet the essential needs of its citizens, and the welfare of the City's employees: and

WHEREAS, it has been proposed, specifically, that the City seek cost decreases in the Division of Public Works, (Solid Waste Management) in an additional amount of \$5 million during FY 2012 and an additional \$15 million in cuts during the course of FY 2013; and

WHEREAS, it having been determined that it is also essential that the City finalize its budget in a timely manner so as to have it completed by July 1 in order to avoid any negative impact on the City's bond rating which might flow from the City's apparent inability to complete its budget; and

WHEREAS, pursuant to the request of the Council, the Administration having presented a revised budget including revenue increases in the amount of \$5.9 million, and additional recurring cuts which bring the total recurring cuts to more than \$40 million; and

WHEREAS, the Administration having reported to the Council that on July 19th 2011, it will present to the Council an Ordinance (Attachment A) which if adopted will result in bringing a cumulative pension and benefit cost savings in the amount of \$19.3 million; and

WHEREAS, the Council in order to ensure that none of the changes made herein, or contemplated herein will compromise the safety and security of the citizens and residents of the City of Memphis, the Council hereby creates a Service Assurance Committee which will have as its purpose monitoring the effects that any service delivery model change will have on the safety and security of the citizens with said Committee having the responsibility to report on a monthly basis to the Chair of the Public Safety Committee the effects of any such changes with said changes to be reported in a format to be approved by this Council; and

WHEREAS, the Council wishing to give assurances that the City of Memphis will remain able and willing to meet the security and safety needs of its citizens, there is hereby designated a sum of \$3.0 million identified in the City's Reserve Fund (Unassigned Fund Balance) to be accessed through the established budget approval process in the event the Administration after having determined that the changes herein are having an adverse impact on the City's ability to meet the safety and security needs of its citizens and having certified that it is unable to meet said needs by way of internal reallocation of resources; and

WHEREAS, the Administration shall upon said certification, with the concurrence of the Council, be allowed to encroach upon said sums in an amount necessary to remedy the inability to meet the safety and security needs of the City's citizens; and

WHEREAS, in a further effort to ensure that the entirety of City Government operations and services, excluding those that are inherently governmental in nature such as actual policing and firefighting, shall be subjected to a review to determine if alternate service provision or delivery models which would bring about greater efficiency and cost savings are available, the Council will, immediately upon approval of this Resolution, but not to later than forty-five days, constitute a Service Review Committee consisting of not more than seven members which shall have as its responsibility the monitoring on a monthly basis the services provided by the Division of Public Works, Solid Waste Management, Division of Fire Services, and Division of Police Services with said Committee having the responsibility to report monthly to the chair of the Public Safety Committee in a format to be approved by the Council, that will allow the Council to ascertain the effectiveness of the delivery of services, particularly in the areas afore stated;

WHEREAS, the Council recognizes that before any sound determinations can be made with respect the most cost-effective manner of delivering services, a determination must be made as to what level of services citizens expect and what level of services the City is able and willing to provide, prior to the Service Delivery Review beginning its work, the Council shall make determinations as to the level of services it wishes to provide in each area to be reviewed by the Committee; and

WHEREAS, the solid waste services provided by the City of Memphis by its Division of Public Works operates as required by State law on a "special revenue fund basis", and therefore is intended to operate without subsidies from the City's General Fund, and, further pursuant to said

State law any savings in said operations must be retained within said activity and cannot be transferred to the General Fund other than to pay for support provided to Solid Waste Management; and

WHEREAS, over the past 10 years the General Fund has subsidized the operations of the City's Solid Waste Management in the approximate amount of \$102 million; and

WHEREAS, the City's solid waste services, as a result of a fee increase adopted in 2010, is able to defray most of its cost, the General Fund still contributes approximately \$1.5 million annually by way of administrative support services provided to the Division and

WHEREAS, if greater efficiencies and savings are recognized in said Division the City could pass on to its citizens the benefits of said efficiencies and savings by way of expanded services to keep the City cleaner and free of blight, or a fee decrease.

NOW THEREFORE BE IT RESOLVED, that within sixty days of final action by the Council on the City of Memphis budget for FY2012:

1. Submit to the Council a Level of Services Plan covering all divisions of City services for the purpose of allowing the administration and Council to determine the level of services it wishes to provide the citizens by way of the function and activities of the various divisions of City government; and
2. That not later than sixty days from the receipt of said Level of Services Plan by the administration, the Council, in conjunction with the administration, shall adopt a Level of

Services Plan which shall govern the activities and functions of the various divisions of government; and

3. That upon the adoption of said plan by the Council of the City of Memphis, the administration shall proceed to determine the most effective manner of delivering those services and within six months of said date present to the Council for its consideration and, where necessary, approval of said plan; and
4. That those services provided by the City of Memphis that are inherently governmental, such as actual firefighting and traditional police services, remain the exclusive province and responsibility of City government; and
5. That with respect to Solid Waste Management services as provided by the Division of Public Works, the administration investigate, with input and involvement by all affected employees, staffing and operational adjustments that will result in not less than \$5 million in cost savings in FY2012 and in an amount not less than \$15 million in savings over the course of FY2013; and
6. That in the event the administration identifies said savings, it shall so report to the Council for the Council to make a determination as to how said savings should be applied, including expansion of City services, to enhance the City's efforts to keep the City clean and free of blight in all areas of the City or, a reduction of the Solid Waste
7. That the budget for FY2012 shall include in the planned uses of the City's Reserve Fund an amount of \$3.0 million which shall be accessed only upon findings by the Service Assurance Committee adopted by the Council that an encroachment or use of said funds is essential to prevent a deterioration in the City's ability to ensure the security and safety

of its citizens as a result of any changes or reductions in the Division of Fire Services and Division of Police Services budget for FY2012; and

8. That there is hereby created and constituted a Service Assurance Committee composed of seven members, including the Chair of the Public Safety Committee of the Council, the Mayor or Mayor's representative and five other members to be chosen by the Mayor and Chairman of the Council, to be chosen as follows which shall have as its purpose the monitoring on a monthly basis the services provided by the Division of Public Works, Solid Waste Management, Division of Fire Services, and Division of Police Services with said Committee having the responsibility to report monthly to the chair of the Public Safety Committee in a format to be approved by the Council, that will allow the Council to ascertain the effectiveness of the delivery of services, particularly in the areas afore stated;