

How Did We Get Here?

- Unsustainable Retiree Health Insurance
 - Commitments started in 1990's
- Large Debt Issuances
 - First decade of this century
 - Assuming hyper growth would continue forever
- Unsustainable and Unsupportable Labor Contracts
- State Raids on City Finances
 - Vehicle License Fees (VLF)
 - Elimination of Redevelopment
- Valley Recession
- Poor Fiscal Management Practices

Options for Going Forward

- More Service Reductions?
 - Unsafe
- More Compensation Reductions?
 - Unfair – employees borne the brunt
 - We will lose employees
- Tax Increases?
 - Community has limited capacity
 - Unsettled litigation
 - Community will not support
- Financial Restructuring
 - Private sector success
 - Provides for healthier future
 - Shares burden amongst creditors
 - AB 506