City of Salinas

FY 2011-12 Budget Update and Request for Authorization to Issue Layoff Notices

Tuesday, March 29, 2011
FY 2011-12 Budget Update

Background

Past three years, declining revenues, budget reductions and revenue alternatives have been in constant discussion

City Council has implemented many strategic budget balancing solutions

Past two budget cycles;

• 21% of the City’s workforce has been eliminated (137 positions)
• Employees agreed to concessions ranging from 7.5% to 18%

FY 2011-12, three months from now, the City faces a $7.1 million budget shortfall
FY 2011-12 General Fund & Measure V

Revenue $79.2 million

- Sales Tax 25.8%
- Charges for services 4.3%
- Franchise Fees 9.4%
- Prop Tax 26.2%
- Other Revenue/Transf 2.7%
- Measure V 11.7%
- Utility User’s Tax 11.0%
- Hotel Tax (TOT) 1.9%
- Bldg Permits/Plan Checks 1.8%
- Business Licenses 5.2%
FY 2011-12 General Fund/Measure V Budget By Department $86.3 million

- Fire: 20.7%
- Eng/Transp: 1.4%
- Parks/Recreation: 1.9%
- Planning: 1.2%
- Library: 4.6%
- Legal: 0.9%
- Block Grant: 0.1%
- Police: 44.6%
- Economic Dev: 0.4%
- Non Departmental: 6.1%
- Capital Projects: 1.2%
- Env & Maint Svs: 8.0%
- Administration: 1.9%
- City Council: 0.2%
- Dev/Permit Svcs: 3.0%

Budget Balancing Plan – March 29, 2011
Next Year’s FY 2011-12 Budget

Projected Budget shortfall - $7.1 million

- Concessions/deferred salary increases - $2.9 million
- CalPERS retirement costs - $1.3 million
- Worker's Compensation - $1.7 million
- Health Insurance - $900,000
- Unemployment Insurance $500,000
- NGEN Radio System - $600,000
FY 2011-12 General Fund & Measure V Employee Services/Operating Expenses $86.3 million
Budget reductions Past Two Years (FY 2009-10 & 2010-11)

-$17.2 million

- 137 Positions (20%)

In addition, employee concessions/pay reductions totaled $11.9 million over the past two years.
General Fund/Measure V FY 2011-12 Possible Budget Reductions by Department/Divisions

- $6.9 million (56.5 positions)

<table>
<thead>
<tr>
<th>Department/Division</th>
<th>Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>CITY ATTY</td>
<td>1</td>
</tr>
<tr>
<td>PERMIT SERVICES</td>
<td>3</td>
</tr>
<tr>
<td>ADMIN</td>
<td>1</td>
</tr>
<tr>
<td>PLANNING</td>
<td>1</td>
</tr>
<tr>
<td>ENG &amp; TRANSP</td>
<td>1</td>
</tr>
<tr>
<td>FINANCE</td>
<td>3</td>
</tr>
<tr>
<td>ENV. &amp; MAINT SVCS</td>
<td>6</td>
</tr>
<tr>
<td>LIBRARY</td>
<td>5.5</td>
</tr>
<tr>
<td>POLICE</td>
<td>29</td>
</tr>
<tr>
<td>PARKS &amp; COMM SVC</td>
<td>2</td>
</tr>
<tr>
<td>FIRE</td>
<td>4</td>
</tr>
</tbody>
</table>
FY 2011-12 Additional Possible Budget Reductions
Salinas Redevelopment Agency
Salinas Valley Enterprise Zone
Community Development Block Grant & HOME
- 9.5 Positions
## FY 2011-12 Summary of List of Positions to Receive Layoff Notices

<table>
<thead>
<tr>
<th>Bargaining Group</th>
<th>Number of Positions</th>
<th>Percent of Positions in Group</th>
<th>Dollar Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEIU Crew Supervisors</td>
<td>2</td>
<td>25.0%</td>
<td>228,923</td>
</tr>
<tr>
<td>Association of Management Personnel</td>
<td>9.5</td>
<td>23.3%</td>
<td>1,131,320</td>
</tr>
<tr>
<td>Salinas Police Officers Association</td>
<td>20</td>
<td>16.0%</td>
<td>3,043,086</td>
</tr>
<tr>
<td>Salinas Municipal Employees Association</td>
<td>25.5</td>
<td>15.6%</td>
<td>1,924,014</td>
</tr>
<tr>
<td>Confidential Management</td>
<td>1</td>
<td>12.5%</td>
<td>167,500</td>
</tr>
<tr>
<td>Confidential Miscellaneous Employees</td>
<td>1</td>
<td>12.5%</td>
<td>81,061</td>
</tr>
<tr>
<td>SEIU - Blue Collar</td>
<td>5</td>
<td>9.4%</td>
<td>391,191</td>
</tr>
<tr>
<td>Salinas Police Management Association</td>
<td>2</td>
<td>6.5%</td>
<td>411,783</td>
</tr>
<tr>
<td>Fire Supervisors Association</td>
<td></td>
<td></td>
<td>377,500</td>
</tr>
<tr>
<td>International Association of Firefighters</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Paramedic Premium Pay 12.5%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>66</strong></td>
<td></td>
<td><strong>7,756,378</strong></td>
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</tbody>
</table>

Note: Two Dept Directors have been reclassified to lower level manager positions.
Positions to Receive Layoff Notices

Summary by Employee Class - FY 2011-12

Note: Two Department Directors have been reclassified to lower level manager positions

Firefighters (27) will be notified that paramedic premium pay (12.5%) could be eliminated
Conclusion

Budget shortfalls of $7.1 million are projected in FY 2011-12 and $8.5 million in FY 2012-13.

Avery Report recommends; “In the short-term, the City will need to negotiate salary and benefit reductions as one of the few remaining areas for cost reduction.”

Concessions and additional equally distributed pay reductions that are currently being discussed with employee bargaining groups would resolve the shortfalls projected in both FY 2011-12 and FY 2012-13.
Recommendation

The City Council and Agency Board are asked to;

1) Approve the Resolution adopting the FY 2011-12 List of Positions to Receive Layoff Notices, and authorize staff to begin the layoff process, and

2) Direct staff to continue appropriate concession bargaining negotiations with employee labor groups in an amount sufficient to eliminate the requirement to lay off employees.