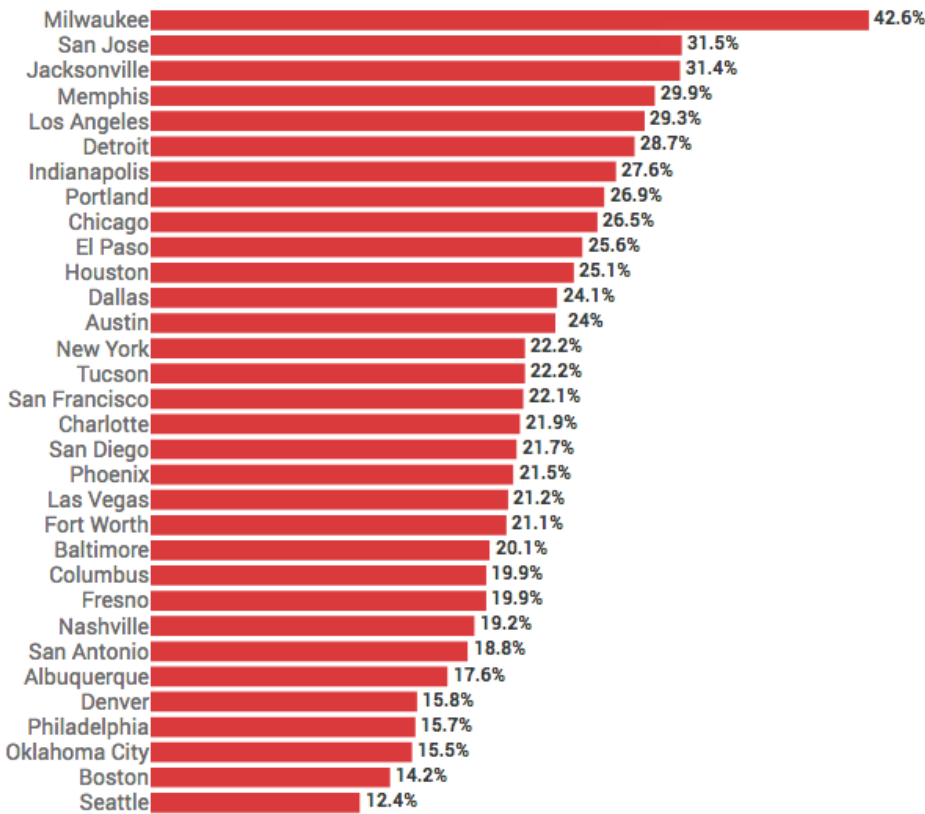


What Are Cities Spending Big On? Increasingly, It's Debt.

How Legacy Costs Add Up

Debt service costs and contributions to pensions and other post employment benefits account for a sizable portion of many large cities' budgets. Their share of total governmental fund spending, averaged over the past three fiscal years, is shown for cities with over a half million population:



By Mike Maciag,

When citizens think about where local taxpayer money goes, they often assume it pays for things like public safety, snow removal and trash collection -- routine operating expenses that come with running any big city. And that's mostly true. But what they rarely realize is that legacy costs also eat up large portions of the typical city's budget. Debt accumulated over many years, contributions to employee retirement systems and the expense of fixing long-neglected infrastructure all take a significant toll.

Merritt Research Services provided Governing with data on current debt service, pension costs and other post-employment benefit (OPEB) expenses for cities with populations exceeding 500,000. These three cost drivers collectively averaged nearly a quarter of total governmental fund expenditures in recent years. What's worrisome is that legacy costs are rising, taking up ever-larger shares

of budgets. For the large cities reviewed, the three line items accounted for a median of 22.4 percent of fiscal 2016 governmental fund spending, up from 19.8 percent in fiscal 2011. In some big cities, the increase has been much greater. Consider Jacksonville, Fla. Debt, pensions and OPEB made up less than 20 percent of expenditures there in 2008. Since then they have climbed to about 32 percent in recent budgets.

As legacy costs continue to rise, cities have less money for public safety, health care and other essential services. "The trend continues to squeeze out other operating expenses over time," says Richard Ciccarone, president of Merritt Research. "Many cities are going to have to increase taxes to retain current levels of services."

The largest legacy line item for many localities is debt. Older cities with outmoded infrastructure typically have to borrow more than newer cities, especially if they operate transit systems or pub-

lic utilities. But newer cities that need to accommodate growth are also finding that their borrowing costs can rise quickly.

Milwaukee is a prime example of this legacy problem. It utilizes more short-term debt than most other cities -- debt service alone took up 34 percent of fiscal 2015 governmental fund spending, according to the city's comprehensive annual financial report. Once pensions and OPEB contributions are factored in, legacy costs accounted for an average of 43 percent of spending over the past three fiscal years, the highest share of any city reviewed.

Depending on the circumstances, high-debt loads don't necessarily signal mismanagement of a city's finances. "There are good and bad capital projects," says Tracy Gordon, a senior fellow with the Urban-Brookings Tax Policy Center. But, she adds, "places that are poorly run could be taking on more debt than they can afford."

Some states and localities impose strict limits on debt or restrict the purposes for which it can be issued. That's the case in Boston, which limits debt to 7 percent of expenditures. Boston, which spent an average of 14 per-

Continued on page 4

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California Sub-Bid Request Ads

DESILVA GATES CONSTRUCTION

11555 Dublin Boulevard • P.O. Box 2909
Dublin, CA 94568-2909
(925) 829-9220 / FAX (925) 803-4263
Estimator: VICTOR LE
Website: www.desilvagates.com
An Equal Opportunity Employer

DeSilva Gates Construction (DGC)
is preparing a bid as a Prime Contractor for the project
listed below:

**CALTRANS ROUTE 680 – CONSTRUCTION ON
STATE HIGHWAY IN FREMONT AND AT SUNOL
FROM MISSION BOULEVARD SEPARATION TO
KOOPMAN ROAD UNDERCROSSING,**

Contract No. 04-4G0564,

Federal Aid Project No. ACIM-680-1(079)E,
Disadvantaged Business Enterprise Goal
Assigned is 12%

OWNER: STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION
1727 30th Street, Bidder's Exchange, MS 26,
Sacramento, CA 95816

BID DATE: OCTOBER 3, 2017 @ 2:00 P.M.

DGC is soliciting quotations from certified Disadvantaged
Business Enterprises, for the following types of work and sup-
plies/materials including but not limited to:

AC DIKE, ASBESTOS COMPLIANCE PLAN, BI-
OLOGIST CONSULTANT, BRIDGE, CLEARING
AND GRUBBING/DEMOLITION, CONCRETE BAR-
RIER, CONSTRUCTION AREA SIGNS, CHANNEL-
IZER, TRAFFIC PLASTIC DRUM, CRACK SEALING,
CRACK AND SEAT, ELECTRICAL, EROSION CON-
TROL, FABRIC/GEOSYNTHETIC PAVEMENT IN-
TERLAYER, FENCING, LEAD COMPLIANCE PLAN,
METAL BEAM GUARDRAIL, MINOR CONCRETE,
MINOR CONCRETE STRUCTURE, PREPAVING
INERTIAL PROFILER, PREPAVING GRINDING
DAY, LCB, JPCP, ISR & APPROACH SLAB, ROAD-
SIDE SIGNS, DELINEATOR, OBJECT MARKERS,
RUMBLE STRIP, SIGN STRUCTURE, SOLDIER
PILE WALL, SOIL NAIL & GROUND ANCHOR
WALL, STRIPING, SURVEY/STAKING, SWPPP/
WATER POLLUTION CONTROL PLAN PREPARA-
TION, TEMPORARY EROSION CONTROL, UN-
DERGROUND, VEGETATION CONTROL, VIBRA-
TION MONITORING, SURVEY AND MONITORING,
TRUCKING, WATER TRUCKS, STREET SWEEPING,
CLASS 2 AGGREGATE BASE MATERIAL, CLASS
2 AGGREGATE SUBBASE MATERIAL, HOT MIX
ASPHALT (TYPE A) MATERIAL, PERMEABLE
MATERIAL, RUBBERIZED HMA (OPEN GRADE)
MATERIAL, RUBBERIZED HMA (GAP GRADE)
MATERIAL.

Plans and specifications may be reviewed at our offices lo-
cated at 11555 Dublin Boulevard, Dublin, CA or 7700 Col-
lege Town Drive, Sacramento, CA, or at your local Builders
Exchange, or reviewed and downloaded from the ftp site at
<ftp://ftp%25desilvagates.com:f7pa55wd@pub.desilvagates.com>
(if prompted the username is [ftp@desilvagates.com](ftp://ftp%25desilvagates.com) and
password is [f7pa55wd](ftp://ftp%25desilvagates.com)) or from the Owner's site at www.dot.ca.gov/hq/esc/oe/weekly_ads/all_adv_projects.php

Fax your bid to (925) 803-4263 to the attention of Estima-
tor Victor Le. If you have questions for the Estimator, call
at (925) 829-9220. When submitting any public works bid
please include your DUNS number and DIR number. For
questions regarding registration for DIR use the link at:
www.dir.ca.gov/Public-Works/PublicWorks.html

If you need DBE support services and assistance in obtain-
ing bonding, lines of credit, insurance, necessary equipment,
materials and/or supplies or related assistance or services,
for this project call the Estimator at (925) 829-9220, or con-
tact your local Small Business Development Center Network
(<http://californiasbde.org>) or contact the California South-
west Transportation Resource Center (www.transportation.gov/osdbu/SBTRCs). DGC is willing to breakout portions of
work to increase the expectation of meeting the DBE goal.

At our discretion, 100% Payment and 100% Performance
bonds may be required as a subcontract condition. This will
be a PREVAILING WAGE JOB. DGC is an equal opportu-
nity employer.

SUKUT CONSTRUCTION

Is requesting quotes from qualified DBE Subcontractors, Suppliers,
and Service Providers for the following (but not limited to) work

Pavement Grinding, AC Paving, Stripe & Mark, Traffic Control,
Aggregate, Pipe PVC, SWPPP, Schedule, Shoring, Bore & Jack, CCTV

Hi-Desert Water District Wastewater Reclamation Project Phase 1 Collection System Bid Package C

Located in Yucca Valley, San Bernardino County, California

Hi-Desert Water District

BID DATE October 10, 2017 @ 2:00 p.m.

Sub & Vendor Scopes and Bids Due Prior

Sukut Construction, LLC

4010 W. Chandler Avenue, Santa Ana, CA 92704

Contact: Robbie Zwick

Phone: (714) 540-5351 • Fax: (714) 545-2003 • Email: estimating@sukut.com

Plans/specs are available for viewing at our office by appointment, by Sukut FTP, or from Owner's website at <https://atkins.box.com/s/mgqmr22xz2ge18jqhmi3w1qxsnurq>. Subcontractors must be prepared to furnish 100% performance and payment bonds and possess current insurance and workers' comp coverage. Sukut Construction will assist qualified subcontractors in obtaining bonds, insurance, and/or lines of credit. Subcontractors/Vendors will be required to sign Sukut's Standard Subcontract/Purchase Order. Copies are available for examination. Please contact Sukut Construction for assistance in responding to this solicitation.

Sukut Construction's listing of a Subcontractor in its bid to the agency is not to be construed as an acceptance of all of the Subcontractor's conditions or exceptions included with Subcontractor's price quotes. Quotations must be valid for the same duration as specified by Owner for contract award.

Sukut Construction, LLC
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CAHILL CONTRACTORS, LLC

Colby Smith at estimating@cahill-sf.com
(415) 677-0611

CAHILL CONTRACTORS, LLC
requests bids from Certified SBE
Subcontractors and Suppliers
EXCEPT for the following TRADES:

Site Clearing & Demo / Windows &
Glazing / Shoring & Underpinning /
Piles / Drilled Piers & Ground Improvement /
Personnel Hoist / Crane Service /
Elevators / MEP Design Build /
Fire Sprinklers / Exterior Building
Maintenance / Signage

1296 SHOTWELL ST.
SENIOR AFFORDABLE HOUSING
(REMAINING TRADES)
1296 Shotwell Street,
San Francisco, CA 94110

This is CMD project with construction
workforce and prevailing wage requirements.

BID DATE: 10/13/17 @ 2PM

Voluntary Pre-bid Meeting:
9/26/17 @ 2PM, Cahill's Office
425 California St., Suite 2200
San Francisco, CA 94104
Voluntary Job Walk: 9/27/17 @ 10AM

BID DOCUMENTS:

Please contact Colby for access to
documents on BuildingConnected.

CAHILL CONTRACTORS, LLC

Colby Smith at estimating@cahill-sf.com
(415) 677-0611

CAHILL CONTRACTORS, LLC
requests bids from ALL Certified
SBE Subcontractors and Suppliers
EXCEPT for the following TRADES:

Site Clearing & Earthwork / Shoring &
Underpinning / Exterior Building Main-
tenance / Fire Sprinklers / Plumbing /
HVAC / Electrical / Solar Panels

PARCEL Q (REMAINING TRADES)
1491 Sunnydale Ave,
San Francisco, CA 94134

This is a CMD project with construction
workforce and prevailing wage
requirements.

BID DATE: 9/29/17 @ 2PM

Voluntary Pre-bid Meeting:
8/31/17 @ 10AM,
Cahill's Office
425 California St., Suite 2200
San Francisco, CA 94104

BID DOCUMENTS:

Please contact Colby for access to
documents on BuildingConnected.



California Sub-Bid Request Ads



Project Name: Mission Bay Block 3E – SPECIAL INSPECTION
Location: San Francisco, California
Bid Date: October 12, 2017 @ 2:00 PM

Nibbi Brothers has been selected as the General Contractor for the Mission Bay Block 3E project in San Francisco. We are in receipt of the bid documents and are currently requesting bids from qualified subcontractors including those certified with the Office of Community Investment and Infrastructure (OCII) for SPECIAL INSPECTION. The Office of Community Investment and Infrastructure (OCII) participation goal has been established for this project 50% SBE/LBE goal with first consideration for San Francisco-based MBEs, WBEs and SBEs located in zip code areas 94124, 94134 and 94107 followed by all areas in San Francisco. The Mission Bay Block 3E program goal is to provide a safe and healthy home for families and veterans. In addition, Nibbi Brothers is committed to supporting this goal by achieving a minimum of 5% Disable Veteran Business Enterprise (DVBE) participation. All bidders should visit <https://caleprocure.ca.gov/pages/PublicSearch/supplier-search.aspx> to search for DVBE's and solicit their participation in some capacity with your specific scope of work. Your proposed DVBE participation in your bid will be evaluated along with the bid and scope inclusions. The project consists of new construction of 101 affordable housing units in San Francisco with a total of 123,701 gross square-feet. The 4-story type V over 1-story type I housing project is to provide a safe and healthy home to support spaces for families and veterans. The building is organized into three wings surrounding a large landscaped multi-use courtyard. The project will also include a main lobby, activity rooms, administrative offices, storage, bike parking and an on-grade parking garage with 25 spaces.

To obtain bid documents through Building Connected, please contact Kristin Medwick, Senior Precon and Estimating Coordinator, kristinm@nibbi.com. For specific questions regarding this project please contact Joanna Chellino, Preconstruction Manager, joannac@nibbi.com.

Kiewit / Manson MOTCO, AJV

4650 Business Center Drive Fairfield, CA 94534
 Attn: Victor Molina • norcal.bids@kiewit.com
 Fax: 707-439-7301

Requests quotes/bids from qualified Small Business Concerns (SBC), including SDB, WOSB, HUBZone SB, VOSB & SDVOSB certified by The System for Award Management (SAM).

<https://www.sam.gov/portal/public/SAM>
 Subcontractors and Suppliers for the following project:

Replacement/Upgrade Pier 2 - Military Ocean Terminal Concord (MOTCO)
Location: Concord, CA
Solicitation No. W9123817R0065
Owner: U.S. Army Corps of Engineers (USACE)
Bid Date: October 26, 2017 at 12:00 P.M.
Quotes Due: October 20, 2017 at 4:00 P.M.

Small Business Concerns (SBCs)

Wanted for the following scopes, including, but not limited to:

Asphalt paving, Biological assessment and monitoring, Building Construction, Site Mechanical, Utilities, Concrete Reinforcing, Concrete Repair, Concrete, Concrete Pumping, Underwater Demolition (ordnances), Earthwork/Excavation, Electrical, Marine Fenders, Marine Towing; Piling, Precast Concrete, Quality Control/Assurance, Dynamic Pile Testing, MEC/UXO, Street Sweeping, Trucking/Hauling and Water Truck.

Bonding, insurance and any technical assistance or information related to the plans or specification and requirements for the work will be made available to interested certified, SBC suppliers and subcontractors. Assistance with obtaining necessary equipment, supplies, materials, or services for this project will be offered to interested certified suppliers and subcontractors.

Subcontractor and Supplier Scopes are due October 16, 2017 and Quotes

NO LATER THAN October 20, 2017 by 4 PM.

Plans and specifications are available through SmartBid-Net (SBN) or the Government's website at www.fbo.gov. All subcontractors that are registered in our SBN database will receive an invitation to bid. Please visit <http://www.kiewit.com/districts/northern-california/overview.aspx> to register your company and to be able to receive bidding information, view plans and specifications.

You can view the plans in our office during regular business hours by appointment.

Performance Bond and Payment Bonds may be required for subcontractors and a suppliers bond for suppliers.

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 DIR # 1000001147



Gallagher & Burk, Inc.

344 High Street • Oakland, CA 94601
 Phone: (510) 261-0466 • FAX (510) 261-0478
 Estimator: Jim Yackley
 Website: www.gallagherandburk.com

Gallagher and Burk, Inc. is soliciting for L/SLBEs for the following project.

CITYWIDE PAVEMENT REHABILITATION
REBID PROJECT NO. C1003298

L/SLBE GOAL: 50%

OWNER: CITY OF OAKLAND
 250 Frank H. Ogawa Plaza, Room #101,
 Oakland, CA 94612

BID DATE: OCTOBER 5, 2017 @ 2:00 P.M.

We hereby encourage responsible participation of Local & Small Local Business Enterprises, and solicit their subcontractor or materials and/or suppliers quotation for the following types of work including but not limited to:

Adjust Iron, Minor Concrete, Roadside Signs, Roadway Excavation, Slurry Seal, Striping, Survey/Staking, Traffic Control Systems, Trucking, Water Trucks, Street Sweeping, Class 2 Aggregate Base Material, Hot Mix Asphalt (Type A) Material, Hot Mix Asphalt (Type B) Material and Rubberized HMA (Gap Grade Material).

Plans and specifications may be reviewed at our offices located at 11555 Dublin Boulevard, Dublin, CA or 7700 College Town Drive, Sacramento, CA, or at your local Builders Exchange, or reviewed and downloaded from the ftp site at <ftp://ftp%25gallagherburk.com:f7pa55wd@pub.gallagherburk.com> (if prompted the username is ftp@desilvagates.com and password is f7pa55wd) or from the Owner's ISupplier System free of charge at <http://www2.oaklandnet.com/Government/CP/s/ContractingPurchasingOpportunities/index.htm> or from CIPLIST.com <http://ciplist.com/plans/?Oakland/city/9392>.

Fax your bid to (510) 261-0478 to the attention of Estimator Jim Yackley. If you have questions for the Estimator, call at (510) 261-0466. When submitting any public works bid please include your DUNS number and DIR number. For questions regarding registration for DIR use the link at: www.dir.ca.gov/Public-Works/Public-Works.html

If you need L/SLBE support services and assistance in obtaining bonding, lines of credit, insurance, necessary equipment, materials and/or supplies or related assistance or services, for this project call the Estimator at (510) 261-0466, or contact your local Small Business Development Center Network (<http://californiasbdc.org>) or contact the California Southwest Transportation Resource Center (www.transportation.gov/osdbu/SBTRCs). GBI is willing to breakout portions of work to increase the expectation of meeting the L/SLBE goal. At our discretion, 100% Payment and 100% Performance bonds may be required as a subcontract condition. This will be a PREVAILING WAGE JOB. GBI is an equal opportunity employer.

TAFT ELECTRIC COMPANY
 1694 EASTMAN AVENUE, VENTURA, CA 93003
 Contact: Arnold Tostado • atostado@taflectric.com
 Phone: (805) 642-0121 • Fax: (805) 650-9015

Invites sub-bids from qualified DBE businesses for the following project:
Highway Safety Improvement Program (HSIP) Traffic Signal Upgrades
Phase II - HSIPL-5007 (073)

Location: Santa Barbara, California
BID DATE: October 5, 2017 @ 3:00 PM

Trades: Traffic Control, Traffic Signal Material

We are an Equal Opportunity Employer and intend to seriously negotiate with qualified Disadvantaged Business Enterprise subcontractors and suppliers for project participation.

Payment and performance bonds may be required. Please contact us at the above listed number for further information regarding bidding on this project. To the best of our abilities we will help with bonds/insurance/credit. Plans are available for viewing at our office.

We Are An Equal Opportunity Employer



California Sub-Bid Request Ads



Graniterock

5225 Hellyer Avenue, Suite #220
San Jose, CA 95138
Phone (408) 574-1400 Fax (408) 365-9548
Contact: Patrick McDonald
Email: estimating@graniterock.com

REQUESTING SUB-QUOTES FROM QUALIFIED SBE / MBE / WBE / DBE SUBCONTRACTORS/SUPPLIERS/TRUCKERS FOR:

2017 Storm Damage Repair, Phase 1
Owner: Contra Costa Water District
Engineers' Estimate: \$2,600,000.

BID DATE: October 17, 2017 @ 10:00 AM

Items of work include but are not limited to: SWPPP, Trucking, Fence, Traffic Control and Hydroseeding.

Granite Rock Company 'Graniterock' is signatory to Operating Engineers, Laborers, Teamsters, Carpenters and Cement Masons unions. 100% performance and payment bonds will be required from a qualified surety company for the full amount of the subcontract price. Bonding assistance is available. Graniterock will pay bond premium up to 1.5%. In addition to bonding assistance, subcontractors are encouraged to contact Graniterock Estimating with questions regarding obtaining lines of credit, insurance, equipment, materials and/or supplies, or with any questions you may have. Subcontractors must possess a current contractor's license, DIR number, insurance and worker's compensation coverage. Subcontractors will be required to enter into our standard contract. Graniterock intends to work cooperatively with all qualified firms seeking work on this project.

We are an Equal Opportunity Employer



Graniterock

5225 Hellyer Avenue, Suite #220
San Jose, CA 95138
Phone (408) 574-1400 Fax (408) 365-9548
Contact: Vicki Narciso
Email: estimating@graniterock.com

REQUESTING SUB-QUOTES FROM QUALIFIED SBE SUBCONTRACTORS/SUPPLIERS/TRUCKERS FOR:

Main Avenue and Madrone Pipeline Restoration Project
Contract No. C0633

Owner: Santa Clara Valley Water District
Engineers' Estimate: \$12,000,000.

BID DATE: October 11, 2017 @ 2:00 PM

Items of work include but are not limited to: Sawcutting, Clearing & Grubbing, HDPE Pressure Pipe, Traffic Control, Slope Protection, Filter Fabric, Adjust Utilities and Trucking.

Granite Rock Company 'Graniterock' is signatory to Operating Engineers, Laborers, Teamsters, Carpenters and Cement Masons unions. 100% performance and payment bonds will be required from a qualified surety company for the full amount of the subcontract price. Bonding assistance is available. Graniterock will pay bond premium up to 1.5%. In addition to bonding assistance, subcontractors are encouraged to contact Graniterock Estimating with questions regarding obtaining lines of credit, insurance, equipment, materials and/or supplies, or with any questions you may have. Subcontractors must possess a current contractor's license, DIR number, insurance and worker's compensation coverage. Subcontractors will be required to enter into our standard contract. Graniterock intends to work cooperatively with all qualified firms seeking work on this project.

We are an Equal Opportunity Employer



Proven Management, Inc.

225 3rd Street, Oakland, CA 94607 Phone: 510-671-0000 • Fax: 510-671-1000

Requests proposals/quotes from all qualified and certified DBE/WBE subcontractors, suppliers, and truckers for the following project:

MISSION BLVD CORRIDOR IMPROVEMENTS, PHASE 2
CITY OF HAYWARD
Bids: 10/31/2017 @ 2 PM

CLEARING/GRUBBING; SWPPP; TRAFFIC CONTROL; STRIPING & MARKING; CONCRETE CURBS & GUTTERS; SIDEWALK; MEDIANS; ROADWAY EXCAVATION; PORTLAND CEMENT CONC; REINFORCED CONC PIPE & CONNECTION; ROADSIDE SIGNS; LANDSCAPE/IRRIGATION; TREE PRESERVATION/PRUNING; SITE FURNISHING & ACCESSORIES; INTERLOCKING PAVERS; DECORATIVE METAL FENCE & PANEL; DECOMPOSED GRANITE PAVING; CONC UNIT MASONRY; MANUFACTURED STONE VENEER; TEMP TRAFFIC SIGNAL & LIGHTING; CIDH CONCRETE PILE FOUNDATIONS; STEEL PEDESTALS & POSTS; ELECTRICAL CONDUIT; PULL BOXES; FIBER OPTICE CABLE & EQUIPMENT; CCTV; LUMINAIRES; ILLUMINATED STREET NAME SIGNS

100% Payment & Performance bonds will be required from a single, Treasury-listed surety company subject to PMI's approval. PMI will pay bond premium up to 1.5%. Subcontractors awarded on any project will be on PMI's standard form for subcontract without any modifications. For questions or assistance required on the above, please contact Ben Pearce at ben@provenmanagement.com PMI is signatory to the Operating Engineers, Carpenters, and Laborers Collective Bargaining Agreements.

We are an Equal Opportunity Employer

What Are Cities Spending Big On?

Continued from page 1

cent of its recent budgets on debt service, pensions and OPEB, is one of the cities on the low end of the legacy cost spectrum. Seattle's legacy costs were the smallest of all larger jurisdictions reviewed, accounting for an average of just over 12 percent of fiscal 2013-2015 expenses. Generally speaking, small and mid-size cities tend to be less saddled by legacy costs than the biggest ones.

Pension payments figure prominently along with debt in siphoning funds from routine government operations. Pension and OPEB contributions accounted for roughly a quarter of Los Angeles' expenditures in recent years, while they're less than 10 percent in about a dozen other large cities. But a low number for pension costs isn't always a sign of civic health: Some governments shortchange pension contributions to stave off cuts in other areas when times are bad. Moody's Investors Service recently reviewed a sample of state and local pension plans, finding 57 percent failed to make contributions sufficient to keep their net pension liability from increasing if all plan assumptions held. Contributions can also fluctuate dramatically from year to year, as they have in Detroit and several other major cities.

For all these reasons, legacy costs that cities are paying now don't necessarily reflect future expenses. Additional legacy costs not included in Merritt's data are very tricky to estimate. Perhaps the most difficult is deferred maintenance on infrastructure, which comprises everything from bridge and road repairs to upgrading IT systems.

No matter what a city's legacy cost situation may be, local officials must consider just how much more of these expenses they can afford to take on. Jurisdictions suffering population or job losses will be hard pressed to direct more of their budgets to costs largely unrelated to current operations. Others with expanding tax bases are better positioned to minimize the crowding-out problem. "Having high fixed costs in San Francisco is very different than having high fixed costs in a place like Detroit," Gordon says. Steep cuts in state funding also have compounded legacy issues much more significantly in some parts of the country than in others.

Natalie Cohen, managing director of Wells Fargo's municipal securities research, cautions that policymakers shouldn't think about legacy costs such as pensions separately from investments in future growth. "We have to think about economic development and not only what funding pensions is going to do," she says. "If you have economic growth, then you have more resources to pay down your pension obligation."

Going forward, the scenario for many cities appears to be less debt, but more pension and OPEB costs. "There has been a noticeable reduction in the amount of debt that's out there," Cohen says, "but the pension and OPEB pressures are likely to continue to trend upward."

SOURCE: <http://www.governing.com>