

**BLOOMBERG
HARVARD**

City
Leadership
Initiative

City Leader Guide

On Building Fiscal Resilience
Post-COVID-19

Authors

Fernando Fernandez-Monge
Rodrigo Dorador
Brian Iammartino
Linda Bilmes
Jorrit de Jong
Stephen Goldsmith
Sari Ladin-Sienne

Series Editor

Jorrit de Jong

Contents

- Introduction. Why this guide?..... 5**
- The Journey towards Fiscal Resilience.....6**
- Use and Structure of this Guide.....7**
- What this guide does and does not do.....7**
- Diagnostic Tool Part 1: Respond Phase.....8**
- Diagnostic Tool Part 2: Stabilize Phase.....9**
- Diagnostic Tool Part 3: Transform Phase.....10**

- Respond Phase..... 11**
- What are the most impacted groups in the community and how can the city provide them immediate relief?.....13**
 - Ask stakeholders what they need.....13
 - Provide assistance to vulnerable groups.....14
 - Provide assistance to local businesses.....15
 - Partner with state and community banks.....17
- How do I address short-term revenue changes?.....18**
 - Revise short-term forecasts.....18
 - Identify new sources of revenue.....20
 - Mitigate revenue loss from current sources.....22
- How do I address short-term expenditure changes?.....23**
 - Manage liquidity.....23
 - Identify and take advantage of short-term savings.....25
 - Analyze the cost of key programs and activities by converting line-items into activity-based budgets.25
 - Negotiate temporary changes to personnel costs.....27
 - Defer non-essential capital expenditures.....28
- How do I strengthen my funding options?.....30**
 - Tap reserves strategically..... 30
 - Identify assets with potential unlocked value.....30
 - Manage liquidity..... 31
- How do I improve debt financing?.....33**
 - Assess city's debt capacity..... 33
 - Consider current and new borrowing options.....34
 - Tap into the Federal Reserve's Municipal Lending Facility, if eligible..... 35
- How do I build the capacity to steer our city towards long-term fiscal resilience?.....36**
 - Set-up task teams for all three stages (Respond; Stabilize; Transform) 36
 - Engage stakeholders..... 37
 - Communicate constantly..... 38
 - Assess authority to implement measures.....40
 - Monitor revenues and expenditures continually..... 41

Stabilize Phase.....	42
How do I adapt "quick-fix" measures implemented during the Respond phase as long-term practices?..	43
Institutionalize effective collaborative practices to build continuity.....	43
Consolidate successful initiatives that serve vulnerable groups and assess remaining unmet needs...	44
Continue effective responses and supports for business community.....	45
How do I address medium-term revenue changes?.....	46
Manage the property tax levy responsibly.....	46
Explore new sources of revenue.....	47
Unlock value in unused or underused assets.....	49
How do I address medium-term expenditure changes?.....	51
Control personnel costs.....	51
Reallocate some expenditures strategically, based on the fuller cost information developed through activity-based budgeting techniques.....	52
Review purchasing practices.....	53
Budget for capital improvement and debt refinancing strategically.....	55
How do I set up management systems and practices to balance the budget?.....	57
Collect data to benchmark your city's cost and service standards.....	57
Monitor revenues and expenditure variances continually.....	57
Forecast pessimistic and optimistic scenarios for three, six and twelve months out.....	58
Establish control systems to manage resources.....	60
Transform Phase.....	61
How do I leverage strengths and mitigate weaknesses in the city's finances?.....	62
Perform a fiscal SWOT (Strength, Weakness, Opportunity, and Threat) analysis.....	62
Align revenue sources with the city's sources of wealth.....	63
Improve accessibility to services.....	64
Assess pension liabilities and implement funding plans.....	65
Address lack of authority to implement measures.....	68
How can the city be a catalyst for new economic growth?.....	70
Establish new partnerships.....	70
Support workforce development.....	71
Support or help create clusters of growing industries, prioritizing historically underserved Black and Brown communities.....	71
Promote wealth creation in under-served areas.....	72
How do I improve the city hall's operating efficiency?.....	73
Reinvent processes and innovate.....	73
Explore collaborations and pooling of resources.....	75
Implement new procurement and contracting processes and standards.....	77
Implement performance-based budgeting.....

This is the first version of this City Leader Guide. The authors welcome feedback and will continue to improve and update the guide as they work closely with city practitioners and monitor emerging "promising practices" in cities. Please send your comments to cityleadership@harvard.edu.

Bloomberg Harvard City Leader Guides

City Leader Guides offer:

- Analytic tools to diagnose and remedy a particular problem by asking the right questions, looking at the right data, making the right process decisions, and considering the right strategic alternatives.
- An overview of promising practices in other cities.
- Relevant insights from the academic and practitioner literature integrated with desk research and interviews.
- Approaches to assessing organizational readiness, avoiding failed adaptation of practices, and navigating stakeholder engagement and implementation challenges.
- Supporting materials to aid in further exploration, deliberation, and decision-making.

A City Leader Guide is not:

- An academic paper that answers a research question by presenting evidence.
- A policy paper that prescribes solutions or advocates for a specific set of practices.
- An endorsement of a particular set of “best practices.”

The Bloomberg Harvard City Leadership Initiative produces City Leader Guides to:

- Improve the problem-solving capabilities of cities; we aim to equip city leaders and their staff with tools, frameworks, and knowledge to address challenges.
- Facilitate the diffusion of innovative practices and exchange of experiences in the global community of city leaders.
- Fill a gap between the academic literature (typically heavy on analysis and light on actionable advice) and “best practices” databases (typically heavy on practical examples, light on analysis).
- Support city staff, technical assistance providers, and students working with cities on complex policy challenges by offering a scaffolding structure for diagnosis and planning.

The intended users of a City Leader Guide are:

- Mayors and city managers: an executive-level summary of the guide helps them decide if they want to commit to the work and provides questions that they can ask to prompt and gauge progress.
- Senior officials (e.g., department heads, chiefs of staff, senior advisors): the executive summary, diagnostic framework, and promising practices presented help them understand the approach and supervise staff, students, or technical assistance providers.
- Staff, students, and others providing technical assistance to cities: the full guide serves as a resource to structure their work.

To access other guides published through the Bloomberg Harvard City Leader Guide Series, please visit <https://www.cityleadership.harvard.edu/research-and-resources>. The series is updated on a regular basis.

Introduction. Why this guide?

This guide and the companion [website](#) offer city leaders guidance on diagnosing fiscal challenges and making informed policy and budgetary decisions by helping to:

- 1 Identify **key questions** to get a sound and comprehensive picture of their city's fiscal situation. It lays out a set of guiding questions and associated **critical tasks** that can help city leaders structure their thinking around the challenges they are facing.
- 2 Identify **resources** to help with these questions and tasks. With this guide, city leaders can find relevant questions and link them to the relevant issues with which they are grappling.
- 3 Organize resources in a clear and **actionable format**. Each good practice or resource is summarized concisely with links to more detailed information. This helps city leaders quickly scan action alternatives and find further information as needed.

City leaders are dealing with a health crisis and an economic crisis at the same time. Lockdowns have begotten economic paralysis, causing a dramatic decrease in city revenues. At the same time, cities are being called on to increase spending. Cities must deliver more with even less. They are forced to rethink their budgets radically and make tough choices.

While there are no perfect solutions and no painless remedies, leaders can still take measures that make the best of a bad situation: a data-driven, innovation-oriented approach can help city leaders avoid “lose-lose” scenarios and even find opportunity in the current predicament.

City leaders are not always familiar with the technical jargon of municipal finance and the nuts and bolts of the budgetary structure and process. They also typically lack the time to read up on relevant resources when they need them. This guide has been designed with these things in mind.

The Journey towards Fiscal Resilience

The guide is structured around the *Respond, Stabilize and Transform* framework. This framework recognizes that cities will go through different phases in their journey out of this crisis and towards becoming more fiscally resilient.



During the **respond phase**, uncertainty is very high and there are many unknowns. In this stage, the focus is on responding to the immediate crisis, while creating space for more sustainable reform.

In the **stabilize phase**, the initial uncertainty will start to decrease, and the sources of information will be clearer and more reliable. The goal of this phase is to move beyond short-term stabilization and establish the basis for recovery.

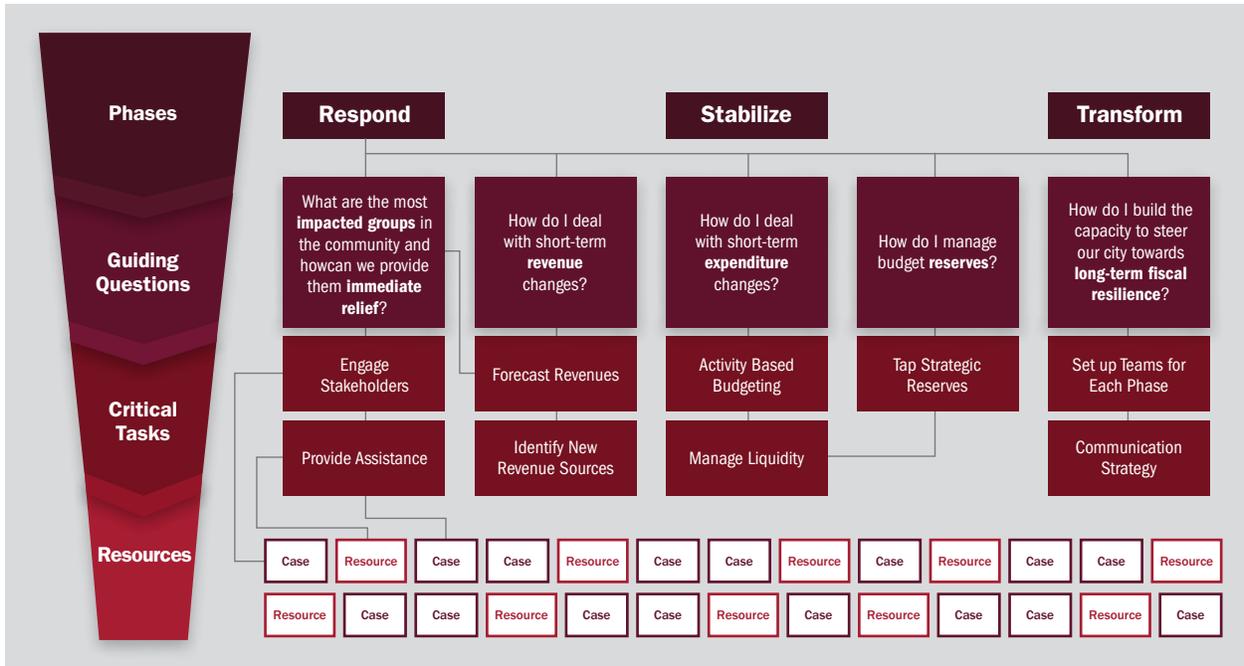
Cities will enter the **transform phase** when uncertainty is at reasonable levels and city leaders can focus on transforming the city's financial structure to increase resilience. The actions and decisions in this stage will be directed towards maximizing impact and adaptability to changing conditions.

While the three-stage framework can help structure your thinking about the journey towards fiscal resilience, it is important to highlight that this is not a linear process. Cities are likely to be coping with all three phases simultaneously across different subject areas, for example, they may be responding to new developments in public health, stabilizing the school budget and working to transform the procurement process in public works at the same time. Additionally, steps taken in the short term may have an impact down the line.

Use and Structure of this Guide

The Guide is organized around the “Respond, Stabilize and Transform” framework. It takes a funnel approach, starting with one set of guiding questions per phase. Each of the questions then has a set of critical tasks that will help you respond to that question. Finally, each critical task contains multiple resources: videos, podcasts, readings or promising practices from other U.S. cities, all contained in the Appendix.

The graphic below depicts the funnel approach, using the respond phase as an illustration:



This document is designed for interactive navigation. The Respond, Stabilize and Transform sections below include a set of guiding questions and critical tasks for each phase. By clicking on each critical task, the reader will be directed to an Appendix where all the resources under that critical task are listed. The companion website is built on this basic navigation structure: [CLICK HERE](#)

What this guide does and does not do

Through its interactive navigation, this document helps guide city leaders’ thinking and connects them with useful knowledge to act on and share with their teams. This guide does not, however, provide an exhaustive assessment of a city’s fiscal situation. Even when conducting inquiry and assessment using all resources included in this tool, cities should still complement it with more deep dives with experts and technical advisors on specific areas.

The guide does not prescribe any concrete measures for a particular city, nor does it assume that the examples or practices contained in this guide are one-size-fits-all solutions for any city’s particular situation. To the contrary, the necessary actions for each city should be informed by an evaluation of the specific conditions, context, and options available to that city. Above all, the guide emphasizes the importance of diagnosis and assessment using data, strategic and creative thinking, stakeholder engagement, and learning from others.

Diagnostic Tool Part 1: Respond Phase

In the respond phase, uncertainty is high and many unknowns exist. The priority is to respond to the immediate crisis while creating space for more sustainable reform. The decisions made in this stage may have long-lasting implications in the medium and long term.

Underneath each question, click on the links below to see more about each critical task.

Guiding questions

1 What are the most impacted groups in the community and how can we provide them immediate relief?

Critical tasks

- [Ask stakeholders what they need.](#)
- [Provide assistance to vulnerable groups.](#)
- [Provide assistance to local businesses.](#)
- [Partner with state and community banks.](#)

2 How do I address short-term revenue changes?

Critical tasks

- [Revise short-term forecasts.](#)
- [Identify new sources of revenue.](#)
- [Mitigate revenue loss from current sources.](#)

3 How do I address short-term expenditure needs?

Critical tasks

- [Manage liquidity](#)
- [Identify and take advantage of short-term savings.](#)
- [Analyze the cost of key programs and activities by converting line-items into activity-based budgets.](#)
- [Negotiate temporary changes to personnel costs.](#)
- [Defer non-essential capital expenditures.](#)

4 How do I strengthen my funding options?

Critical tasks

- [Tap reserves strategically.](#)
- [Identify assets with potential unlocked value.](#)
- [Manage liquidity.](#)

5 How do I improve debt financing?

Critical tasks

- [Assess city's debt capacity.](#)
- [Consider current and new borrowing options.](#)
- [Tap into the Federal Reserve's Municipal Lending Facility, if eligible.](#)

6 How do I build the capacity to steer our city towards long-term fiscal resilience?

Critical tasks

- [Set-up task teams for all three stages \(Respond; Stabilize; Transform\).](#)
- [Engage stakeholders.](#)
- [Communicate constantly.](#)
- [Assess authority to implement measures.](#)
- [Monitor revenues and expenditures continually.](#)

Diagnostic Tool Part 2: Stabilize Phase

In the stabilize phase, sources of information will become clearer and more reliable, and it will become increasingly possible to forecast, or at least to make educated guesses on a variety of scenarios.

The goal of this phase is to move beyond short-term stabilization and take steps that help to establish the basis for sustained recovery.

Guiding questions

1 How do I adapt “quick-fix” measures implemented during the Respond phase as long-term practices?

Critical tasks

- Institutionalize effective collaborative practices to build continuity.
- Consolidate successful initiatives that serve vulnerable groups and assess remaining unmet needs.
- Continue effective responses and supports for business community.

2 How do I address medium-term revenue changes?

Critical tasks

- Manage the property tax levy responsibly.
- Explore new sources of revenue.
- Unlock value in unused or underused assets.

3 How do I address medium-term expenditure changes?

Critical tasks

- Control personnel costs.
- Reallocate some expenditures strategically, based on the fuller cost information developed through activity-based budgeting techniques.
- Review purchasing practices.
- Budget for capital improvement and debt refinancing strategically.

4 How do I set up management systems and practices to balance the budget?

Critical tasks

- Collect data to benchmark your city’s cost and service standards.
- Monitor revenues and expenditure variances continually.
- Forecast pessimistic and optimistic scenarios for three, six and twelve months out.
- Establish control systems to manage resources.

Diagnostic Tool Part 3: Transform Phase

In the transform phase, uncertainty is at reasonable levels and city leaders can focus on transforming the city's financial structure to increase resilience. The actions and decisions in this stage will be directed towards maximizing impact and being adaptable to changing conditions.

Guiding questions

1 How do I leverage strengths and mitigate weaknesses in the city's finances?

Critical tasks

- Perform a fiscal SWOT (Strength, Weakness, Opportunity, and Threat) analysis.
- Align revenue sources with the city's sources of wealth.
- Improve accessibility to services.
- Assess pension liabilities and implement funding plans.
- Address lack of authority to implement measures.

2 How can the city be a catalyst for new economic growth?

Critical tasks

- Establish new partnerships.
- Support workforce development.
- Support or help create clusters of growing industries, prioritizing historically underserved Black and Brown communities.
- Promote wealth creation in under-served areas.

3 How do I improve city hall's operating efficiency?

Critical tasks

- Reinvent processes and innovate.
- Explore collaborations and pooling of resources.
- Implement new procurement and contracting processes and standards.
- Implement performance-based budgeting.

The background of the page is a detailed, light-colored architectural floor plan of a building complex. It shows various rooms, corridors, and structural elements, all rendered in a fine-line style. The plan is oriented diagonally across the page.

Appendix

Respond Phase

1 What are the most impacted groups in the community and how can we provide them immediate relief?

- Ask stakeholders what they need.
- Provide assistance to vulnerable groups.
- Provide assistance to local businesses.
- Partner with state and community banks.

2 How do I address short-term revenue changes?

- Revise short-term forecasts.
- Identify new sources of revenue.
- Mitigate revenue loss from current sources.

3 How do I address short-term expenditure needs?

- Manage liquidity
- Identify and take advantage of short-term savings.
- Analyze the cost of key programs and activities by converting line-items into activity-based budgets.
- Negotiate temporary changes to personnel costs.
- Defer non-essential capital expenditures.

4 How do I strengthen my funding options?

- Tap reserves strategically.
- Identify assets with potential unlocked value.
- Manage liquidity.

5 How do I improve debt financing?

- Assess city's debt capacity.
- Consider current and new borrowing options.
- Tap into the Federal Reserve's Municipal Lending Facility, if eligible.

6 How do I build the capacity to steer our city towards long-term fiscal resilience?

- Set-up task teams for all three stages (Respond; Stabilize; Transform).
- Engage stakeholders.
- Communicate constantly.
- Assess authority to implement measures.
- Monitor revenues and expenditures continually.

What are the most impacted groups in the community and how can the city provide them immediate relief?

Ask stakeholders what they need

Description

From department heads to business owners, and rating agencies to low income residents, there is a variety of stakeholders with an interest in the city's finances. Managing these complex networks of relationships is important for city leaders—all the more so during a crisis.

Some questions to guide your thinking:

- 1 Who are the city's stakeholders?
- 2 What do they need? What are their interests?
- 3 What power can they exercise to have their needs met?
- 4 How will the city manage communications with these stakeholders?
- 5 What is the city's plan to provide the various stakeholders what they need?

Resources

Title	Addressing equity during COVID-19
Description	In this podcast, Columbus, OH city council president Shannon Harding discusses the disparate impacts of the pandemic on marginalized communities and how the city is bringing equity into the response, from providing a hotel for homeless community members to supporting Black businesses.
Duration	53 minutes
Source	Engaging Local Government Leaders (ELGL)
Takeaways	<ul style="list-style-type: none"> • COVID-19's discriminatory effect [26:20] • Creating a center for public health innovation to address health inequities [28:35] • Supporting the economically vulnerable during COVID-19 [38:25] • Small business support: Buy Black Thursdays [42:25]
Tags	Equity
Link	https://elgl.org/podcast-addressing-equity-during-covid-19-with-shannon-hardin-columbus-oh/

Title	Tracking the economic effects of COVID-19 in real time
Description	In this policy brief, Harvard's Opportunity Insights team discusses lessons from their Economic Tracker, a freely available interactive website that measures economic activity at a granular level (including counties and metropolitan areas) in real time.
Duration	30 minutes
Source	Opportunity Insights
Takeaways	<ul style="list-style-type: none"> • Throughout the pandemic, high-income households have sharply reduced their spending, primarily on services that require in-person interactions. • The only way to drive economic recovery is to invest in public health efforts that restore consumer confidence. • Providing and extending targeted assistance to low-income workers impacted by the economic downturn is critical for reducing hardship.
Tags	Economic Development, Public Health, Equity
Link	https://opportunityinsights.org/wp-content/uploads/2020/06/tracker-summary.pdf

Title	Surveying residents' needs to inform policy making
Description	Houston's leaders created a survey to gather information to help the non-profit, educational, and philanthropic communities understand the economic needs of households affected by COVID-19.
Source	Harris County, TX
Tags	City Services
Link	https://www.gulfcoastcovidsurvey.org/

Title	Leveraging the US Cities' SDG Report to understand your city
Description	The report ranks 105 US cities on progress towards the UN's Sustainable Development Goals for 2030 (SDGs), a collection of global targets designed to be a "blueprint to achieve a better and more sustainable future for all."
Duration	10 minutes' skim
Source	Sustainable Development Solutions Network (United Nations)
Takeaways	<ul style="list-style-type: none"> • Quickly learn how your city ranks on a variety of policy issues and use the data to prioritize policy responses to the pandemic. • City rankings start on page 12.
Tags	City Services
Link	https://www.sustainabledevelopment.report/reports/2019-us-cities-sustainable-development-report/

Provide assistance to vulnerable groups

Description

Governments often support vulnerable populations, for example through housing and human services departments. The economic downturn will strain these resources as the need increases, but city governments can continue to use their authority to create policies that support vulnerable populations.

Some questions to guide your thinking:

- 1 What vulnerable groups is the city already serving?
- 2 What new groups are experiencing need due to the pandemic?
- 3 What do these groups need?
- 4 What resources (financial and human) can be immediately deployed to support vulnerable groups?
- 5 What alternative resources or policies can be leveraged to support these groups?

Resources

Title	Encouraging community building during COVID-19
Description	In this article, retired city manager Ed Everett describes how to engage city residents to assist their communities using examples from eight US cities.
Source	International City Manager's Association (ICMA)
Takeaways	<ul style="list-style-type: none"> • Rethink the relationship between the city and residents. • Leverage residents' skills, resources, and availability during the pandemic.
Tags	Economic Development, Community Development
Link	https://icma.org/blog-posts/how-encourage-community-building-during-covid-19-crisis

Title	Prioritizing equity in relief funds
Description	This reading offers four criteria that cities, foundations, and organizations responsible for providing COVID-19 relief funds can use to embed equity in their funding guidelines and implementation.
Duration	5 minutes
Source	Hillombo Consulting
Takeaways	<ul style="list-style-type: none"> For example, prioritize organizations that demonstrate a commitment to disrupting systemic racism through word and deed.
Tags	Equity
Link	http://hillombo.net/blog/4-criteria-for-more-justice-in-corona-response-funds/

Title	Building city resilience by learning fast and creating a basis of hope
Description	This handout summarizes a session by Harvard's Juliette Kayyem, Dutch Leonard, Arnold Howitt, David Giles, and Jorrit de Jong on building resilience by learning fast and creating a basis of hope for the community.
Duration	5 minutes
Source	Bloomberg Harvard City Leadership Initiative (BHCLI)
Takeaways	<ul style="list-style-type: none"> Resilience is not an outcome, but rather a process your city is already engaged in every day. The handout lists considerations on fostering resilience. It also explains how to build a narrative of hope.
Tags	Leadership
Link	https://ash.harvard.edu/files/ash/files/bhcli_session_three_key_takeaways.pdf

Provide assistance to local businesses

Description

Local businesses are the lifeblood of any local economy, providing numerous jobs, paying property and sales taxes, and contributing to the community's culture and vibrancy. As such, it is important for cities to support local businesses to weather the economic crisis.

Some questions to guide your thinking:

- Which business communities need the most support?
- What types of support do these business communities need?

Resources

Title	Providing expert assistance to local businesses
Description	In Texas, the Dallas Forward coalition created Dallas BUILD, a networking website to support businesses in finding programs that lead to funding, mentorship, incubators, and more.
Source	City of Dallas, TX
Tags	Economic Development
Link	https://www.dallasbuilds.org/

Title	Creating an online resource hub for small businesses
Description	The Dallas Forward website contains information on small business grants and loans, connections to a small business innovation network, tips on accessing PPE, and more.
Source	City of Dallas, TX
Tags	Economic Development
Link	https://dallasforward.org/

Title	Creating temporary outdoor business operation permits
Description	San Diego has created Temporary Outdoor Business Operation Permits to support the recovery of businesses devastated by the economic impact of COVID-19. The permits help dining and retail outlets with space constraints to expand operations outdoors so they can cost-effectively implement safety, health, and distancing protocols.
Source	City of San Diego, CA
Tags	City Services
Link	https://www.sandiego.gov/development-services/permits/temporary-outdoor-business-operation-permit

Title	Developing guides to reopening safely
Description	San Antonio's Economic Transition Team created a report of recommendations and resources specifically for local businesses to reopen and operate safely.
Source	City of San Antonio, TX
Takeaways	<ul style="list-style-type: none"> The playbook for small businesses begins on page 9.
Tags	Public Health, Small Business and Economic Development
Link	https://covid19.sanantonio.gov/files/assets/public/files/what-you-can-do/reopening/economictransitionteamreport-05052020.pdf

Title	Supporting businesses to expand public spaces
Description	Tampa implemented the Lift Up Local Economic Recovery Plan which temporarily allows restaurants and retail businesses to expand their exterior business footprint. This reading covers the program requirements and guidelines.
Duration	10 minutes
Source	City of Tampa, FL
Takeaways	<ul style="list-style-type: none"> The plan enables businesses to continue operating safely. At the same time, safe reopening supports the city's sales revenue.
Tags	Economic Development, Small Business
Link	https://www.tampa.gov/liftuplocal

Title	Supporting small businesses in five ways during COVID-19
Description	This reading provides five examples of actions that mayors and city councilors are taking to improve the survival odds for local businesses.
Duration	10 minutes
Source	National League of Cities (NLC)
Tags	Economic Development, Small Business
Link	https://citiesspeak.org/2020/04/14/five-ways-local-governments-are-supporting-small-businesses-during-covid-19/

Title	Publishing a small business relief dashboard
Description	Cambridge, MA published a dashboard to report the impact of its small business relief programs, including data on total assistance provided and key statistics on the types of businesses, source of funds, and business owner demographics.
Duration	3 minutes
Source	City of Cambridge, MA
Tags	Economic Development, Small Business
Link	https://www.cambridgema.gov/covid19/Business/Assistance

Title	Setting up a small business emergency relief fund
Description	This resource provides a summary of the various types of small business relief funds and offers case studies and templates for starting an emergency fund.
Tags	Economic Development, Small Business
Link	https://drexel.edu/nowak-lab/publications/reports/Relief_Fund_Lessons/

Title	Stress-testing your racial equity narrative
Description	This checklist was developed to provide social justice leaders at every level with a set of guiding principles that ensures that messaging and framing strategies do not obstruct each other in the social change process.
Source	Center for Media Justice
Tags	Equity
Link	https://mediajustice.org/resource/narrative-stress-test-checklist-for-using-narrative-strategies-for-change/

Partner with state and community banks

Description

During a crisis, large banks may lack the necessary incentives to invest in small and medium-sized businesses. Cities may be able to incentivize local banks to create programs focused on supporting small businesses to make it through a recession.

Some questions to guide your thinking:

- 1 Which local banks are interested in lending activity?
- 2 Can the city provide banks with a loan-loss guarantee to increase their lending activity?

Resources

Title	Understanding the role of community banks
Description	This article reasons why community and regional banks are well positioned to help small businesses stay afloat during the pandemic.
Duration	5 minutes
Source	Forbes magazine
Takeaways	<ul style="list-style-type: none"> • Community banks have a deep knowledge of their clients and can provide effective engagement.
Tags	Economic Development, Public private partnership
Link	https://www.forbes.com/sites/franksorrentino/2020/04/24/community-banks-play-critical-role-in-helping-americas-small-businesses-get-back-to-business/#536f160f14af

Title	Creating broad partnerships to give small businesses access to capital
Description	This report highlights the Rapid Response Loan Fund deployed in Indianapolis and made possible by a collaboration between local lenders and the Chamber of Commerce.
Duration	5 minutes
Source	Brookings Institute
Takeaways	<ul style="list-style-type: none"> • Small businesses were offered federal PPP loans and Rapid Response Loans. • Local governments, non-profits, and corporate partners provided funds.
Tags	Economic Development, Public private partnership
Link	https://www.brookings.edu/research/an-indianapolis-partnership-to-provide-loans-when-traditional-banks-wont/

How do I address short-term revenue changes?

Revise short-term forecasts

Description

Despite the overwhelming uncertainty brought on by the COVID-19 pandemic, cities can use financial forecasting to manage through the crisis. Planning for various scenarios can help cities better manage their resources and maximize public value for residents.

Some questions to guide your thinking:

- 1 What are the best and worst-case revenue scenarios for your city?
- 2 What data can the city use to validate and stress test assumptions behind these scenarios?
- 3 How can the city use these scenarios to prepare for a variety of possible futures?

Resources

Title	Diagnosing your city's fiscal health
Description	This report guides leaders through an initial diagnosis focused on technical and financial elements of administering local government.
Duration	20 minutes
Source	Government Finance Officers Association (GFOA)
Tags	Budget, Revenues
Link	https://gfoaorg.cdn.prismic.io/gfoaorg/3fd1c6c5-bd36-4033-9060-038651135bb5_FFA_DiagnosingFinancialCondition.pdf

Title	Planning for various scenarios during a pandemic
Description	This resource provides a useful framework for leaders to explore four potential scenarios that might arise from the government pandemic response. Scenarios are mapped based on how services might be financed and transformed during the pandemic.
Duration	15 minutes
Source	Social Finance (UK)
Tags	Budget, Revenues
Link	https://www.socialfinance.org.uk/sites/default/files/scenario_planning_local_government_0.pdf

Title	Updating forecasting models
Description	This webinar discusses many of the issues local governments are likely to face in the coming weeks while dealing with the pandemic.
Duration	40 minutes
Source	Municipal Research and Services Center (MRSC)
Takeaways	<ul style="list-style-type: none">• Updating your model [13:00]• Forecasting revenues [16:00]• Forecasting expenditures [37:00]
Tags	Budget, Revenues
Link	https://www.youtube.com/watch?v=nHliZuah4BM

Title	Understanding the fiscal impact of the pandemic recession
Description	This report analyzes finance data from the US Census Bureau and unemployment projections from the Congressional Budget Office and proposes a framework for the analysis of budget shortfalls encompassing revenue responsiveness and economic conditions.
Duration	30 minutes
Source	National League of Cities (NLC)
Takeaways	<ul style="list-style-type: none"> • Nearly all cities and towns will experience revenue shortfalls in 2021. • The magnitude of the shortfalls will depend on the underlying fiscal structure. • Pages 9-11 contain the main estimates by state.
Tags	Budget, Revenues
Link	https://covid19.nlc.org/wp-content/uploads/2020/06/What-Covid-19-Means-For-City-Finances_Report-Final.pdf

Title	Understanding the challenges and opportunities of budgeting during COVID-19
Description	This handout describes an approach to budgeting during the pandemic recession that relies on re-imagining the city budget. Cities should be aware of the limitations they face, including lack of coordination at other government levels and the inability to use traditional revenue sources.
Duration	10 minutes
Source	Bloomberg Harvard City Leadership Initiative (BHCLI)
Takeaways	<ul style="list-style-type: none"> • Leaders must plan for best-guess and worst-case scenarios, update those scenarios, and adjust accordingly.
Tags	Budget, Revenues
Link	https://assets-global.website-files.com/60f998ee966fd623d55b7838/6112b4902e60962cf1545ff0_session_eight_bhcli_keytakeaways_01.pdf

Title	Budgeting during COVID-19
Description	In this podcast Norfolk, VA budget director Gregory Patrick discusses how his office assembled an annual budget during COVID-19, including detail on how their process changed and what the financial impact may be.
Duration	55 minutes
Source	Engaging Local Government Leaders (ELGL)
Takeaways	<ul style="list-style-type: none"> • Adjusting revenue estimates [12:25] • Managing expenditures [15:10] • Managing uncertainty [20:00] • Strategic planning during a crisis [25:25]
Tags	Budget, Revenues
Link	https://elgl.org/podcast-budgeting-during-covid-19-with-gregory-patrick-norfolk-va/

Identify new sources of revenue

Description

As tax revenues and state transfers fall due to the economic downturn brought on by COVID-19, cities must look for new sources of revenues to plug budget gaps, which can come from a variety of places: federal programs, new taxes or fees, or targeted policies that boost the local economy.

Some questions to guide your thinking:

- 1 What federal programs are available for your city?
- 2 What new revenue sources can the city implement using its existing authority?
- 3 What policies can the city implement to maintain or raise revenues?

Resources

Title	Applying for recovery assistance from the Economic Development Agency (EDA)
Description	The federal CARES Act provides the Economic Development Administration (EDA, part of the US Department of Commerce) with \$1.5 billion for economic development assistance programs. This resource provides a program overview.
Source	Economic Development Agency
Tags	Revenues
Link	https://www.eda.gov/coronavirus/

Title	Proposing new taxes strategically
Description	How can local governments do to ensure that proposed new taxes succeed politically? This guide suggests engaging residents to define where new revenue needs exist by linking taxes to services that residents value, and building a network of supporters.
Duration	30 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none"> • Every idea contains a checklist with actionable insights to put into practice. • Case studies from local governments in Florida, Oklahoma, and Missouri (among other states) are included.
Tags	Revenues, Taxes
Link	https://www.gfoa.org/materials/new-taxes-that-work-how-local-governments-can-raise

Title	Enhancing revenue sources
Description	This reading discusses options to enhance revenues in a short time frame.
Duration	5 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none"> • Relevant information is on pages 17-19.
Tags	Revenues
Link	https://www.gfoa.org/materials/balancing-the-budget-in-bad-times--part-1

CASE STUDY: Increasing a tax rate with voters' backing in Sacramento

Key Takeaways

- The 2008 Great Recession caused Sacramento's revenues to drop from \$965.5 million in FY 2009 to \$797 million by FY 2012, which led to a reduction in personnel and a draining of its general fund reserves.
- The city asked voters for a temporary six-year increase in the sales tax by a half-cent in 2012, which was approved by 64 percent of voters.
- This resulted in approximately \$47 million in extra annual revenue between 2013-2019. Before the measure was set to expire, the voters approved an extension and an expansion of the tax from one half-cent to a full cent.

City, State, Country	Sacramento, CA
Population	508,529 (2018, estimate) ¹
Median household income	\$54,615 (2017) ²
Annual city revenue	\$1,089,027,000 (2018) ³
Background	Sacramento is California's sixth largest city. As state capital, its biggest employers are the state and county governments. However, the tourism and financial sectors also play a key economic role.
Issue	The 2008 Great Recession caused the city's revenues to drop from \$965.5 million in FY 2009 to \$797 million by FY 2012. Due to binding caps on property tax rates and assessed values, the city had limited ability to increase revenue from this tax. This led the city to reduce personnel and draw on reserves, which led general fund reserves to fall from \$72 million (FY 2009) to \$10.5 million (FY 2012).
Measure/Policy	The city asked voters for a temporary six-year increase in the sales tax by a half-cent in 2012 (to expire in 2019). The revenue would be directed toward services that had been cut back following the recession. The promise of restoring service levels played a major role in approval by voters, who endorsed the tax by a 64-36 margin. The fire and police chiefs, as well as public safety associations, played a key role in advocating for the tax increase, which enabled the city to recover 195 positions in the Police Department, 90 in the Fire Department, and 137 in the Department of Parks, Youth, and Community Enrichment.
Effect over time	<p>The tax generated approximately \$47 million in annual revenue between 2013-2019. Sacramento's example shows that voters may find an increase more palatable if it has a fixed expiration date and is connected to service provision.</p> <p>City voters approved an increase of the sales tax to a full cent in 2019 when the initial half-cent increase was set to expire. The approval was influenced by city leaders' vision to use funds for economic development and equity rather than for operational expenditure like salaries and pensions.</p>
Tags	Revenues, Taxes, Expenditures
Sources	<p>U.S. Census Bureau (2018). QuickFacts: Sacramento city, California. Retrieved from https://www.census.gov/quickfacts/sacramentocitycalifornia.</p> <p>U.S. Census Bureau (2018). QuickFacts: Sacramento city, California. Retrieved from https://www.census.gov/quickfacts/sacramentocitycalifornia.</p> <p>Sacramento (Ca.). (2018). Comprehensive annual financial report: For the fiscal year ended June 30. Sacramento, Ca: City of Sacramento.</p>

Mitigate revenue loss from current sources

Description

As tax revenues and state transfers fall due to the economic downturn brought on by COVID-19, cities need to mitigate worst-case scenarios. Mitigating revenue shortfalls can take many forms. Cities can negotiate intergovernmental transfers with the state, increase fees for services, raise property taxes, and implement policies that boost the local economy.

Some questions to guide your thinking:

- 1 What was the city's revenue mix before the pandemic?
- 2 What sources of revenue are especially vulnerable during the pandemic?
- 3 What authority does the city have to reform revenue policy to mitigate losses?
- 4 What sources of economic activity can the city support to mitigate revenue loss?

Resources

Title	Providing expert assistance to local businesses
Description	Helping businesses to pivot during the pandemic can mitigate the loss of sales and property tax revenue. In Texas, the Dallas Forward coalition created Dallas BUILD, a networking website to support small businesses connecting and finding programs that lead to funding, mentorship, incubators, and more.
Source	City of Dallas, TX
Tags	Economic Development, Small Business, Revenue
Link	https://www.dallasbuilds.org/

Title	Supporting businesses to expand into public spaces
Description	Tampa implemented the Lift Up Local Economic Recovery Plan which temporarily allows restaurants and retail businesses to expand their exterior business footprint. This reading covers the program requirements and guidelines.
Duration	5 minutes
Source	City of Tampa, FL
Takeaways	<ul style="list-style-type: none">• The plan enables businesses to continue operating safely.• At the same time, safe reopening supports the city's sales tax revenue.
Tags	Economic Development, Small Business
Link	https://www.tampa.gov/liftuplocal

Title	Creating temporary outdoor business operation permits
Description	San Diego has created Temporary Outdoor Business Operation Permits to support the recovery of businesses devastated by the economic impact of COVID-19. The permits help dining and retail outlets with space constraints to expand operations outdoors so they can cost-effectively implement safety, health, and distancing protocols.
Source	City of San Diego, CA
Tags	City Services
Link	https://www.sandiego.gov/development-services/permits/temporary-outdoor-business-operation-permit

How do I address short-term expenditure changes?

Manage liquidity

Description

Since cities need cash on hand for essential services, managing cash operations becomes crucial. Cities should slow the net flow of cash out the door, which can be accomplished in a variety of ways: negotiating vendor payments, reducing material and contractors' costs, and re-balancing investment allocations to maximize liquidity.

Some questions to guide your thinking:

- 1 Which costs can be temporarily eliminated, delayed, or reduced?
- 2 Which budget line items and funds can support overall liquidity in a responsible way?

Resources

Title	Considering a one-time interfund transfer
Description	During a crisis, a one-time interfund transfer can mitigate a liquidity shortfall but needs to be appropriately justified.
Duration	1 min
Source	Government Finance Officers Association (GFOA)
Takeaways	• Relevant information is on page 13.
Tags	Financial Operations, Revenues
Link	https://gfoaorg.cdn.prismic.io/gfoaorg/87463b77-6eb7-4ecd-afe4-569ebced333a_Fiscal_First_Aid_CashisKing032020.pdf

Title	Creating a special revenue fund
Description	Whatcom County, WA created a COVID-19 special revenue fund linked to an ordinance that authorized an interfund loan from a utility enterprise fund to the new COVID-19 fund. This was for cash flow purposes, to be repaid within 18 months in part through an anticipated FEMA reimbursement.
Source	Municipal Research and Services Center (MRSC)
Tags	Revenues
Link	http://mrsc.org/getmedia/0e6e3f60-98dc-4f9e-aaaa-eb7417db03f5/w47os2020-13_14.pdf.aspx

Title	Identifying budget line items with consistent surpluses
Description	Identifying budget items with a consistent surplus can help leaders identify potential sources of liquidity for the crisis. Each line item should be studied to understand the root causes of the consistent surpluses and to decide whether that line item can be temporarily reallocated.
Duration	3 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	• Relevant information is on page 12.
Tags	Financial Operations
Link	https://gfoaorg.cdn.prismic.io/gfoaorg/87463b77-6eb7-4ecd-afe4-569ebced333a_Fiscal_First_Aid_CashisKing032020.pdf

Title	Considering risky near-term treatments to balance the budget
Description	During a crisis a local government will inevitably consider risky moves to manage its finances. This guide details a range of near-term techniques that are classified as either “cautionary,” “use extreme caution,” or “inadvisable.”
Duration	30 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none"> Local governments should go for the proverbial “low-hanging fruit” before considering these riskier moves. Pages 3-5 detail a framework to evaluate near-term treatments.
Tags	Financial Operations, Budget
Link	https://gfoaorg.cdn.prismic.io/gfoaorg/dbef6595-190d-49e7-83c8-5c349cac40b1_BalancingtheBudgetinBadTimes_Part2.pdf

Title	Using safe near-term treatments to balance the budget
Description	In a crisis, what are the least-risky treatments or “low-hanging fruit” for managing finances? This guide details six techniques and describes how to set up a management system for them.
Duration	30 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none"> Leadership is crucial toward achieving a culture of frugality. See page 10 for a summary of the six techniques with examples that include controlling personnel costs, pooling resources, and enhancing revenues.
Tags	Financial Operations, Budget
Link	https://gfoaorg.cdn.prismic.io/gfoaorg/2d0596e6-3885-4a44-943d-bcb0c02b9d21_BalancingtheBudgetinBadTimes_Part1.pdf

Title	Negotiating payment timelines with vendors
Description	In a crunch, city leaders may be able to negotiate payment timelines with vendors, which can create more favorable cash flows. (Essential vendors may not be able to negotiate payment deferrals.)
Duration	3 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways/ Key pages	<ul style="list-style-type: none"> Relevant information is on page 12.
Tags	Financial Operations
Link	https://gfoaorg.cdn.prismic.io/gfoaorg/87463b77-6eb7-4ecd-afe4-569ebced333a_Fiscal_First_Aid_CashisKing032020.pdf

Title	Grasping the impact of the COVID-19 recession on public pension systems
Description	This issue brief provides an update on public pension plan performance and COVID-19 market volatility.
Duration	15 minutes
Source	Boston College Center for Retirement Research
Takeaways	<ul style="list-style-type: none"> The March 2020 stock market crash raised concerns about the liquidity needs of public pension funds. Most public pension plans ended FY 2020 with investment returns that fell short of actuarial expectations.
Tags	Budget
Link	https://crr.bc.edu/briefs/2020-public-plan-investment-update-and-covid-19-market-volatility/

Identify and take advantage of short-term savings

Description

The pandemic has caused many cities to require their employees to work from home. As a result, cities have saved on energy costs, daily maintenance, and a variety of other expenses related to the operation of offices, buildings, and other physical assets. Cities should consider adjusting their cost projections to maximize the public value they deliver through their expenditures.

Some questions to guide your thinking:

- 1 What costs were eliminated or reduced due to work-from-home orders?
- 2 How can the cost savings be used to balance the budget?

Resources

Title	Reducing material and contracting costs
Description	Materials and contractors are typically not as large a part of the budget as personnel or capital projects, but every bit counts in a financial crisis.
Duration	5 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways/ Key Pages	<ul style="list-style-type: none">• Identify and eliminate low or no-value tasks.• Re-examine maintenance standards.• Relevant materials are on pages 9-11.
Tags	Expenditures
Link	https://gfoaorg.cdn.prismic.io/gfoaorg/87463b77-6eb7-4ecd-afe4-569ebced333a_Fiscal_First_Aid_CashisKing032020.pdf

Analyze the cost of key programs and activities by converting line-items into activity-based budgets.

Description

Traditional line-item budgets do not reveal the true cost of an organization's activities because overhead and indirect costs – such as salaries or office space – are not fully captured in activity unit costs. Activity-based budgeting (ABB) uses cost drivers to allocate overhead and indirect costs to each one of an organization's activities. This enables leaders to understand the true cost of each activity, budget strategically, operate efficiently, and prioritize activities that are in demand.

ABB can be implemented at different levels of an organization and with varying granularity. The implementation timeframe can be a few months to a few years, depending on the scope and granularity of the implementation.

During a crisis, city leaders can use ABB as a tool to allocate resources and re-engineer processes with higher-than-expected costs. Adopting ABB comes with start-up costs, but in the long term it can deliver strategic value that usually pays for itself.

Some questions to guide your thinking:

- 1 If your city is already implementing ABB, how can leaders use it strategically to allocate resources during the pandemic?
- 2 Are there opportunities to scale up ABB use in your city or department?
- 3 If your city is considering implementing ABB, which departments or units could benefit from piloting the tool?
- 4 What level of granularity would increase your city's ability to allocate resources during the pandemic?

Resources

Title	Implementing time-driven activity-based budgeting
Description	In this reading, Harvard's Robert Kaplan discusses the innovation of time-driven ABC and argues that it is quicker than traditional activity-based costing to implement due to its simplicity and cost-effectiveness.
Duration	15 minutes
Source	Harvard Business Review (HBR)
Tags	Budget
Link	https://hbr.org/2004/11/time-driven-activity-based-costing

Title	Implementing activity-based budgeting in government
Description	The article walks local government leaders through the process of implementing ABC using an example from the Texas Department of Agriculture.
Source	Institute of Management Accountants (IMA)
Tags	Budget, Activity-based
Link	https://www.imanet.org/-/media/762fa66b75174f69a7d8734418fbef38.ashx

Title	Grasping the value of adopting activity-based budgeting during a crisis
Description	This reading discusses ABB's merits offering comparisons with different service delivery models. ABB can help leaders argue for programs that don't operate at maximum efficiency and become the connective tissue between cost analysis and priority-setting.
Duration	5 minutes
Source	Governing
Takeaways	<ul style="list-style-type: none"> • Activity-based costing shifts the focus from "what" was spent to "why" it was spent. • Conditions might have finally aligned for ABB to become a more widely used tool.
Tags	Budget, Activity-based
Link	https://www.governing.com/archive/gov-cost-accountability-alphabet.html

Title	Understanding the challenges and promise of program budgeting
Description	This article provides recommendations for developing a program budgeting approach and overcoming common implementation challenges.
Duration	10 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none"> • Program budgets bring more transparency into the budgeting process, enabling meaningful discussion of benefits and costs. • Program budgets clarify trade-offs between various spending options.
Tags	Budget
Link	https://www.gfoa.org/materials/challenges-and-promise-of-program-budgeting-gfr

Negotiate temporary changes to personnel costs

Description

A city's ability to deliver public services depends on the skills, motivation, and labor of its employees. City leaders should seek alternatives to layoffs; ultimately, if they are needed, layoffs should be targeted. Instead, leaders can negotiate pay raise deferrals, create work sharing programs, and negotiate with health care benefit providers, among other alternatives, to reduce costs.

Some questions to guide your thinking:

- 1 Which employees are mission-critical during the pandemic?
- 2 Does the state offer work-sharing benefits?
- 3 When are employee contracts up for negotiation?
- 4 When are health care costs up for negotiation?

Resources

Title	Identifying non-essential personnel costs
Description	This reading discusses ways to manage non-essential personnel costs (including vacancies) to free up space in the budget. Monitoring overtime for non-essential tasks and reviewing the use of temporary staff can relieve fiscal pressure.
Duration	5 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none"> • Relevant information is on pages 11-13
Tags	Expenditures, Salaries
Link	https://www.gfoa.org/materials/balancing-the-budget-in-bad-times-part-1

Title	Understanding the potential of work sharing programs
Description	This resource explains the basics of Michigan's Work Share program, one version of a program provided by 26 US states. Work sharing allows employers (including local government) to keep employees working with reduced hours while the employees collect partial unemployment benefits.
Duration	5 minutes
Source	Detroit Chamber of Commerce
Takeaways	<ul style="list-style-type: none"> • Shared work means cutting hours instead of workers.
Tags	Personnel, Salaries
Link	https://www.detroitchamber.com/wp-content/uploads/2020/04/COVID-Work-Share-5.12.20.pdf

Title	Taking advantage of work sharing programs
Description	The federal CARES Act encourages states and employers to use work sharing programs. The reading discusses the program's rationale, utilization rates, and CARES Act funding for work sharing.
Duration	10 minutes
Source	Brookings Institute
Takeaways	<ul style="list-style-type: none"> • Cities can use the work sharing program to cut hours instead of employees. • Cities can encourage businesses to leverage work sharing.
Tags	Personnel, Salaries
Link	https://www.brookings.edu/blog/up-front/2020/04/16/what-is-work-sharing-and-how-can-it-help-the-labor-market/

Title	Reducing personnel costs
Description	Personnel is the largest and most complex expenditure for most local governments. This reading discusses ways to limit and reduce personnel expenditures by moving from traditional approaches to more creative and innovative methods.
Duration	15 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways/ Key Pages	<ul style="list-style-type: none"> • Relevant information is on pages 4-7
Tags	Expenditures, Salaries, Personnel
Link	https://www.gfoa.org/materials/cash-is-king

Defer non-essential capital expenditures

Description

Deferring capital expenditures is among the most common ways to conserve cash during economic crises. Cities typically defer low-priority capital projects to keep cash on hand and avoid harsher measures like laying off staff or reducing core services.

Some questions to guide your thinking:

- 1 What capital projects cannot be delayed?
- 2 What capital projects can be halted or delayed?
- 3 How does the city prioritize among capital projects?
- 4 Which stakeholders should be contacted?
- 5 What processes need to be followed to defer capital projects?

Resources

Title	Managing capital spending
Description	This reading discusses a variety of strategies to manage capital expenditures. Since these projects tend to be high-cost items, even a modest reduction in spending can save a significant amount of money.
Duration	3 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none"> • Improve capital project management. • Defer certain capital asset purchases. • Reduce the scope of capital asset investments.
Tags	Expenditures, Capital
Link	https://www.gfoa.org/materials/cash-is-king

CASE STUDY: Strategic timing of capital expenditures in Tracy

Key Takeaways

- Heavy reliance on logistics, shipping, and construction caused the local economy to deteriorate significantly during the 2008 Great Recession.
- Short-term deferral of general fund resources dedicated to capital projects prevented the need for significant immediate cuts in operating costs.
- Medium-term expansion and acceleration of capital improvement projects undertaken as a local economic stimulus measure helped the economy recover faster.
- These infrastructure improvements helped persuade major retailers and logistics companies to locate in Tracy, which nearly tripled sales tax revenue and significantly increased the number of area jobs over the past decade.

City, State, Country	Tracy, CA
Population	92,800 (2019)
Median household income	84,162 (2018)
Annual city revenue	138,949,832 (2019)
Background	Tracy is located in California's Central Valley roughly sixty miles east of San Francisco. For decades it has been a key logistics and shipping center for agricultural goods produced throughout the Central Valley and destined for large retail companies and the US military.
Issue	Like most cities that depend on cyclical industries like logistics and retail, Tracy's economy was hit hard by The 2008 Great Recession. Unemployment in December 2007, just before the recession, was 5.6 percent. By December 2009 it was 10.6 percent, peaking at 11.9 percent in January 2011. Unemployment in construction and trades reached 40 percent in January 2011. Overall, Tracy experienced a 22 percent total reduction in revenues and a budget deficit of \$13.7 million in FY 2009.
Short-Term/Policy	Faced with this challenging economic picture, the Tracy City Council took two key steps. Like other municipalities, it redirected upcoming general fund resources dedicated to capital projects - roughly \$8 million in 2008-2009 - toward basic operations. In addition, the city used \$2 million from its reserves to help plug the budget gap.
Short-Term Financial Impact	The deferral of capital expenditures helped the city council save \$8 million in FY 2009 to use toward the operational budget to maintain service and staff levels. This prevented significant immediate reductions in city staff and allowed core service departments to adjust gradually through restructuring staffing plans, leaving vacant positions unfilled and, in rare cases, temporary furloughs.
Medium-Term Policy	Much more unconventionally, Tracy took the step of expanding and accelerating its capital improvement program over the medium term. The city compressed four years of capital projects worth \$90 million into 18 months. Almost all were funded with some combination of debt issued before the recession, capital reserves, or new debt issued at record low interest rates. This accelerated capital improvement program was a deliberate attempt to provide local economic stimulus.
Medium-term Financial Impact	Accelerating the capital improvement plan improved the local economy. By October 2012 Tracy's unemployment rate was 8.5 percent, well below the statewide average of 10.1 percent. In late 2012 Amazon announced plans to build a major distribution center in Tracy and other retailers decided to locate in a newly built retail center. Over time Amazon contributed to an increase in area jobs and the retail centers helped boost sales tax revenue to \$37 million in 2019 from \$9.2 million in 2010. Local officials attribute their success in part to infrastructure improvements made during the accelerated capital improvement program.
Long-Term Effects	In 2019, Amazon employed over 20 percent of Tracy's workforce, up from zero in 2007. In total, the workforce increased 33 percent between 2010-2019, with the Amazon site accounting for about 80 percent of the increase. In addition, the new retail center supported the tripling of sales activity in Tracy to \$2.7 billion between 2009 and 2018. Sales tax revenue increased to \$37 million in 2019 from \$9.2 million in 2010.
Tags	Expenditures, Capital
Sources	Marlowe, J. (2013). Strategy, priority-setting, and municipal capital budget reform: Three cases from the great recession. <i>Journal of Public Budgeting, Accounting & Financial Management</i> , 25(4), 693-718. Tracy (Ca.). (2019). Comprehensive annual financial report: For the fiscal year ended June 30. Tracy, Ca: City of Tracy.

How do I strengthen my funding options?

Tap reserves strategically

Description

Fund balances can be useful to navigate when revenue falls short or expenditures increase. But drawing down reserves affects credit ratings, so cities must be careful to use their reserves strategically and create plans to restore and increase their budget reserves to the appropriate levels. Sometimes fund balances are already committed or assigned to specific uses. In those cases, city council action can re-designate the use of funds.

Some questions to guide your thinking:

- 1 How much funding is available in the city's reserves?
- 2 What amount can be used without triggering credit downgrades?
- 3 What reserves can be designated for other purposes?

Resources

Title	Understanding methods to evaluate risk when tapping into reserves
Description	This webinar covers how to think about a city's reserves and how city leaders can use them in a crisis, including risk evaluation and getting started.
Duration	2:07 hours
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none">• Why is this important? [0:03]• Three methods to evaluate risk [0:07]• Getting started [0:11]• Method 1: General fund reserve calculation worksheet [0:16]• Method 2: Triple-A approach [0:47]• Method 3: Probabilistic analysis [1:31]• Takeaways [1:46]• Q&A [1:55]
Tags	Revenues, Rainy Day
Link	https://www.youtube.com/watch?v=F0vqk4tklhl&feature=youtu.be

Identify assets with potential unlocked value

Description

City leaders can decide on creative uses of public property, land, or other assets. While such measures may create short-term revenue, they can have harmful long-term effects if not executed correctly. For example, selling assets with productive potential risks depriving cities of future income. But cities have other options: Leases of public assets to private investors can provide significant revenue for a specified period. But like the sale of an asset, leases must be carefully negotiated.

Some questions to guide your thinking:

- 1 What assets can a city consider utilizing to earn revenue that are currently underutilized or unproductive?
- 2 Are private parties interested in utilizing the asset?

Resources

Title	Creating an inventory of tangible capital assets
Description	This article describes tangible capital assets and the advantages for local governments of regularly conducting inventories.
Duration	5 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none"> Local governments should conduct an inventory of tangible capital assets once every five years, at least. Tangible capital assets include land, buildings, building improvements, vehicles, machinery, equipment, and infrastructure.
Tags	Revenues, Own-Source Revenue
Link	https://www.gfoa.org/materials/inventories-tangible-capital-assets

Title	Reconsidering the traditional approach to assets like public golf courses
Description	Are cities committed to subsidizing assets that no longer produce value? This article highlights how public golf courses have become a strain on municipal budgets and some cities' strategies to deal with offsets.
Duration	15 minutes
Source	Governing
Takeaways	<ul style="list-style-type: none"> Golf courses are an example of an asset that has become a strain on resources through declining use and revenue. Strategies have included letting golf courses default, bringing in private management, and selling portions of the terrain for other uses.
Tags	Revenues, Own-Source Revenue
Link	https://www.governing.com/topics/finance/gov-golf-courses.html

Title	Considering infrastructure investments to spur workforce development
Description	Are there city assets that could aid economic growth and equity? This article highlights how Louisville, KY used the water system to diversify its workforce, ensuring excluded communities could be a part of the economic ecosystem surrounding water and sewer repairs.
Duration	5 minutes
Source	HKS Data-Smart City Solutions (Harvard Kennedy School)
Takeaways	<ul style="list-style-type: none"> Assets such as water and sewer systems represent opportunities for continuous investment. Louisville used water systems to increase vendor diversity and mitigate community hardships.
Tags	Economic Development, Workforce
Link	https://datasmart.ash.harvard.edu/news/article/louisville-finds-economic-opportunities-water

Manage liquidity

Description

Since cities need cash on hand for essential services, managing cash operations becomes crucial. Cities should slow the net flow of cash out the door, which can be accomplished in a variety of ways: negotiating vendor payments, reducing material and contractors' costs, and re-balancing investment allocations to maximize liquidity.

Some questions to guide your thinking:

- 1 Which costs can be temporarily eliminated, delayed, or reduced?
- 2 Which budget line items and funds can support overall liquidity in a responsible way?

Resources

Title	Considering a one-time interfund transfer
Description	During a crisis, a one-time interfund transfer can mitigate a liquidity shortfall but needs to be appropriately justified.
Duration	1 min
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none"> • Relevant information is on page 13.
Tags	Financial Operations, Revenues
Link	https://gfoaorg.cdn.prismic.io/gfoaorg/87463b77-6eb7-4ecd-afe4-569ebced333a_Fiscal_First_Aid_CashisKing032020.pdf

Title	Creating a special revenue fund
Description	Whatcom County, WA created a COVID-19 special revenue fund linked to an ordinance that authorized an interfund loan from a utility enterprise fund to the new COVID-19 fund. This was for cash flow purposes, to be repaid within 18 months in part through an anticipated FEMA reimbursement.
Source	Municipal Research and Services Center (MRSC)
Tags	Revenues
Link	http://mrsc.org/getmedia/0e6e3f60-98dc-4f9e-acaa-eb7417db03f5/w47os2020-13_14.pdf.aspx

Title	Identifying budget line items with consistent surpluses
Description	Identifying budget items with a consistent surplus can help leaders identify potential sources of liquidity for the crisis. Each line item should be studied to understand the root causes of the consistent surpluses and to decide whether that line item can be temporarily reallocated.
Duration	3 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none"> • Relevant information is on page 12.
Tags	Financial Operations
Link	https://gfoaorg.cdn.prismic.io/gfoaorg/87463b77-6eb7-4ecd-afe4-569ebced333a_Fiscal_First_Aid_CashisKing032020.pdf

Title	Grasping the impact of the COVID-19 recession on public pension systems
Description	This issue brief provides an update on public pension plan performance and COVID-19 market volatility.
Duration	15 minutes
Source	Boston College Center for Retirement Research
Takeaways	<ul style="list-style-type: none"> • The March 2020 stock market crash raised concerns about the liquidity needs of public pension funds. • Most public pension plans ended FY 2020 with investment returns that fell short of actuarial expectations.
Tags	Budget
Link	https://crr.bc.edu/briefs/2020-public-plan-investment-update-and-covid-19-market-volatility/

How do I improve debt financing?

Assess city's debt capacity

Description

One way for city governments to cope with fiscal pressures is to use their debt capacity to manage liquidity. Cities can borrow to increase their cash on hand today, but there must be prudent and responsible plans in place to repay any new borrowing. Usually, a city's debt capacity is linked to the full value of the city's property tax base. Cities should understand their debt capacity and forecast their debt capacity if property values fall during the recession.

Some questions to guide your thinking:

- 1 What method does your city use to estimate its debt capacity?
- 2 What are the best and worst-case scenarios for the city's debt capacity over the next three to five years?
- 3 How much of the debt capacity is currently used?

Resources

Title	Issuing bonds responsibly
Description	Which stakeholders are involved in issuing bonds? What legal and structuring considerations should local governments keep in mind? This report provides a basic understanding on issuing bonds as well as an overview of alternative financing products.
Duration	30 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways/ Key Pages	<ul style="list-style-type: none"> • Pages 3-4 provide a guide to creating a team for issuing bonds. • Page 8 details city responsibilities during and after a bond sale.
Tags	Debt
Link	https://gfoaorg.cdn.prismic.io/gfoaorg/c764a13b-3185-474c-91b5-bcc05cee57d4_Debt101IssuingBondsandYourContinuingObligations.pdf

Title	Measuring how much debt you can afford
Description	How much debt can a local government afford to take? This book chapter presents different ways to measure debt capacity and affordability, matching benefits with drawbacks and outlining innovative models that should be considered as well.
Duration	10 minutes
Source	Handbook of Local Government Fiscal Health
Takeaways	<ul style="list-style-type: none"> • Debt affordability is typically calculated using one of three methods: debt ceiling, bond-rating, or regression analysis. • Page 15 contains a summary of existing models.
Tags	Debt
Link	https://www.researchgate.net/publication/280732388_Handbook_of_Local_Government_Fiscal_Health_Debt_Capacity_Management_and_Policy

Title	Benchmarking and measuring debt capacity following best practices
Description	What are best practices when measuring debt capacity and benchmarking against other jurisdictions? This comprehensive report covers how to analyze debt capacity and implement debt policy for local governments. Simple analytical techniques and data collection can aid the design of fiscal policy.
Duration	15 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none"> • Many jurisdictions establish a debt policy but rarely do they conduct regular evaluations of its effectiveness. • Pages 21-29 cover how to compare your city against a peer group and which indicators to study.
Tags	Debt
Link	https://books.google.com/books/about/Benchmarking_and_Measuring_Debt_Capacity.html?id=tv7-6n_jZi4C

Consider current and new borrowing options

Description

Cities can issue refunding bonds in order to reduce or restructure their debt service but must take into account the need for cash on hand, prevailing interest rates, and their authority to refund the bonds. These options should be used only where there is a prudent and responsible plan in place to repay any new borrowing.

Some questions to guide your thinking:

- 1 Does the city have the authority to issue refunding bonds?
- 2 Which bonds can be refunded?
- 3 What refunding method will be used: advanced or current?
- 4 What savings will the city accrue from refunding or restructuring debt?

Resources

Title	Issuing bonds responsibly
Description	What stakeholders are involved in issuing bonds? What legal and structuring considerations should local governments keep in mind? This report provides a basic understanding on issuing bonds as well as an overview of alternative financing products.
Duration	30 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none"> • Pages 3-4 provide a guide to creating a team for issuing bonds. • Page 8 details city responsibilities during and after a bond sale.
Tags	Debt
Link	https://gfoaorg.cdn.prismic.io/gfoaorg/c764a13b-3185-474c-91b5-bcc05cee57d4_Debt101IssuingBondsandYourContinuingObligations.pdf

Title	Tapping into extended borrowing options (if possible)
Description	Does your state have expanded borrowing options for pandemic relief? New Jersey lawmakers approved legislation that allowed county and municipal governments to issue "coronavirus relief bonds" to be paid back over ten years.
Duration	5 minutes
Source	Route Fifty (Government Executive Media Group)
Takeaways	<ul style="list-style-type: none"> • The proposal was passed specifically to offset losses in city tax revenue. • The NJ measure allowed cities to borrow up to 30 percent of their previous year's budget with a ten-year repayment plan.
Tags	Debt
Link	https://www.routefifty.com/finance/2020/07/local-governments-issue-coronavirus-relief-bonds/167386/

Tap into the Federal Reserve's Municipal Lending Facility, if eligible.

Description

The Federal Reserve established the Municipal Liquidity Facility to help state and local governments better manage cash flow pressures in order to continue to serve households and businesses in their communities. The facility will purchase up to \$500 billion of short term notes directly from U.S. states (including the District of Columbia), U.S. counties with a population of at least 500,000 residents, and U.S. cities with a population of at least 250,000 residents. Eligible state-level issuers may use the proceeds to support additional counties and cities.

Some questions to guide your thinking:

- 1 If the city does not qualify, could partnership with the state be pursued?

Resources

Title	Considering the Federal Reserve's Municipal Liquidity Facility program
Description	This resource provides access to information about the terms of the program and a Frequently Asked Questions page that covers purpose and design, eligible issuers, eligible notes, disclosure, and methods of sales and process.
Duration	3 minutes
Source	Federal Reserve
Takeaways	<ul style="list-style-type: none"> • The proposal was passed specifically to offset loss in city tax revenue. • The NJ measure allowed cities to borrow up to 30 percent of their previous year's budget with a ten-year repayment plan.
Tags	Debt
Link	https://www.federalreserve.gov/monetarypolicy/muni.htm

How do I build the capacity to steer our city towards long-term fiscal resilience?

Set-up task teams for all three stages (Respond; Stabilize; Transform)

Description

In addition to building teams for the Respond stage of the crisis, city leaders should create teams to address the policy issues that will emerge during the Stabilize and Transform stages. These teams should engage city staff, business and philanthropic leaders, elected officials, community leaders, and residents, and be tasked with proposing policies and programs that will support the city to manage through the crisis. Various sub-teams can be created to tackle specific policy areas.

Some questions to guide your thinking:

- 1 How will teams be structured?
- 2 What types of policy issues should teams focus on?
- 3 What stakeholders should join the teams?

Resources

Title	Establishing a financial oversight committee
Description	Mayor John Cooper of Nashville, TN appointed six leaders to a committee responsible for collecting, considering, and recommending appropriate uses of all federal and state funds provided to the metropolitan government specifically for COVID-19 relief and recovery (including, but not limited to, US CARES Act funds).
Duration	5 minutes
Source	City of Nashville, TN
Tags	Financial Operations, Reporting
Link	https://www.asafenashville.org/updates/nashville-mayor-john-cooper-appoints-six-members-of-covid-19-financial-oversight-committee/

Title	Establishing lasting task forces involving community leaders
Description	How can cities leverage community participation in recovery task forces? This report features the experience of Charlotte, NC, which launched a task force composed of council members and community business leaders to deploy a consolidated strategy for helping local businesses. The plan involved two stages: Survive and Thrive.
Duration	10 minutes
Source	Brookings Institute
Takeaways	<ul style="list-style-type: none"> • In Charlotte, establishing the task force and devising a strategy took weeks of work but provided a unified strategy aligned with businesses' needs. • The "Survive" phase includes an information-sharing platform, ecosystem/partner support, access to capital, and workforce readiness programs. • The "Thrive" phase encompasses workforce resiliency and business innovation and resiliency.
Tags	Economic Development, Public private partnerships
Link	https://www.brookings.edu/research/a-two-part-plan-for-saving-charlotte-n-c-s-small-businesses/

Title	Taking risks responsibly and innovating in real time
Description	This reading summarizes a session by Harvard's Mitch Weiss in which he describes a new approach ("Possibility Government") to increase experimentation and learning while managing risks responsibly.
Duration	10 minutes
Source	Bloomberg Harvard City Leadership Initiative (BHCLI)
Takeaways	<ul style="list-style-type: none"> Leaders need to generate new ideas, try them, and scale these efforts up.
Tags	Leadership
Link	https://assets-global.website-files.com/60f998ee966fd623d55b7838/6112a80a47680143bade48dc_session_seven_bhcli_keytakeaways.pdf

Engage stakeholders

Description

From department heads to business owners and rating agencies to low income residents, there are many stakeholders with an interest in the city's finances. Managing these complex networks of relationships is important for city leaders, especially during a crisis.

Some questions to guide your thinking:

- 1 Who are the stakeholders?
- 2 What do they need? What are their interests?
- 3 What power can they exercise to have their needs met?
- 4 How will the city manage communications with these stakeholders?
- 5 What is the plan to provide the various stakeholders what they need?

Resources

Title	Mobilizing stakeholders
Description	Once the need for a recovery team or task force has been established, how can you set it up for success? This guide continues guidance for three key activities: building a recovery team, developing other teams, and analyzing the stakeholder landscape.
Duration	7 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none"> Throughout these activities you will need to consider important questions such as defining roles and establishing clear communications. The first part of the guide contains actionable tips for building your team such as considering legal advice and including political representatives.
Tags	Leadership
Link	https://www.gfoa.org/detail/mobilization-activities

Title	Managing conflict through collaboration during a crisis
Description	In this session, Harvard's Dr. Howard Koh shares insights about leading collaborative work during an unfolding and evolving crisis while keeping the community's urgent needs front and center.
Duration	10 minutes
Source	Bloomberg Harvard City Leadership Initiative (BHCLI)
Takeaways	<ul style="list-style-type: none"> • A leader's basic task is to build teams, solve problems, and obtain results. • Managing conflict requires cooperation with other parties to understand their concerns in order to find a mutually satisfying solution.
Tags	Leadership
Link	https://assets-global.website-files.com/60f998ee966fd623d55b7838/6111a0b3e04d6b148e51f5cd_session_five_bhcli_keytakeaways.pdf

Title	Building city resilience by learning fast and creating a basis of hope
Description	This handout summarizes a session by Harvard's Juliette Kayyem, Dutch Leonard, Arnold Howitt, David Giles, and Jorrit de Jong on building resilience by learning fast and creating a basis of hope for the community.
Duration	5 minutes
Source	Bloomberg Harvard City Leadership Initiative (BHCLI)
Takeaways	<ul style="list-style-type: none"> • Resilience is not an outcome, but rather a process your city is already engaged in every day. • The handout lists considerations on fostering resilience. • It also explains how to build a narrative of hope.
Tags	Leadership
Link	https://ash.harvard.edu/files/ash/files/bhcli_session_three_key_takeaways.pdf

Communicate constantly

Description

City leaders should develop a communication plan to regularly update key stakeholders about the city's actions to address the pandemic and reopen the economy. These communications are an opportunity to provide residents and stakeholders with information and receive feedback.

Some questions to guide your thinking:

- 1 How often should the city deliver updates?
- 2 What content should communications typically include?
- 3 What communication channels will be used?

Resources

Title	Staying on message during an evolving crisis
Description	How do you stay on message during a crisis? This article covers the main themes offered by Harvard's Juliette Kayyem on crisis communications.
Duration	7 minutes
Source	Bloomberg Cities
Takeaways	<ul style="list-style-type: none"> • Five points are emphasized: Embrace data, empathy, reality, the public, and the future. • Mayors should be adaptive and establish a daily "battle rhythm" for public briefings.
Tags	Leadership
Link	https://medium.com/@BloombergCities/how-city-leaders-can-stay-on-message-when-everything-keeps-changing-c8b2d43a0cf3

Title	Learning about crisis communication
Description	What should leaders focus on when helping their communities during a crisis? This note lays out simple frameworks that can be used to formulate a leader's message to help organizations make their way forward.
Duration	15 minutes
Source	Program on Crisis Leadership (Harvard Kennedy School)
Takeaways	<ul style="list-style-type: none"> Leaders must answer four questions: What is happening? To whom is this happening? Why should we care? What should people like us do?
Tags	Leadership
Link	https://www.hks.harvard.edu/sites/default/files/centers/research-initiatives/crisisleadership/files/PCL_Crisis-Communications_Web20200427.pdf

Title	Adopting a recovery leadership mindset
Description	How can city leaders help their organization navigate a financial crisis? The website provides a checklist of key leadership tasks and behaviors.
Duration	20 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none"> Leadership is critical for financial recovery by helping stakeholders keep on track. Topics include the leader's role, leadership behavior, and communicating effectively.
Tags	Leadership
Link	https://www.gfoa.org/detail/who-is-the-leader

Title	Publishing a small business relief dashboard
Description	Cambridge, MA published a dashboard to report the impact of its small business relief programs, including data on total assistance provided and key statistics on the types of businesses, source of funds, and business owner demographics.
Duration	3 minutes
Source	City of Cambridge, MA
Tags	Economic Development
Link	https://www.cambridgema.gov/covid19/Business/Assistance

Title	Communicating on COVID-19 using anti-stigma messaging
Description	The COVID-19 anti-stigma toolkit provides messaging guidelines and high-resolution images to challenge stigma and reduce bias as they relate to the coronavirus.
Duration	20 minutes
Source	King County, WA
Tags	Equity
Link	https://kingcounty.gov/depts/health/covid-19/care/anti-stigma/toolkit.aspx

Title	Stress-testing your racial equity narrative
Description	This checklist was developed to provide social justice leaders at every level with a set of guiding principles that ensures that messaging and framing strategies do not obstruct each other in the social change process.
Source	Center for Media Justice
Tags	Equity
Link	https://mediajustice.org/resource/narrative-stress-test-checklist-for-using-narrative-strategies-for-change/

Assess authority to implement measures

Description

Teams addressing policy issues emerging throughout the Respond, Stabilize, and Transform stages should assess the city's authority to implement policy changes and prioritize accordingly. At the same time, teams can work with county, state, and federal partners to move the needle on more ambitious policy proposals.

Some questions to guide your thinking:

- 1 What is the city's authority to change tax and other revenue policy?
- 2 What is the city's authority to change expenditures?

Resources

Title	Understanding the city's fiscal policy space
Description	What are the constraints on local governments to enact fiscal policy, and what is their capacity? This paper argues that different cities have different levels of capacities and constraints, and introduces a framework for understanding your fiscal policy space.
Duration	30 minutes
Source	Brookings Institute
Takeaways	<ul style="list-style-type: none">• Constraints for cities include the state-local regulatory system, tax and expenditure restrictions, and limited state aid.• Alignment between the city's tax revenue and its economic base can contribute to long-term resilience.• See page 26 for a sample of where major US cities fall in the framework.
Tags	Budget
Link	https://www.brookings.edu/research/city-budgets-in-an-era-of-increased-uncertainty/

Monitor revenues and expenditures continually

Description

Variance analysis helps city leaders understand the difference between expected and actual results. Favorable variances will occur when actual expenditures are lower than expected expenditures and/or when actual revenues are higher than budgeted ones, and vice versa. It is essential to understand what variables (cost, quantities, etc.) are the drivers behind any variance, enabling your team to make necessary changes to manage the budget.

Some questions to guide your thinking:

- 1 What is the difference between actual and expected revenue from each source?
- 2 What is the difference between actual and expected expenditure in each program?
- 3 What are the key variables in each revenue source or program?
- 4 How does the change in each variable explain the variance?

Resources

Title	Monitoring the budget regularly
Description	This best-practice guide highlights how variance analysis is central to regularly conducted budget monitoring processes.
Duration	7 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none">• Governments should monitor their financial, operational, and capital budgets.• The monitoring processes should consider what to review, how to analyze budget items, the right level of detail, staff roles, tools, communications, and follow-up actions.
Tags	Financial Operations, Reporting
Link	https://www.gfoa.org/materials/budget-monitoring

Stabilize Phase

1 How do I adapt “quick-fix” measures implemented during the Respond phase as long-term practices?

- Institutionalize effective collaborative practices to build continuity.
- Consolidate successful initiatives that serve vulnerable groups and assess remaining unmet needs.
- Continue effective responses and supports for business community.

2 How do I address medium-term revenue changes?

- Manage the property tax levy responsibly.
- Explore new sources of revenue.
- Unlock value in unused or underused assets.

3 How do I address medium-term expenditure changes?

- Control personnel costs.
- Reallocate some expenditures strategically, based on the fuller cost information developed through activity-based budgeting techniques.
- Review purchasing practices.
- Budget for capital improvement and debt refinancing strategically.

4 How do I set up management systems and practices to balance the budget?

- Collect data to benchmark your city's cost and service standards.
- Monitor revenues and expenditure variances continually.
- Forecast pessimistic and optimistic scenarios for three, six and twelve months out.
- Establish control systems to manage resources.

How do I adapt "quick-fix" measures implemented during the Respond phase as long-term practices?

Institutionalize effective collaborative practices to build continuity

Description

During the Respond phase you may have created task forces and teams working across city hall to deal with emerging challenges. After the most urgent problems are dealt with, there might be a tendency to revert to old practices and a "silo" mentality, putting the benefits of collaborative efforts at risk. The Stabilize phase offers an opportunity to strengthen collaborative practices that can be leveraged to continue improving your city's fiscal resilience.

Some questions to guide your thinking:

- 1 What collaborative practices has the city established during the Respond phase?
- 2 What has and has not worked with these practices?
- 3 How can the city leverage some of those practices to deal with issues that require collaboration moving forward?
- 4 What resources and authority can city officials give those practices for them to continue operating with them during the Stabilize phase?

Resources

Title	Building partnerships with strong foundations
Description	This reading discusses how to build successful partnerships involving the public, private, and philanthropic sectors.
Duration	5 minutes
Source	Urban Land Institute (ULI)
Takeaways	<ul style="list-style-type: none"> • A shared vision that is created and embraced by key stakeholders will stand the test of time and persevere throughout implementation. • Relevant information is on pages 16-19.
Tags	Economic Development
Link	https://americas.uli.org/wp-content/uploads/ULI-Documents/Successful-Public-Private-Partnerships.pdf

Consolidate successful initiatives that serve vulnerable groups and assess remaining unmet needs

Description

It is important to continue focusing on the most vulnerable groups, even when the initial blows from the pandemic have passed. Given the fast pace of response during the early weeks or months, officials should assess which initiatives have worked and which have not had the desired impact. You may also want to assess unmet needs or new ones that may have emerged as the crisis unfolded.

Some questions to guide your thinking:

- 1 Which initiatives have worked and why?
- 2 How can city leaders help to consolidate them?
- 3 Which initiatives have not worked and why?
- 4 Should city leaders discard them or can they introduce changes to make them work?
- 5 Which needs remain unmet or have emerged and are not tackled by existing initiatives?

Resources

Title	Partnering with philanthropy to meet COVID-19 need
Description	This reading shares three examples of the role that philanthropy can play in supporting local government and critically analyzes some of the pitfalls of public-philanthropic partnerships.
Duration	5 minutes
Source	Urban Institute
Takeaways	<ul style="list-style-type: none">• A shared vision that is created and embraced by key stakeholders will stand the test of time and persevere throughout implementation.• Philanthropy's relationship with government generally falls into three categories: filling resource gaps, leveraging government resources and holding government accountable and advocating for better performance.
Tags	City Services
Link	https://www.urban.org/urban-wire/how-philanthropy-can-partner-government-meet-critical-needs-during-covid-19

Continue effective responses and supports for business community

Description

Businesses have been very badly hit by the pandemic, and will endure the impact after the worst of the health crisis has been overcome. To keep the economic lifeblood of the community running, you will need to continue delivering effective supports for local business. This is a good time to assess what has or has not worked to strengthen those supports that are effective and pivot away from those that are not.

Some questions to guide your thinking:

- 1 What supports have worked and why?
- 2 What supports have not worked and why?
- 3 What are emerging medium-term challenges that businesses are facing and that the city can support them in dealing with?

Resources

Title	Creating broad partnerships to give small businesses access to capital
Description	This report highlights the Rapid Response Loan Fund deployed in Indianapolis and made possible by a collaboration between local lenders and the Chamber of Commerce.
Duration	5 minutes
Source	Brookings Institute
Takeaways	<ul style="list-style-type: none"> • Small businesses were offered federal PPP loans and Rapid Response Loans. • Local governments, non-profits, and corporate partners provided funds.
Tags	Economic Development, Public private partnership
Link	https://www.brookings.edu/research/an-indianapolis-partnership-to-provide-loans-when-traditional-banks-wont/

Title	Providing expert assistance to local businesses
Description	Helping businesses to pivot during the pandemic can mitigate the loss of sales and property tax revenue. In Texas, the Dallas Forward coalition created Dallas BUILD, a networking website to support small businesses connecting and finding programs that lead to funding, mentorship, incubators, and more.
Duration	5 minutes
Source	City of Dallas, TX
Tags	Economic Development, Small Business
Link	https://www.dallasbuilds.org/

Title	Creating an online resource hub for small businesses
Description	The Dallas Forward website contains information on small business grants and loans, connections to a small business innovation network, a form for introduction to a business mentor, safe reopening guidelines, tips on accessing PPE, and more.
Duration	5 minutes
Source	City of Dallas, TX
Tags	Economic Development, Small Business
Link	https://www.dallasforward.org/

How do I address medium-term revenue changes?

Manage the property tax levy responsibly

Description

The impact of an economic crisis in the property tax levy usually occurs with a time lag. Valuations take time to follow economic downturns, and assessments to calculate the tax levy may not align with new property values. Given the nature of the COVID-19 crisis, property values, particularly for residential property, may be less severely affected than during the 2008 Great Recession.

In that case, property taxes may become a source of revenue to compensate for the steep falls in other taxes such as sales tax. Because of the separate timing of the property tax levy, it is important to evaluate its expected impact before seeing whether it is possible (and advisable) to use the levy as a countercyclical revenue source and strategically allocate the forthcoming resources.

Some questions to guide your thinking

- 1 When is the impact on the tax property levy likely to occur?
- 2 How will this impact compare with that from other revenue sources?
- 3 Is there room to increase the property tax levy without hurting economic recovery?
- 4 Can this new levy become a tool to create a more diversified tax base?
- 5 What is the best use of the property tax levy to promote economic recovery?

Resources

Title	Studying the strengths and weaknesses of property taxes
Description	This report is an in-depth review of property tax history and trends, policy issues, incidence of the tax in the market, and variations across local governments.
Duration	15 minutes
Source	ICMA / George Washington Institute of Public Policy
Takeaways	<ul style="list-style-type: none">• The property tax is a complex policy tool and city leaders should understand both its strengths and weaknesses.• A summary of US trends between 1953 and 2002 can be found on pages 26-29.• A vital question is who bears the impact of the tax (discussed on pages 59-63).
Tags	Revenues, Taxes
Link	https://icma.org/documents/property-tax-its-role-and-significance-funding-state

Title	Understanding property tax ranges across the US
Description	How do property tax rates vary across the United States? This 2013 brief examines differences by county and state, noting large variations across jurisdictions.
Duration	20 minutes
Source	Urban Institute
Takeaways	<ul style="list-style-type: none">• Most US counties have levy about \$1000 per homeowner and below 1 percent of the house values.• Pages 4-8 compare property tax by county.
Tags	Revenues, Taxes
Link	https://www.urban.org/sites/default/files/publication/24216/412959-Residential-Property-Taxes-in-the-United-States.PDF

Title	Acknowledging state limits on the property tax (and understanding the arguments against these limits)
Description	This report argues that state property tax limits, combined with decreased aid from state and federal sources, has caused local governments to cut services or turn to less desirable forms of revenue such as sales tax.
Duration	10 minutes
Source	Center on Budget and Policy Priorities
Takeaways	<ul style="list-style-type: none"> • A study of four states (Michigan, Oregon, Massachusetts, and New York) finds that state property tax limits have negative consequences. • Pages 16-20 summarize the main arguments against property tax limits.
Tags	Revenues, Taxes
Link	https://www.cbpp.org/sites/default/files/atoms/files/7-18-18sfp.pdf

Explore new sources of revenue

Description

This may be a good time to start identifying new sources of revenue that can help the city make up for lost revenue and strengthen its financial base. There are several avenues to create new city revenue for a city, but the benefits of the additional revenue must be weighed against the negative outcomes of adding a burden to the city's economy and its residents.

Some questions to guide your thinking:

- 1 What potential additional sources of revenue are available?
- 2 What is the revenue generation capacity of each one?
- 3 What will be the impacts on citizens and the economy of each one?
- 4 What is the approximate implementation time?

Resources

Title	Proposing new taxes strategically
Description	How can local governments do to ensure that proposed new taxes succeed politically? This guide suggests engaging residents to define where new revenue needs exist by linking taxes to services that residents value, and building a network of supporters.
Duration	30 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none"> • Every idea contains a checklist with actionable insights to put into practice. • Case studies from local governments in Florida, Oklahoma, and Missouri (among other states) are included.
Tags	Revenues, Taxes
Link	https://www.gfoa.org/materials/new-taxes-that-work-how-local-governments-can-raise

CASE STUDY: Increasing a tax rate with voters' backing in Sacramento

Key Takeaways

- The 2008 Great Recession caused Sacramento's revenues to drop from \$965.5 million in FY 2009 to \$797 million by FY 2012, which led to a reduction in personnel and a draining of its general fund reserves.
- The city asked voters for a temporary six-year increase in the sales tax by a half-cent in 2012, which was approved by 64 percent of voters.
- This resulted in approximately \$47 million in extra annual revenue between 2013-2019. Before the measure was set to expire, the voters approved an extension and an expansion of the tax from one half-cent to a full cent.

City, State, Country	Sacramento, CA
Population	508,529 (2018, estimate) ¹
Median household income	\$54,615 (2017) ²
Annual city revenue	\$1,089,027,000 (2018) ³
Background	Sacramento is California's sixth largest city. As state capital, its biggest employers are the state and county governments. However, the tourism and financial sectors also play a key economic role.
Issue	The 2008 Great Recession caused the city's revenues to drop from \$965.5 million in FY 2009 to \$797 million by FY 2012. Due to binding caps on property tax rates and assessed values, the city had limited ability to increase revenue from this tax. This led the city to reduce personnel and draw on reserves, which led general fund reserves to fall from \$72 million (FY 2009) to \$10.5 million (FY 2012).
Measure/Policy	The city asked voters for a temporary six-year increase in the sales tax by a half-cent in 2012 (to expire in 2019). The revenue would be directed toward services that had been cut back following the recession. The promise of restoring service levels played a major role in approval by voters, who endorsed the tax by a 64-36 margin. The fire and police chiefs, as well as public safety associations, played a key role in advocating for the tax increase, which enabled the city to recover 195 positions in the Police Department, 90 in the Fire Department, and 137 in the Department of Parks, Youth, and Community Enrichment.
Effect over time	The tax generated approximately \$47 million in annual revenue between 2013-2019. Sacramento's example shows that voters may find an increase more palatable if it has a fixed expiration date and is connected to service provision. City voters approved an increase of the sales tax to a full cent in 2019 when the initial half-cent increase was set to expire. The approval was influenced by city leaders' vision to use funds for economic development and equity rather than for operational expenditure like salaries and pensions.
Financial Impact	High. The tax generated approximately \$47 million in annual revenue from 2013-2019.
Tags	Revenues, Taxes
Sources	U.S. Census Bureau (2018). QuickFacts: Sacramento city, California. Retrieved from https://www.census.gov/quickfacts/sacramentocitycalifornia . U.S. Census Bureau (2018). QuickFacts: Sacramento city, California. Retrieved from https://www.census.gov/quickfacts/sacramentocitycalifornia . Sacramento (Ca.). (2018). Comprehensive annual financial report: For the fiscal year ended June 30. Sacramento, Ca: City of Sacramento.

Unlock value in unused or underused assets

Description

Cities often have assets (land, buildings, infrastructure) that are either unused or not used efficiently. Unlocking their value may be a way to increase revenues in the medium term. At the same time, selling assets can also deprive cities of substantial wealth, so use of the proceeds must be carefully targeted (ideally towards investment) and not just to cover operating expenditures. Leases of public assets to private investors can provide significant revenue but must be negotiated carefully.

Some questions to guide your thinking:

- 1 What assets can the city consider utilizing to earn revenue that are currently underutilized or unproductive?
- 2 What transaction can be executed (e.g., will it be a sale, lease, or something else)?
- 3 How will the proceeds of those assets be used?

Resources:

Title	Creating an inventory of tangible capital assets
Description	This article describes tangible capital assets and the advantages for local governments of regularly conducting inventories.
Duration	5 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none">• Local governments should conduct an Inventory tangible capital assets once every five years, at least.• Tangible capital assets include land, buildings, building improvements, vehicles, machinery, equipment, and infrastructure.
Tags	Revenues, Own-Source Revenue
Link	https://www.gfoa.org/materials/new-taxes-that-work-how-local-governments-can-raise

Title	Considering infrastructure investments to spur workforce development
Description	Are there city assets that could aid economic growth and equity? This article highlights how Louisville, KY used the water system to diversify its workforce, ensuring excluded communities could be a part of the economic ecosystem surrounding water and sewer repairs.
Duration	5 minutes
Source	HKS Data-Smart City Solutions (Harvard Kennedy School)
Takeaways	<ul style="list-style-type: none"> • Assets such as water and sewer systems represent opportunities for continuous investment. • Louisville used water systems to increase vendor diversity and mitigate community hardships.
Tags	Economic Development, Workforce
Link	https://datasmart.ash.harvard.edu/news/article/louisville-finds-economic-opportunities-water

Title	Considering an urban wealth fund
Description	In this reading, Swedish public investment expert Dag Detter suggests that cities can more than double their investments – without having to raise taxes or cut spending – through smarter asset management and creation of an Urban Wealth Fund.
Duration	5 minutes
Source	Project Syndicate
Takeaways	<ul style="list-style-type: none"> • Because many city leaders have not accounted for the market value of city assets, they cannot fully measure the cost of leaving these assets under-managed. • Managing city assets better would help local leaders boost their economies, finance social and economic infrastructure, and develop strategies for vibrant and innovative projects. • A fund can be managed at arm's length in a transparent and accountable manner, guided by a city mandate but directed by a dedicated professional staff to keep it free from political influence.
Tags	Capital, Economic Development, Revenues
Link	https://www.project-syndicate.org/commentary/city-planning-urban-wealth-funds-by-dag-detter-2017-11

How do I address medium-term expenditure changes?

Control personnel costs

Description

Cities often find savings by cutting personnel costs but, in the medium-term, the city should think about personnel costs more strategically, since the city's ability to deliver public services will depend on its employees' skills, motivation, and quality of work.

Some questions to guide your thinking:

- 1 What personnel do you need in place to deliver on the city's mission?
- 2 Are there areas or costs that can be reduced without compromising that capacity?
- 3 Do you have information to track and monitor those costs?
- 4 How easily can these costs be reduced or kept under control?

Resources

Title	Identifying non-essential personnel costs
Description	This reading discusses ways to manage non-essential personnel costs (including vacancies) to free up space in the budget. Monitoring overtime for non-essential tasks and reviewing the use of temporary staff can relieve fiscal pressure.
Duration	5 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none"> • Relevant information is on pages 11-13
Tags	Expenditures, Salaries
Link	https://www.gfoa.org/materials/balancing-the-budget-in-bad-times-part-1

Title	Understanding the potential of work sharing programs
Description	This resource explains the basics of Michigan's Work Share program, one version of a program provided by 26 US states. Work sharing allows employers (including local government) to keep employees working with reduced hours while the employees collect partial unemployment benefits.
Duration	5 minutes
Source	Detroit Chamber of Commerce
Tags	Personnel
Link	https://www.detroitchamber.com/wp-content/uploads/2020/04/COVID-Work-Share-5.12.20.pdf

Title	Taking advantage of work sharing programs
Description	The federal CARES Act encourages states and employers to use work sharing programs. The reading discusses the program's rationale, utilization rates, and CARES Act funding for work sharing.
Duration	10 minutes
Source	Brookings Institute
Takeaways	<ul style="list-style-type: none"> • Cities can use the work sharing program to cut hours instead of employees • Cities can encourage businesses to leverage work sharing.
Tags	Personnel
Link	https://www.brookings.edu/blog/up-front/2020/04/16/what-is-work-sharing-and-how-can-it-help-the-labor-market/

Title	Reducing personnel costs
Description	Personnel is the largest and most complex expenditure for most local governments. This reading discusses ways to limit and reduce personnel expenditures by moving from traditional approaches to more creative and innovative methods.
Duration	15 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none"> • Relevant information is on pages 4-7
Tags	Expenditures, Salaries
Link	https://www.gfoa.org/materials/cash-is-king

Title	Using safe near-term treatments to balance the budget
Description	In a crisis, what are the least-risky treatments or "low-hanging fruit" for managing finances? This guide details six techniques and describes how to set up a management system for them.
Duration	30 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none"> • Leadership is crucial toward achieving a culture of frugality. • See page 10 for a summary of the six techniques with examples that include controlling personnel costs, pooling resources, and enhancing revenues.
Tags	Financial Operations
Link	https://gfoaorg.cdn.prismic.io/gfoaorg/2d0596e6-3885-4a44-943d-bcb0c02b9d21_BalancingtheBudgetinBadTimes_Part1.pdf

Reallocate some expenditures strategically, based on the fuller cost information developed through activity-based budgeting techniques.

Description

Traditional line-item budgets do not reveal the true cost of an organization's activities because overhead and indirect costs – such as salaries or office space – are not fully captured in an activity's unit costs. Activity-based budgeting (ABB) enables leaders to better understand the true cost of each activity and budget more strategically. (ABB is usually implemented after a city, department, or unit has adopted activity-based costing (ABC) to track the true costs of their activities.)

ABB can be implemented at different levels of an organization and with varying degrees of granularity. The implementation time frame can take from a few months to a few years depending on the scope and granularity of the implementation. Adopting ABB comes with start-up costs, but in the long term it can deliver strategic value that usually pays for itself.

Some questions to guide your thinking:

- 1 If your city is considering implementing ABB, which departments or units could benefit from piloting the tool?
- 2 What level of granularity would increase the city's ability to allocate resources during the pandemic?
- 3 If your city is already implementing ABB, how can it be used strategically to allocate resources during the pandemic?

Resources

Title	Using activity-based costing (ABC) for budgeting
Description	This resource distills lessons in designing better budgets using activity-based costing and management. The reading covers ABC's politics, common uses and pitfalls, and the benefits that cities can expect by using ABC to budget their resources.
Duration	20 minutes
Source	World Bank
Takeaways	• Relevant Information is on pages 218-227
Tags	Budget, Activity-based
Link	https://elibrary.worldbank.org/doi/abs/10.1596/978-0-8213-6939-5

Title	Implementing activity-based costing (ABC) in government
Description	The article walks local government leaders through the step-by-step process of implementing ABC using an example from the Texas Department of Agriculture.
Duration	20 minutes
Source	Institute of Management Accountants (IMA)
Tags	Budget, Activity-based
Link	https://www.imanet.org/-/media/762fa66b75174f69a7d8734418fbef38.ashx

Title	Implementing time-driven activity-based costing (ABC)
Description	In this reading, Harvard's Robert Kaplan discusses time-driven ABC and argues for its simplicity and cost-effectiveness in implementation.
Duration	15 minutes
Source	Harvard Business Review (HBR)
Tags	Budget, Activity-based
Link	https://hbr.org/2004/11/time-driven-activity-based-costing

Review purchasing practices

Description

The purchase of goods and services represents a large percentage of cities' expenditures, but many governments lack a strategic approach to procurement and contract management. Often these activities are shaped by detailed regulations and systems that do not evaluate the effectiveness, performance, or cost-benefit of governments' purchases.

There is an opportunity, therefore, for cities to improve strategic management of their portfolio, optimize procurement processes, integrate performance considerations into procurement decisions, and expand the number and diversity of vendors.

Some questions to guide your thinking:

- 1 How much is the city spending on procurement?
- 2 Is the city measuring the purchases' performance and cost-benefit?
- 3 What are the main obstacles to managing performance in the city's purchasing approach?
- 4 What contracts are up for renewal and thus provide an opportunity to test new practices?

Resources

Title	Embracing outcomes-driven contracting for social services
Description	This case study discusses how Harvard's Government Performance Lab provided technical assistance to help Chicago's Department of Family and Support Services strategically manage \$270 million in contracted services and improve outcomes for vulnerable Chicagoans.
Duration	30 minutes
Source	Government Performance Lab (Harvard Kennedy School)
Takeaways	<ul style="list-style-type: none"> • Leaders centralized the Request for Proposals process and linked spending to outcomes.
Tags	Financial Operations, Procurement
Link	https://govlab.hks.harvard.edu/files/govlabs/files/chicago_DFSS_procurement_project_feature.pdf

Title	Contracting for equity
Description	This issue brief describes a common approach to improving the practice of contract equity within government, assessing current successes and challenges and offering practical strategies for helping to create equitable government purchasing practices.
Duration	30 minutes
Source	Government Alliance on Race and Equity (GARE)
Tags	Financial Operations, Procurement and Equity
Link	https://www.racialequityalliance.org/2015/12/01/contracting-for-equity/

Title	Adopting agile and collaborative procurement principles
Description	This article by Harvard's Stephen Goldsmith discusses the opportunity presented by the pandemic to improve government procurement, offering six principles to improve the procurement process to meet not just current but future needs.
Duration	5 minutes
Source	Governing
Takeaways	<ul style="list-style-type: none"> • Collaborate with neighboring jurisdictions to set standards. • Compensate vendors with transparency to insulate against favoritism. • Cut non-essential processes to improve speed, save money, and retain quality.
Tags	Financial Operations
Link	https://www.governing.com/finance/The-Pandemics-Opportunity-to-Improve-Government-Procurement.html?utm_source=HKS%20in%20the%20News&utm_campaign=bc8d74c5dd-EMAIL_CAMPAIGN_2020_07_24_01_59&utm_medium=email&utm_term=0_0b23518a5a-bc8d74c5dd-456899693

Title	Adopting active contract management
Description	When government services are privatized, cities are pushed to focus narrowly on payment processing and contract enforcement. This policy brief argues that government's work comes during the course of the contract when real-time improvement to service delivery can drive better outcomes.
Duration	30 minutes
Source	Government Performance Lab (Harvard Kennedy School)
Takeaways	<ul style="list-style-type: none"> • On its own, local government does not purposefully attempt to improve service provision. • Local governments often fail to collect and use data to improve delivery of contracted services. • Local government usually fails to collaborate effectively with providers to improve outcomes.
Tags	Financial Operations, Contracting
Link	https://govlab.hks.harvard.edu/files/govlabs/files/active_contract_management_brief.pdf

Budget for capital improvement and debt refinancing strategically

Description

Capital investment decisions are fundamental to ensure cities' long-term growth. Pressure to dedicate resources toward programs and service delivery during the pandemic may limit the availability of resources to pursue investments. As the situation stabilizes, it is essential to use capital improvement and debt refinancing strategically to establish the building blocks of economic recovery.

Some questions to guide your thinking:

- 1 Does the city have a complete list of capital projects?
- 2 Does the city have a process to prioritize capital projects according to strategic criteria?
- 3 What are the city's debt refinancing options?
- 4 Does the city have a process to segment financing decisions according to strategic criteria and capital project selection?

Resources

Title	Prioritizing multi-year capital investments with constrained budgets
Description	This reading introduces Financial Foundations for Thriving Communities, a new framework to help cities solve the challenges inherent in managing the shared financial resources and prioritizing uses.
Duration	15 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none">• Collaborate with neighboring jurisdictions to set standards.• Compensate vendors with transparency to insulate against favoritism.• Cut non-essential processes to improve speed, save money, and retain quality.
Tags	Expenditures, Capital
Link	https://www.gfoa.org/materials/capital-planning-and-the-gfoa-financial-foundations

CASE STUDY: Strategic timing of capital expenditures in Tracy

Key Takeaways

- Heavy reliance on logistics, shipping, and construction caused the local economy to deteriorate significantly during the 2008 Great Recession.
- Short-term deferral of general fund resources dedicated to capital projects prevented the need for significant immediate cuts in operating costs.
- Medium-term expansion and acceleration of capital improvement projects undertaken as a local economic stimulus measure helped the economy recover faster.
- These infrastructure improvements helped persuade major retailers and logistics companies to locate in Tracy, which nearly tripled sales tax revenue and significantly increased the number of area jobs over the past decade.

City, State	Tracy, CA
Population	92,800 (2019)
Median household income	84,162 (2018)
Annual city revenue	138,949,832 (2019)
Background	Tracy is located in California's Central Valley roughly sixty miles east of San Francisco. For decades it has been a key logistics and shipping center for agricultural goods produced throughout the Central Valley and destined for large retail companies and the US military.
Issue	Like most cities that depend on cyclical industries like logistics and retail, Tracy's economy was hit hard by The 2008 Great Recession. Unemployment in December 2007, just before the recession, was 5.6 percent. By December 2009 it was 10.6 percent, peaking at 11.9 percent in January 2011. Unemployment in construction and trades reached 40 percent in January 2011. Overall, Tracy experienced a 22 percent total reduction in revenues and a budget deficit of \$13.7 million in FY 2009.
Short-Term Policy	Faced with this challenging economic picture, the Tracy City Council took two key steps. Like other municipalities, it redirected upcoming general fund resources dedicated to capital projects - roughly \$8 million in 2008-2009 - toward basic operations. In addition, the city used \$2 million from its reserves to help plug the budget gap.
Short-Term Financial Impact	The deferral of capital expenditures helped the city council save \$8 million in FY 2009 to use toward the operational budget to maintain service and staff levels. This prevented significant immediate reductions in city staff and allowed core service departments to adjust gradually through restructuring staffing plans, leaving vacant positions unfilled and, in rare cases, temporary furloughs.
Medium-Term Policy	Much more unconventionally, Tracy took the step of expanding and accelerating its capital improvement program over the medium term. The city compressed four years of capital projects worth \$90 million into 18 months. Almost all were funded with some combination of debt issued before the recession, capital reserves, or new debt issued at record low interest rates. This accelerated capital improvement program was a deliberate attempt to provide local economic stimulus.
Medium-term Financial Impact	Accelerating the capital improvement plan improved the local economy. By October 2012 Tracy's unemployment rate was 8.5 percent, well below the statewide average of 10.1 percent. In late 2012 Amazon announced plans to build a major distribution center in Tracy and other retailers decided to locate in a newly built retail center. Over time Amazon contributed to an increase in area jobs and the retail centers helped boost sales tax revenue to \$37 million in 2019 from \$9.2 million in 2010. Local officials attribute their success in part to infrastructure improvements made during the accelerated capital improvement program.
Long-Term Effects	In 2019, Amazon employed over 20 percent of Tracy's workforce, up from zero in 2007. In total, the workforce increased 33 percent between 2010-2019, with the Amazon site accounting for about 80 percent of the increase. In addition, the new retail center supported the tripling of sales activity in Tracy to \$2.7 billion between 2009 and 2018. Sales tax revenue increased to \$37 million in 2019 from \$9.2 million in 2010.
Tags	Expenditures, Capital
Sources	Marlowe, J. (2013). Strategy, priority-setting, and municipal capital budget reform: Three cases from the great recession. <i>Journal of Public Budgeting, Accounting & Financial Management</i> , 25(4), 693-718. Tracy (Ca.). (2019). Comprehensive annual financial report: For the fiscal year ended June 30. Tracy, Ca: City of Tracy.

How do I set up management systems and practices to balance the budget?

Collect data to benchmark your city's cost and service standards

Description

Being able to compare your service levels, costs, and standards with those from other cities can help uncover gaps and identify innovations. Benchmarking can also help you find opportunities to adopt other examples of service improvement and cost reduction measures. However, such benchmarking exercises are only possible if the necessary data is available.

Some questions to guide your thinking:

- 1 Which cities does your city use as benchmarks?
- 2 How are other cities measuring and reporting their service and cost metrics?
- 3 Can the city's systems generate data to compare costs and performance with other cities?

Resources

Title	Benchmarking city services globally
Description	This report summarizes findings from a 2017 KPMG study that benchmarks the cost of twelve city services using data reported by city managers and executives from 35 cities from around the world.
Duration	60 minutes
Source	KPMG
Tags	Budget
Link	https://assets.kpmg/content/dam/kpmg/xx/pdf/2017/10/benchmarking-city-services.pdf

Title	Establishing a benchmarking consortium
Description	In Arizona, the Valley Benchmark Cities Group (VBC) began in October 2011 as a consortium of staff from the eight largest cities and towns in the Phoenix metropolitan area to benchmark each city's services and share best practices.
Source	Alliance for Innovation
Tags	Budget
Link	https://icma.org/valley-benchmark-cities#:~:text=The%20Valley%20Benchmark%20Cities%20Group,develop%20a%20better%20understanding%20the

Monitor revenues and expenditure variances continually

Description

Variance analysis helps city leaders understand the difference between expected and actual results. Favorable variances will occur when actual expenditures are lower than expected expenditures and/or when actual revenues are higher than budgeted ones, and vice versa. It is essential to understand what variables (cost, quantities, etc.) are the drivers behind any variance, enabling your team to make necessary changes to manage the budget.

Some questions to guide your thinking:

- 1 What is the difference between actual and expected revenue from each source?
- 2 What is the difference between actual and expected expenditure in each program?
- 3 What are the key variables in each revenue source or program?
- 4 How does the change in each variable explain the variance?

Resources

Title	Monitoring the budget regularly
Description	This best-practice guide highlights how variance analysis is central to regularly conducted budget monitoring processes.
Duration	7 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none"> • Governments should monitor their financial, operational, and capital budgets. • The monitoring processes should consider what to review, how to analyze budget items, the right level of detail, staff roles, tools, communications, and follow-up actions.
Tags	Financial Operations, Reporting
Link	https://www.gfoa.org/materials/budget-monitoring

Forecast pessimistic and optimistic scenarios for three, six and twelve months out

Description

A forecast makes estimates on future scenarios based on past, current, and projected information. Given the unprecedented nature of the pandemic, it is hard to use past information or the usual assumptions to perform forecasting. Using pessimistic and optimistic assumptions for different timeframes and updating them regularly can provide an upper and lower bound for forecasting.

Some questions to guide your thinking:

- 1 What assumptions is your city making about future events?
- 2 What are the best and worst-case assumptions the city can reasonably make?
- 3 Which assumptions are confirmed and which ones are refuted over time?

Resources

Title	Understanding the challenges and opportunities of budgeting during COVID-19
Description	This handout describes an approach to budgeting during the pandemic recession that relies on re-imagining the budget. It argues that cities should be aware of limitations that include lack of coordination at other government levels and inability to use traditional revenue sources.
Duration	10 minutes
Source	Bloomberg Harvard City Leadership Initiative (BHCLI)
Takeaways	<ul style="list-style-type: none"> • Leaders must plan for best-guess and worst-case scenarios, update those scenarios, and adjust accordingly. • The bottom of the page contains summary slides.
Tags	Budget
Link	https://assets-global.website-files.com/60f998ee966fd623d55b7838/6112b4902e60962cf1545ff0_session_eight_bhcli_keytakeaways_01.pdf

Title	Understanding the fiscal impact of the pandemic recession
Description	This report analyzes finance data from the US Census Bureau and unemployment projections from the Congressional Budget Office and proposes a framework for the analysis of budget shortfalls encompassing revenue responsiveness and economic conditions.
Duration	30 minutes
Source	National League of Cities (NLC)
Takeaways	<ul style="list-style-type: none"> • Nearly all cities and towns will experience revenue shortfalls in 2020. • The magnitude of the shortfalls will depend on the underlying fiscal structure. • Pages 9-11 contain the main estimates by state.
Tags	Budget
Link	https://covid19.nlc.org/wp-content/uploads/2020/06/What-Covid-19-Means-For-City-Finances_Report-Final.pdf

Title	Updating forecasting models
Description	This webinar discusses many of the issues local governments are likely to face in the coming weeks while dealing with the pandemic.
Duration	40 minutes
Source	Municipal Research and Services Center (MRSC)
Takeaways	<ul style="list-style-type: none"> • Updating your model [0:13] • Forecasting revenues [0:16] • Forecasting expenditures [0:27]
Tags	Financial Operations, Reporting
Link	https://www.youtube.com/watch?v=nHliZuah4BM

Title	Visualizing and strategizing financial scenario planning for uncertain times
Description	In this webinar, three practitioners discuss how scenario planning can help city leaders develop a variety of policy responses as the pandemic unfolds.
Duration	1 hour
Source	Government Finance Officers Association (GFOA)
Tags	Budget
Link	https://www.youtube.com/watch?v=RWGWeiUS7wE&feature=youtu.be

Establish control systems to manage resources

Description

As the situation begins to stabilize, make sure that revenues and expenditures are on track. Variance analysis is part of this control but you may also want to conduct regular reviews of headcount, purchases, capital projects, and performance. Institutionalizing regular monitoring systems in these areas is key to ensuring that the city is managing its resources adequately.

Some questions to guide your thinking:

- 1 Does your city have data that enables management to control expenditures?
- 2 Does your city conduct regular reviews on staff headcount, purchases, capital projects, and performance?
- 3 What does this information tell you about your city's management of resources and how it can improve?

Resources

Title	Using long-term treatments for budget balancing
Description	This article recommends several long-term ideas for transforming local finances. The first section includes tips on leadership strategies and institutional design.
Duration	10 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none"> • Near-term treatments may avert a crisis but long-term strategies will help transform local finances. • Long-term treatments can be categorized under controlling benefits, better budgeting practices, transforming services, and financially savvy community development.
Tags	Financial Operations
Link	https://www.gfoa.org/detail/step-8-long-term-treatments

Title	Monitoring and forecasting cash flows
Description	Learn what systems and principles can be established to secure your city's financial position and pinpoint financial issues that might need immediate attention.
Duration	5 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none"> • Relevant information is on pages 6-7
Tags	Budget
Link	https://gfoaorg.cdn.prismic.io/gfoaorg/2d0596e6-3885-4a44-943d-bcb0c02b9d21_BalancingtheBudgetinBadTimes_Part1.pdf

Title	Creating a rainy-day fund
Description	Among city governments in the 30 largest US metropolitan areas, only sixteen have funds codified by ordinance or statute. This reading discusses some of the benefits of establishing a rainy-day fund using a basic three-pronged design framework.
Duration	5 minutes
Source	Pew Charitable Trust
Takeaways	<ul style="list-style-type: none"> • Set fund size targets that match the city's experience with volatility. • Tie rainy day fund deposits to observed volatility. • Establish clear withdrawal conditions and criteria.
Tags	Revenues, Rainy Day
Link	https://www.pewtrusts.org/en/research-and-analysis/articles/2018/10/11/how-rainy-day-funds-help-cities-prepare-for-revenue-volatility

Transform Phase

1 How do I leverage strengths and mitigate weaknesses in the city's finances?

- Perform a fiscal SWOT (Strength, Weakness, Opportunity, and Threat) analysis.
- Align revenue sources with the city's sources of wealth.
- Improve accessibility to services.
- Assess pension liabilities and implement funding plans.
- Address lack of authority to implement measures.

2 How can the city be a catalyst for new economic growth?

- Establish new partnerships.
- Support workforce development.
- Support or help create clusters of growing industries, prioritizing historically underserved Black and Brown communities.
- Promote wealth creation in under-served areas.

3 How do I improve city hall's operating efficiency?

- Reinvent processes and innovate.
- Explore collaborations and pooling of resources.
- Implement new procurement and contracting processes and standards.
- Implement performance-based budgeting.

How do I leverage strengths and mitigate weaknesses in the city's finances?

Perform a fiscal SWOT (Strength, Weakness, Opportunity, and Threat) analysis

Description

The city's fiscal structure can be evaluated to find sources of imbalance. An analysis should consider both the revenue and expenditure sides of the city's fiscal structure as well as the economic and demographic factors that will influence demand for services in the near and long term.

Some questions to guide your thinking:

- 1 What revenue sources are sustainable and which are volatile?
- 2 What expenditures have a stable and direct source of revenue?
- 3 What expenditures do not have stable and direct sources of revenue?

Resources

Title	Understanding the city's fiscal policy space
Description	What are the constraints on local governments to enact fiscal policy, and what is their capacity? This paper argues that different cities have different levels of capacities and constraints, and introduces a framework for understanding your fiscal policy space.
Duration	30 minutes
Source	Brookings Institute
Takeaways	<ul style="list-style-type: none"> • Constraints for cities include the state-local regulatory system, tax and expenditure restrictions, and limited state aid. • Alignment between the city's tax revenue and its economic base can contribute to long-term resilience. • See page 26 for a sample of where major US cities fall in the framework.
Tags	Budget
Link	https://www.brookings.edu/research/city-budgets-in-an-era-of-increased-uncertainty/

Title	Diagnosing your city's fiscal health
Description	This report guides leaders through an initial diagnosis focused on technical and financial elements of administering local government.
Duration	20 minutes
Source	Government Finance Officers Association (GFOA)
Tags	Budget
Link	https://gfoaorg.cdn.prismic.io/gfoaorg/3fd1c6c5-bd36-4033-9060-038651135bb5_FFA_DiagnosingFinancialCondition.pdf

Title	Including environmental resilience in fiscal planning
Description	This brief explores the issue of environmental resilience by focusing on the role of local policymakers and practitioners to drive lasting infrastructure solutions that can benefit more places and people.
Duration	15 minutes
Source	Brookings Institute
Tags	Budget
Link	https://www.brookings.edu/research/boosting-local-climate-resilience-and-economic-opportunity-in-the-covid-19-era/

Align revenue sources with the city's sources of wealth

Description

Correcting for fiscal imbalances may help cities improve the alignment between revenue sources and their sources of wealth (e.g., consumer spending, property values, etc...). This includes understanding the city's fiscal policy space, fiscal capacity, and adaptability.

Leaders should look into creating an optimal revenue mix based on city wealth. This means looking into the tax base, tax policy, fees, intergovernmental transfers, and other sources of revenue and wealth.

Some questions to guide your thinking:

- 1 What are the city's sources of wealth?
- 2 How well are revenue policies capturing the city's wealth?
- 3 What authority does the city have to shift revenue policy?

Resources

Title	Planning a fiscally sustainable Capital Improvement Plan (CIP)
Description	In this podcast, Kevin Shepherd and AJ Fawver of Verdunity talk about their organization's mission, how cities can build better places, and the cost of maintaining infrastructure.
Duration	50 minutes
Source	Engaging Local Government Leaders (ELGL)
Tags	Budget, Capital Budget
Link	https://elgl.org/podcast-fiscally-sustainable-planning-with-kevin-shepherd-and-aj-fawver/?fbclid=IwAR1LPDvFhIBzo2atqXZ7DMBqjbTA_MIUN7v2fjsFIOL2zwPZjSBNP6tkR80

Title	Understanding the city's fiscal policy space
Description	What are the constraints on local governments to enact fiscal policy, and what is their capacity? This paper argues that different cities have different levels of capacities and constraints, and introduces a framework for understanding your fiscal policy space.
Duration	30 minutes
Source	Brookings Institute
Takeaways	<ul style="list-style-type: none"> • Constraints for cities include the state-local regulatory system, tax and expenditure restrictions, and limited state aid. • Alignment between the city's tax revenue and its economic base can contribute to long-term resilience. • See page 26 for a sample of where major US cities fall in the framework.
Tags	Budget
Link	https://www.brookings.edu/research/city-budgets-in-an-era-of-increased-uncertainty/

Improve accessibility to services

Description

Identify and remove barriers to improve the utilization rates of services like unemployment insurance, workforce training, work share, health care, and other programs designed to act as automatic stabilizers. Increasing service utilization rates for services will support households to meet basic needs and prepare them for future challenges.

Some questions to guide your thinking:

- 1 What are in-demand services in your city?
- 2 What is the city's authority to improve accessibility to these services?
- 3 What partners have the expertise to improve accessibility to these services?
- 4 What role will the city play in improving accessibility?

Resources

Title	Improving city services through technology
Description	In this 2015 report, the University of Texas's Sherri Greenberg examines a dozen cities across the US with award-winning reputations for using innovation and technology to improve the services they provide to their residents.
Duration	30 minutes
Source	IBM Center for the Business of Government
Takeaways	<ul style="list-style-type: none">• Cities are using more inclusive governance structures to improve services.• Cities are using digital and mobile technologies to improve city services.• Residents now expect transparency, accountability, collaboration, and civic engagement.
Tags	City Services
Link	http://www.businessofgovernment.org/sites/default/files/Using%20Innovation%20and%20Technology%20to%20Improve%20City%20Services.pdf

Assess pension liabilities and implement funding plans

Description

Pension liabilities continue to be a source of concern for local governments, crowding out a city's ability to invest in services, infrastructure, and education. City leaders can assess their pension liabilities and consider reforming pension benefits, investment strategy, and other policies to mitigate risk.

Some questions to guide your thinking:

- 1 What is the city's authority to propose pension reforms?
- 2 What is the city's pension funded status?
- 3 Is the pension liability crowding out investment in other city functions?

Resources

Title	Understanding trends in public pension funding levels
Description	This article discusses how public pension funding levels from thirty-three US cities recovered after the fallout from The 2008 Great Recession.
Duration	10 minutes
Source	Pew Charitable Trust
Takeaways	<ul style="list-style-type: none"> • Cities with low-funded pension levels in 2009 continued to have low-funded levels into 2015. • These cities' persistent fiscal distress demonstrates the challenge of restoring poorly-funded plans to fiscal health. • Cities with funding levels above 90 percent before 2008 recovered well after the recession.
Tags	Budget
Link	https://www.pewtrusts.org/en/research-and-analysis/fact-sheets/2019/05/municipalities-grapple-with-retirement-system-shortfalls

Title	Grasping the impact of the COVID-19 recession on public pension systems
Description	This issue brief provides an update on public pension plan performance and COVID-19 market volatility.
Duration	15 minutes
Source	Boston College Center for Retirement Research
Takeaways	<ul style="list-style-type: none"> • The March 2020 stock market crash raised concerns about the liquidity needs of public pension funds. • Most public pension plans ended FY 2020 with investment returns that fell short of actuarial expectations.
Tags	Budget
Link	https://crr.bc.edu/briefs/2020-public-plan-investment-update-and-covid-19-market-volatility/

CASE STUDY: Renegotiating retirement benefits with voter approval in San José

Key Takeaways

- In the aftermath of the Great Financial Crisis, San José faced financial pressures that were exacerbated by rising pension costs, compelling the mayor, Chuck Reed, to embark on a series of pension reforms.
- The mayor's first attempt at reform was successfully challenged by city employees, but the second reform, albeit less ambitious, helped to address rising pension costs.
- At the time of the second reform, it was estimated that the city could save up to \$1.7 billion in pension costs between 2016 and 2026.

City, State	San José, CA
Population	1,030,119 (2018, estimate)
Median household income	\$96,662 (2017)
Annual city revenue	\$2,512,280,000 (2019)
Background	<p>San José is the cultural, financial, and political center of Silicon Valley and the largest city in Northern California in both population and land area. San José's economy relies heavily on a variety of major global tech companies including Cisco Systems, eBay, Adobe, PayPal, and Zoom, among others. The city is one of the wealthiest in the world and has one of the most expensive housing markets in the US.</p>
Issue	<p>In the aftermath of The 2008 Great Recession, San José confronted financial pressures that were exacerbated by rising pension costs, facing an estimated budget deficit of \$61.2 million in FY 2010. Pension and retiree health care costs consumed approximately 20 percent of the city's budget and seriously hampered the city's ability to provide services.</p> <p>Pension costs had risen steadily since 2001, from \$73 million in FY 2002 to \$244 million in FY 2012. According to the Reason Foundation, the primary cause was a massive increase in salaries and benefits: Between 1991 and 2009, after adjusting for inflation, the average annual benefit for police and firefighter retirees increased 75 percent, and 54 percent for other retired city workers. In 2011, average total annual compensation for working police officers was \$178,821, for firefighters, \$203,098, and for other city employees, \$120,092.</p> <p>In the face of these rising costs, San José tried to save money by cutting employee salaries and government services. Employees voluntarily accepted wage cuts of between 10 to 18 percent. Other budget cuts were wide-ranging, affecting public safety, libraries, sidewalk and park maintenance, and code enforcement. The city even decided to cancel the opening of four new libraries and a police substation that had been built with bond funds. But these cuts were not enough.</p>
Measure/Policy	<p>In 2012, San José mayor Chuck Reed embarked on a series of pension reforms, placing local-ballot Measure B before voters. Measure B reduced retirement benefits for new employees, while current employees had to choose between switching to a plan with reduced benefits or contributing more from their salaries to maintain their existing benefits.</p> <p>In addition, Measure B eliminated the "13th checks" that were previously issued when the pension investment fund earned a return higher than a certain threshold. The measure also reduced the automatic annual cost-of-living adjustment from 3 percent to 1.5 percent and required voters to approve any future benefit increases. Measure B passed with 69 percent of the vote.</p>

Key Takeaways

Measure/Policy (cont.)	<p>Mayor Reed had framed the measure as an attempt to restore services, arguing that “every dollar the city pays for retirement costs is a dollar we can’t spend on services for our residents.” In addition, resentment towards the generous pension plans for public sector employees had grown, as, for example, employees of the city’s police department could retire after 30 years of service with 90 percent of their salary.</p> <p>Public sector unions challenged the legality of Measure B in court, arguing that adjusting the pensions of current employees violated their vested rights. In a victory for the unions, a court struck down most of Measure B’s provisions in 2013. The city renewed negotiations with its eleven unions and, in 2016, put ballot measure F before voters, representing a compromise. Measure F was less ambitious than Measure B but still made significant adjustments that would lower pension expenditures in San José. Approximately 60 percent of voters voted in favor of Measure F.</p>
Financial Impact	<p>At the time, the city was expected to save \$1.7 billion between 2016 and 2026 as a result of the new rules. Under Measure F, new hires are considered “Tier II” employees and contribute 50 percent of their pension costs, face a higher retirement age, restrictions on the final salary upon which pension payments are based, capped cost-of-living adjustments, and caps on the total pension benefit (which cannot exceed 80 percent of eligible salary). Measure F also eliminated “13th Check” defined-benefit retiree health care for new employees that fell into the “Tier II” qualification. Under Measure F, all future increases in pension benefits are subject to voter approval and reforms cannot be retroactive.</p>
Long-Term Effects	<p>Since Measure F passed, the city has stabilized the pension plan’s funded status and reduced expected changes in unfunded actuarial liabilities. In 2015, for example, the unfunded actuarial liability increased by over \$200 million, while in 2019 it increased by only about \$100 million. In FY2019, net pension liability decreased by \$63.3 million (or two percent) to \$3.129 billion. At the same time, Other Post-Employment Benefits (OPEB) net liability decreased by \$148 million (or 14 percent) due to changes in benefits and assumptions.</p>
Tags	Budget
Sources	<p>San José (Ca.). (2019). Comprehensive annual financial report: For the fiscal year ended June 30. San José, Ca: City of San José. https://www.sanjoseca.gov/Home/ShowDocument?id=45618</p> <p>San José (Ca.). (2019). Actuarial valuation report: For the fiscal year ended June 30. San José, Ca: City of San José. https://www.sanjoseca.gov/home/showdocument?id=49172</p> <p>Wikipedia contributors. (2020, October 16). San José, California. In Wikipedia, The Free Encyclopedia. Retrieved 00:01, October 20, 2020, from https://en.wikipedia.org/w/index.php?title=San_Jose,_California&oldid=983904568</p> <p>Woolfolk, J. (2009, March 5). San José’s 2009-10 budget deficit grows to \$61.2 million. San José Mercury News. Retrieved 00:01, October 20, 2020, from https://www.mercurynews.com/2009/03/05/san-joses-2009-10-budget-deficit-grows-to-61-2-million/</p> <p>Silicon Valley Community Foundation. (2012). The City of San José’s Budget Crisis. Silicon Valley Community Foundation. Retrieved 00:01, October 20, 2020, from https://www.siliconvalleycf.org/sites/default/files/SanJoseBudget%20FactSheet%20FINAL.pdf</p> <p>Ballotpedia. (2012). San José Pension Reform, Measure B (June 2012). Ballotpedia. Retrieved 00:01, October 20, 2020, from https://ballotpedia.org/San_Jose_Pension_Reform,_Measure_B_(June_2012)</p> <p>Ring, E. (2017, September). Pension Reform – The San José Model. California Policy Center. Retrieved 00:01, October 20, 2020, from https://californiapolicycenter.org/pension-reform-san-jose-model/</p> <p>Giwargis, R. (2016, October 2). San José: Measure F promises to end pension battle — but will it?. San José Mercury News. Retrieved 00:01, October 20, 2020, from https://www.mercurynews.com/2016/10/02/san-jose-measure-f-promises-to-end-pension-battle-but-will-it/</p> <p>Cooper, M. (2012, June 6). San Diego and San José Lead Way in Pension Cuts. New York Times. Retrieved 00:01, October 20, 2020, from https://www.nytimes.com/2012/06/07/us/politics/san-diego-and-san-jose-pass-pension-cuts.html?pagewanted=all</p> <p>Cooper, M. (2012, February 18). Budget Woes Prompt Erosion of Public Jobs, With a Heavy Toll in Silicon Valley. New York Times. Retrieved 00:01, October 20, 2020, from https://www.nytimes.com/2012/02/19/us/in-san-jose-budget-woes-take-a-toll.html</p>

Address lack of authority to implement measures

Description

In many cases a city council lacks authority to change certain taxes unilaterally because a city-wide vote is required. In other cases, city leaders might be limited by state policy.

Based on the city's fiscal SWOT analysis, city leaders can address certain tax and expenditure limitations to bring the fiscal structure into long-term balance.

Some questions to guide your thinking:

- 1 What are the tax and expenditure limitations to be addressed?
- 2 Are the limitations imposed by the state or by city residents?

CASE STUDY: Renegotiating retirement benefits with voter approval in San José

Key Takeaways

- In the aftermath of The 2008 Great Recession, San José faced financial pressures that were exacerbated by rising pension costs, inspiring the mayor, Chuck Reed, to embark on a series of pension reforms.
- The mayor's first attempt at reform was successfully challenged by city employees, but the second reform, albeit less ambitious, helped to address rising pension costs.
- At the time of the second reform, it was estimated that the city could save up to \$1.7 billion in pension costs between 2016 and 2026.

City, State	San José, CA
Population	1,030,119 (2018, estimate)
Median household income	\$96,662 (2017)
Annual city revenue	\$2,512,280,000 (2019)
Background	San José is the cultural, financial, and political center of Silicon Valley and the largest city in Northern California in both population and land area. San José's economy relies heavily on a variety of major global tech companies including Cisco Systems, eBay, Adobe, PayPal, and Zoom, among others. The city is one of the wealthiest in the world and has one of the most expensive housing markets in the US.
Issue	<p>In the aftermath of The 2008 Great Recession, San José confronted financial pressures that were exacerbated by rising pension costs, facing an estimated budget deficit of \$61.2 million in FY 2010. Pension and retiree health care costs consumed approximately 20 percent of the city's budget and seriously hampered the city's ability to provide services.</p> <p>Pension costs had risen steadily since 2001, from \$73 million in FY 2002 to \$244 million in FY 2012. According to the Reason Foundation, the primary cause was a massive increase in salaries and benefits: Between 1991 and 2009, after adjusting for inflation, the average annual benefit for police and firefighter retirees increased 75 percent, and 54 percent for other retired city workers. In 2011, average total annual compensation for working police officers was \$178,821, for firefighters, \$203,098, and for other city employees, \$120,092.</p> <p>In the face of these rising costs, San José tried to save money by cutting employee salaries and government services. Employees voluntarily accepted wage cuts of between 10 to 18 percent. Other budget cuts were wide-ranging, affecting public safety, libraries, sidewalk and park maintenance, and code enforcement. The city even decided to cancel the opening of four new libraries and a police substation that had been built with bond funds. But these cuts were not enough.</p>
Measure/Policy	<p>In 2012, San José mayor Chuck Reed embarked on a series of pension reforms, placing local-ballot Measure B before voters. Measure B reduced retirement benefits for new employees, while current employees had to choose between switching to a plan with reduced benefits or contributing more from their salaries to maintain their existing benefits.</p> <p>In addition, Measure B eliminated the "13th checks" that were issued in the past when the pension investment fund earned a return higher than a certain threshold. The measure also reduced the automatic annual cost-of-living adjustment from 3 percent to 1.5 percent and required voters to approve any future benefit increases. Measure B passed with 69 percent of the vote.</p>

Key Takeaways	
Measure/Policy (cont.)	<p>Mayor Reed had framed the measure as an attempt to restore services, arguing that “every dollar the city pays for retirement costs is a dollar we can’t spend on services for our residents.” In addition, resentment towards the generous pension plans for public sector employees had grown, as, for example, employees of the city’s police department could retire after 30 years of service with 90 percent of their salary.</p> <p>Public sector unions challenged the legality of Measure B in court, arguing that adjusting the pensions of current employees violated their vested rights. In a victory for the unions, a court struck down most of Measure B’s provisions in 2013. The city, again, began negotiations with its eleven unions, and, in 2016, put ballot measure F before voters, representing a compromise. Measure F was less ambitious than Measure B but still made significant adjustments that would lower pension expenditures in San José. Approximately 60 percent of voters then voted in favor of Measure F.</p>
Financial Impact	<p>At the time, the city was expected to save \$1.7 billion between 2016 and 2026 as a result of the new rules. Under Measure F, new hires are considered “Tier II” employees and contribute 50 percent of their pension costs, face a higher retirement age, restrictions on the final salary upon which pension payments are based, capped cost-of-living adjustments, and caps on the total pension benefit (which cannot exceed 80 percent of eligible salary). Measure F also eliminated “13th Check” defined-benefit retiree health care for new employees that fell into the “Tier II” qualification. Under Measure F, all future increases in pension benefits are subject to voter approval and reforms cannot be retroactive.</p>
Long-Term Effects	<p>Since Measure F passed, the city has stabilized the pension plan’s funded status and reduced expected changes in unfunded actuarial liabilities. In 2015, for example, the unfunded actuarial liability increased by over \$200 million, while in 2019 it increased by only about \$100 million. In FY2019, net pension liability decreased by \$63.3 million (or two percent) to \$3.129 billion. At the same time, Other Post-Employment Benefits (OPEB) net liability decreased by \$148 million (or 14 percent) due to changes in benefits and assumptions.</p>
Tags	Budget
Sources	<p>San José (Ca.). (2019). Comprehensive annual financial report: For the fiscal year ended June 30. San José, Ca: City of San José. https://www.sanjoseca.gov/Home/ShowDocument?id=45618</p> <p>San José (Ca.). (2019). Actuarial valuation report: For the fiscal year ended June 30. San José, Ca: City of San José. https://www.sanjoseca.gov/home/showdocument?id=49172</p> <p>Wikipedia contributors. (2020, October 16). San José, California. In Wikipedia, The Free Encyclopedia. Retrieved 00:01, October 20, 2020, from https://en.wikipedia.org/w/index.php?title=San_Jose,_California&oldid=983904568</p> <p>Woolfolk, J. (2009, March 5). San José’s 2009-10 budget deficit grows to \$61.2 million. San José Mercury News. Retrieved 00:01, October 20, 2020, from https://www.mercurynews.com/2009/03/05/san-joses-2009-10-budget-deficit-grows-to-61-2-million/</p> <p>Silicon Valley Community Foundation. (2012). The City of San José’s Budget Crisis. Silicon Valley Community Foundation. Retrieved 00:01, October 20, 2020, from https://www.siliconvalleycf.org/sites/default/files/SanJoseBudget%20FactSheet%20FINAL.pdf</p> <p>Ballotpedia. (2012). San José Pension Reform, Measure B (June 2012). Ballotpedia. Retrieved 00:01, October 20, 2020, from https://ballotpedia.org/San_Jose_Pension_Reform,_Measure_B_(June_2012)</p> <p>Ring, E. (2017, September). Pension Reform – The San José Model. California Policy Center. Retrieved 00:01, October 20, 2020, from https://californiapolicycenter.org/pension-reform-san-jose-model/</p> <p>Giwargis, R. (2016, October 2). San José: Measure F promises to end pension battle — but will it?. San José Mercury News. Retrieved 00:01, October 20, 2020, from https://www.mercurynews.com/2016/10/02/san-jose-measure-f-promises-to-end-pension-battle-but-will-it/</p> <p>Cooper, M. (2012, June 6). San Diego and San José Lead Way in Pension Cuts. New York Times. Retrieved 00:01, October 20, 2020, from https://www.nytimes.com/2012/06/07/us/politics/san-diego-and-san-jose-pass-pension-cuts.html?pagewanted=all</p> <p>Cooper, M. (2012, February 18). Budget Woes Prompt Erosion of Public Jobs, With a Heavy Toll in Silicon Valley. New York Times. Retrieved 00:01, October 20, 2020, from https://www.nytimes.com/2012/02/19/us/in-san-jose-budget-woes-take-a-toll.html</p>

How can the city be a catalyst for new economic growth?

Establish new partnerships

Description

Cities can leverage their convening power to catalyze partnerships focused on fostering economic growth. Partnerships can take many forms while relying on a diverse set of partners and funding sources. The ultimate partnership model for any given city depends on the local context.

Some questions to guide your thinking:

- 1 What sources of economic competitiveness can help your city become more resilient?
- 2 Which anchor institutions in your community can support economic development?
- 3 Which traditional and nontraditional organizations are involved in economic, workforce, and human development?

Resources

Title	Partnering with anchor institutions for economic development
Description	This study describes a collaborative redevelopment initiative by multiple anchor institutions in and around Cleveland's University Circle district. The study explains the development and rationale behind the chosen strategies and the specific projects the Initiative has driven.
Duration	45 minutes
Source	The Democracy Collaborative
Takeaways	<ul style="list-style-type: none"> Cleveland's University Circle district attracted more than \$200 million in investment since 2008 from a business growth and retention program. Cooperatively-owned businesses serve institutional needs, employ neighborhood residents, and build community wealth.
Tags	Economic Development
Link	https://community-wealth.org/content/clevelands-greater-university-circle-initiative

Title	Establishing successful public-private partnerships for infrastructure
Description	This white paper defines the types and characteristics of public-private partnerships, along with their advantages and disadvantages, and offers eight examples.
Duration	30 minutes
Source	International City/County Management Association (ICMA)
Takeaways	<ul style="list-style-type: none"> Public-private partnerships provide local governments with opportunities to advance infrastructure projects, tap private sector expertise, and leverage private sector financing.
Tags	Economic Development
Link	https://icma.org/documents/public-private-partnerships-p3s-what-local-government-managers-need-know#:~:text=Public%2Dprivate%20partnerships%20(P3s),and%20leverage%20private%20sector%20financing_

Support workforce development

Description

Increasing or improving residents' education and skills makes local companies more productive. A skilled workforce can also attract new businesses to the area and encourage locals to create new companies. Leaders can collaborate with their local area workforce development board, business and philanthropic communities, and nonprofits to create a plan to direct resources to the most promising sectors of the local economy.

Some questions to guide your thinking:

- 1 Which organizations have a vested interest in a more skilled workforce?
- 2 Which industry clusters should be targeted for investment?
- 3 Which career pathways should be prioritized?
- 4 Which segments of the population should be targeted for investment?

Resources

Title	Preparing for the future of work
Description	The National Governors Association has published the State Guide for Preparing the Future Workforce Now, presenting three transformational objectives necessary to truly reimagine workforce policy and prepare current and future workers for success in a technology-rich economy.
Source	National Governors Association
Tags	City Services, Economic Development
Link	https://www.nga.org/futureworkforce/

Support or help create clusters of growing industries, prioritizing historically underserved Black and Brown communities

Description

Cities can help rectify historic underinvestment in Black and Brown communities by directing funding toward these communities to create or support regional industry clusters through access to anchor institutions, partnerships, capital, education, training, and other programs and services.

Some questions to guide your thinking:

- 1 What opportunities for economic progress have leaders from Black and Brown communities identified?
- 2 What sources of economic competitiveness (e.g., human capital, existing businesses) in the Black and Brown communities exist in your city?
- 3 Which anchor institutions and organizations have an interest in supporting these communities succeed?

Resources

Title	Partnering with anchor institutions for economic development
Description	This study describes a collaborative redevelopment initiative by multiple anchor institutions in and around Cleveland's University Circle district. The study explains the development and rationale behind the chosen strategies and the specific projects the Initiative has driven.
Duration	45 minutes
Source	The Democracy Collaborative
Takeaways	<ul style="list-style-type: none">• Cleveland's University Circle district attracted more than \$200 million in investment since 2008 from a business growth and retention program.• Cooperatively-owned businesses serve institutional needs, employ neighborhood residents, and build community wealth.
Tags	Economic Development
Link	https://community-wealth.org/content/clevelands-greater-university-circle-initiative

Promote wealth creation in under-served areas

Description

The economic competitiveness of any region begins with the microeconomy. Supporting households to create wealth empowers families to make investments that they would otherwise be unable to manage. An Individual Development Account savings program, for instance, can help families pay for postsecondary education or for a down payment on a house. In turn, these micro-investments can improve the region's economic competitiveness.

Some questions to guide your thinking:

- 1 What wealth creation programs already exist in the city?
- 2 How can the city facilitate access to already existing programs?
- 3 What new programs can the city help to create?

Resources

Title	Building a new paradigm for community development initiatives
Description	This paper describes seven strategies to drive the systemic changes that need to occur in policy, practice, and institutions to transform the community development paradigm into a "Community Wealth" paradigm.
Duration	30 minutes
Source	Drexel University
Tags	Economic Development
Link	https://drexel.edu/nowak-lab/publications/reports/community-wealth/

How do I improve the city hall's operating efficiency?

Reinvent processes and innovate

Description

The digital revolution transformed work practices in every industry, and today the demand for tools and capacity to innovate is higher than ever. New innovative solutions can help various departments cut costs, but they can do much more.

Some questions to guide your thinking:

- 1 What processes can be reinvented to cut costs and improve efficiency?
- 2 What are your city's most pressing challenges?
- 3 How can an innovation team or approach help test and find new solutions?

Resources

Title	Using long-term treatments for budget balancing
Description	This article recommends several long-term ideas for transforming local finances for the better. The first section includes tips on leadership strategies and institutional design.
Duration	10 minutes
Source	Government Finance Officers Association (GFOA)
Takeaways	<ul style="list-style-type: none">• Near-term treatments may avert a crisis but long-term strategies will help transform local finances.• Long-term treatments can be categorized under controlling benefits, better budgeting practices, transforming services, and more financially savvy community development.
Tags	Financial Operations
Link	https://www.gfoa.org/detail/step-8-long-term-treatments

CASE STUDY: Improving revenue collections through strengthened capacities in Wilmington

Key Takeaways

- In 2005, Wilmington saw a significant opportunity to boost revenues by strengthening the Finance Department's auditing and collection capacities.
- In 2007, five new positions assisted in the collection of \$2.9 million in additional revenue at a cost of \$500,000. The benefit-to-cost ratio for the new positions was 5.8.

City, State	Wilmington, DE
Population	70,635 (2018, estimate)
Median household income	\$40,221 (2017)
Annual city revenue	\$265,001,994 (2018)
Background	Wilmington is the largest city in Delaware. Much of Wilmington's economy is based on its status as the most populous and readily accessible city in a state that made itself attractive to corporations with business-friendly policies.
Issue	In 2005, the city saw significant potential to boost its revenues by strengthening its Finance Department's auditing and collection capacities.
Policy	The Finance Department's "Plan for Change," introduced in late 2005, initially focused on improved collections of delinquent payments on a variety of taxes and charges (e.g. wage tax, water/sewer charges, parking citations). The initiative evolved over several years and focused increasingly on auditing wages and net-profit taxes.
Financial Impact	<p>In FY 2007, measures implemented under the Plan for Change generated revenue of more than \$8.2 million:</p> <ul style="list-style-type: none"> • \$1.1 million through enhanced wage tax collections as a result of the city's reinstating the state matching process where city residents were identified through their annual state filing and then compared to the city's wage tax database. • \$1.4 million by increasing the sheriff's sale collection activity which resulted in increased collections of water and sewer charges, real estate taxes, and vacant housing fees. • \$700,000 in increased delinquent collections by creating a new collection letter and strategy to address entities with past-due balances for business licenses, net profits, wage taxes, and head taxes. • \$800,000 through use of cutting-edge booting and collection technology to increase parking citation collections. • \$4.2 million in utility initiatives that included auditing the utility billing database for conversion to Wilmington's new financial software, and final implementation of radio auto-read equipment which allowed for more accurate utility readings, plus a reduction in staff.
Long-Term Effects	<p>By the end of 2008, the plan accounted for \$20 million in revenue. Until this point, one dollar invested under the Plan for Change yielded thirteen dollars in revenue. By 2009, Plan for Change revenues had climbed to over \$30 million.</p> <p>The Plan for Change contributed additional revenue to the city budget until at least 2014. As the initiative matured and focused increasingly on auditing wage and net profit taxes, the pool of non-compliant taxpayers shrank, as did revenues. This attests to the initiative's success but has also forced the Finance Department to carefully allocate auditing expenses.</p>
Tags	Financial Operations

Explore collaborations and pooling of resources

Description

Cities and departments can achieve economies of scale and greater operational efficiency through collaboration. Integrating services between cities, purchasing collectively to improve bargaining power, or even merging with the county or another city are options that cities can pursue. Within a city, merging departments in similar areas or with similar functions can provide cost savings and improve business processes.

Some questions to guide your thinking:

- 1 At a city-to-city level, what collaborations might be worth exploring?
- 2 At a departmental level, what business functions could be centralized?

CASE STUDY: Consolidating policing services between a city and county government in Camden

Key Takeaways

- The 2008 Great Recession threatened the Camden police department's ability to meet its financial obligations to staff and its responsibilities to residents.
- Officials consolidated the municipal and county-level police departments in order to unlock savings and provide better services for city residents.

City, State	Camden, New Jersey
Population	73,973
Median household income	\$26,105 (2017)
Annual city revenue	\$32,658,570 (2018)
Background	<p>Camden is a city in and county seat in New Jersey located directly across the Delaware River from Philadelphia. Historically, Camden relied on a vibrant manufacturing sector but during the 1950s, manufacturers began gradually closing and moving out of the city. The loss of manufacturing jobs led to a sharp population decline and “white flight.” The white population declined from 86 percent in the 1950s to less than five percent in the 2010s.</p> <p>Deindustrialization and white flight transformed the face and economy of Camden. Today, Blacks and Latinxs make up more than 90 percent of the city’s population and the city is the home to a variety of educational and medical institutions which make up roughly 45 percent of the city’s total employment.</p>
Issue	Camden’s compromised financial situation during the 2008 Great Recession forced the city government to implement severe budget cuts. The annual budget allocation for the municipal police department decreased by 25 percent during the recession (from \$41.4 million in 2009 to \$31.5 million in 2011). The cuts threatened the financial viability of the police department, which represented the largest budget line in a city with one of the highest crime rates in the nation.
Measure/Policy	In 2013, after years of salary cuts and personnel reductions, the city government decided to disband its municipal police department and replaced the service with a new division within the county-level police department.
Financial Impact	<p>After the dissolution of the municipal police department, the city contributed \$62 million to the county for operational expenditures and leased its police building for the symbolic amount of one dollar. The estimated annual savings of the consolidation was \$14 million. The city rehired its police officers as county employees and managed to reduce the average annual cost per worker by almost half, from \$182,168 to \$99,605.</p> <p>Consolidation of police departments enabled Camden to cut a large financial burden from its annual budget and reduce crime. Since 2012, property crimes have dropped 45 percent while homicides are down by 67 percent.</p>
Long-Term Effects	Although almost every sworn officer joined the new county’s police division, savings came at the cost of reduced salaries and benefits. However, these savings have allowed the county to expand its police presence to become one of the best-staffed police departments in the country and effectively reduce crime. In 2017, there were 23 murders in Camden, the lowest number in the city in three decades.
Tags	Budget
Sources	<p>Wikipedia contributors. (2020, October 13). Camden, New Jersey. Wikipedia, The Free Encyclopedia. Retrieved 20:01, October 19, 2020, from https://en.wikipedia.org/wiki/Camden,_New_Jersey</p> <p>Maciag, M. (2014, June). Why Camden, N.J., the Murder Capital of the Country, Disbanded Its Police Force. Governing. Retrieved 20:01, October 19, 2020, from https://www.governing.com/archive/gov-camden-disbands-police-force-for-new-department.html</p>

Implement new procurement and contracting processes and standards

Description

Procurement can be more than purchasing. It can be used as a tool to spur local economic development or to promote equity through social service contracts.

Some questions to guide your thinking:

- 1 What issues are you interested in addressing through procurement?
- 2 Which departments are best suited to pilot changes in procurement policy?

Resources

Title	Adopting active contract management
Description	When government procurement services are privatized, cities are pushed to focus narrowly on payment processing, monitoring, and enforcement through procurement departments. This policy brief argues that government's most important work comes during the course of the contract when real-time improvement to service delivery can drive better outcomes.
Duration	15 minutes
Source	Government Performance Lab (Harvard Kennedy School)
Takeaways	<ul style="list-style-type: none"> • On its own, local government does not purposefully attempt to improve service provision. • Local governments often fail to collect and use data to improve delivery of contracted services. • Local government usually fails to collaborate effectively with providers to improve outcomes.
Tags	Financial Operations, Contracting
Link	https://govlab.hks.harvard.edu/files/govlabs/files/active_contract_management_brief.pdf

Title	Embracing outcomes-driven contracting for social services
Description	This case study discusses how the Government Performance Lab provided technical assistance to help Chicago's Department of Family and Support Services strategically manage \$270 million in contracted services to improve outcomes for vulnerable Chicagoans.
Duration	10 minutes
Source	Government Performance Lab (Harvard Kennedy School)
Takeaways	<ul style="list-style-type: none"> • Leaders centralized the RFP process and linked spending to outcomes.
Tags	Financial Operations, Contracting
Link	https://govlab.hks.harvard.edu/files/govlabs/files/chicago_DFSS_procurement_project_feature.pdf

Implement performance-based budgeting

Description

Cities will continue to face the challenge of tighter budgets and increased demands from residents. Performance-based budgeting can help cities develop budgets based on the relationship between program funding levels and expected program results. The performance-based budgeting process is an administrative tool to manage cost-efficient and effective budgeting outlays.

Some questions to guide your thinking:

- 1 What department(s) are best suited to pilot results-based budgeting?
- 2 Who will be responsible for setting performance metrics and keeping accountability?

Resources

Title	Pioneering performance-based budgeting
Description	This reading discusses the goals behind Houston mayor Sylvester Turner's 2016 executive order to implement performance-based budgeting (PBB).
Duration	5 minutes
Source	Houston Public Media
Takeaways	<ul style="list-style-type: none">• Funding decisions are based on proven success (or inefficiency) and should be applied per individual department or program instead of through funding changes across the board.
Tags	Budget
Link	https://www.houstonpublicmedia.org/articles/news/2016/01/27/135577/mayor-turner-reveals-new-focus-on-budgeting

Title	Creating a framework for performance-based budgeting (PBB)
Description	This report offers advice on seven good principles and practices in the area of performance-based budgeting (PBB).
Duration	30 minutes
Source	Organization for Economic Co-operation and Development (OECD)
Tags	Budget
Link	https://www.oecd-ilibrary.org/governance/oecd-good-practices-for-performance-budgeting_c90b0305-en

