



# REPORT TO COUNCIL

## City of Sacramento

43

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www.CityofSacramento.org

Staff Report  
**June 22, 2010**

**Honorable Mayor and  
Members of the City Council**

**Title: Proposal to Postpone Layoffs Associated with Labor Concession Savings for  
30 Days**

**Location/Council District:** Citywide

**Recommendation:** Approve the use of one-time funds to postpone layoffs associated with labor concession savings for 30 days and balance the proposed FY10/11 budget.

**Contact:** Patti Bisharat, Assistant City Manager, (916) 808-8197

**Presenter:** Patti Bisharat, Assistant City Manager, (916) 808-8197

**Department:** City Manager's Office

**Division:** Not applicable

**Organization No:** 02001011

### **Description/Analysis**

**Issue:** The proposed FY10/11 budget included anticipated savings from labor concessions of approximately \$5.6 million in the General Fund and \$11.8 million across all funds. Negotiations are currently under way with three labor organizations with contracts expiring in June 2010.

Staff is recommending use of one-time funds of \$648,000 to balance the proposed FY10/11 budget which would allow for a one-time 30 day postponement of layoffs to allow time to reach agreement. If agreement is not reached during that time period then additional reductions are required. An estimated additional 100 positions would need to be cut in the General Fund with up to 150 additional positions total across all funds would be eliminated. Staff does not recommend additional extensions.

**Policy Considerations:** Use of one-time funds provides an additional thirty days to complete negotiations and reach agreement. Absent the extended time period, additional reductions resulting in layoff would be needed by July 1 in order to balance the FY10/11 budget which must be adopted by the City Council by June 30 per the charter.

**Environmental Considerations:** The recommendation does not constitute a “project” and therefore is exempt from the California Environmental Quality Act (CEQA) according to Section 15061(b)(1) and 15378(b)(3) of the CEQA guidelines.

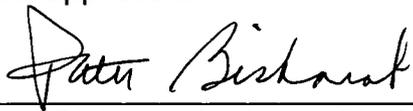
**Commission/Committee Action:** None

**Sustainability Considerations:** Not applicable

**Rationale for Recommendation:** The proposed FY10/11 budget included a number of strategies to address a \$43 million gap. One of the strategies was anticipated savings from labor concessions. Achieving these savings reduces the requirement to further cut services and programs to the community.

**Financial Considerations:** Staff recommends the use of \$648,000 in one-time monies from Sheraton proceeds in the Parking Fund in order to postpone by 30 days layoffs associated with needed labor concessions savings to balance the budget. Absent the extension, additional reductions and layoffs would need to occur by July 1 to achieve savings and balance the proposed budget.

**Emerging Small Business Development (ESBD):** Not applicable

Respectfully Submitted by:   
Patti Bisharat, Assistant City Manager

Recommendation Approved:

  
Gus Vina, City Manager

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## Background

The City has eight labor organizations which represent city employees. Last year, contract extensions and concessions were successfully agreed upon with five of the labor groups. Currently, negotiations have been underway for the last several months with three labor organizations representing city employees. The labor agreements for these three locals have expired in June 2010. These organizations, Local 39, Local 1176 and Local 447, represent over 1600 city employees across many departments.

The proposed FY10/11 budget included anticipated savings from labor concessions of approximately \$5.6 million in the General Fund and \$11.8 million across all funds. These savings are necessary in order to achieve a balanced budget for City Council adoption by June 30 as required by the City Charter.

Staff is recommending use of one-time funds of \$648,000 in order to postpone additional reductions associated with these labor concessions by 30 days. This allows time to complete the negotiations and reach agreement or implement reductions and layoffs.

The anticipated timeframe is:

- |          |   |
|----------|---|
| June 22  | Council approves use of one-time funds in order to postpone layoffs associated with labor concessions savings for 30 days and balance the FY10/11 proposed budget |
| July 13  | Staff updates City Council on status of negotiations  |
| July 20  | City Council approval of any agreements that have been successfully completed and/or review of necessary reductions and impacts                                   |
| July 21  | Layoff notices issued to achieve savings if agreement is not reached  |
| August 6 | Last day of work for impacted employees   |