



CITY OF BISHOP

COUNCIL/STAFF GOALS RETREAT

AGENDA

Executive Conference Room - 377 West Line Street - Bishop, California

NOTICES TO THE PUBLIC

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting please contact the City Clerk at 760-873-5863. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28CFR 13.102-35.104 ADA Title II)

Any writing that is a public record that relates to an agenda item for open session distributed less than 72 hours prior to the meeting will be available for public inspection at City Hall, 377 West Line Street, Bishop, California during normal business hours. Government Code § 54957.5(b)(1). Copies will also be provided at the appropriate meeting.

Members of the public desiring to speak on a matter appearing on the agenda should ask the Mayor for the opportunity to be heard when the item comes up for Council consideration. NOTE: Comments for all agenda items are limited to a speaking time of three minutes.

Friday, June 3, 2011

9:00 a.m. – 3:00 p.m.

1. ROLL CALL

2. PUBLIC COMMENT - NOTICE TO THE PUBLIC: This time is set aside to receive public comment on matters not calendared on the agenda. When recognized by the Mayor, please state your name and address for the record and please limit your comments to three minutes. Under California law the City Council is prohibited from generally discussing or taking action on items not included in the agenda; however, the City Council may briefly respond to comments or questions from members of the public. Therefore, the City Council will listen to all public comment but will not generally discuss the matter or take action on it.

3. Welcome; Agenda Review

- A. Set ground rules and process for today's Retreat
- B. Main outcomes expected from today's Retreat
- C. Brief review of annual accomplishments (Each Director, 2-4 items)

4. Team-Building

- A. Eight questions that never go out of style
- B. Governance leadership and teambuilding
- C. Covey's *Importance/Urgent Matrix*

5. Resources & Budget Planning

- A. 2010/11 and 2011/12 Financial Resources / Budget

6. Review and Discussion of Responses

- A. What is the purpose of the City?
- B. What do you want Bishop to look like in 5 to 10 years?
- C. Top things to accomplish in next 4 to 6 years
- D. Top things to accomplish in next 12 to 18 months

7. Next Steps & Council Direction

- A. Specific outcomes to accomplish in next 12 to 18 months
- B. Other steps and Council direction

8. Summary Comments - All

9. Set time/date for follow-up session as needed

10. Adjourn – 3:00 p.m. - Council Study Session - June 13, 2011 - 4:00 p.m. in the City Council Chambers, 301 West Line Street, Bishop.

TO: City Council

FROM: James M. Southworth, City Administrator

DATE: June 3, 2011



SUBJECT: Council/Staff Retreat

Discussion: 5/9/11, 4/25/11, 4/14/11

- Attachments:**
1. Article: Always Start with Purpose
 2. Agn 3B: Responses - Main Outcomes Expected
 3. Agn 4A: Eight Questions That Never Go Out of Style (handout)
 4. Agn 4B: 10 Habits of Highly Effective Councils
 5. Agn 4C: Covey's Importance/Urgent Matrix
 6. Agn 5A: General Fund Revenue, Expenditure, and Cash Trends
 7. Agn 5A: Ideas for Financial Sustainability Action Plan
 8. Agn 6A: Responses - Purpose of the City
 9. Agn 6B: Responses - What you want Bishop to look like in 5 to 10 years
 10. Agn 6C: Responses - Top things to accomplish in next 4 to 6 years
 11. Agn 6D: Responses - Top things to accomplish in next 12 to 18 months
 12. Charts: - Home Prices Index, Recovering fr Decline, Consumer savings increase
 13. Report: *ABC/2000* economic development report (booklet provided separately and on City website)

Background/Discussion:

The materials for the Council/Staff retreat are attached. Attachments 2 - 9 will be used during the Retreat. Attachments 1 and 10 are provided as background information and may be referenced during the Retreat. The overall schedule for the day:

- 8:30 Doors open, coffee/snacks
- 9:00 Retreat called to order
- 10:30 Break
- Noon Working Lunch
- 2:00 Break
- 3:00 Adjourn Council/Staff Retreat

Recommendations:

Have a fun and very productive City Council/Staff Retreat!

First, have a definite, clear practical ideal;
a goal, an objective.

Second, have the necessary means to achieve your ends;
wisdom, money, materials, and methods.

Third, adjust all your means to that end.”

Aristotle (BC 384-322, Greek Philosopher)

Bob

Behn's Performance Leadership Report

An occasional (and maybe even insightful) examination of the issues, dilemmas, challenges, and opportunities for improving performance and producing real results in public agencies.



On why all public officials need to follow the basic rule:

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Always Start with Purpose

The Palestinians and the Israelis are cooperating. I am not making this up.

Sure: They are not cooperating about such issues as the future of Jerusalem, or of Gaza, or of the West Bank. That would be too much to ask.

Nevertheless, some Palestinians and some Israelis are cooperating. But it's not the politicians. It's the scientists.

In the middle of the Dead Sea, which borders Israel, Jordan, and the West Bank, scientists have been drilling down into the bed of this lake. For forty days and forty nights (could I make this up?), they have been pulling up a sequence of sediment cores that are nine feet long and five inches in diameter. The objective has been to obtain over 1,500 feet of sediment, which ought to cover half-a-million years of the region's geologic and human history.

For several reasons, the Jordan Rift Valley is unique. It is formed by the boundary between two tectonic plates, the African Plate and the Arabian Plate, which create their own geologic friction and occasional blow-ups. In the middle is the Dead Sea, the lowest land elevation on the Earth, 1,400 feet below sea level. And when we humans decided to leave Africa, we migrated right through this region.

Consequently, these sediment cores will, for decades, provide research opportunities for geologists, seismologists, geophysicists, archaeologists, anthropologists, climatologists, and biologists. (Yes, some bacteria and other microbes can live in the heavily salinated "Dead" Sea.)

So what fostered this cooperation among Israelis and Palestinians, plus other scientists from Jordan, Germany, Norway, Japan, Switzerland, and the U.S.? The answer is obvious: They shared a common purpose. Moreover, this cooperation wasn't just across political jurisdictions. It was also across scientific disciplines, which aren't always known for play-

ing well with each other.

Still, these scientists with quite different world views—both political and academic—cooperated. They did so, however, solely because they shared a common, underlying purpose: pursuing the research opportunities offered by these sediment cores.

Note, however, that these scientists didn't start by observing that the International Continental Scientific Drilling Program had a big rig that they could rent. They didn't start by saying: "What a cool gizmo. I wonder what I can do with it?"

Instead, they started with their multiple scientific purposes and then figured out: If we could rent that tool, it would really help all of us do our research.

When an artisan stands at a workbench, he or she doesn't pick up a

Over a century ago, Friedrich Nietzsche wrote, "Forgetting our objectives is the most frequent act of stupidity." Yet, so often today, managers in all three sectors select a management tool without first asking: "What purpose are we trying to achieve?"

saw, a hammer, and a screwdriver and say: "Now what should I make?" Rather, the artisan starts, logically enough, with a purpose: "I want to build a cabinet for my wine glasses." Having selected this purpose, the artisan can design a cabinet to both store and display wine glasses.

During the design process, the availability of key resources is quite relevant. If the artisan lacks the tools or the skills necessary to implement the design, he or she must modify the design. Thus, to create a workable design, the artisan may have to iterate back-and-forth between the design and the tools—all the while keeping focused on the purpose: to store and display wine glasses.

Only now, having created a design

that can be implemented, does the artisan pick up a tool. Sounds logical enough.

But if you watch the behavior of many managers—in all three sectors: public, nonprofit, or for-profit—you might think this logic is irrelevant to the work of organizations. For many managers start not with a purpose, but with their favorite tool.

That tool might be the Balanced Scorecard. It might be Total Quality Management. Or Six Sigma. It might be **PerformanceStat**. Or pay for performance. Or 360-degree feedback.

Any self-respecting manager has a large number of tools: multiple saws, hammers, and screwdrivers. Yet, almost every manager seems to have his or her favorite, all purpose, Swiss Army knife.

This tool is, indeed, "all purpose." Without ever thinking about purpose, the manager starts with this tool.

In New England, winter always brings an unwelcome chore: shoveling snow. And in many cities, an ordinance requires home owners to shovel their sidewalks. After a storm ends, homeowners in Boston have six hours to shovel their sidewalks.

If they don't? Boston's Inspectional Services Department may fine them \$50 per day—in some cases, more.

This might be an ideal way for the city to help cover its budget deficit. But that's not how the Department's Lisa Timberlake sees it. "If there are violators, what we try to do once the first snowfall hits is try to educate folks," she says. "We're not out there trying to issue tickets, we're just trying to make sure that folks are safe."

Ah yes: Safety. Always start with purpose. ■

Robert D. Behn is a lecturer at Harvard University's John F. Kennedy School of Government where he chairs the executive-education program "Driving Government Performance: Leadership Strategies that Produce Results." His publications include: *Performance Leadership: 11 Better Practices That Can Ratchet Up Performance*.

1. WHAT IS THE MAIN OUTCOME YOU HOPE FOR THE CITY COUNCIL AND STAFF TO ACHIEVE DURING THIS RETREAT?

I would like to see the council have an opportunity to brain-storm and share visions, ideas, thoughts, and goals that each member may have. I'd also like to get a chance to know the thoughts of the other council members and the department heads. And hopefully an end result would be a more defined set of goals and direction for the city.
To flush out a "big picture" vision for the city that we as a council can use as a framework to focus on as we make policy decisions.
Consider each other's opinions and dreams, and then begin to blend those ideas into collaborative goals.
<ul style="list-style-type: none"> • Goal setting for short and long term planning for the city. • Working together to find a way to increase revenues.
The main outcome of the retreat should be to set long and medium term goals for city government and to make an immediate plan to stabilize city finances.
To create an opportunity for open discussion and the ability to unify ideas for future consideration.
Enhanced communications between departments and a better understanding of each department's purposes and goals.
To solve issues that takes time from council meetings.
To determine if there are common goals and prioritize 4-5 realistic ones.
I hope we all come away with a common set of goals and objectives for the city as a whole. The council will decide where we are going and leave the department heads and city administrator to figure out how we get there. I'd also like us all to be clear on council's expectations of individual department heads.
The main outcomes of this meeting will be that the City Council builds a consensus on where it wishes to lead Bishop and establishes goals and expectations for achieving these. A team approach will develop for meeting our challenges and opportunities, and professional relationships are strengthened among all participants.
I hope we will have a meaningful start to the process of developing an integrated business planning process for the city.

10 HABITS OF HIGHLY-EFFECTIVE COUNCILS

Carl H. Neu, Jr. - Lakewood, Colorado

Local government operations directly affect our daily existence and experiences and the quality of life we perceive we have within our communities. No local government deserves, nor should its citizens tolerate, a council or governing body that isn't extraordinarily effective and competent in leading the community.

Thomas Cronin, a recognized authority on public policy, defines leadership as, "making things happen that might not otherwise happen, and preventing things from happening that ordinarily might happen. It is a process of getting people together to achieve common goals and aspirations. Leadership is a process that helps people transform intentions into positive action, visions into reality."

The quality of leadership effectiveness demonstrated by a governing body and its ability to be a highly-effective council are not attributes bestowed upon it by a swearing-in ceremony. They are the result of disciplined adherence to a set of fundamental principles and skills that characterize highly-effective governing bodies. Listed below are 10 "habits" of highly effective councils based upon the author's observations of hundreds of city governing bodies over the last twenty years.

1. Think and Act Strategically

A council's primary responsibility is not just to make policy or do its "Roman Emperor" routine (thumbs up or thumbs down) on agenda items at public meetings. It is to determine and achieve citizens' desires for the community's future. Councils and their administrative teams must accept responsibility for shaping the future of the community by expanding their mental horizons to identify and meet the challenges that must be addressed through decisive leadership and goals for the attainment of that future.

A strategic leader always comes at you from the future and takes you "back to the future" from the present. This leadership adventure starts with vision, and evolves to defining the strategic issues that must be mastered to achieve the vision. The next step is the development of long-range goals that address these

strategic issues and which provide decision-making and budgetary focus for the successful implementation of these goals. Living from one annual budget to another, and from one council meeting to the next, condemns your community and its future to happenstance and the type of thinking that befuddles national governance and policy.

For this reason polls show an overwhelming majority of citizens want important issues affecting their lives to be decided at the local, "home town" level. Here, they expect leadership, leadership, sound thinking, and decisive action. In spite of this citizen expectation, a 1996 survey conducted by the International City/County Management Association (ICMA) indicates less than 40 percent of all councils set long-term strategic goals to guide their semi-monthly forays into decision making.

2. Understand and Demonstrate the Elements of Teams and Teamwork

By law, councils exist and have authority only when their members convene as bodies to do business. They also are a component of a corporate being which must speak, act, and fulfill its commitments with one voice, in a mature, effective and reliable manner. Councils are collections of diverse individuals who come together to constitute and act as an entity, and only when operating as that entity can they exercise authority and perform in fulfillment of their purpose.

This is a classic definition of team. Carl Larson and Frank LaFasto, two preeminent authorities on teams and teamwork, define team as an entity comprised of two or more people working together to accomplish a specific purpose that can be attained only through coordinated activity among the team members. In short, a team is an entity that exists to fulfill a specific function, or purpose, made up of disparate, interdependent parts (individuals) who collectively achieve a capacity that none of its members could demonstrate individually.

Teams always have two components that we might call their "S" components: systemicness and synergy. All teams are systemic by definition being made up of interdependent parts (people) who affect each others performance and that of the team. Synergy is the ability to achieve an effect, when working together as a team, that is more than the sum of the team members' individual efforts. While all teams are systemic, relatively few are synergistic unless their members

understand, master and demonstrate the fundamentals of teamwork which are:

- a clear sense of purpose;
- a clear definition of roles and relationships that unite individual talents and capacities to achieve team performance;
- integration of members who have basic technical, interpersonal, and rational decision making competence;
- a commitment to team success and performance excellence;
- a climate of trust, openness, and mutual respect;
- clear standards of success and performance excellence;
- the support, resources and recognition to achieve success; and
- principled and disciplined leadership.

Highly-effective councils spend time building their sense of being a team and their skills for productive teamwork.

3. Master Small Group Decision Making

Most councils are classic small groups, with fewer than a dozen people. Small groups demonstrate certain skills and behaviors that “link” their members together. They also have knowledge of the processes they follow to make decisions in fulfillment of their purpose.

4. Have Clearly Define Roles and Relationships

Each team member, whether mayor or councilmember, makes a contribution to and has a relationship with the team. Contributions and relationships must be defined in terms of the role to be assumed and how that role is to be carried out through the behavior of the person in the role. A role has two elements: function, the specific responsibilities of that role regardless of incumbency, and performance, the behavior of the person occupying the role in fulfilling his or her responsibilities. Councils, through charter, statute or ordinance, have a clear definition of their function. The performance component must be defined within the team through discussion and mutual definition of those behaviors and practices expected of the mayor and councilmembers in the conduct of their duties and interactions.

Vince Lombardi when asked, what makes a winning team, replied, “Start with the fundamentals. A player’s got to know the basics of the game and how to play his (her) position. The players have to play as a team; not a bunch of individuals. The difference between mediocrity and greatness is the feeling the players have for each other,” that is, their relationships. Teams talk about and define expected roles and relationships and give constructive feedback to their members on the degree to which they are fulfilling these expectations.

5. Honor the Council-Staff Partnership

We have all heard the popular phrase, “council makes policy, staff implements policy.” Well, this is a total misconception of reality. Policy making and policy implementation are not distinct and separate functions. Policy making-implementation is a continuum of thought and relations that transforms ideas and abstractions (visions, policies, goals, and plans) into defined, observable ends or outcomes (results, programs, building, streets, deliverable services). Council and staff share this continuum as partners ensuring each other’s success. Each person plays an important role in creating sound policies and ensuring their effective implementation through reliable administrative practices and performance.

(To what degree is this partnership understood, discussed, and respected by council members?)

John Carver, a widely acclaimed author who writes about boards that make a difference, describes this partnership as one in which councils define what needs are to be met and ends (outcomes) achieved. He believes that councils should allow staff within council-established limits to define the means for achieving these ends. He sees a council-staff linkage that empowers staff to do its tasks and be evaluated on the results produced.

Councils that accept and abide by this partnership focus their energy on establishing vision and goals, on good policy and on empowering effective staff performance. Councils that do not do this, frequently fall prey to micromanaging; that is, they will perceive a need to become involved in, or retain approval over, even minor staff activity and plans.

A critical element and important council task in this partnership is evaluation of the manager or administrator, based upon clearly defined goals, policies, and established guidelines on executive performance.

According to the 1996 ICMA survey, only about 45 percent of all councils formally evaluate their managers' performance.

6. Conduct Systematic Evaluations of Policy Implementation

Councils, like most legislative bodies, frequently fall into the Jean Luc Picard syndrome (Star Trek II) and simply tell their staffs: "Make it so." They assume that council action equates to policy and program implementation. The next time council hears about the policy is when a problem or crisis arises.

In contrast, highly effective councils expect periodic feedback on policy results and on possible policy amendments that may be required. This feedback can be provided through progress reports, status memos or newsletters, and policy reviews.

7. Allocate Council Time and Energy Appropriately

Councils, like other teams, play in a number of settings or arenas to achieve overall, peak performance. There are four council-staff arenas, and each must be appreciated for its purpose and contribution to a council's effectiveness.

- Goal-setting (retreats or "advances")
- Exploration and analysis (study sessions)
- Disposition/legislation (regular public meetings)
- Community relations (interactions with constituencies and other agencies)

A highly-effective council will hold at least one goal-setting retreat or "advance" annually. It also will hold two study sessions monthly, usually between regularly scheduled public hearings. Here councilmembers will confer with staff and other experts on significant items under consideration requiring eventual official actions.

While these meetings are open to the public as observers, the public should not participate in the council-staff dialogue. Many councils short-change this arena, pushing the opportunity for learning into the formal public hearing, which is not designed to promote much in-depth analysis of complex issues. The arena of disposition/legislation is designed to get to a vote, not promote careful analysis of complex issues.

The fourth arena, community relations, is becoming more important. It is rapidly transforming the role of council and how it spends its time. Communities today are more dependent upon sophisticated alliances and partnerships among groups, public and private entities. All jurisdictions are subject to multiple, profound changes in how public officials operate as they deal with complex multijurisdictional and regional issues and the growing popularity of citizen democracy and community renewal. Today, the community arena requires more time spent in interactions outside city hall and puts greater time pressure on mayors and councilmembers.

8. Have Clear Rules and Procedures for Council Meetings

Council meetings exist for the purpose of doing council's business. Literature on how to conduct effective and productive meetings specifies the need for, adherence to clearly defined rules and procedures.

Many councils, however, drift from these rules and procedures in pursuit of informality, collegiality, and "just being nice." They let their meetings drone on with lack of focus, redundant comments and endless discussions.

Rules and procedures do not preclude citizen input, courtesy or sensitivity to public concerns and viewpoints. They respect all these elements and the necessity to conduct business in an orderly, disciplined and productive manner.

9. Get a Valid Assessment of the Public's Concerns and Evaluation of the Council's Performance

Elections are contests among individuals vying to become a member of the council. They are not valid, objective assessments of the public's feeling about the quality of council's performance as a governing body and about whether or not it is addressing issues effectively.

Highly-effective councils seek feedback through a number of proven market research tools such as focus groups, surveys and questionnaires. Typically, the phone calls a councilmember receives, or the comments made in public hearings, are not valid or accurate reflections of the entire community's sentiments about issues and council's performance. "Market research feedback" should be ongoing and included in the annual goal setting retreat or advance.

10. Practice Continuous Personal Learning and Development as a Leader

Leaders read, attend workshops, and constantly seek information, understanding and insight. Highly-effective councils are comprised of members who honestly know they don't know it all. They take advantage of the myriad of opportunities to learn and perfect their skills by reading, going to state and national municipal league workshops, and every forum that can expand their skills to lead and govern well.

A highly-effective council also learns as a council. It works closely with the manager to improve its leadership skills and the council-manager relationship. Councils should assess objectively their performance on each of the 10 habits. This assessment should include the observations of council members, the manager, key department heads, and selected members of the community who have occasion to work and interact with council. Council should then decide where gains can be made and then set up the opportunity through council workshops and other forums to learn the skills to make these gains.

Mayor, Margaret Carpenter, and City Manager, Jack Ethredge, of Thornton, Colorado, started a process with the council in 1990 incorporating these 10 habits as the means to increase council's leadership skills and effectiveness. The process started with council conducting a careful reexamination of the city's mission and the role council must assume to ensure fulfillment of that mission. Next, council, in discussions with the city manager, made a commitment to leadership innovation and excellence that focused on long-term and strategic issues vital to the community's future. The process involved advances, close attention to community feedback through focus groups and surveys, and frequent self-evaluation of council's and staff's performance and sense of partnership. Council now holds multiple advances each year to define and validate its strategic perspective and policy leadership. Council skill development workshops accompany these advances and focus on defined needs identified by council. Council takes specific "time-outs" to evaluate how it functions as a team within council, with staff, and with the community. The continuous quest for

effectiveness always starts with the question "Is there more we should be doing" to improve our leadership performance and ensure a quality future for our community?

Jack Ethredge observes "The entire process has helped council identify those issues essential to achieving our community's goals and building collaborative relationships with citizens and city staff to sustain agreement on the goals and the critical steps the entire community must take to attain these goals. Thornton is now a community of partnerships all focusing on our vision and using our combined resources to become the city we want to be in the future. There has been a real breakthrough achieved in the amount of creative energy that is moving Thornton forward."

Numerous other councils engage in a similar process as they hone their abilities to deal with highly complex and rapidly changing community needs and challenges.

The last, and probably most important, point: Keep your sense of humor. Governance is a serious business dealing with the vital issues affecting our communities and the quality of life we experience within them. Humor reduces friction and stress, lets others know that we and they are human, and brings a pause that refreshes our insight and commitment. It is essential to creating and maintaining good relationships.

Every community deserves nothing less than a highly effective council that embraces accountability for the community's performance in creating its future and in effectively addressing, in the present, those challenges vital to attaining that future. That is what is at stake: our communities' future. With few exceptions, every council can be highly effective and can provide strong leadership, but to become effective will require a good governance model and disciplined adherence to the fundamental habits of effectiveness.

Carl Neu, Jr., is executive vice president of Neu & Company, Lakewood, Colorado. All rights reserved to Neu & Company and the Center for the Future of Local Governance, 1997. (graphics were not reproduced)

Covey's Important/Urgent Matrix*
TIME AND PRIORITIES

The author Stephen Covey designed a time management matrix* that relate *importance* and *urgency* for life activities. One of its original purposes was to show managers why nothing important ever gets done in business.

It might also be used to explain why the critical issues facing our world get back-burnered as soon as some demagogue or despot does something attention-getting.

A business with its priorities straight should deal with issues in Quadrants I, II and III in that order. However, human nature and office politics often dictate that issues in Quadrants I and III often get the most attention and resources, and issues in Quadrant II never get addressed at all.

Study the matrix shown here; typical activities that fall into each quadrant are illustrated.

III. URGENT & NOT IMPORTANT	I. URGENT & IMPORTANT
<ul style="list-style-type: none"> Interruptions Many Pressing Matters Some Phone Calls Some Pager Calls Some Mail Some Reports Some Meetings Many Popular Activities 	<ul style="list-style-type: none"> Crises Pressing Problems Deadline-Driven Projects
IV. NOT URGENT & NOT IMPORTANT	II. NOT URGENT & IMPORTANT
<ul style="list-style-type: none"> Trivia Busywork Some Phone Calls Junk Mail Some Pager Calls Time Wasters Escape Activities 	<ul style="list-style-type: none"> Prevention Preparation Relationship Building Recognizing New Opportunities Planning Values Clarification True Recreation

* *The 7 Habits of Highly Effective People*, Stephen Covey, 1989, and *First Things First*, Stephen Covey, 1994.

Consider activities shown above in each quadrant:

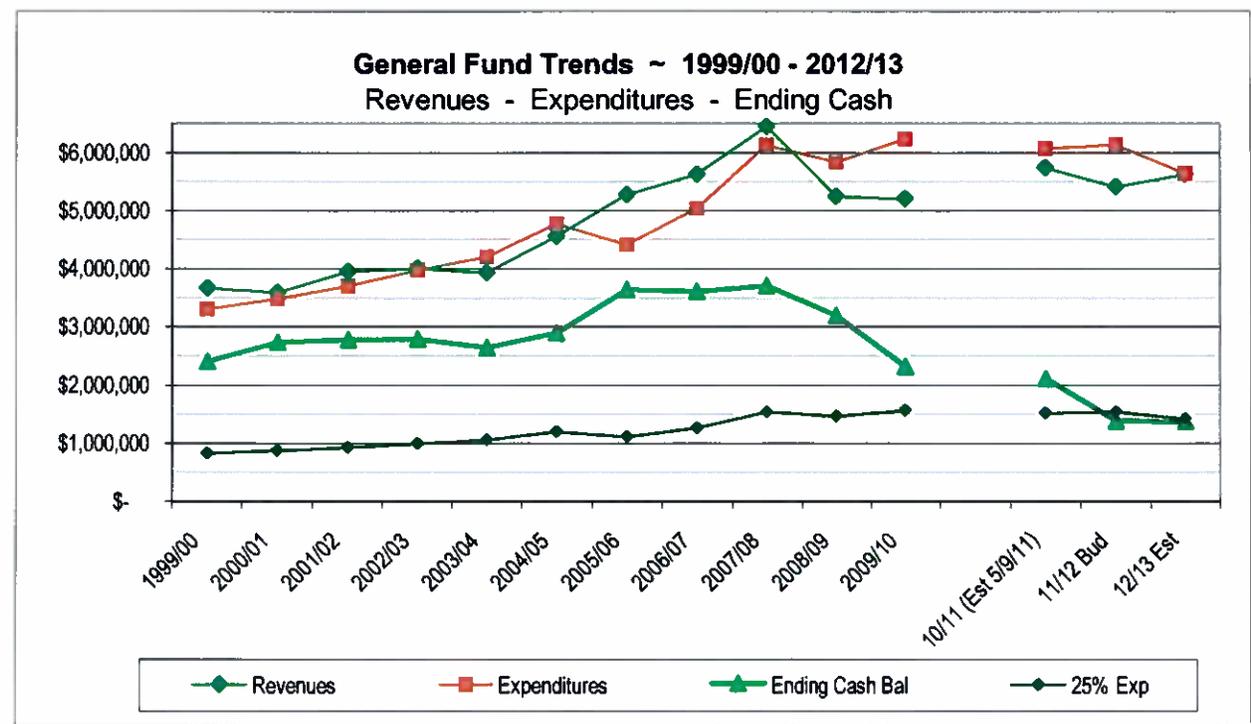
High Urgency →	<p><u>III URGENT and NOT IMPORTANT</u></p> <p>Many of us get trapped by other people's sense of urgency telling us what is important. Allowing your priorities to fall here can result in a frenzied rush to get "things" done, followed by a sense of emptiness and lack of satisfaction.</p>	<p><u>I URGENT and IMPORTANT</u></p> <p>Clearly, these activities should take first priority. However, your long term goal should be to reduce time spent here by prevention, preparation, etc. (see quadrant II).</p>
← Low Urgency	<p><u>IV NOT URGENT and NOT IMPORTANT</u></p> <p>Obviously, minimize time spent in activities in this quadrant.</p>	<p><u>II NOT URGENT but IMPORTANT</u></p> <p>The key to success in gaining control of your time priorities is to focus on activities in this quadrant. If you are currently doing very little here, begin by carving out a small amount of time each day and building on it.</p>
	← <u>Low Importance</u>	<u>High Importance</u> →

CITY OF BISHOP
General Fund Revenue & Expenditure Trends
1999/00 - 2012/13

	Revenues	Expenditures	25% Exp	Ending Cash Bal (June 30)
1999/00	\$ 3,659,697	\$ 3,294,758	823,690	\$ 2,398,452
2000/01	\$ 3,588,872	\$ 3,477,625	869,406	\$ 2,734,618
2001/02	\$ 3,949,967	\$ 3,696,983	924,246	\$ 2,778,496
2002/03	\$ 4,004,685	\$ 3,965,487	991,372	\$ 2,780,167
2003/04	\$ 3,922,450	\$ 4,194,448	1,048,612	\$ 2,646,822
2004/05	\$ 4,554,005	\$ 4,771,679	1,192,920	\$ 2,895,695
2005/06	\$ 5,276,349	\$ 4,407,014	1,101,754	\$ 3,634,767
2006/07	\$ 5,625,706	\$ 5,032,568	1,258,142	\$ 3,601,683
2007/08	\$ 6,443,678	\$ 6,127,228	1,531,807	\$ 3,704,106
2008/09	\$ 5,238,929	\$ 5,832,028	1,458,007	\$ 3,190,794
2009/10	\$ 5,197,600	\$ 6,224,073	1,556,018	\$ 2,316,597
10/11 (Est 5/9/11)	\$ 5,735,135	\$ 6,062,744	1,515,686	\$ 2,107,788
11/12 Bud	\$ 5,406,860	\$ 6,128,252	1,532,063	\$ 1,386,396
12/13 Est	\$ 5,623,134	\$ 5,638,252	1,409,563	\$ 1,371,278

For 2012/13 Est a 4% revenue increase is projected.

For 2012/13 Est an 8% expend reduction (-\$490,000) is needed to maint a 25% (\$1.4M) End Cash Bal.



**Discussion Ideas
for a
Financial Sustainability Action Plan**

1. Economic Development

Supporting economic stability and expansion is essential to job preservation and creation, private sector revenue creation, and tax base maintenance and growth. Our objective is to be proactive and opportunistic, these being two focus areas:

Proactive This area is to be a partner with our business community. Several immediate activities to consider:

- Update *General Plan* Land Use and Economic development Elements
- Review, update, consider, and implement at least some recommendation of ABC/2000
- Seek funding for a Downtown Core

Opportunistic Economic development is often very situational, requiring us to be adaptable opportunistic, taking advantage of unexpected, "out of the blue" opportunities that fall on us.

2. Grantsmanship

We (staff) will remain alert to potential grants and special projects to improve the community's quality of life, and which might bring in more money or make us more efficient. City Council approvals for grant applications should typically be obtained before starting the grant application process, keeping in mind staff impacts, commitments of matching cash, in kind support, required public hearings and Council resolutions, etc.

3. Budget Development & Administration

New Revenue Sources

Potentially expanded or new revenue sources must always be investigated. Please advise Cheryl or Jim immediately of any potential new revenues! Receipt or a firm commitment of new revenues is required before obligating new funds.

General Fund Financial Reserve/Ending Cash Balance "policy."

The target for the General Fund Ending Cash Balance should be between 33% and 50% of expenditures. This provides a theoretical four to six month cushion. Based on a \$6,000,000 operating budget, this ranges from about \$2,000,000 to \$6,000,000.

Minimal use of the Ending Cash Balance (or "reserve") allows decision making flexibility and can provide for continuity of routine services and operations during short term (one to two year) swings in the economy. During cyclical downturns (typically occur every ten years and lasting slightly longer), cash reserves could be drawn down to

approximate 25% (\$1,500,000) without significant impact on the budget of services provided.

In a recessionary period spanning several years - as we are currently experiencing - Council should consider an absolute minimum reserve/cash balance. Used over a several years AND with a plan to bring expenditure line with revenues over time, the minimum reserve could be 17.5% (\$1,050,000), roughly for two months expenditures.

It is noted that the Operating Cash Flow in the General Fund for basic operations is about \$300,000 and is required to meet normal monthly expenditures and financial obligations.

4. Budget Containment Strategies for the Recession (continuing the next few years)

Last October sixteen budget strategies used by local governments with Moody Aaa bond ratings (these, and other strategies noted are listed below). The measures used by more Aaa local governments than lower rated cities suggest specific tactics for responding to financial crisis:

- Make targeted cuts that actually reduce services and reduce the workforce.
- Freeze salaries (rather than use furloughs or reduce salaries).
- Implement new and increased fees to pay for the cost of government.

Our long term strategy should CONSIDER using these methods:

- Freeze vacant position, targeted for set periods or indefinitely
- Freeze salaries, labor contract negotiation
- Draw down reserve/cash balance, considering longer term plan (see above)
- Maintenance deferral (short term, using cost:benefit approach)
- Implement new and increased fees to pay for the cost of government.
- Services evaluated (maintain, reduce, eliminate)
- Make targeted cuts that might actually reduce services and reduce the workforce (not layoff).
- Explore joint/cooperative provision of services with other governments and agencies.

Our long term strategy should AVOID using these methods:

- Make across the board cuts without regard to services and workforce.
- Furloughs or reduce salaries.
- Layoffs.

16 Methods / Budget Strategies Compared between NON Aaa Rated Cities and Moody Aaa Rated Cities

1. Revised Union Contracts
2. Deferred Capital Projects
3. Lay off staff
4. **Targeted Expenditure Cuts**
5. Across the Board Expenditure Cuts
6. Eliminate or Reduce Professional Development Budget
7. Eliminate or Reduce Travel Budget
8. Reduce Salaries (pay rate)
9. **Salaries Frozen**
10. Implemented Staff Furloughs (Reduce Salaries - time worked)
11. Eliminate Positions
12. Vacant Positions left Unfilled
13. Eliminated Services
14. Reduced Services
15. **Added New Fees**
16. **Increased Fees for Services**

Other methods:

1. Taxes - Increased (property, sales, utility, excise, B&O, others?)
2. *Reserve Depletion - use/spend down
3. *Accounting Gimmick - transfers, method changes
4. *One-Time Revenues -, windfall
5. * Sell Assets
6. * Debt Dependence
7. *Maintenance - Deferred

3. WHAT IS THE PURPOSE OF THE CITY – WHY ARE WE HERE?

This question tells us **why** we are here. The **value of asking “WHY”** is that:

- It defines success.
- It creates decision making criteria.
- It aligns resources.
- It motivates.
- It clarifies focus.
- It expands options.

I think we are here to provide a voice for the citizens. And by citizens I mean, those living in the city limits, and also those living in the surrounding area who have jobs, shop, recreate, have children in schools, and who are essentially a part of Bishop’s population. I think the City has the responsibility to make sure their needs for public safety are met, their economic stability is achieved, their children have access to a future, and that they have a thriving City that is able to grow and support new ideas and needs.

- To serve the residents of the City of Bishop
- We are here to provide vital city services
- Fostering economic health and fiscal responsibility
- Promoting and enhancing Bishop’s businesses
- Promoting tourism
- Promote youth and senior activities

Bishop is the only city for hundreds of miles along the 395 interstate highway. It is the core of various government agencies and departments. Bishop’s services assist its local citizens as well as serving a much larger population in the surrounding areas. In addition, Bishop is an important layover location for millions of travelers. Bishop also serves as an important services provider for the thousands of the long haul trucks traveling our highway. Highway 395 is the only route of transportation on the eastern side of the great Sierra Mountains.

“Cities exist to create citizens. Not to generate economic gains (they do, but as a byproduct), or provide a home to the arts, entertainment or learning (again, byproducts), and certainly not to support a government (it’s a means to an end). I would argue that the real purpose of cities is to create a group of people who will take responsibility for their community. And it’s this willingness to accept responsibility that is the difference between a resident and a citizen.” *Otis White, president of Civic Strategies, Inc.*

Purpose of City Government

A city government provides political direction and exercises control over the organization of a city. City governments make local laws and may supply emergency services.

Function

A city government’s mission is to use financial and human resources to provide services and ensure civil order for residents.

Structure

City governments fulfill their duties through various structures. A mayor, city council, commission and city manager/administrator are common components. *Jason Reecher*

By "the City" I assume that we are talking about city government. We are here to do the will of the people. That means being wise stewards of tax dollars to provide services needed by the people that cannot be efficiently provided by the private sector. We are also here to provide orderly planning, keep the peace, protect the peoples rights and property, and to facilitate commerce.

To provide the citizens of Bishop with reliable, quality services in a timely customer oriented manner.

The City's purpose (obligation?) is to provide basic social services such as security, direction, stability, and control over its citizens through the use of financial and human resources and seek to improve the quality of life for those who are contributing and responsible members of the community. The specifics, quantity and particulars of these duties are (in theory) decided by representatives who act as the voice and will of the citizens. While this might be a textbook answer, it is still the correct answer in our opinion.

To maintain city services: water, sewer, streets, organized recreational opportunities for our youth, fire and police protection.

To provide those services without looking like big government.

To serve our community effectively with purpose and dedication.

We are a customer and community service organization meeting the needs of the community for a safe, prosperous community that is a great place to live, work, and play.

Within the authority allowed by the nation, the state, and the people of the city, the purpose of the city is provide services, laws, planning and policies that promote community health, safety, harmony, and enrichment while valuing small town living, quality of life, and personal freedom.

2. WHAT DO YOU HOPE BISHOP WILL LOOK LIKE, BE LIKE, OR BE KNOWN AS IN 5-10 YEARS – WHERE ARE WE GOING? (THE “BIG PICTURE”)

- A community that has an airport nearby with convenient, reliable and affordable commercial flights on major airlines.
- An area that is known as a destination point.
- A community that has a thriving, vibrant and welcoming downtown that is both business and pedestrian friendly.
- A community with a main street that has minimal truck traffic because it has a viable truck bypass.
- A community with a sound, trouble free infrastructure.
- A community who is made up of more “citizens” than residents.

To be an attractive, clean, and safe city with activities for all ages of its citizens to enjoy and contribute to. To be a friendly and fun vacation destination for visitors with a wide variety of attractions and events.

- Completion of Silver Peaks
- Development of the Hanby parcel
- Continue development of the Bishop City Park
- Community Center
- Addressing traffic concerns
- Cottonwood Plaza revitalized
- Promoting light industry

I'd like to see Bishop remain essentially the same, but have a more focused look to Main St. I'd like to see new sidewalks (cobblestone look), new updated planters, new street lights and decorative features (such as street clocks, antique benches, a fountain...etc). I would like to see Bishop be a place where visitors passing through would say "Wow...what a great town to stop and get to know".

I'd also like to see a new alternative to Vons. I feel that the City owes it to the population to provide a competitive supermarket in this area. It is sad that one business holds a community hostage through a "resort area" pricing structure. I also feel that Vons drives a large amount of shopping out the area. Incomes in the Owens Valley are somewhat depressed compared to other California cities, and paying 20-30% more for food is a hardship on our citizens. I also feel that by forcing people to leave the area for lower grocery prices, a large amount of retail sales are lost to other out-of-the-area retailers. Vons' business practices are unfair and lead to lost sales by other unrelated businesses in Bishop. I think that Vons/Kmart are at the least bad partners in the community, and at worst violating anti-trust laws through their lockdown on allowing competitive business into the area. Paying \$27,000 a month for an empty building, just to make sure no other business can move in, is a slap in the face to the citizens of Bishop.

I'd also like to see the eventual addition of a community center/small scale convention center. I feel the Bishop area has an incredible appeal to it and would be able to financially benefit from conventions and trade shows.

Bishop must obtain small amounts of land releases from LADWP in order to increase the housing stock, encourage commercial and retail development, and enable light industrial enterprises. I also hope that the downtown corridor will be revitalized with a pleasant theme and a walk-able open commercial district that serves locals and visitors alike. I would like to see recreation programs maintained and expanded, and be well on our way to a fully developed city park. Hopefully, we will be collaborating with the county, tribe, Mono and Mammoth to provide efficient services. I would hope to continue our street, sidewalk, and bike path projects, including a revitalized Warren Street. I would like to see economic development that provides sustainable employment in a variety of sectors and improves the quality of life for Bishop's residents.

Businesses that are thriving and prosperous.

Residents and visitors to feel safe and our visitors want to return.

To come into its own as a "destination location" – not a potty stop on the way to some place else.

We believe that best case scenario would be that Bishop doesn't "look" much different than it does today in terms of maintaining our small town atmosphere and charm. Main Street improvement/beautification and updates/improvements to infrastructure should be done with this goal in mind. The possibility of a Truck Bypass has the potential to cut both ways (see Mojave, CA) and we see the public safety benefits but also the potential loss of revenue. Improved tourist facilities such as a convention center would only benefit our economy. We hope that Bishop maintains our reputation as a safe, friendly, small town with year-round tourist appeal. It is important to examine possibilities for future revenue streams and options for maintaining the viability of the City.

Bishop is unique and beautiful in a way all its own. That beauty appeals to those of us lucky enough to live here. I would hope for a model of financial stability through a mixing of established businesses and new growth, as well as economic opportunities through recreation and leisure experiences.

- Bishop is a quaint Eastern Sierra community, with a small town feeling where you still find an inviting, vibrant downtown filled with mom and pop shops offering unique or usual goods and services, and great visitor amenities. A tourist destination where people make it a point to stop, stay and shop, with many local events for residents and visitors alike.
- Bishop is widely recognized as a tourist/recreation destination hub for the many year-round sites and activities in this area. Bishop is prosperous with a strong retail center serving this regional service center which includes federal, state, county, and city offices, with strong health care professionals and facilities.
- Bishop is a safe, prosperous community with a high Quality of Life, which honors its unique identity and heritage while respecting and protecting our natural resources.

The City of Bishop compliments its breathtaking physical surroundings as the focus of tourism, recreation, shopping, jobs, services, and community in the Eastern Sierra. Bishop is the jewel of the Eastern Sierra.

4. WHAT ARE THE TOP 2 OR 3 THINGS YOU WOULD LIKE THE CITY TO ACCOMPLISH IN 4-6 YEARS (2015-2017?) (THESE SHOULD ADDRESS #2 AND #3 ABOVE; THESE ADDRESS THE "BIG PICTURE".)

- Resurface, fix all public parking lots in town.
- Identify all capital infrastructure weaknesses, prioritize them and identify sources of funding to improve them.
- Work with the County and other entities to develop a plan to crate a truck bypass on the east side of town close to the airport and secure funding.
- Work with the County and other entities to create a plan to bring major airlines to our community.
- Identify ways in which we can engage our community members to be more active in local government, community organizations, and community events. Help them to become "citizens".

- Downtown face lift and general theme.
- Walking and bike trails throughout the city and surrounding area.
- A multi-purpose community center in the City Park.

- Community Center.
- Silver Peaks completed.
- Hanby parcel developed.
- Promoting light industry.
- New well.

I think the number one accomplishment I'd like to see is the addition of a new supermarket and retail location. Like I stated in answer #1, I feel that we owe it to the citizens to provide them relief from over-priced groceries. I see this as an economic threat on many levels. Imagine how other retailers could benefit from citizens having additional disposable income available from the savings they achieve from having lower food costs. I think having an alternative would also stem some of the loss that we saw in the Retail Coach survey. Keeping business in Bishop is ESSENTIAL to our economic stability and should be something we place highly on OUR list of priorities.

I'd also like to see the City focus on finding more land for residential and commercial development. I see the possible addition of the Hanby property as a residential area being a huge plus for Bishop. Having 20 or so new residential units would be financially positive for Bishop. Along with this I'd like to see Bishop take an active role in soliciting new businesses to locate to the City. Either through tax credits, fee reductions, or other economic means, I'd like Bishop to bring national chain type restaurants to the area. I think these types of businesses would be recognizable to tourists and entice them to stop in Bishop instead of passing through to Mammoth or Southern California locations.

And lastly, I'd like to see the City take a more active role in bringing new ideas to Bishop. Right now we rely on Mule Days, Fall Colors Car Show, Tri-County Fair, Millpond Music Festival, and the fishing opener as our "draws". I would like to see more ideas brought forth and supported to bring new people to our city. Some ideas I've heard or have include; large scale BBQ contest, mountain bike races, summer concert series, Harley Davidson/motorcycle rides, re-introduction of Huck Finn Days, Laws to Bishop railway, and other new ideas that could possibly turn into yearly events that would grow in size and economic importance.

<ul style="list-style-type: none"> • Economic Development. This includes filling vacant storefronts, obtaining land for development, revitalizing downtown, and encouraging new businesses. • Public safety. Planning for a new police department, assuring adequate EMS services, and maintaining a well trained and equipped volunteer fire department. • Development of the park including a multi-use community center.
<ul style="list-style-type: none"> • To maintain financial stability and continued efforts to develop growth.
<ul style="list-style-type: none"> • To provide those services without looking like big government.
<ul style="list-style-type: none"> • Economic growth – well thought out and (if possible) eliminate empty store fronts through business partnerships. • A Community Center that can accommodate a variety of activities. • Develop a way to make Main Street more pedestrian friendly by getting the trucks on a different route but not hurt the economy at the same time.
<p>We believe it incumbent on the City to consistently seek ways to improve and expand services, quality of life, and to find methods and ways to maintain revenues commensurate with these goals. We believe the following projects should have priority status: Civic Center/Convention Center, updated or new police facility, downtown remodel or beautification, community center (available for multiple uses). The actual priority of these would be a decision of the Council.</p>
<ul style="list-style-type: none"> • Continued build-out of the City Park Master Plan. • Moving forward toward the completion of the Mobility and Housing Element. • Economic growth for the future financial sustainability and local job opportunities.
<ul style="list-style-type: none"> • Develop a community center with convention facilities. • Update / improve substandard infrastructure (facilities, streets, water, sewer). • Continue development of the City Park. • Underway in implementing City Council's long term strategic plans for the City. • Encourage and facilitate DWP land divestments in the Bishop Area
<ul style="list-style-type: none"> • Start to move from being a nice small city that happens to be in a pretty place to being a nice small city that embraces and compliments its beautiful natural setting for the benefit of residents, businesses, and visitors. • Update zoning to provide effective community planning sensitive to environmental and cultural resources that help make the city a great place to visit, live, and do business. • Attract and successfully facilitate 3 multi-million dollar developments consistent with 2, 3, A and B.

5. WHAT 3 OR 4 THINGS WOULD YOU LIKE TO SEE THE CITY ACCOMPLISH IN THE NEXT 12-18 MONTHS?

I'd like to see the City begin to tackle the Vons issue. I feel relief is needed by our citizens.

I'd also like to see the continued push to ensure the skate park is kept under control and is a safe place for our youth. I do feel that we are on the right path, but this is an issue that seems to keep arising and that we spend a lot of resources on.

I would like to see the City take steps forward on finding ways to use empty DWP lots along Main St as parking areas for RV's and tourists. And along the same lines, find a way to re-open the old Kmart parking lot for RV's and larger vehicles passing through our city.

I would like to see the bike trail from the reservation to the schools issue resolved. My 11 year old daughter just told me last week that some strange man walked across the playground talking to kids on his way from the trail to town. This is a safety issue for our youngest citizens and needs to be addressed and prioritized as such.

And one more! I think we need to find a way to add electronic signs to the front of the Visitors Center. Big Pine and Lone Pine Schools just added signs, and I think they are an excellent way to highlight local events and local attractions. I also think adding one to the front of the City Hall Complex would be beneficial for the City. We could highlight Council meeting dates and times, upcoming events or programs, community service reminders, and other messages we wanted to convey to the citizens.

- Cottonwood Plaza revitalized.
- Increasing revenues.
- Continued work in the City Park and recreational programs.

- Successful businesses in now-vacant facilities.
- An active city park volunteer program that is primarily served by retired senior citizens.
- An end to the monopoly of Vons
- An alternate downtown bike route.

- Improve working relationships with the County and the Tribe.
- "Spring Cleaning". A community effort to spruce up Main Street by cleaning sidewalks, fresh paint on storefronts, make dark storefronts more attractive.
- Provide entry signs at all three entrances to the City.
- Improve parking lot signage to public parking lots.
- Relocate the Farmers Market to the downtown area.
- Continue to work on business owners to buy into the concept of "customer service".
- Develop a plan of action to create "citizens" who will become more active/engaged in our community.

- Stabilize city finances.
- Update the general plan, including the economic development element.
- Break ground on Silver Peaks
- Improve relations with other agencies and expand collaborations, starting with parks and recreation.

- A strategic plan for growth/sustainability for the future.
- Build on collaborations/partnerships for potential grant and funding opportunities.
- Creating of a Friends/Volunteer Program (Hands and Feet for City Improvement).

Short-term goals should include a critical analysis of revenues and expenditures and solutions to prevailing losses. Maintaining our levels of service is of utmost importance if possible. If there are ways to streamline or update the operation/organization (reorganization/technology advances) and thereby increase our level of service while reducing costs, we should seek these out. Many cities have found ways to diversify or capitalize on opportunity and flourish despite economic downturns.

- Give the front gazebo at the Park a face lift.
- Development of a program for store front clean up to encourage business owners to "fill in" empty windows that are an eye sore.
- New personnel manual.
- Records Retention Policy.

- To provide the same level of services and keeping a balanced budget.

- All of the above responses to questions 1-4.

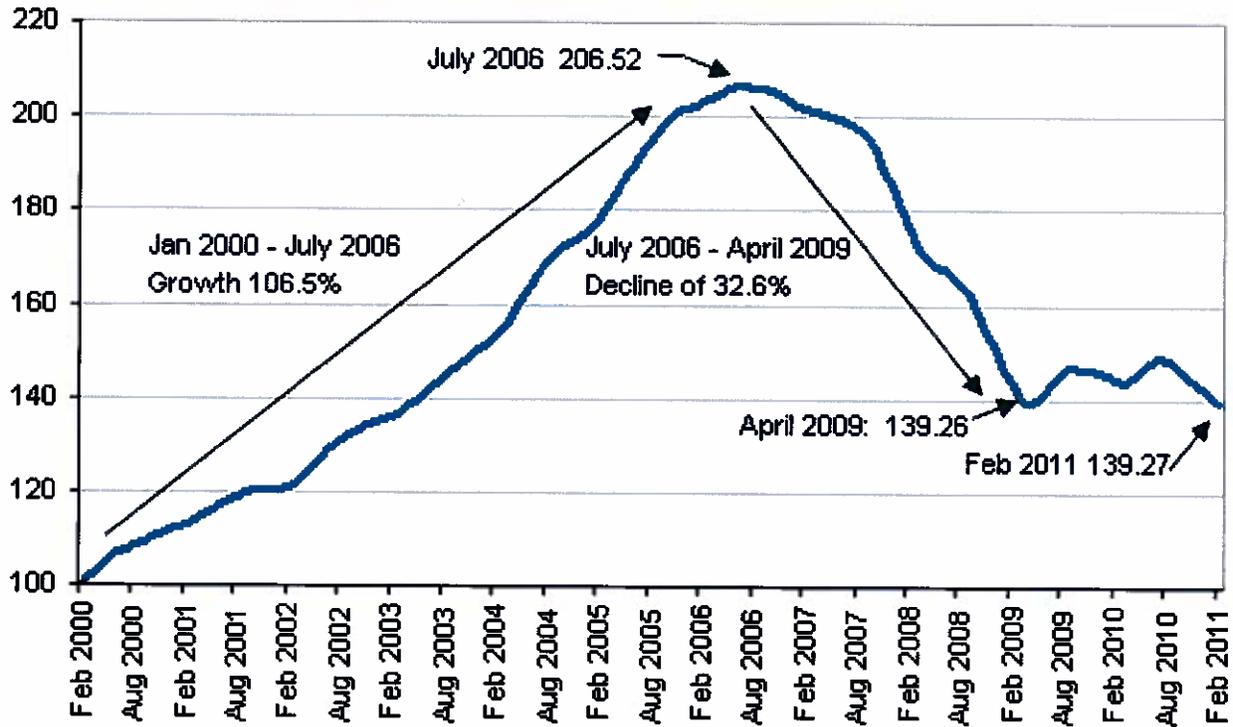
- Achieve financial sustainability for the community and City organization.
- Obtain grants for updating the Land Use and Economic Development Elements of the *General Plan* involving all area stakeholders and agencies. Revisit the *ABC/2000*, implement recommendations where possible; initiate stakeholder process to update report.
- Develop a Downtown Core marketing / promotional piece (map & text) with grant funding to incorporate into the annual *Bishop Vacation Planner*
- Work with Downtown Core Area stakeholders to develop a Downtown Economic Development Regeneration Plan (*Our Other Main Streets* - for business & parking accessibility; *Our Other Front Doors* - for store attraction and accessibility; grants store and façade improvements, fill empty store fronts, etc.)
- Effectively and efficiently maintain our community/customer services.
- Develop senior and affordable housing in partnership with other agencies.

Things I would like the city to accomplish in this time period are best focused on the Department of Public Works and are perhaps best embodied in my draft goals for the 2011/2012 fiscal year:

- Continue planning and delivery of capital projects, most notably the Warren Street Improvements project and the New Water Tank project
- Pursue opportunities to assess and improve public safety in Public Works areas, including unreinforced masonry and flood information
- Complete new Mobility Element of the General Plan
- Investigate opportunities to update the Land Use Element of the General Plan and to update zoning of the city.

S&P/Case-Shiller U.S. 20-City Composite Home Price Index

Chart of the Week for May 6, 2011 - May 12, 2011



Source: Standard & Poor's

Posted: 5/6/2011

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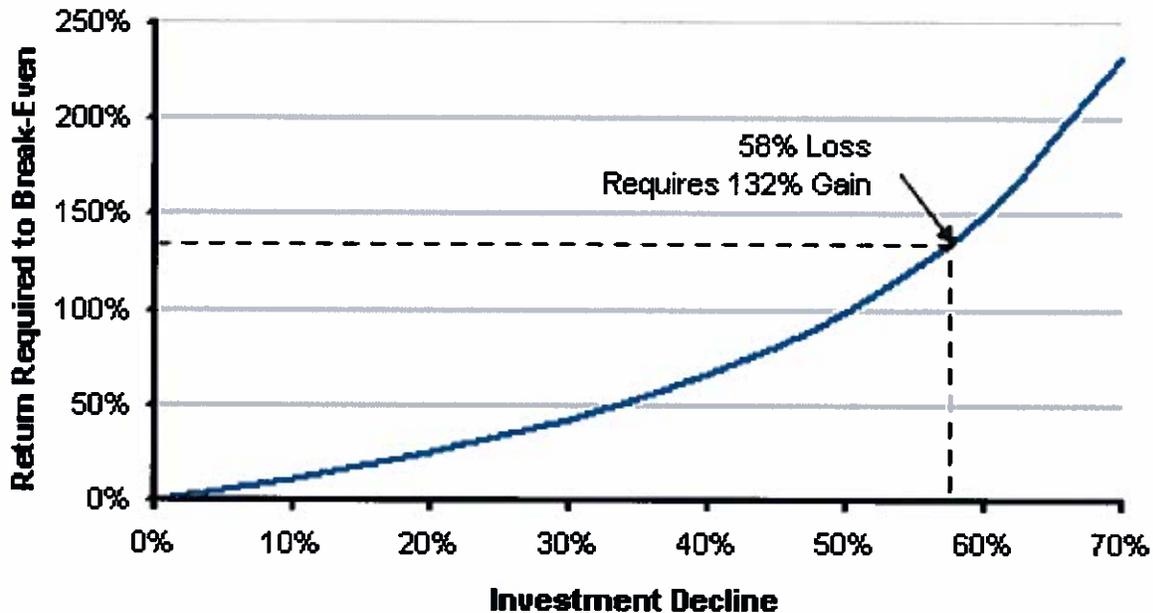
The S&P/Case-Shiller Home Price Indices measure U.S. residential real estate prices and include 23 separate indexes – 20 metropolitan statistical areas and three composite indices (National; 10-City and 20-City). The chart above depicts the Non-Seasonally Adjusted 20-City Composite index, which is the value-weighted average of the price changes within 20 metropolitan markets. The index has a base value of 100 in January 2000 and is published with a 2-month lag.

As the graph illustrates, the Case-Shiller 20-City Composite index recorded escalating housing prices from its inception in January 2000 through July 2006. Over that period the index more than doubled, rising 106.5%. Housing prices then began to tumble and the Composite index fell 32.6% from its high point in July 2006 to the end of April 2009. Thereafter, the Composite index generally showed signs of recovery until the 4th Quarter of 2010 when it again began to slide. As of February 2011, it was only slightly above its April 2009 low.

The question now is where are home prices headed? With the market values of millions of homes below their mortgage obligations and home foreclosures continuing at high levels, there is certainly downward pressure on the housing market. But the economy has improved, unemployment has declined, and spring often brings a resurgence of home sales -- all of which could possibly help to mitigate the downward pressure.

Recovering from a Decline

Chart of the Week for March 11, 2011 - March 17, 2011



Source: Bloomberg
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Posted: 03/11/2011

When developing an investment strategy, it is important to consider the risk of a decline in a portfolio's value as well as the probability of an increase in its value. Perhaps, it is even more important.

The above graph illustrates the asymmetric relationship between various levels of investment gains and losses. For example, if a portfolio starts with a \$100 value and it declines by 10% to \$90, it requires an 11% increase to get back to its original \$100 value. The disparity gets more pronounced as the magnitude of the decline rises. From the stock market high in October 2007 to its low in March 2009, the stock market, as represented by the S&P 500 Index, dropped 57%. To get back to its original value, it must rise 132%. The stock market has done well since its low in 2007, but it has not fully recovered yet.

All investments involve some degree of risk and investors should focus on the possibility of loss as well as the possibility of gains. As illustrated, the percentage gains required to offset losses are greater than the percentage losses involved. Care should be taken before risky investments are added to a portfolio to ensure they are consistent with one's personal goals, risk tolerance, and time horizon.

<http://www4.icmarc.org/for-individuals/market-view/chart-of-the-week/cotw-20110311recovering.html> Copyright 2011 ICMA Retirement Corporation, All Rights Reserved. The information herein was obtained from various sources.

Savings is Back in Style

Chart of the Week for March 4, 2011 - March 10, 2011



Source: Moody's Dismal.com
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Posted: 03/04/2011

One of the factors influencing the recent recession was that Americans had overextended themselves in terms of borrowing and spending, while saving very little. Starting in the most recent recession, Americans adjusted their financial habits by saving more, paying down debt, and spending less. Saving is important for many reasons, including for retirement security, and the current rate of 5.8% brings the U.S. back to levels seen in the mid 1990s and earlier. It also equals the average savings rate since 1980. The savings rate is measured by personal savings as a percent of disposable income.

If savings are invested, it may help fuel future economic health. On the other hand, increased savings and less debt could reduce U.S. consumer spending that historically accounts for 60% to 70% of the U.S. economy. It is important for the economy as a whole that individuals find the right balance between saving and spending.

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