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Mayors See No End to Hard Choices for Cities

By MICHAEL COOPER

WASHINGTON — Despite having one of the highest crime rates in the nation, Camden, N.J., laid off nearly half its police force this week after failing to win concessions from its unions. On the other side of the country, Vallejo, Calif., was filing a bankruptcy plan that proposed paying some creditors as little as a nickel or 20 cents on each dollar they are owed.

These are hard times for cities, and the mood was grim as more than 200 mayors gathered here this week for the winter meeting of the United States Conference of Mayors.

Many mayors have already raised taxes, cut services and laid off workers, even police and firefighters. Now they are girding themselves for more tough times, as falling home values are belatedly showing up in property tax assessments, and struggling states are threatening to cut aid to cities.

“I came in full of idealism — I was going to change my city,” said Mayor Bill Finch of Bridgeport, Conn., who has laid off 160 workers. “You get involved in government because you want to do more for the people, you want to show them that government can work and local government, by and large, really does work for the people — directly, you can’t hide. But then you say you’ve got to pay the same amount of taxes, and you’re going to get less.”

Some mayors said that they expected more cities, mostly smaller cities, to seek bankruptcy or possibly

even default on their loans as the downturn grinds on, though municipal analysts see defaults as unlikely.

In interviews, mayors spoke about their efforts to keep their cities afloat by raising taxes, consolidating services, selling off city assets and shrinking their work forces.

Many of them, including Democrats who have been historically close to unions, said they were taking aim at public pensions, which they said were no longer affordable.

“That’s not a Democrat or Republican issue,” said Mayor [Antonio R. Villaraigosa](#) of Los Angeles, a Democrat who is supporting measures that would lower the cost of pensions for new police officers and firefighters and require employees to contribute toward the cost of their retirement health benefits. “The fact is, our pensions aren’t sustainable.”

Mr. Villaraigosa disputed a prediction made last year by one of his predecessors, [Richard J. Riordan](#), that Los Angeles’s pension woes would be likely to drive the city into bankruptcy. Saying “there’s no question you will see some cities that default,” he insisted that Los Angeles would not be one of them.

“There is no scenario where we would ever be in the ‘B’ situation,” he said. “I don’t even use that word, because we’re going to make the tough decisions.”

The mayors descended on Washington amid great uncertainty over what the focus on deficit reduction by the new Republican majority in the House would mean for cities.

The jobs outlook is still bleak for many cities. An economic forecast prepared for the mayors’ group projected that while hiring would pick up this year, 109 metropolitan areas would end the year with a 10 percent unemployment rate, or higher.

The forecast, prepared by IHS Global Insight, projected that 105 metropolitan areas would not return to their prerecession peaks for jobs until 2015; for 32 areas, including Toledo, Ohio, and Detroit, it would not happen until 2025.

So between the breakfasts and luncheons, the awards presentations and the tap water tasting contest, the mayors pressed their federal agenda here, meeting with [President Obama](#) and members of Congress and the administration.

They called for more transportation spending for cities and for preserving the Community Development Block Grant program, one of the few federal programs that sends money directly to cities without passing through statehouses.

In the interviews, they spoke of their uneasiness, and the hard steps they have already taken.

Philadelphia has raised its sales tax and property tax, trimmed 1,200 jobs, and joined a number of other cities in instituting “rolling brownouts” of fire stations, closing a few stations each day to save money. Mayor Michael A. Nutter of Philadelphia said that those “brutal” steps had helped stabilize the city’s finances, but that there are still risks ahead.

“It’s what I refer to as a triple threat,” he said. “I’m concerned about budget deficits at the state, I’m concerned about budget deficits at the federal government, and our local school district.” The school district is separate from the city, but its woes could hurt the city.

When the housing bubble burst in Pembroke Pines, a city of 150,000 in Broward County, Fla., taxable property values plummeted, and the city responded by raising the tax rate and making a declaration of “financial urgency,” which allowed it to reopen its contracts.

Its mayor, Frank C. Ortis, said the city cut workers’ salaries by 4 percent, privatized its buildings department, and ended the defined benefit pension plan for new nonuniformed hires.

Union officials decried the assault on public pensions, noting that the average pension is \$19,000 a year, and that pension payments are usually only a small percentage of state and local budgets.

“There’s no doubt that state and local governments are now under fiscal duress, but public service worker pensions are not to blame,” said [Lee Saunders](#), the secretary-treasurer of the [American](#)

Federation of State, County and Municipal Employees.

He said that many pension funds were troubled because officials had failed to make adequate contributions over the years. "Employees should not pay the price when our elected leaders fail to lead," he said.

Many mayors are worried that their states will cut aid to cities. Mayor Jean Quan of Oakland, Calif., warned that Gov. [Jerry Brown's](#) plan to eliminate municipal redevelopment agencies would deal a terrible blow to her city. And Mayor Christopher B. Coleman of St. Paul said that while the city would have received \$103 million in state aid last year if past trends had continued, it wound up getting only \$47 million.

Mr. Coleman said that he had been forced to close a third of the city's recreation facilities in the five years he has been mayor, and that while his most recent budget had not raised taxes, it had been a struggle.

"Taxpayers don't want to keep seeing their tax bills go up," he said. "But as unhappy as they are about that, try to close a library sometime."

Walking into a lunch on Thursday, Mayor Donald L. Plusquellic, the long-serving mayor of Akron, Ohio, greeted a fellow mayor with a hug. "It's no fun anymore!" he told her. "Things are tough!"

Mr. Plusquellic, who has revived Akron's downtown since taking office in 1987, has had to resort to layoffs of police officers and firefighters in the last two years.

"I want to say, let me go back to the world I lived in two or three years ago, where people would come in and say, hey, we need this new park, or this new recreation facility, and I could say, O.K., we'll just do that," he said. "It's a different world now."



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