

# CITY OF TOLEDO



## OFFICE OF THE MAYOR

April 6, 2009

TO: President Mark Sobczak and Members of City Council

FROM: Carleton S. Finkbeiner, Mayor

SUBJECT: **Emergency Ordinances for 2009 Budget**

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As you prepare to vote on ordinances affecting amendments to the 2009 General Fund Operating Budget, please consider the following:

1. Income Tax Collections through March of 2009 is down 12.18% below last year's collection. This represents a decrease of over \$3.4M already this year.
2. Monthly, we are spending approximately \$20.8M, and have an income of approximately \$18.7M per month or A DEFICIT OF \$2.1M PER MONTH. It is clear that we need to make immediate adjustments in order to maintain our financial integrity.
3. The State Auditor's office was in contact with us late last week requesting information on our current financial situation. We explained the plan that had been placed before City Council, and they indicated that they would call back after the Tuesday, April 7<sup>th</sup> Council vote to see what action was taken.
4. On Friday, April 3<sup>rd</sup> I updated the Governor's staff on our circumstances and proposed course of action.
5. The action requested by the Administration for City Council to consider is to give a first reading to a temporary rollback of pension pickup and salary for most of the City Unions. Final passage would be expected at the next Council meeting.
6. The concessions requested are for one year or when a new contract has been agreed to and approved by City Council. Negotiations continue even after exigent circumstances are implemented.
7. In reference to employees retiring early, this has primarily been seen in the Police Department. Each Union has been notified that for severance pay, or compensatory time payouts, the employee's pay rate will be frozen at the rate it was on March 30, 2009 and will not be based on any temporary reduction in salary.

It is my understanding that there are individuals, groups and even political entities lobbying you to go one way or another. The attached Letter to the Editor should be our guide. This fiscal crisis is about doing what is right and best for all of Toledo – not one group or another.

It is time to make the tough choices necessary to balance the budget. Additional delay hurts our credibility in the community, jeopardizes our bond rating, and places us closer to State intervention. None of us wish to cut service levels or lay off employees, especially Public Safety Officers.

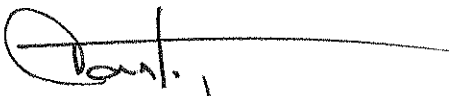
The financial crisis demands our immediate attention.

Currently, Council has two options for consideration:

1. Councilman Szollosi's plan requires considerable layoffs to balance the budget, including well over 200 Public Safety positions, and will essentially shut down Government operations.
2. The Administration plan calling for temporary employee concessions, two-thirds cost reductions and one-third revenue enhancements.

The choice is City Council's to make. The choice is clear.

I look forward to your vote on Tuesday, April 7.



Carleton S. Finkbeiner  
Mayor

## Find best way to cut budget, do it

As the economy worsens, I am noticing a bad trend. We all know that budgets are not balanced, be it local or national, but no one wants to be the one to fix it. Nobody wants to be part of a group asked to pay more in taxes or fees (not that I blame them), but those same people get upset when a government program or service is threatened.

If government suggests to raise the tax on cigarettes, smokers get upset. If it suggests taxing residents working outside the city, those people get upset. If you threaten to take away services, like road paving, those people get upset. Everyone has a "not me" attitude.

On the other hand, City Council members have a job to do and that is to do what is best for the city as a whole. They were elected to make those tough choices. If council members cave to every group that doesn't want to give in, nothing will ever get done. Every decision they make will anger some group in Toledo.

If the best way to budget is to tax the people working outside the city, then they have to stand up against the 18 percent that policy would affect. If the best way is to cut services, such as road paving, then they have to do that. They have a job to do and that is to take into account the best case scenario for 100 percent of Toledoans, not to cave to every single person.

409 JOHN MALKOSKI, JR.  
Ketner Avenue

# CITY of TOLEDO

CARLETON S. FINKBEINER, MAYOR



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John E. Sherburne, Director of Finance

April 3, 2009

TO: Carleton S. Finkbeiner, Mayor  
THROUGH: Theresa M. Gabriel, Assistant Chief of Staff *hmg*  
FROM: John E. Sherburne, Director of Finance *JES*  
SUBJECT: MARCH 2009 INCOME TAX COLLECTIONS

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Attached is a copy of the latest income tax collection report comparing receipts through March 2009 with those from the same period last year (March 2008). Our overall tax revenue is down over \$3,138,688 from last year at this time. It is to be noted that last year at this time, we were reporting a growth of 1.35% in collections.

Our March 2009 report reflects a continuation of the decline in tax collection; collections for March 2009 are 12.18% below collections of 2008. The only category ahead of last year's is the Individual returns, which increased 21.29%, representing cash collections of \$1.6 million. The Withholding and Business categories were down 11.98% and 28.12% respectively, representing a decrease in collections of over \$3.4 million.

We continue to see a decline in manufacturing classification returns, which as you are aware represent the majority of our top 75 taxpayers.

JES/db

cc: Robert R. Reinbolt, Chief of Staff/Safety Director  
Thomas Kroma, Assistant Chief of Staff

City of Toledo  
 UTAX Tax Collections  
 Cash Basis  
 For the Periods January thru March  
 2009 vs. 2008

	2005	2006	2007	2008	2009	Change	% Change
<b>Withholding</b>							
January	430,525.60	655,223.75	515,062.87	231,781.91	376,000.00	144,218.09	62.22%
February	9,107,498.41	8,810,385.73	9,171,288.76	9,897,379.19	9,417,255.74	(480,123.45)	-4.85%
March	9,651,609.56	10,288,388.26	10,118,003.97	11,143,396.20	8,930,740.90	(2,212,655.30)	-19.86%
<b>Total</b>	<b>19,189,633.57</b>	<b>19,753,997.74</b>	<b>19,804,355.60</b>	<b>21,272,557.30</b>	<b>18,723,996.64</b>	<b>(2,548,560.66)</b>	<b>-11.98%</b>
<b>Business</b>							
January	2,087,002.30	2,049,767.62	2,123,048.83	1,270,907.93	1,067,857.45	(203,050.48)	-15.98%
February	581,486.25	1,048,968.81	956,059.01	1,655,674.58	715,168.37	(940,506.21)	-56.81%
March	814,666.55	681,688.58	1,338,881.18	207,783.01	469,982.00	262,198.99	126.19%
<b>Total</b>	<b>3,483,155.10</b>	<b>3,780,425.01</b>	<b>4,417,989.02</b>	<b>3,134,365.52</b>	<b>2,253,007.82</b>	<b>(881,357.70)</b>	<b>-28.12%</b>
<b>Individual</b>							
January	499,477.05	660,462.68	448,184.21	481,621.70	533,591.59	51,969.89	10.79%
February	463,984.93	531,734.20	480,661.24	451,246.76	480,414.24	29,167.48	6.46%
March	721,912.73	587,088.82	279,673.66	434,798.78	644,881.10	210,092.32	48.32%
<b>Total</b>	<b>1,685,374.71</b>	<b>1,779,285.70</b>	<b>1,208,519.11</b>	<b>1,367,657.24</b>	<b>1,658,886.93</b>	<b>291,229.69</b>	<b>21.29%</b>
<b>Grand Total (Gross)</b>	<b>24,358,163.38</b>	<b>25,313,708.45</b>	<b>25,430,863.73</b>	<b>25,774,580.06</b>	<b>22,635,891.39</b>	<b>(3,138,688.67)</b>	<b>-12.18%</b>