

CITY OF LONG BEACH

R-27

DEPARTMENT OF HUMAN RESOURCES

333 West Ocean Boulevard 13th Floor • Long Beach, CA 90802

May 5, 2009

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt the attached Resolution authorizing implementation of an employee work furlough in order to generate an amount equivalent to 1.92 percent in pay (40 hours for regular, full-time employees) for all permanent City employees in Fiscal Year (FY) 2009, and include associated appropriation reductions in the second quarter budget adjustments to reflect the anticipated furlough or equivalent savings. (Citywide)

DISCUSSION

The City of Long Beach, along with much of our Country, is facing serious financial challenges. The City is currently projecting up to a \$19.2 million General Fund deficit in the current fiscal year. In addition, other funds are facing serious challenges as a result of declining revenues. Revenue shortfalls for critical revenue streams such as Oil; Sales Tax; Vehicle License Fees, and Transient Occupancy Tax, among others, are well below expected levels, creating a critical budget shortfall. The City must generate the required savings by the end of the fiscal year in order to balance the City budget. To help address this deficit, City management was directed to enter into discussions with the City's nine labor organizations regarding employee-generated cost saving options, including a potential mandatory work furlough.

City management representatives have had a number of meet and confer sessions with the City's labor organizations. While various cost saving strategies were discussed, with five months remaining in the Fiscal Year immediate action is necessary to help address the FY 2009 budget shortfall by the end of this fiscal year. Implementation of a mandatory unpaid work furlough equivalent to 1.92 percent of salaries (40 hours for regular, full-time employees) for permanent employees will provide for the continuation of critical programs and services for the public while minimizing service level impacts and mitigating the need for significant workforce reductions at this time. While City staff will try to manage the furloughs in an effort to minimize impact on the public, some City operations may experience service reductions including potential business closures. To mitigate the impact of the work furlough to employees the City has determined that benefits, leave accruals, seniority, and retirement service credit will not be affected by the furlough. There may be a minimal impact to retirement if an employee retires within twelve months of the furlough period. City management representatives will continue to meet with union representatives to identify alternative employee generated cost reduction strategies to meet budget shortfalls. A furlough may not be implemented if equivalent employee generated savings are negotiated with a labor organization.

This matter was reviewed by Deputy City Attorney Christina L. Checél, April 22, 2009, and Budget and Performance Management Bureau Manager David Wodynski on April 21, 2009.

TIMING CONSIDERATIONS

City Council action is requested on May 5, 2009 to ensure timely implementation of the mandatory work furlough.

FISCAL IMPACT

The associated cost savings of the mandatory employee work furlough or alternative savings is estimated to be approximately \$4 million in the General Fund, \$7.2 million Citywide, within the current fiscal year. The second quarter budget adjustment will include appropriation reductions equivalent to anticipated budget savings.

SUGGESTED ACTION:

Approve recommendation.

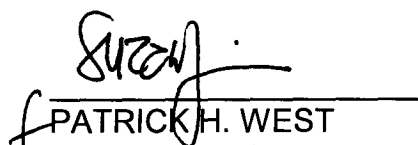
Respectfully submitted,


SUZANNE R. MASON
DIRECTOR OF HUMAN RESOURCES

SRM:tb

Attachment

APPROVED:


PATRICK H. WEST
CITY MANAGER

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH AUTHORIZING THE
IMPLEMENTATION OF EMPLOYEE WORK FURLOUGHS
OR ALTERNATIVE EMPLOYEE GENERATED SAVINGS
AND CITY BUSINESS CLOSURES

WHEREAS, the City of Long Beach is projecting up to a \$19.2 million
General Fund deficit in the current fiscal year, and serious budgetary challenges in many
other funds as a result of economic challenges facing the City and the Nation; and

WHEREAS, it is acknowledged that the City must generate required
savings by September 30, 2009, in order to balance the City budget; and

WHEREAS, a \$7.2 million savings including \$4 million in the General Fund
would be generated by implementing a mandatory fixed or floating City-wide 40 hour
work furlough for regular full-time employees which is equivalent to 1.92 percent of a full
time employee's salary; and

WHEREAS, employee work furloughs may result in certain City businesses
or facilities being closed;

NOW, THEREFORE, the City Council of the City of Long Beach resolves as
follows:

Section 1. Employee work furloughs equivalent to 1.92 percent of annual
salary (i.e., 40 hours of unpaid time off for a regular full time employee) be implemented
which may result in service reductions and possible City business closures in order to
generate needed savings.

Work furloughs may not be required in the event alternative equivalent
employee generated savings are negotiated with a labor organization.

Section 2. This resolution shall take effect immediately upon its adoption by

1 the City Council, and the City Clerk shall certify the vote adopting this resolution.

2 I hereby certify that the foregoing resolution was adopted by the City
3 Council of the City of Long Beach at its meeting of _____, 2009, by the
4 following vote:

5
6 Ayes: Councilmembers: _____
7 _____
8 _____
9 _____

10 Noes: Councilmembers: _____
11 _____

12 Absent: Councilmembers: _____
13 _____
14 _____
15 _____
16 _____

City Clerk

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

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