

The background features a large, faded seal of the City of Salinas, California. The seal is circular with a double-line border. The top arc contains the word "SALINAS" and the bottom arc contains "CALIFORNIA". The center of the seal depicts a landscape with a sun rising over hills, with rays emanating from the sun. Two stars are positioned on either side of the sun.

# **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**

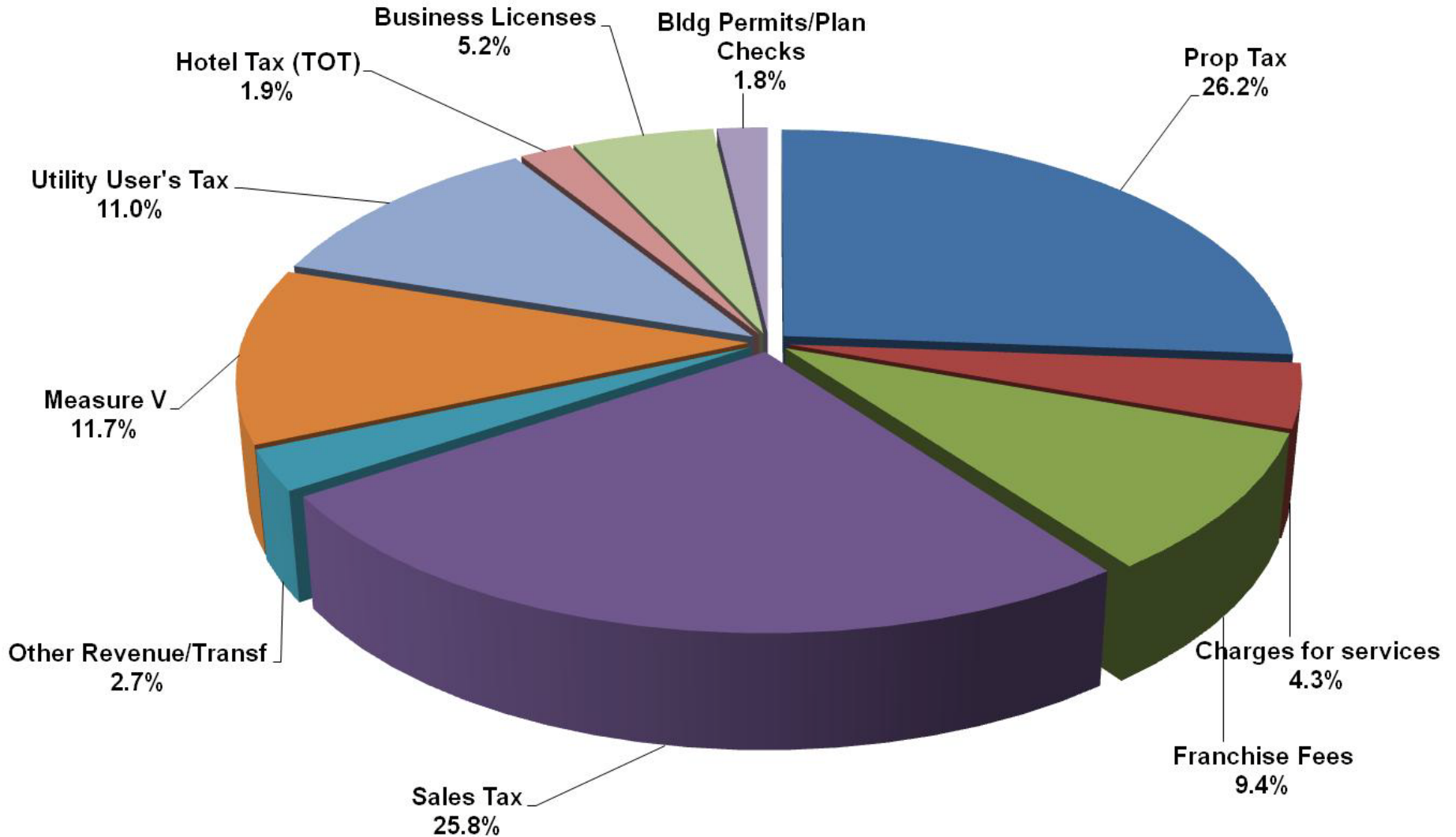
**Past two budget cycles;**

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

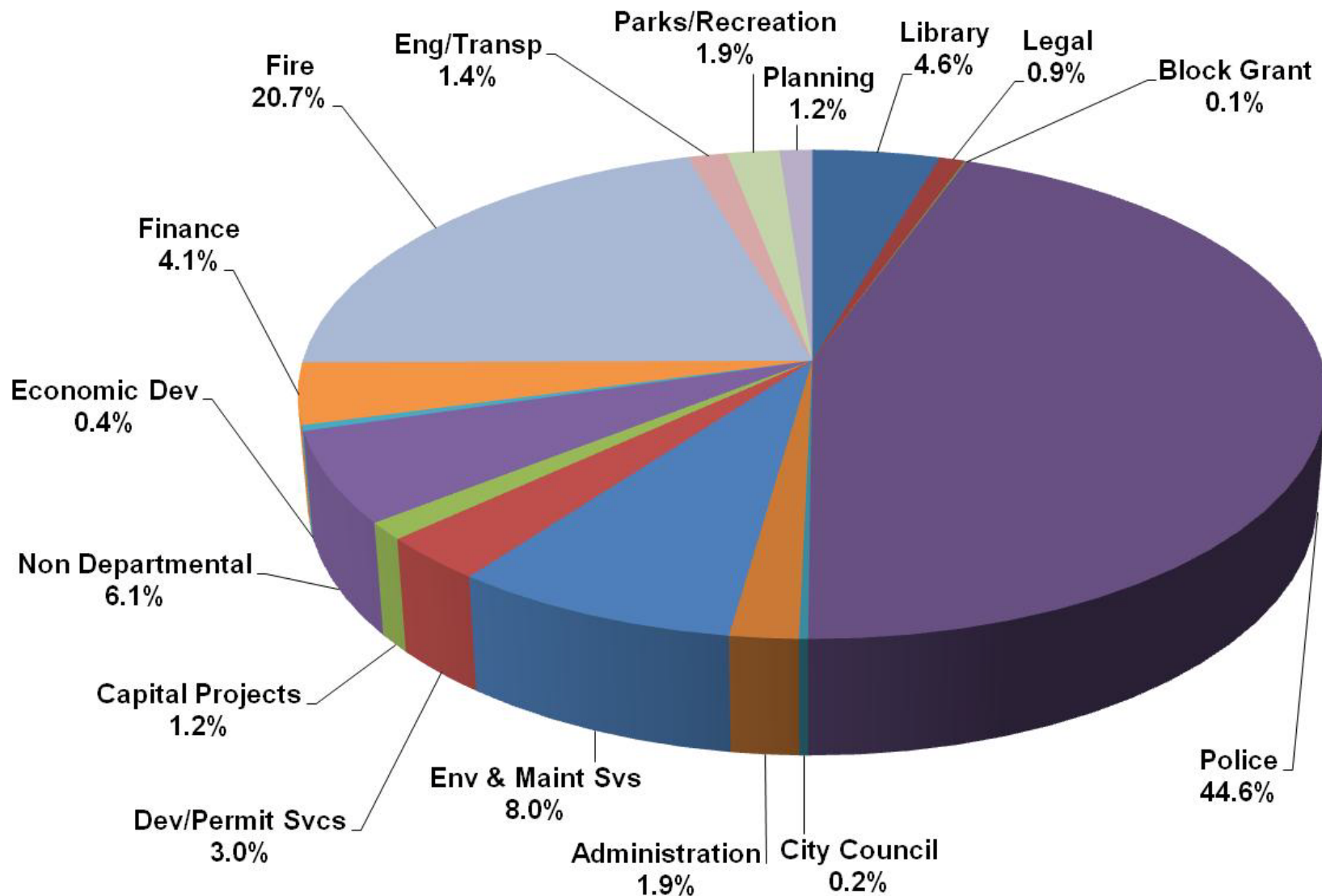
**FY 2011-12, three months from now, the City faces a \$7.1 million budget shortfall**

# FY 2011-12 General Fund & Measure V

## Revenue \$79.2 million



# FY 2011-12 General Fund/Measure V Budget By Department \$86.3 million

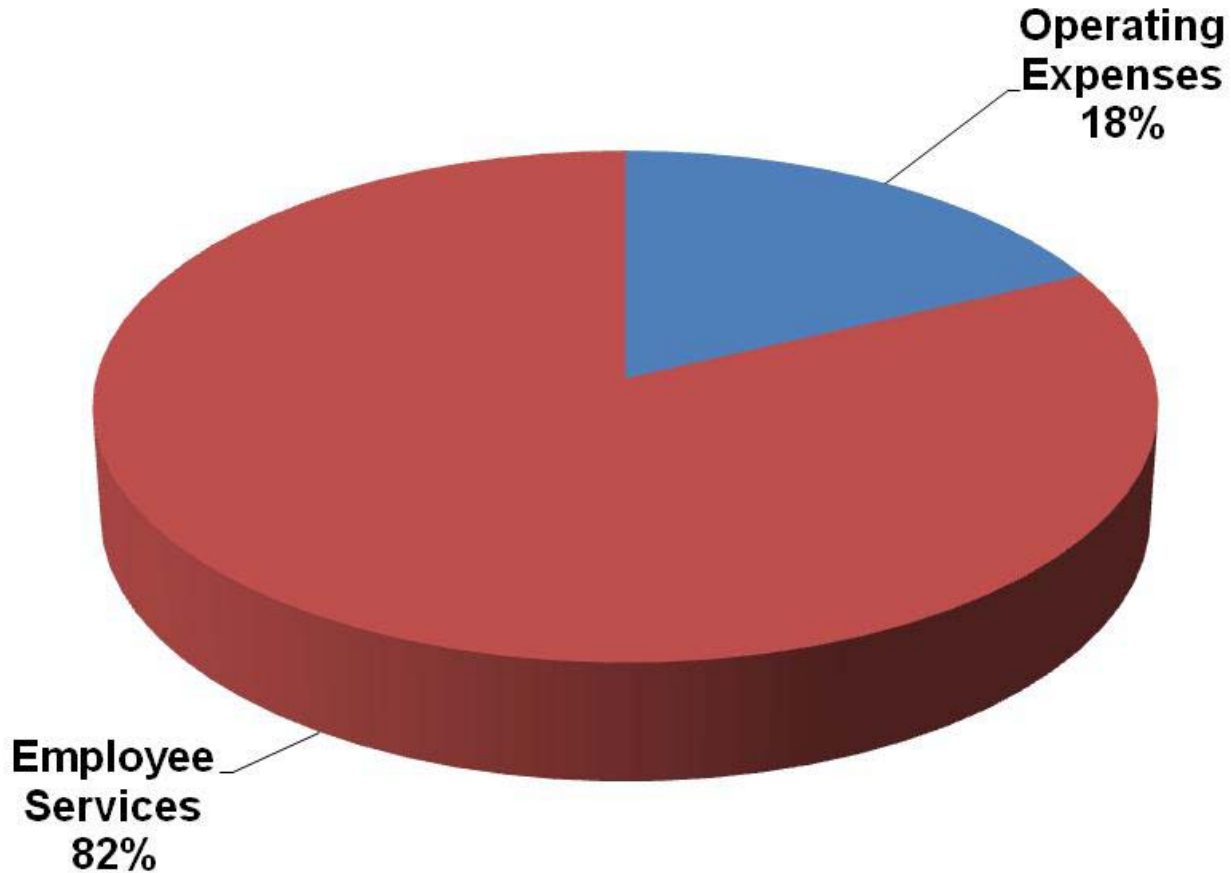


# Next Year's FY 2011-12 Budget

**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**

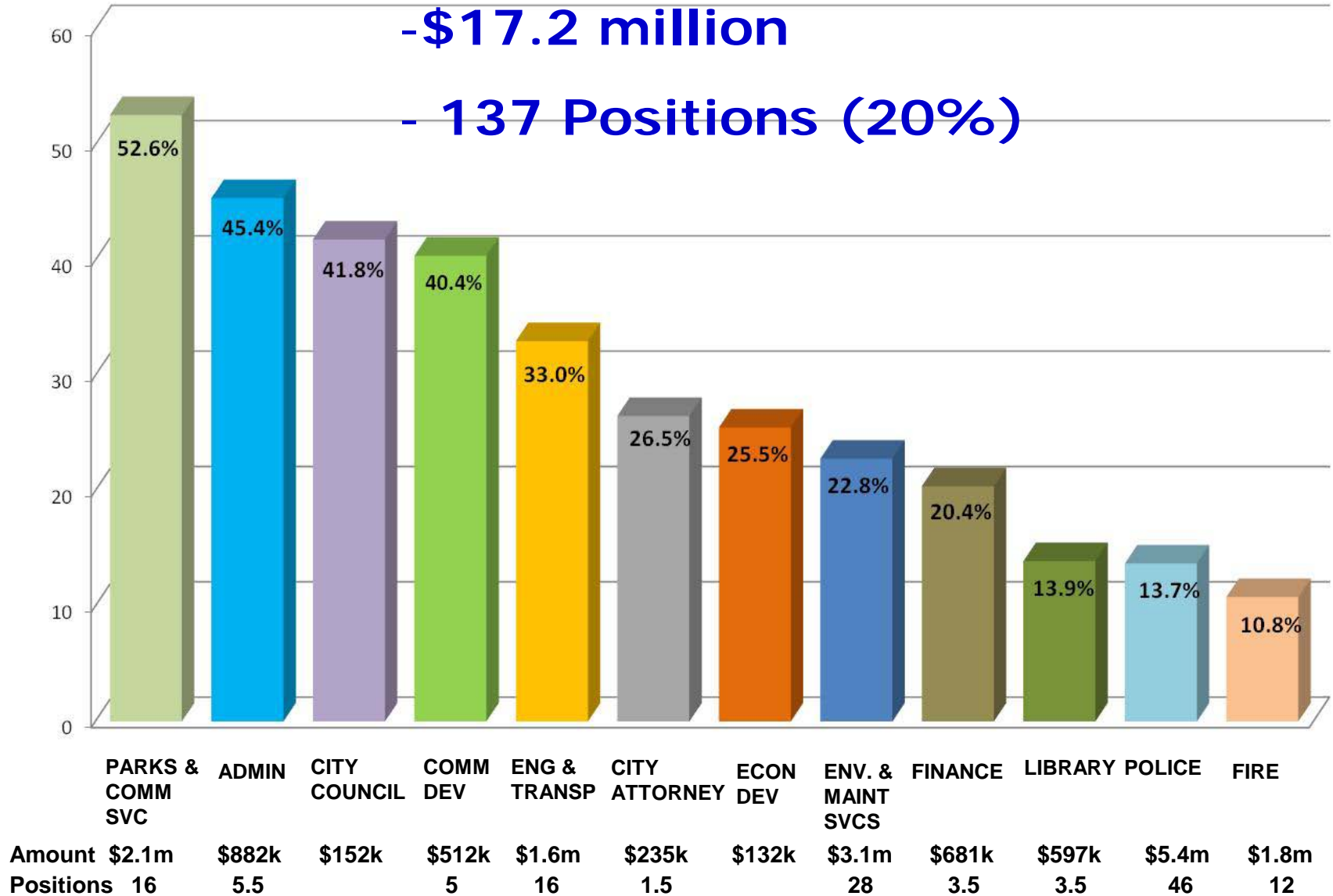
# FY 2011-12 General Fund & Measure V Employee Services/Operating Expenses \$86.3 million



# Budget reductions Past Two Years (FY 2009-10 & 2010-11)

**-\$17.2 million**

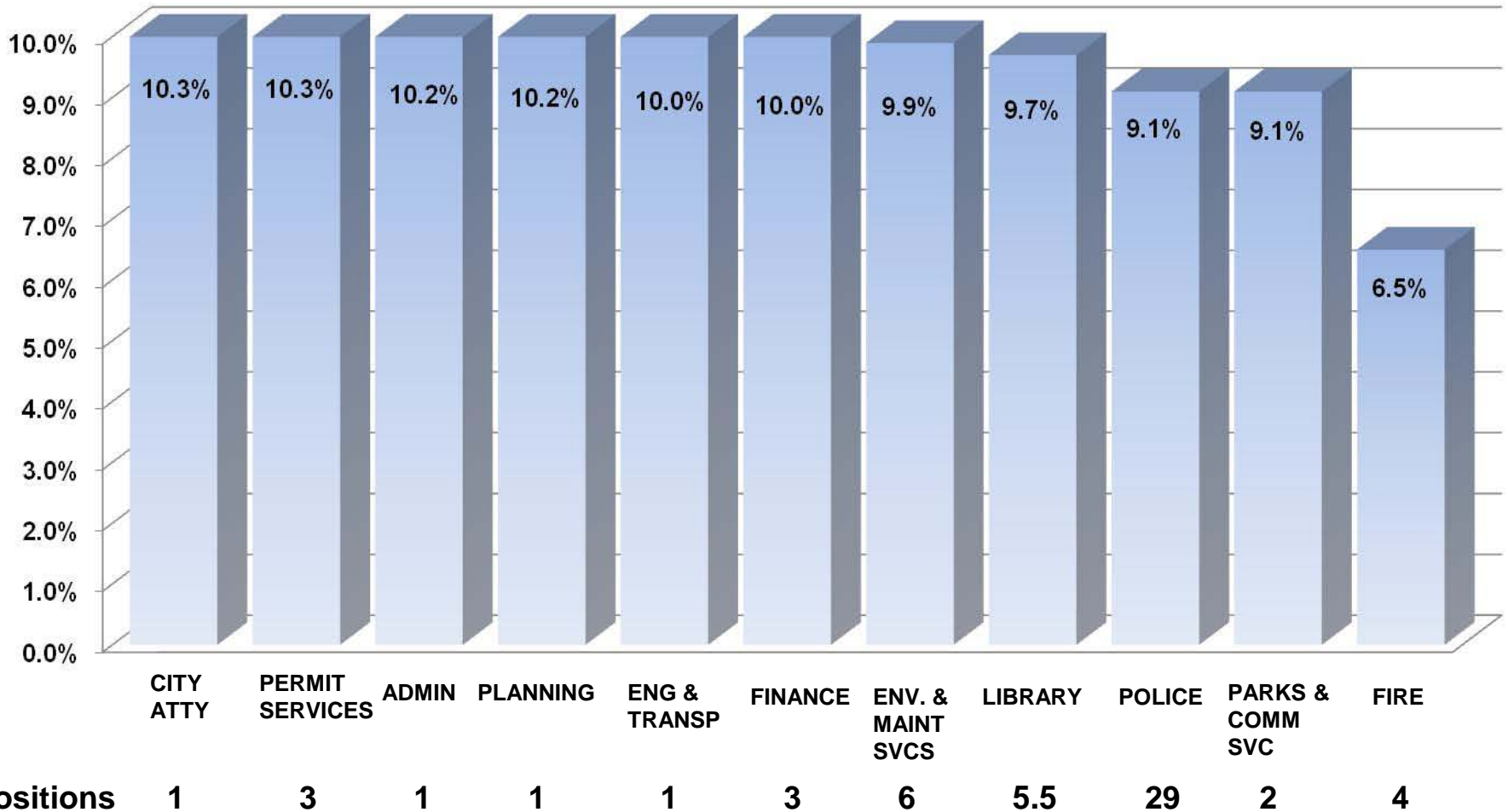
**- 137 Positions (20%)**



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)





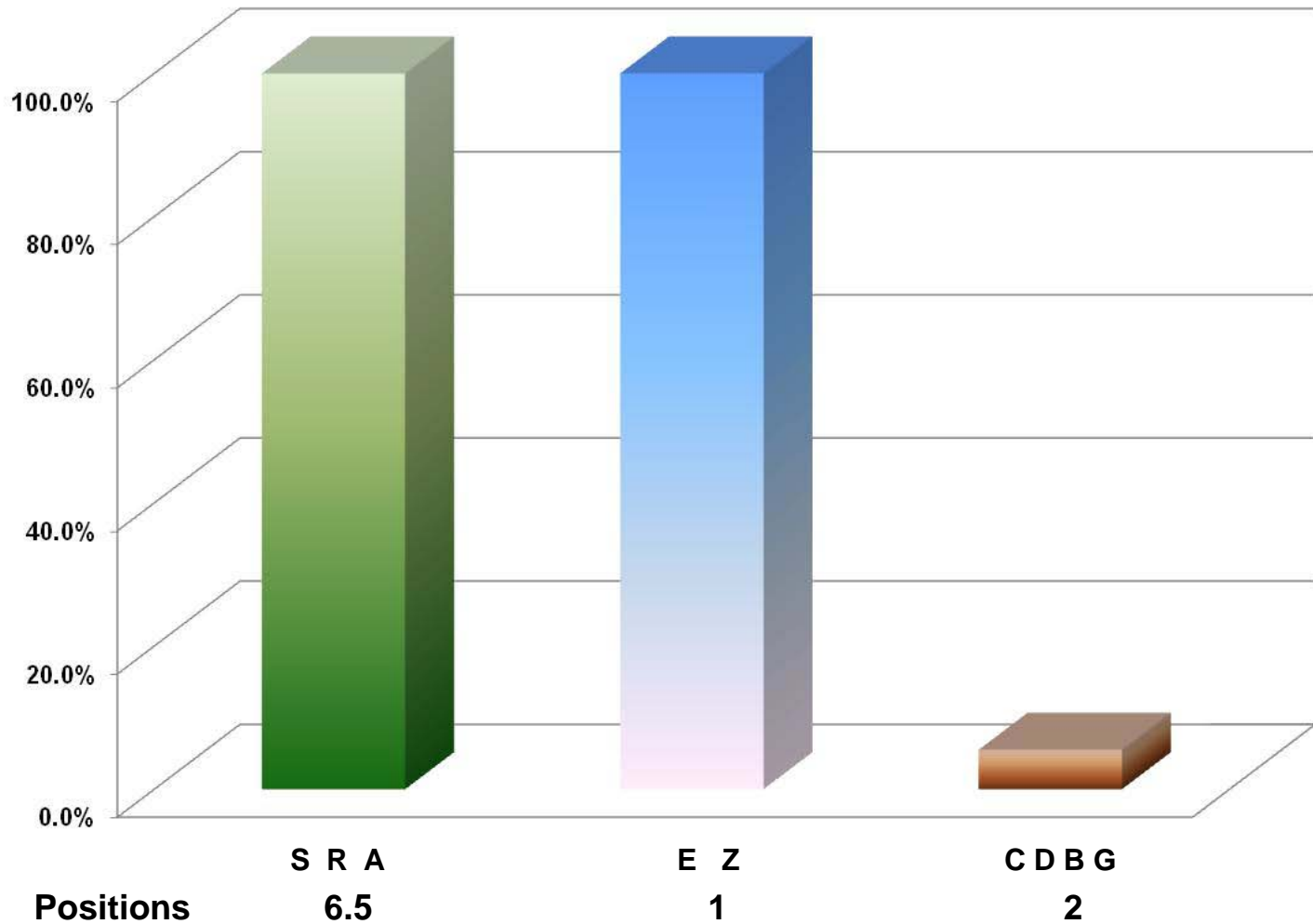
# FY 2011-12 Additional Possible Budget Reductions

Salinas Redevelopment Agency

Salinas Valley Enterprise Zone

Community Development Block Grant & HOME

- 9.5 Positions



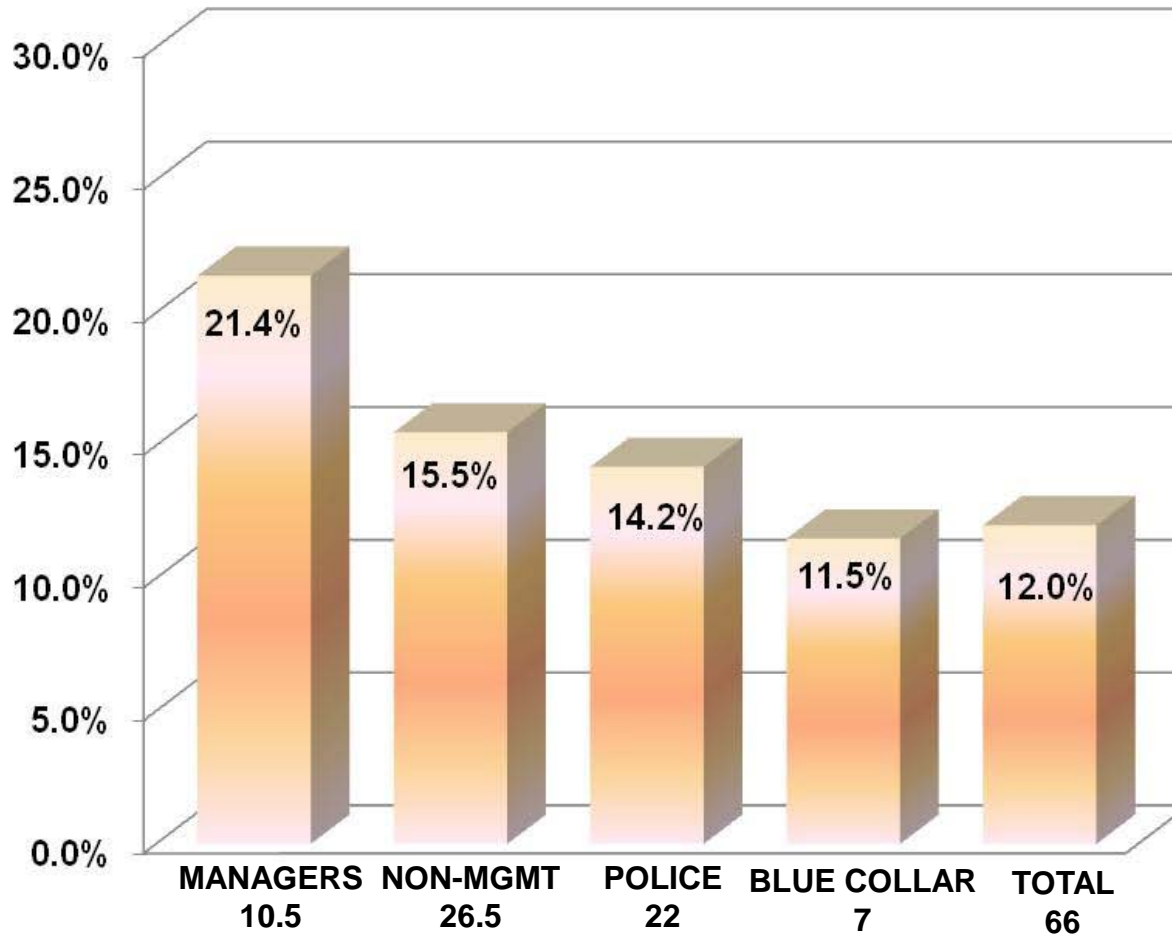
# FY 2011-12 Summary of List of Positions to Receive Layoff Notices

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

**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.**