

City of Sault Ste. Marie

GUIDING PRINCIPLES

The City Commission's Task Force on City Finances has identified several principles that should guide decision-making on various budget matters by the City Commission and City administrative staff as the City prepares its budget for the 2004-2005 fiscal year and beyond.

- A. The City should continue being pro-active in addressing financial situations before they become a crisis.

The City should take steps to address future shortfalls when it is apparent that these shortfalls will indeed occur. The City should carefully evaluate the filling of any vacant positions within City staff. Vacancies create an opportunity to consolidate duties or reassign responsibilities in a tighter economic climate.

- B. Involve Department Heads and Employees in the Various Discussions Regarding Budget Shortfalls and Adjustments

One of the leading causes of organizational stress are budget constraints, financial pressures, and lay-offs/reduction in staffing - all of which can be exasperated by poor communications. All employees should understand the full picture of the City's finances. Department heads and employees should be challenged to come up with solutions providing services with less resources for any department, not just their own.

- C. Avoid Quick Fixes

Implementing wage freezes or across the board, indiscriminate budget cuts are politically expedient but not well suited for long range adjustments to the City's organization and services provided to its citizens.

- D. Stick with the Basics

Understand and remember which basic services are most important to your citizens.

E. Stay True to the Capital Plan

It is often tempting to sacrifice capital improvements to relieve stress on the operating budget. Some adjustments may be necessary, but giving up the capital plan will have long term consequences.

F. Invest in the Future

It is critical for the City to continue investing in economic and employee development. Economic development is key to future financial stability and the hope for prosperity for the community. Local businesses and industry need as much support from the community as can be provided in order that they can help spur economic growth in that community. Employee development is necessary to assure that the citizens are being served by a local government who is utilizing the best practices in delivering services to its citizens.

G. Hierarchy of Long Term Reduction of Costs

Generally, the City should reduce costs: first through implementation of better operations efficiencies, then by eliminating positions through attrition, if possible. If further cuts are necessary, the City will need to eliminate positions in those areas where service cuts are deemed appropriate. If a short term financial adjustment is necessary, capital outlay projects could be deferred.

NOTE: These principles were modified for use by the Task Force from a September, 2003 article in *Public Management* entitled "A Tale of Three Cities - Managing in Difficult Financial Times". The original ideas (before modifying) were developed by the City of Springfield, Ohio,