

## **ECONOMIC ISSUES**

### **Managing City’s Budget During Economic Slowdown**

Economic times are still tough with many families worried about their jobs, home values and quality of life. Residents are faced with a significant tax burden, and thus expect high quality public services that enhances the residential quality of life. However, it is imperative that Bellaire remains fiscally responsible and able to immediately respond to disasters like Hurricane Ike. Bellaire must have a budget that is tolerable for our city’s financial security. I am committed to managing the city’s budget in a fiscally responsible way during the current downturn while continuing to:

- 1) Maintain the city’s provision of essential services Bellaire residents expect,
- 2) Provide capital improvements necessary to protect city’s asset values, guaranty health & safety, and meet future needs
- 3) Ensure public safety departments have the resources they need to continue providing the superb services the Bellaire community enjoys, and

### **Budget Cuts If The Economy Gets Worst**

I have met with city leaders discussing contingency planning if the economy gets appreciably worse. I have accumulated the knowledge and have built relationships necessary to make hard choices. The city has already cut its fiscal 2010 budget by about 10%.

Bellaire is a service organization, with over 76% of our General Fund dollars going to people between salaries and benefits. Before we lay anyone off, we must make sure we are as efficient and accountable as we can be. Although reducing city staff is not popular, further weakening of the economy could make it necessary for council to make the tough choice of reducing this large part of city’s expenditures in a way that least affects the provisions of essential services, health and safety. Additionally, funding for certain wants and non-essential needs of the residents will have to be delayed or scaled down.

### **Property Tax Rate**

As a comparison, Bellaire’s current property tax rate is \$0.3759 per \$100, and West University’s is \$0.3590. However, most Bellaire property owners pay a lower effective property tax rate due to Bellaire having a 20% homestead exemption that West University does not have. West University does allow for a larger senior exemption. I understand the desire to cut property taxes, I would love to do so in ideal world. However, the city will not have the revenue it needs to operate if we do so. I will work to not raise taxes, and will instead find ways Bellaire can live within its means just as our residents are making the hard choices to live within their means. The most important consideration is whether the tax rate allows Bellaire to have a budget that is tolerable for our financial security.