

October 26, 2011 - Mayor Announces Formation of Two Task Forces

Mayor Cedric Glover will form separate panels to study Shreveport's deteriorating streets and ways to fund improvements, as well as effective methods to address the rising costs of retirement benefits.

Mayor Glover announced today that he will create an Employee Benefits Funding Task Force to analyze a range of benefits but particularly the City's growing obligation to fund its pension program.

This panel will identify options to fund these obligations or develop other strategies to reduce the overall impact that the pension program has on the City's finances. Mayor Glover noted that the group is not being formed to recommend, endorse or promote any single option but to carefully analyze where things stand and explore practical options to consider going forward.

The size of the panel has yet to be determined but will likely range from 15-21 members appointed by the Mayor, with input from City Council and the trust funds representing police, fire and other employees. Top City executives will be on the panel along with professionals from banking, insurance and citizens' groups.

Shreveport, like other U.S. cities, is grappling with ways to meet skyrocketing pension costs. Experts agree that this escalation is largely due to the increasing cost of medical expenses and the fact that retirees are living longer, thus the pool of those covered is growing annually. For example, Shreveport had 683 retirees receiving benefits in 2001. That number grew to 898 in 2010 and is expected to keep growing.

Another negative factor is the volatile nature of Wall Street and the fact that pension-related investments have suffered right along with other portfolios on the stock market in recent years.

Aggressive cities like Atlanta already have provided deep analysis and dramatic options to deal with the issue. Other municipalities are quickly following suit with their own plans.

The City received high marks this spring from Wall Street analysts who determined the overall short and long-term financial health of the City is good. Moody's assigned the City an "A1" rating, noting that the City's sales tax revenue managed to grow in spite of the recession sweeping the country. That rating, however, could be negatively affected if the City does not properly prepare to address budget items such as pension benefits.

This panel will be in place by January 1, 2012, and will work toward completing its report by the end of March.

The Mayor is forming a separate panel to address the hot-button topic of Shreveport's streets. The City Council on Tuesday rejected a plan to use a portion of the revenue gained

from the City's AEP/SWEPCO franchise fee increase as leverage to buy up to \$94 million in revenue bonds that would be used to reduce the current backlog of nearly \$200 million in needed repairs and construction.

The primary argument against the Mayor's ``Fix Shreveport's Streets Now'' proposal was it placed additional long-term debt on taxpayers. However, the City's financial management team has been recognized for its superior performance, building healthy reserve savings and has a stated capacity to absorb the projected debt.

Nevertheless, The Mayor's Streets Task Force will provide in-depth analysis of the condition of the City's streets and collaborate with citizens, businesses and other organizations to highlight street-repair needs. The group also will suggest funding methods for repairing streets.

The task force will be comprised of citizens with diverse levels of expertise and will likely include local engineers, road construction specialists, neighborhood association members, homeowners, community organizations and business leaders.

The timetable for this panel is the same. They'll be in place by January 1st and should be ready to report back by the end of the first quarter but no later than the end of the 2nd quarter.

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