



# An *S.O.S.* call for the Police And Firefighters of the City Of Springfield

As presented by

The Save OUR Springfield  
Citizens Coalition



# The Basic Proposal

- This proposal is a solution element, not a complete solution. It provides needed money to the police/firemen pension fund **WITHOUT** immediately requiring any added sales tax
- The proposal does require the Springfield Council and the City to delay some capital improvement projects.
- The Administration and Council will have to chose which projects in the approved Five Year C.I.P. meet **citizens'** core service needs.
- There **WILL** be enough Capital Money to meet those core service needs - - **AND** it will put significant money towards paying off the pension deficit in the next five years.



# The Basic Proposal -- How Would It Be Accomplished?

- Allow the current 1/4 cent sales tax dedicated to the Capital Improvement Program (CIP) to sunset, as it is designed to do in February 2010.
- Ask the citizens of Springfield to approve a new sales tax at the very same rate for period of five years. This tax revenue would be dedicated solely for funding of the Police/Firefighters' pension fund.



# The Benefits

- A dedicated source of income that would bring \$10-\$11 million per year to the pension fund at actuarally recommended levels for the next five years.
- It will give the Pension Task Force, the City Council, the Mayor, and the City Manager a five year breathing period to develop a more permanent solution to this difficult situation



# The Difficulties to be Overcome

- The loss of the CIP 1/4% tax for five years means the City must further tighten its belt in approval and initiation of capital improvement projects.
- The CIP tax revenue constitutes about 10% of the current five CIP budget. Losing that tax means only Capital Improvement projects that meet Citizens' core needs should be started.



# How Does Cutting Capital Projects Have Any Effect On The General Revenue - Expense Picture?

- There are many recent capital projects that were start-up revenue loss items, and at best will take years to be capable of handling the bond repayments.
- The James River Commons development - by sale of bonds.
- The new rental car maintenance facility at the Midfield Airport -- by sale of bonds.
- Any “park” project, or any “Jordan Valley” development project.
- Purchase of land for a new OZARK MO airport. (prior to '97 -- \$11,000,00, currently ‘for sale”, and no takers.)



# How Does Cutting Capital Projects Have Any Effect On The General Revenue - Expense Picture?

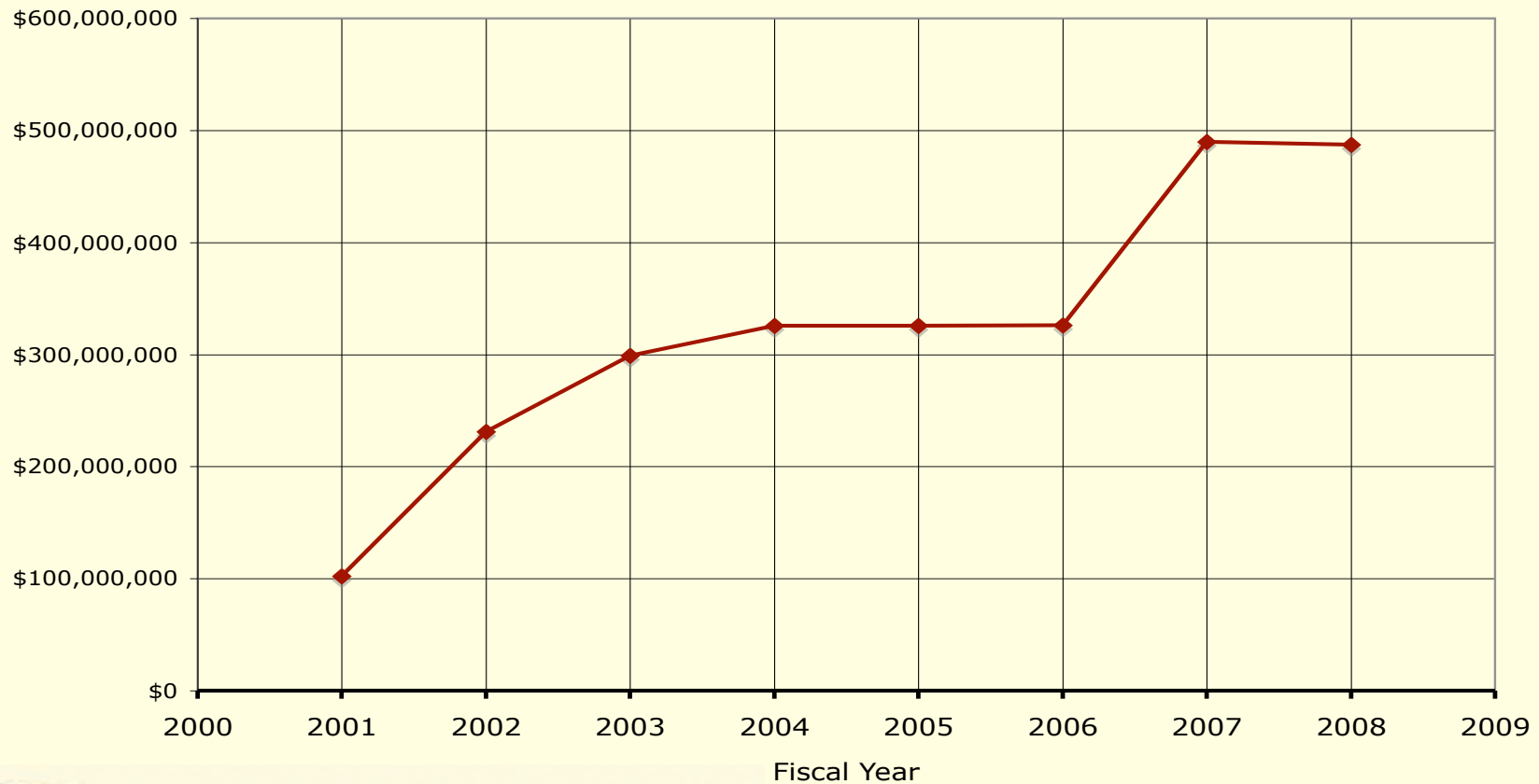
- The State Auditor found many past CIP projects like the ice rink, and the downtown parking garages haven't generated enough revenue to pay off the city's bonds that were sold to finance the projects.
- Bond interest payments from general revenue have been needed to make up those losses. That's general revenue money that could have been used for hiring more policemen and firemen.



# How “BAD” Is This CIP Debt Problem?

The

City's long-term outstanding debt is climbing.  
Growth of Springfield's Long Term Outstanding Debt



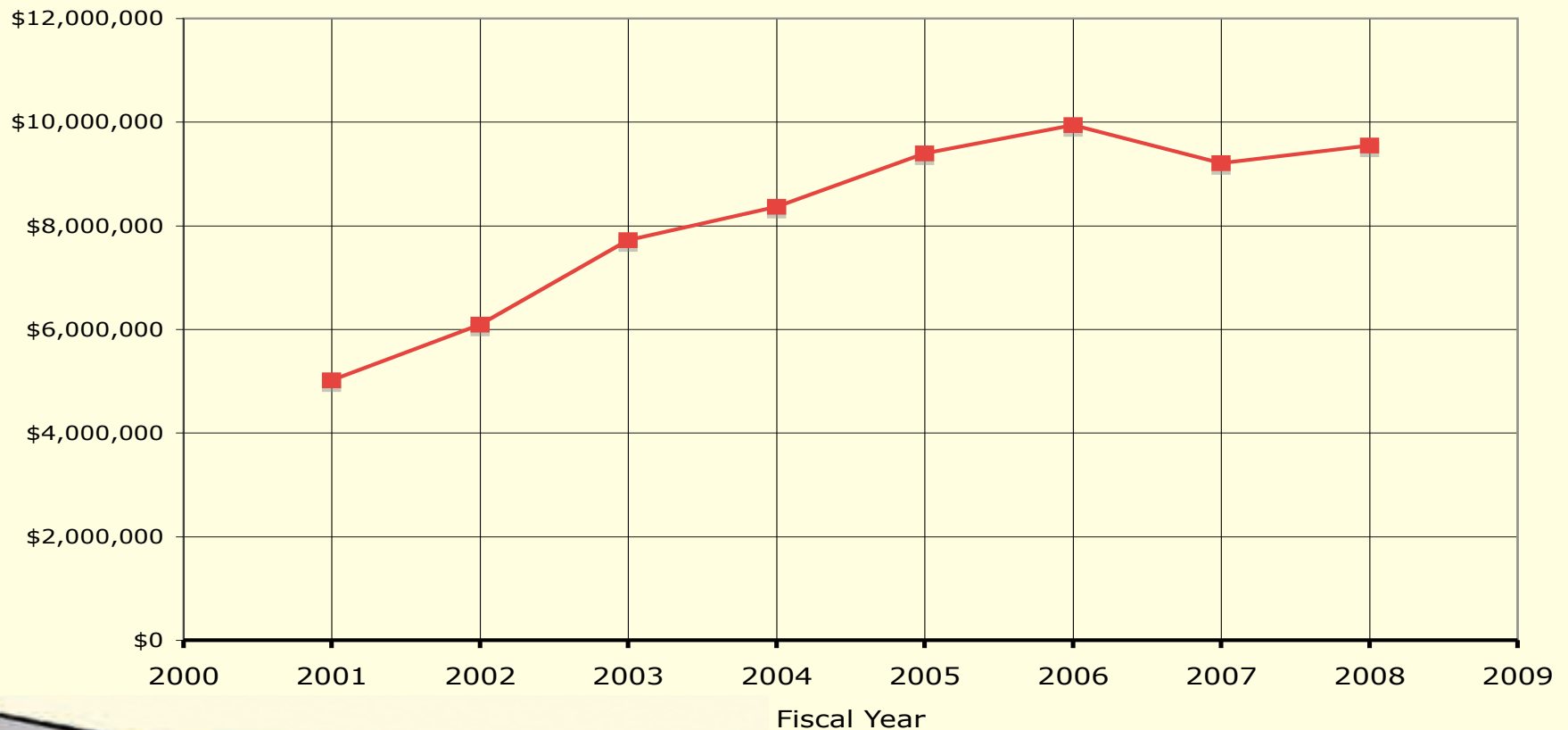




# How “BAD” Is This CIP Debt Problem?

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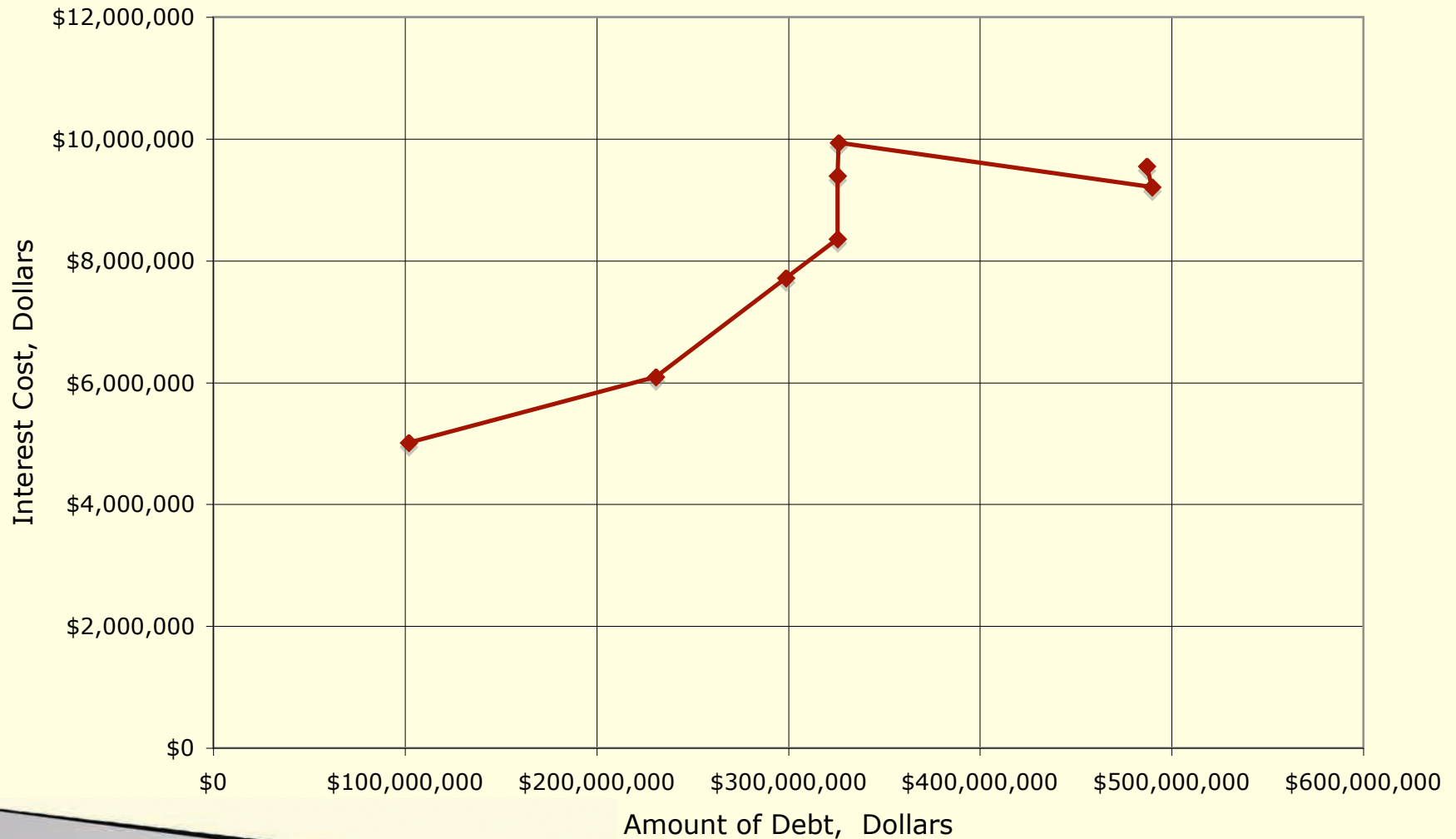
City's yearly interest charges are climbing too  
Growth of Springfield's Yearly Interest Charges For Long Term Outstanding Debt





# How “BAD” Is This CIP Debt Problem?

What's the Connection Between Debt Load and Interest Charges?  
Springfield's Yearly Interest Payment Cost =  $f$ (Long Term Outstanding Debt)





# Why is the City's Debt Load a Problem?

- Money used to pay off bond debt comes out of the General Revenue Fund.
- The current bond interest charges soak up more than 10% of General Revenue income.
- That's money that can't be used to build up the pension fund.



# What Is Happening Now?

- The State Auditor did not find Springfield's Capital Programs to be in 'good' condition. Her report stated:
- *"The City of Springfield has invested in several capital improvement projects and made decisions regarding employee benefits that have required a significant amount of city resources and accumulated a significant future liability for the city. Additionally, a considerable amount of city funds have been spent as a result of poor planning and poor oversight".*
- *"By not providing adequate oversight, and making good management decisions, the City Council and city management have placed city funds at risk".*
- *"The city does not have a clear financial plan on how to fund some of their obligations".*



# What Needs To Be Done?

- Stop initiating Capital projects that do not address core citizen needs.
- Stop initiating Capital projects that will take years to recover their investments, or Capital projects that have NO potential for payback.
- **WE CAN'T AFFORD THEM ANYMORE!**



# Is Current CIP Spending Any Better Since The Audit? What Kinds Of Projects Are Listed For Spending in 2009?

Core citizen service necessities: \$4,520,000  
(police, fire)

Primary city infrastructure: \$65,535,705  
(solid waste, sewers, streets, etc.)

Nice, but NOT necessary activities: \$38,016,730  
that can be postponed.



# Is Current CIP Spending Any Better Since The Audit? What Was Actually Spent For Capital Projects In '08?

• Airport	\$ 88,365,201
• Art Museum	\$ 3,050,522
• Fire	\$ 388,266
• Police	\$ 0
• Municipal Bldgs, Grounds, Streetscapes	\$ 9,854,906
• Parks	\$ 6,248,779
• Sewers	\$ 12,610,331
• Solid Waste	\$ 87,102
• Storm Water	\$ 7,779,746
• Streets	\$ 21,656,749
• Traffic	\$ 1,682,991
• Shared cost	\$ 303,948

# Excluding The New Airport, What Did the City Actually Spend?



Core citizen service necessities:                   \$ 388,386  
(police, fire)

Primary city infrastructure:                           \$44,728,763  
(solid waste, sewers, streets, etc.)

Nice, but NOT necessary activities  
that could have been postponed:               \$19,154,207

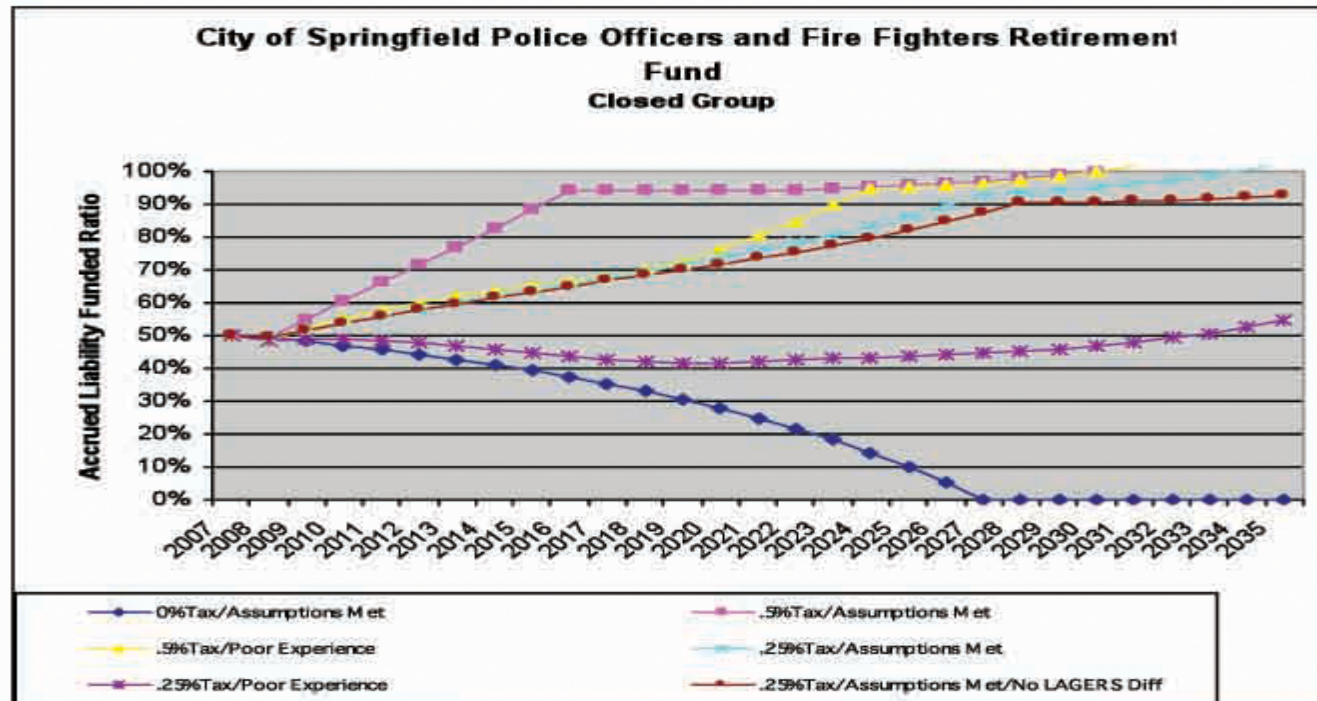


# So, What IS the S.O.S. Proposal, and How Would Implementing This S.O.S. Plan HELP Springfield?



- Let the Current 1/4 Cent CIP sales tax expire in 2010. Institute a new 1/4 Cent 5 year sales tax by vote of the people.
- Dedicate ALL this new revenue to paying the Police/Fire Pension Fund for 5 years.
- The City will have to cut back SOME of its' lower priority capital projects.

# Can a Simple 1/4 Cent Tax Payment Be Effective?



The Milliman people thought a dedicated 1/4 Cent tax would be effective



Thank you for your  
consideration of this S.O.S.  
Proposal.