

Supplemental Budget Information – Item 3

Question:

Identify the components of the \$20m labor increase?

Response:

The FY2011/12 increase in labor costs are outlined on the following chart with a more detailed explanation of the specific cost increase below.

FY2011/12 General Fund Labor Growth	20,144
PD FY12 Full Cost of FY 11 10 FTE	500
PD FY12 Full cost of FY11 MY Cola	810
PD FY12 .5% Cola	459
PD FY12 20 FTE (10 @ 12 mo/10 @ 6 mo)	1,500
Fire Potential Labor Overrun	500
Fire Station 43	2,200
Fire FY12 Expired Concessions	1,898
Fire FY11 Brownout Buyback	3,200
Fire FY12 Cola on Brownout Buyback	160
L39 FY11 Restoration of Budgeted Concessions Not Achieved	2,535
Citywide FY12 Finance Collectors	121
Citywide FY12 CRCIP	105
Citywide Unrepresented Furlough	2,200
Citywide Other Unions FY12 Cola Growth	113
Citywide SCERS/Retiree Medical	362
Citywide Other Adjustments	218
Citywide FY12 Misc Pers 1% inc	1,050
Citywide FY11 Midyear One-time Funding	2,213

Police Department

FY12 Full Cost of FY11 10 FTE (\$500K)

The FY2010/11 Approved Budget includes the addition of 10 Police Officers for six months at a cost of \$500K. This represents the additional funding necessary to cover the full year cost of \$1.0 m in FY2011/12.

FY12 Full cost of FY11 MY Cola (\$810K)

The FY2010/11 Approved Budget includes a 2% Cola adjustment for six months. This represents the additional funding necessary to cover the full year cost of the increase in FY2011/12.

FY12 .5% Cola (\$459 K)

The existing contract includes a .5% Cola adjustment for six months effective January 2012.

FY12 20 FTE (10 @ 12 mo/10 @ 6 mo) (\$1.5m)

The FY2010/11 Approved Budget included Council direction to add 20 addition officers in FY2011/12 to be paid for with \$2.0m in proceeds from the sale of Parcel B in the Railyards.

Fire Department

Potential Labor Overrun (\$500K)

There is a current disagreement between the City and Local 522 with regard to how the contract is being administered. This cost represents the difference between the value of the personnel costs budgeted in the Fire Department and the full year estimated personnel costs for the Fire Department.

Station 43 (\$2.2m)

The FY2011/12 Proposed Budget includes the addition of a fire company (15 FTE) to open Station 43.

FY12 Expired Concessions (\$1.898m)

The existing contract which expires January 2012 includes a 5% Cola adjustment for six months effective January 2012 as well as the costs associated with restoring step increases that had been frozen since the contract was renegotiated in July 2009.

FY11 Brownout Buyback (\$3.2m)

The FY2010/12 Approved Budget included the one-time buy back of two fire brownouts at a cost of \$3.2m.

FY12 Expired Concessions on Brownout Buyback (\$160K)

The existing contract which expires January 2012 includes a 5% Cola adjustment for six months effective January 2012 as well as the costs associated with restoring step increases that had been frozen since the contract was renegotiated in July 2009.

Local 39

L39 FY11 Restoration of Budgeted Concessions Not Achieved (\$2.535m)

The FY2010/11 Proposed Budget included an estimate of labor savings of \$5.6m. Upon the completion of labor negotiations, actual ongoing reductions in labor costs were short of the estimated reduction target resulting in an ongoing increase in costs in FY2011/12. The shortfall in FY2010/11 was covered with one-time funding.

Citywide

Addition of FTE - Finance Collectors (\$121K) and CRCIP (\$105K)

The FY2011/12 Proposed Budget includes the addition of 2.0 FTE in the Finance Department, offset by revenues, to increase collection of delinquent revenues and 1.0 FTE in the Department of General Services for the operation and maintenance requirements of the CRCIP facilities.

Unrepresented Furlough (\$2.2m)

The majority of the City's unrepresented employees have been on a 1 day per month furlough since January of 2009 effectively reducing pay by 4.6% annually. Furlough is meant to be a temporary tool to reduce labor costs and should not be used on a long-term basis. Since that time the represented employees have begun to receive negotiated Colas, while unrepresented have not since 2009.

Other Unions FY12 Cola Growth (\$113K)

The existing contracts with IAMAW, Building & Crafts, SCE and 1176 include Cola increases effective January 2012.

SCERS/Retiree Medical (\$362K)

The FY2011/12 costs for retiree medical for the General Fund increased by \$500K, while the actuarially required contribution to SCERS decreased by -\$138K for a net increase of \$362K.

Other Adjustments (\$218K)

Associated costs resulting from various step increases, reclassifications, position reallocations and filling above control point.

FY12 Miscellaneous Public Employee Retirement System (PERS) 1% Increase (\$1.050m)

The City's required employer contribution for miscellaneous employees to PERS increased by 1%. We have been notified that the projected PERS increase in FY2012/13 for Public Safety will be approximately 2% and Miscellaneous will be approximately .5%. The General Fund portion equates to \$2M for Public Safety and \$.5M for Miscellaneous. In addition, we also anticipate a significant increase in FY2013/14 for both Public Safety (4% or \$4M) and Miscellaneous (1.5% or \$1.5M).

FY11 Midyear One-time Funding (\$2.213m)

The FY2010/11 Approved Budget included a placeholder reduction of \$2.213m that was to be accomplished with additional midyear reductions of \$4.4m (to achieve six months savings of \$2.2m). Council took action on the FY2010/11 Midyear Budget to defer additional reductions using one-time funding in order to focus on the development of the FY2011/12 budget.