



JIM STRICKLAND
COUNCILMAN

June 15, 2010

Mayor A C Wharton
125 North Main St., Suite 700
Memphis, TN 38103

Chairman Harold Collins
125 North Main St., Room 514
Memphis, TN 38103

Dear Mayor Wharton and Chairman Collins:

I am requesting that the budget passed by the Memphis City Council last week (Tuesday, 8, 2010) be amended. We need to take action now to avoid placing a large tax burden on Memphis taxpayers.

A. Judgment

Memphis City Schools has a legal judgment against the City of Memphis for \$57 million. Although we have filed an application for permission to appeal with the Tennessee Supreme Court, it is not likely that the Court will agree to hear the appeal. In 2009, the Court only accepted 6.7% of the appeal applications it received.

B. 2011 Budget

While the 2011 budget increased all areas of City government, it did not set aside any money to pay the judgment.

Outside of school funding, the City's budget for this year (2010) is \$601 million. Mayor Wharton proposed a budget of \$626 million for next year (2011), a 4.2% increase, and the council passed a budget of \$623 million, a 3.7% increase. The budget approved last week maintained for 97% of the city employees the 8% pay increases given over the last two years.

The Capital Improvement Budget also passed last week ended up almost 9% over budget. The City's debt increased. The interest rate on the City's debt increased. Pension benefits increased. The citizens of Memphis received an increase in their monthly garbage fee.

I voted against all these measures because City government is increasing in size when it should be decreasing. Memphis is losing population, and our tax base is static. As with the rest of the nation, family income in Memphis is struggling, and businesses are tightening their belts.

C. Plan to Pay the Judgment

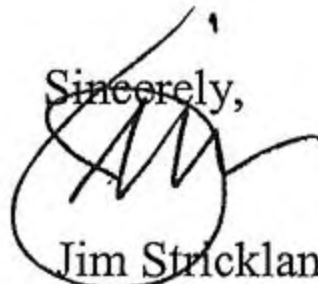
Once the 2011 budget is finalized next week (Tuesday, June 22, 2010), we will be limited to the changes we can make to address the Court's \$57 judgment against the City. If no action is taken now, the City may be forced to levy taxes in that amount against the already burdened citizens of Memphis. I find such a possibility grossly unfair.

I suggest that we roll back part of the 8% pay raises for all employees and plan to pay the judgment over a three or four year period.

I applaud the committee you formed to review our annual budget and operations to identify savings. But it does not appear that the committee is charged with helping to locate funds to pay the judgment.

Please add this matter to the Council's agenda Tuesday so we can work together to address this challenge.

Thank you for your cooperation.

Sincerely,

Jim Strickland

cc; all council members
Sunshine list