

**CITY OF TOLEDO
BUDGET BALANCING PLAN
YEAR END FY '08-'09**

State and Cities Facing Deficits

State of Ohio: \$1.9 billion in adjustments last year. Still \$85 million in debt with five months left in the present fiscal year.

City of Columbus: Cut \$83 Million in '08 and since 1/09 has an additional \$13 Million to slash

- Layoffs of more than 400 employees
- Including 82 uniformed employees

America's Unemployment Rate

America's Unemployment Rate: 7.6%

- The highest point in nearly 20 years
- Our national job loss rate has reached a level not seen since 1945.

Toledo Blade - In 2008, Unemployment Rates rose in 98% of America's Metropolitan Areas.

State of Ohio Budget

State of Ohio:

\$85 Million Dollar Budget Deficit for 2009

- Proposed 5% mandatory pay cut
- Proposed 35-hour work week
- Proposed 75/25 split of healthcare payments

Other Cities Are Facing Deficits

City of Columbus: Cut \$83 Million in '08 and an additional \$13 Million hole has appeared since 1/09

- Layoffs of more than 400 employees
- Including 82 uniformed employees, through the elimination of 2009 Police and Fire classes

Other Cities Are Facing Deficits

City of Philadelphia: \$108 Million Deficit

- Cut 200 vacant Police positions
- Eliminate 5 engine companies and 2 ladder companies on the Philadelphia Fire Dept.

Other Cities Are Facing Deficits

City of Atlanta:

- Reduction of Police salaries by 10%.

Other Cities Are Facing Deficits

City of Chicago: Half a Billion Dollar Deficit

- More than 600 City workers laid off
- More than 1,600 vacant positions eliminated

Other Cities Are Facing Deficits

Columbus, Chicago, Atlanta, and the States of California and Maryland are now using the furlough system to balance their broken budgets.

Other Cities Are Facing Deficits

New York City: \$4 Billion Deficit by next year

- Job cuts of more than 23,000 employees
 - Including: Police, Fire and Children's Services

BUDGET BALANCING PLAN

Toledo Budget Shortfall – FY End '08- '09

\$14 Million

\$2 million – Year End 2008

*\$11-12 million – As of 2/12/09

* Finance Department projection based upon revenue shortfall through year's end

BUDGET BALANCING PLAN

•Local 7 Leadership

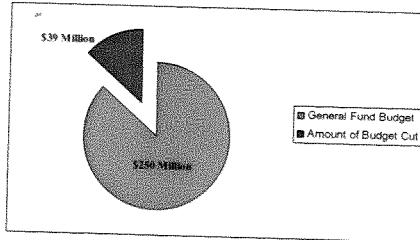
- Other unions must step forward and follow suit

• Exempt Employees Steps

- Co-Pays for healthcare
- 36 Hour Workweek – 10% Pay Cut
- Voluntary Furloughs and Layoffs

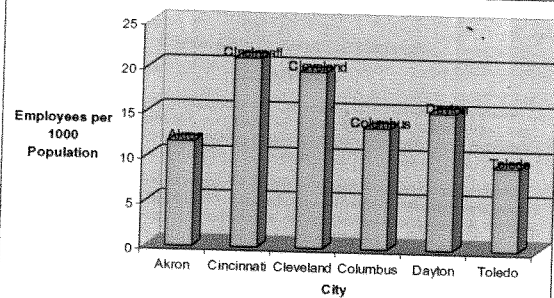
City of Toledo Budget History

Over the past 25 months this administration has cut \$25 million from the budget, which averages \$1 million per month. This, combined with the estimated \$14 million we are cutting today, equals \$39 million, which is 15.6% of the total General Fund budget.



Toledo is the Leanest City in Ohio

Ratio of City Employees Per Thousand Population



City of Toledo Cost Cutting & Revenue Enhancements

- A. Capital Improvements Plan
- B. Public Safety
- C. Personnel Savings
- D. Enhancements and Adjustments
- E. Union Concessions

BUDGET BALANCING PLAN

Transfer 2008 CIP \$

\$.80 million

Council authorized in December \$7.9 million to be retained by closing out CIP projects. We will add \$800,000 of additional closeouts, to assist in cutting the 2008-projected deficit.

BUDGET BALANCING PLAN

Remove Fire Apparatus from Service and Staffing Reorganization Equals Reduced Overtime

\$2.5 Million

Toledo Fire & Rescue is taking steps to reduce the cost of overtime for the remainder of 2009. Personnel from staff positions will be reassigned to fire fighting companies. Additionally, one fire apparatus will be placed out of service. The estimated savings will be approximately \$2.5 million dollars, without laying off any Firefighters.

BUDGET BALANCING PLAN

Fire Service Billing

\$.50 Million

Insurance companies surveyed have a cost recovery provision in the homeowner's policy that would provide between \$500 and \$1,000 dollars payment to the Fire Department following a structure fire. Similarly, homeowner policies provide cost recovery to clean-up companies for broken water pipes and smoke damage. At this time, the city bills insurance companies for the cost of demolition and temporary board-up of structures following structure fires.

BUDGET BALANCING PLAN

Police Budget Reductions

\$1.44 Million

The Police Department will be reducing its 2009 General Fund Budget by \$438,000, without laying off any Police Officers. Additionally, dollars set aside in the President's Economic Stimulus program will be eagerly sought in all areas, including strengthening the number of police men and women on our streets.

BUDGET BALANCING PLAN

Police/ Fire Proposed Settlement

\$1.40 Million

The City is actively engaged in contract negotiations with the Toledo Police Patrolmen's Association, the Toledo Police Command Officers Association, and Local 92. All three contracts with these bargaining groups expired on December 31, 2008.

The City is seeking a settlement that includes the same provisions previously agreed to by AFSCME-Local 7. This includes a mandatory 5-day furlough, co-pays for healthcare and a 1 1/2 % reduction in the amount that the City pays to the State Pension Fund for all employees.

BUDGET BALANCING PLAN

4- 9 Hour Days- All Exempt

\$1.53 Million

All Exempt employees in the General Fund will move from Five-Hour days to Four-9-hour work days.

BUDGET BALANCING PLAN

AFSCME Local 2058 Layoffs

\$1.70 Million

Effective next week, 1/3 of the AFSCME Supervisory employees will be laid off indefinitely (General Fund).

BUDGET BALANCING PLAN

Fuel Budget Reduction

\$1.50 Million

Current pricing trends and forecasts for fairly stable prices through the upcoming summer allow us to reduce the fuel budget from our November 2008 estimates.

BUDGET BALANCING PLAN

Solid Waste Automation

\$1.75 Million

When fully implemented, automated refuse/recycling collection will save the City's Solid Waste budget at least \$3 million annually. Since the equipment needed for this method of operation cannot be fully deployed until the fourth quarter of this year, this will result in a savings to the 2009 Budget of \$750,000.

BUDGET BALANCING PLAN

Solid Waste Fee Freeze

\$5.18 Million

The 2009 budget takes into account a change in the Solid Waste fee beginning May 1, 2009. As planned, the fee would go from a monthly rate of \$7.00/\$2.00 (recycling) to \$8.50/\$1.00 (recycling). A freeze at the current rate will save us \$175,000 in 2009.

BUDGET BALANCING PLAN

New Local 7 Contract Savings

\$3.3 Million

The recently approved contract with Local 7 resulted in savings to the City in the following areas:

1 ½ % PERS Rollback

Five (5) Day Furlough

Medical Co-Pays

THANK YOU!

BUDGET BALANCING PLAN

Eliminate 50% of Tax Credit with Other Cities

\$5.2 Million

Municipalities throughout the state and country have applied various solutions to address the tax status of residents who live in one city and work in another. The City of Toledo has since the inception of an income tax on wages granted a 100% credit to residents who work outside the city and pay taxes to the city where they work. This credit allows for some residents to not pay any income taxes to Toledo. The plan being presented allows for changes in the current 100% credit reducing it to 50%. The majority of Toledo taxpayers will not be affected in that only approximately 15% of our workforce is employed in another taxing municipality.

Example	Taxes paid to another City	Taxes paid to Toledo	Additional revenue realized
1. Toledo resident working in Oregon, making \$50,000 per year (Oregon tax credit 100%)	\$ 1,125.00	None	None
2. Toledo resident working in Oregon making \$50,000 per year (proposed to reduce credit to 50%)	\$ 1,125.00	\$ 562.50	\$ 562.50
3. Toledo resident working in Maumee making \$50,000 per year (current tax credit 100%)	\$ 750.00	\$ 375.00	None
4. Toledo resident working in Maumee making \$50,000 per year (proposed to reduce credit to 50%)	\$ 750.00	\$ 375.00	\$ 375.00

BUDGET BALANCING PLAN

Comparison of Tax Rates and Tax Credits to Other Cities

City	Resident Tax Rate	Non-Resident Tax Rate	Tax Credit Awarded
Bowling Green	1.92%	1.92%	Up to 50% of lower rate
Cittawa Hills	1.50%	1.50%	Up to 50% of lower rate
Perrysburg	1.50%	1.50%	Up to 50% of lower rate
Findlay	1.00%	1.00%	No Tax Credit Awarded
Detroit, MI	2.50%	1.25%	100% up to 1.25%
Grand Rapids, MI	1.30%	0.65%	100% up to 0.65%
Lansing, MI	1.00%	0.50%	100% up to 0.5%
Saginaw, MI	1.50%	0.75%	100% up to 0.75%
Ann Arbor	None	None	N/A
Southfield	None	None	N/A

BUDGET BALANCING PLAN

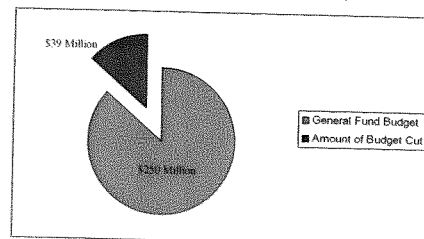
OVERVIEW

\$5.2 M	Eliminate 50% of tax credits with other cities
\$2.5 M	Remove 1 Fire apparatus from service staffing reorganization equals reduced overtime
\$1.4 M	Police/ Fire proposed settlement
\$.80 M	Transfer 2008 CIP \$
\$.75 M	Solid Waste Automation
\$.70 M	2058 Layoffs/ Position Elimination
\$.53 M	Four 9-Hour Days- All Exempt
\$.50 M	Fire Service Billing for Insurance Eligible Costs
\$.44 M	Police Staffing Reductions
\$.43 M	Exempt Staff Reductions/ Adjustments
\$.50 M	Fuel Budget Reductions
\$.32 M	New Local 7 Contract Savings
\$.18 M	Solid Waste Fee Freeze
\$.01 M	5% Reduction of Office Supplies

\$14.26 Million TOTAL

City of Toledo Budget History

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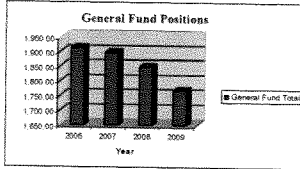


Personnel History

General Fund Positions:

- 6 Director Positions Eliminated
- 144 Positions Cut Out of General Fund

Year	2006	2007	2008	2009
General Fund Positions	1,912.72	1,897.72	1,849.63	1,768.38



“Tough times never last, but tough people do.”

- Robert Schuller