

City of East Lansing

Community Engagement Meetings-
Budget Discussion
Winter 2018

Some data and slides provided by MSU Extension

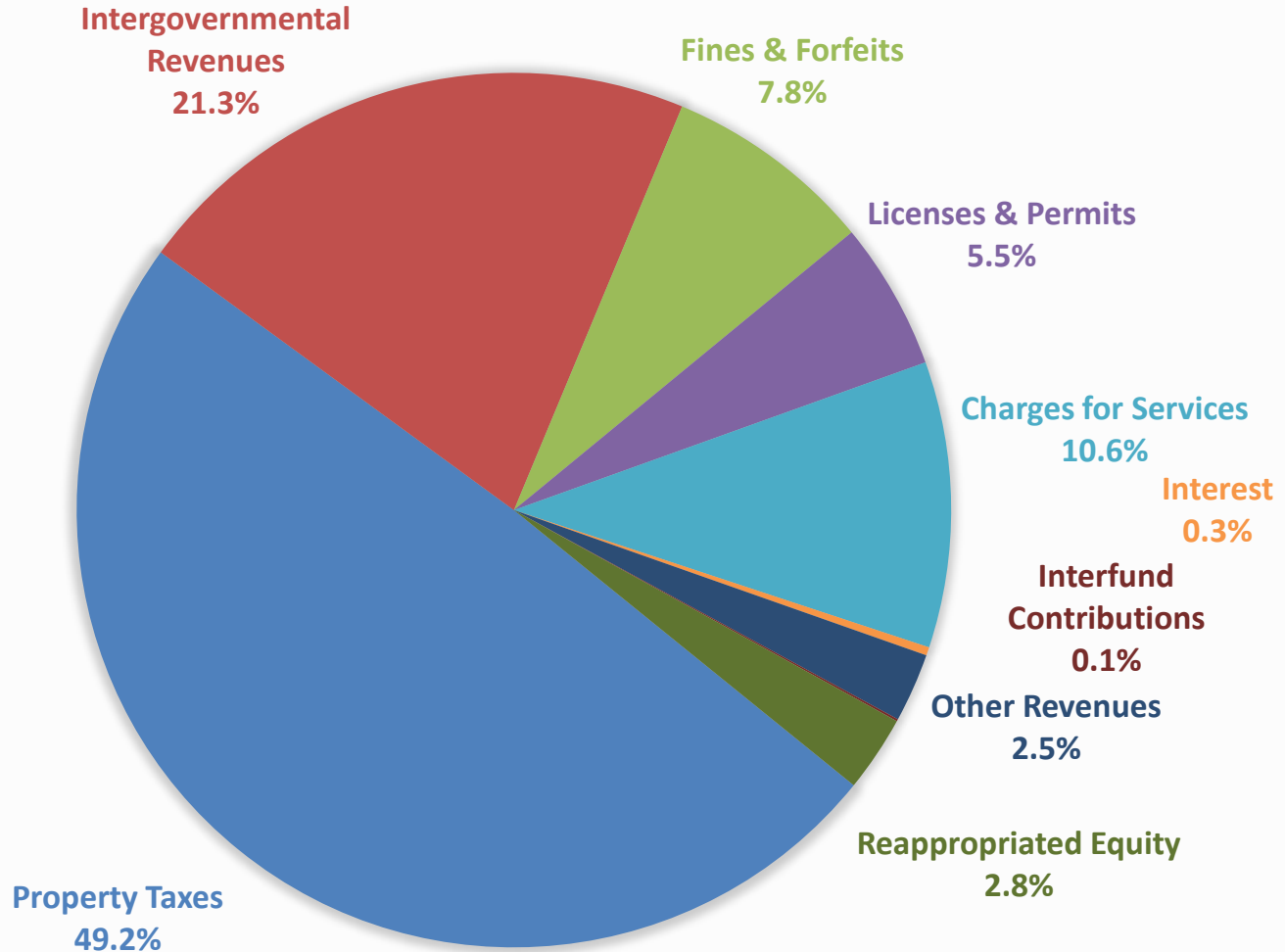


City of East Lansing

FY2018 GENERAL FUND ADOPTED BUDGET

\$34,207,540

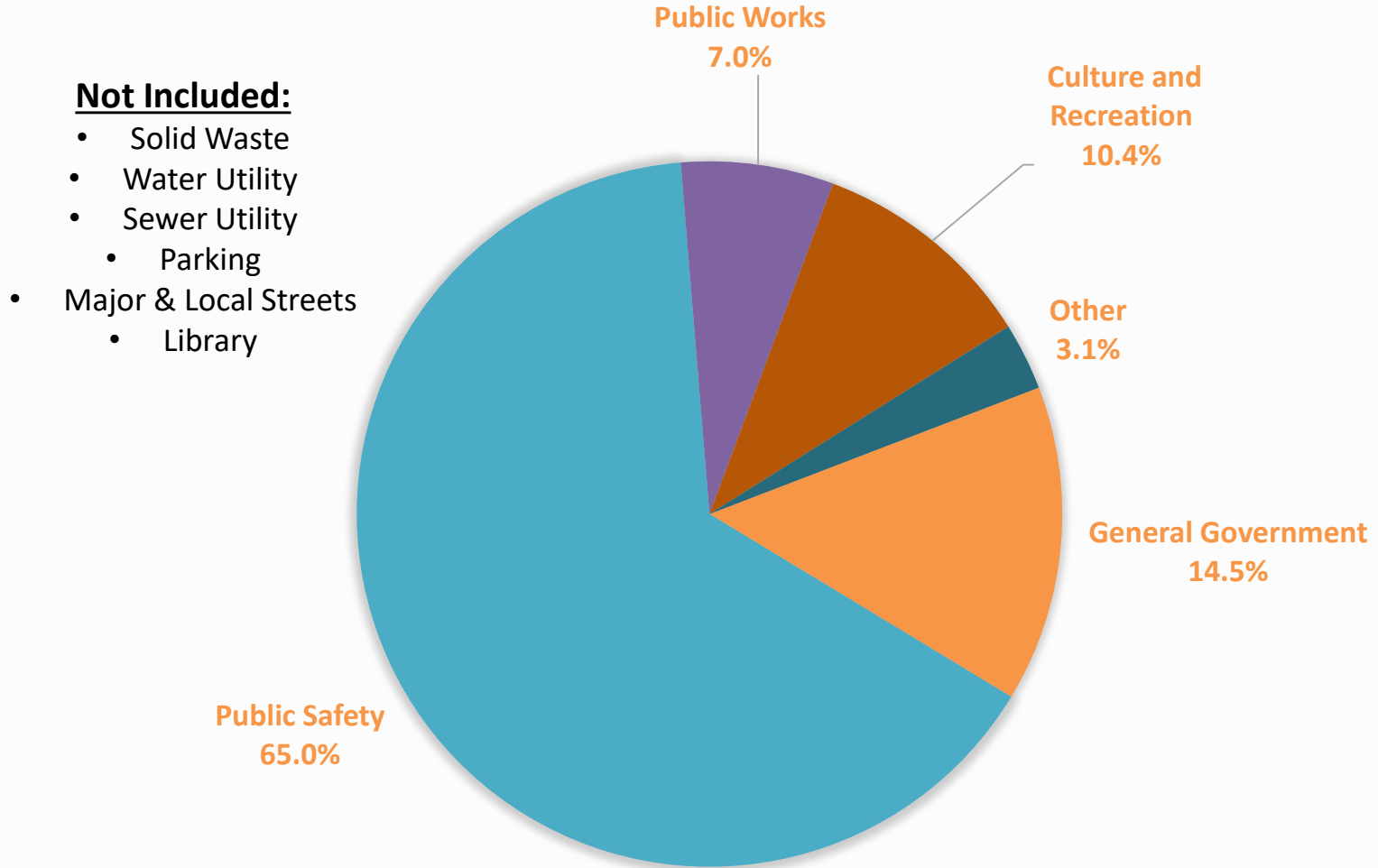
SOURCES - REVENUES



FY2018 GENERAL FUND ADOPTED BUDGET

\$34,207,540

SOURCES - EXPENDITURES

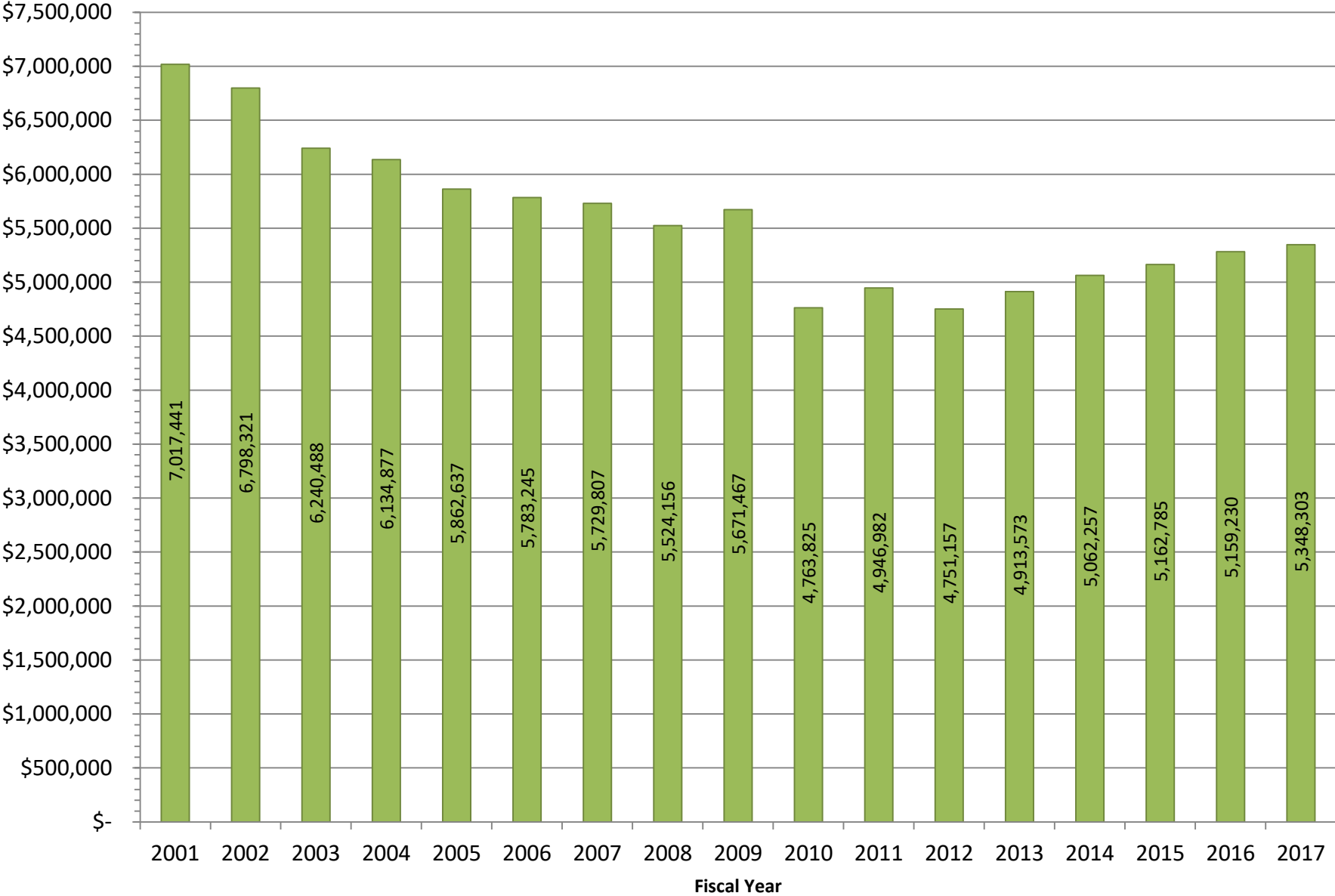


Main Causes of Fiscal Stress

- Tight restrictions on local's revenue raising ability
- Collapse in property values due to Great Recession
- Deep cuts in revenue sharing
- Increase in legacy costs due, in large part, to below average market returns



State Revenue Sharing



General Fund Revenue Total FY 2006-2017

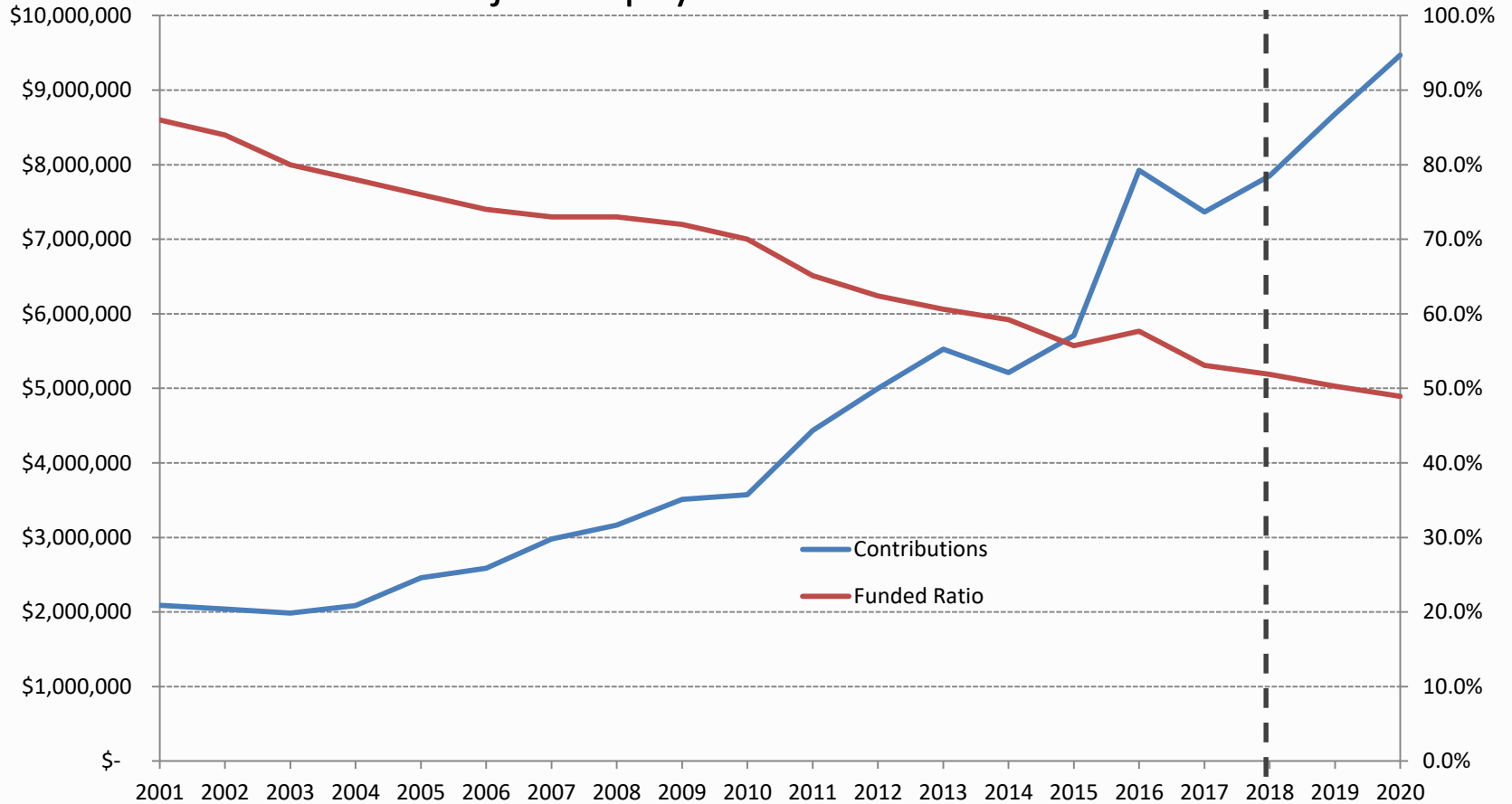
Fiscal Year	General Fund Revenue Total	Percent Change
2006	\$ 33,827,505	
2007	\$ 34,863,846	3.1%
2008	\$ 33,587,106	-3.7%
2009	\$ 32,990,309	-1.8%
2010	\$ 32,997,385	0.0%
2011	\$ 33,637,727	1.9%
2012	\$ 33,992,733	1.1%
2013	\$ 32,902,731	-3.2%
2014	\$ 32,062,290	-2.6%
2015	\$ 32,171,747	0.3%
2016	\$ 33,378,853	3.8%
2017	\$ 33,357,979	-0.1%
Percent change from 2006 to 2017	-\$469,526	-1.4%



Pension Payments

2001-2017

Projected payments 2018-2020



Number of Actives:
268

Number of Retirees: 373

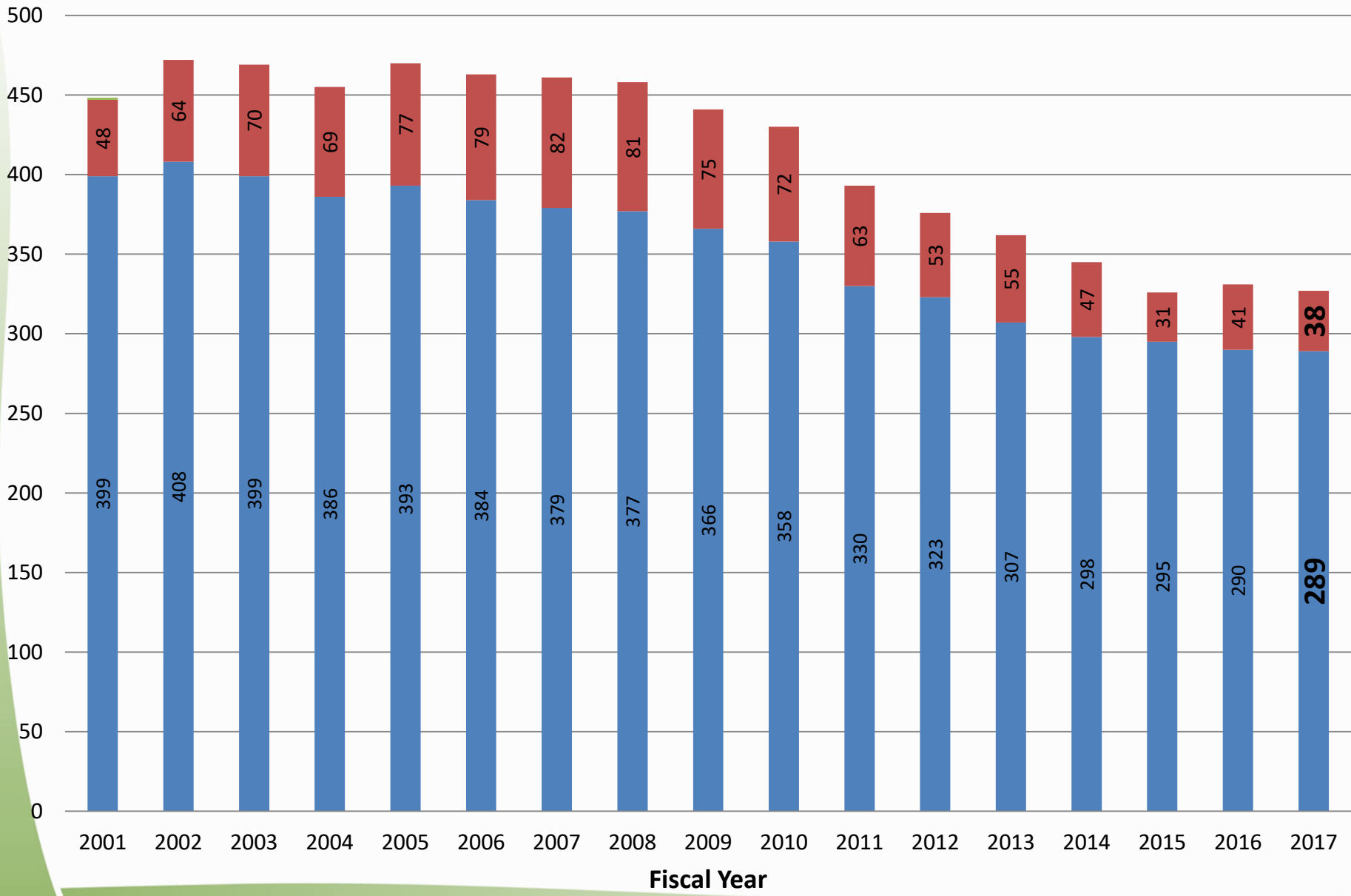
Total Allowance:
\$12,708,765

Average Benefit:
\$34,000

City of East Lansing



Employee Head Count



■ Regular Full Time Employees ■ Regular Part Time Employees



City of East Lansing

Compensation and Benefits

Employee Wage Increases

2010: 2%
2011: 0%
2012: 0%
2013: 1%
2014: 1%
2015: 1%
2016: 1%
2017: 1.5%

Retirement and Health Care

- 1993: Began eliminating healthcare at retirement for new hires. All new public safety hires are enrolled in a defined benefit contribution and a health care savings account.
- 2010: New employees are enrolled in a hybrid plan.
- 2011: The defined benefit plan for the police and fire hires is reduced.
- The City made \$4 million in supplemental payments over the past three years, in addition to our annual required contributions.
- New hire plans cost between 7% and 11% of payroll.

The City's Health Care Task Force has controlled plan costs for the past 12 years and consistently meets the hard caps established by the State.



Where Things Stand Today

- Pension Fund is underfunded by \$90 million
- Capital improvements and maintenance are underfunded
- MSU Board of Trustees failed to pass the agreement between the City and President Simon
- Voters turned down a proposed income tax in November 2017



Why We Are Here

The City is developing next year's budget and must find additional revenue and/or reduce services and amenities. City Council wants to hear your opinions on how to proceed.

- To maintain current levels of services and amenities, \$5 million in new revenue is needed
- If no new revenue is generated, our challenge is to find \$3 million in additional reductions to City services and amenities



Neutral Facilitators

- Tonight's facilitators are Rory Neuner and Maggie Pallone from Public Sector Consultants (PSC)
- PSC will collect and analyze all input generated tonight, and will then produce a report, to be delivered to City Council



Tonight's Agenda

- Group Exercise to review and discuss options to cut City services and amenities
- Group Exercise to review and discuss potential new revenue options
- Survey of your preferences and priorities
- Open Comments and Discussion



A reminder: we are all here because we care deeply about the City where we live, work, and play.

- **Be respectful:** both of time constraints and other opinions.
- **Be thoughtful:** the City and Council want to hear what is important to you, and what services you think aren't as important.
- **Be open:** you may learn things today that change your opinion.



Potential Reductions Exercise

Remember the constraints: If no new revenue, \$3 million in reductions must be made.

- Handout: Use this list to choose reductions.
- How would these reductions impact you? Your neighbors?
- What should be preserved? Why?
- Do your cuts get the City to the reductions they need?



Options: Revenue and Reductions

- There are three broad options on the table:
 - Pursue new sources of revenue and no reductions
 - Pursue both a mix of new revenue and reduce services / amenities
 - Reduce services and amenities without new revenue



Potential Revenue Exercise

- Handout: Use this list to discuss revenue options.
- Is there a revenue option that you would support? Why?
- What revenue vs. reduction scenario(s) do you support? Why?



Open Comments and Discussion

Please complete a survey before you leave!

- Did you learn anything new today that you want to share with the group?
- Which options do you prefer?
- What did we miss?
- What is one thing we should take away from today?



Closing and Next Steps

Please complete a survey before you leave!

- Thank you for your time and input.
- PSC will analyze results from both sessions, and deliver a report to City Council.

