



**James Johnson**  
**City of Long Beach**  
**Councilmember, Seventh District**

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**Date:** September 18, 2012

**To:** Honorable Members of the City Council

**From:** Mayor Bob Foster *Bob Foster*  
Vice-Mayor Robert Garcia, First District *26*  
Councilmember Gary DeLong, Third District *GD*  
Councilmember James Johnson, Seventh District *J.J.*

**Subject:** Compensation Reform to Protect Vital Services Such as Public Safety, Parks, Libraries, and Streets and Sidewalks

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**RECOMMENDATION:**

Request the City Attorney prepare a potential ballot initiative for Council consideration that would cap total compensation levels for non-public safety employees for Fiscal Years 2014 and 2015 at those paid in Fiscal Year 2010 and ask the City Manager to concurrently report to Council on the magnitude of services that could be restored with this reform.

**DISCUSSION**

Non-public safety employees have received more than a 15% increase in salary since the Great Recession started in 2008. Additionally, the annual cost of employee pensions has increased \$28.7 million citywide, from \$69.4 million in 2007 to \$98.1 million in 2012, and continues to increase. These employees currently pay less than 10% of the cost of their pensions, while taxpayers pay more than 90%; thus, these skyrocketing costs have been borne by taxpayers.

The effect of this explosion in compensation costs is clear: the reduction of services across the board. So far, to pay for the increases in salaries and fringe benefits such as pensions, the City has cut funding for parks, started to downsize our libraries, and significantly reduced our police force, among other reductions. Without significant compensation reform, our future is clear: year after year of reducing and eventually closing libraries, cutting recreation programs for underserved youth, and delaying critical investments in our infrastructure.

It is time to ask a simple question: is this the Long Beach we want to leave our children? This question is so fundamental to our future that it is appropriate to directly ask our residents what kind of City they want.

Since 2008, City Management has done the right thing—they have accepted a wage freeze, resulting in a 0% increase in salaries. Additionally, public safety employees have voluntarily paid some of their salary increases into their pensions, significantly reducing the City's costs and preserving services. On the other hand, most non-public safety employees have received more than a 15% salary increase since the beginning of the Great Recession (approximately September 2008). The time has come for non-public safety employees to share the sacrifice along with our management employees and public safety employees. Therefore, Fiscal Years 2014 and 2015 compensation should be set at no more than the levels paid in Fiscal Year 2010.

This compensation reform could be achieved through various means, including but not limited to: pension reform, implementing recently recommended changes to overtime pay, the lessening of special "skill pays," and the modification of salaries to more sustainable levels. The City Attorney and Management are requested to avoid interfering with any current contracts and to meet all collective bargaining requirements, such as the meet and confer process, with representatives for the affected employees regarding these potential reductions.

The City Attorney is requested to prepare a measure for Council consideration that could be implemented by next fall, so that further reductions in core services can be halted. As part of their report to Council, City Management and the City Attorney should describe the magnitude of services that could be restored with this reform. It is requested that the proposed measure be brought back to the City Council for consideration in time to have a spring election.

We can protect the services that Long Beach depend on. We do not have to surrender to a future of endless services reductions—of reduced libraries, reduced opportunities for youth, and crumbling infrastructure. With reform, we can compensate our employees fairly while beginning to rebuild Long Beach.

### FISCAL IMPACT

This item would result in structural savings of approximately \$29 million per year overall and \$9.4 million per year in the General Fund, resulting in significant structural restorations of service for residents, including improved public safety, libraries, parks, and infrastructure improvements such as our streets and sidewalks.