



COALITION OF LA CITY UNIONS

AFSCME LA City Local Unions

- 164 – CRA Basic Unit
- 585 – CRA Professional Unit
- 741 – LA City Part Time Recreation Unit
- 901 – Recreation and Parks Prof. Unit
- 1890 – CRA Management Assn.
- 2006 – LA City Prof. Medical Employees
- 2204 – CRA Supervisory Unit
- 2626 – Librarians' Guild,
Supervisory and Rank & File
- 3090 – LA City Clerical and
Support Services Employees
- 3672 – Executive Administrative Assistants

International Union of Operating Engineers Local 501

Laborers' Local 777

LA/Orange Counties Building & Construction Trades Council

Service Employees International Union Local 721

- LAPMA – LA Prof. Managers' Assn.
- LACAA – LA City Attorneys' Assn.

Teamsters Local 911

January 22, 2010

Miguel Santana
City Administrative Officer
City of Los Angeles
1500 City Hall East
Los Angeles, CA 90012

Dear Mr. Santana,

Pursuant to the labor agreement between the Coalition of Los Angeles City Unions and the City of Los Angeles approved in September 2009, the Coalition demands that the City immediately implement the contract with full force and effect.

As you are undoubtedly aware, the Coalition stepped up years before the current budget crisis, working in good faith with City officials in an attempt to maintain City services and keep Angelenos employed amidst a forecast of severe economic downturn. In May of 2008, Coalition leaders laid out a proposal for an Early Retirement Incentive Program (ERIP) very similar to the one that was ultimately adopted. Tragically for L.A. taxpayers, City representatives engaged in posturing and backward negotiations, and it took nearly two years before savings from any agreement could begin to be achieved.

During that year and a half, we met with City leaders more than 100 times and Coalition bargaining units ratified the ERIP and MOU extensions twice. The ERIP and the accompanying Coalition budget agreement were finally adopted in October 2009, with an estimated FY 2009-10 impact of roughly \$86 million less than it could have been if enacted even seven months earlier.

In order to maintain City services and avoid layoffs despite the City's foot dragging, the Coalition ultimately negotiated members' fair share of a budget savings package that should have saved the General Fund \$77.8 million in fiscal year 2009-10. City employees represented by Coalition unions also agreed to



Cheryl Parisi, Chair

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forego budgeted COLAs for two years, creating citywide savings of \$50.6 million this fiscal year and \$87.3 million in 2010-11.

Coalition labor negotiations took place under the framework of “shared sacrifice” as put forward by City officials. Altogether, Coalition agreements and ERIP could save the City \$153 million to the General Fund and \$245 million over all funds in the current year, as well as 323 million citywide next year.

Estimated Savings from Full Implementation

	<u>2009-10 General Fund</u>	<u>2009-10 Other Funds</u>	<u>2010-11 All Funds</u>
COLA Deferral	\$26.8	\$12.0	\$87.3
ERIP Retirements	48.7	10.0	\$179.9
Expanded ERIP	9.0	3.0	\$32.0
Sept.'09 Package	<u>77.8</u>	<u>58.0</u>	<u>\$24.0</u>
Total	\$162.3	\$83.0	\$323.2

Since the Coalition agreement was finalized last fall, we have seen no real sacrifice shared by anyone other than City workers, and no significant structural savings outside of labor agreements. Furthermore, the City has not moved with the urgency or diligence that is expected given the current shortfall.

ERIP retirees are being processed more slowly than we had hoped. Resources have not been made available to speed up the process, nor has the City worked creatively to move City employees off the payroll on pension estimates prior to full processing. If all ERIP applicants are moved off the payroll within 30 days, the City would generate an additional \$22 million in savings. Especially in light of the CAO’s declaration of fiscal crisis, we expect that the City will instruct staff to do whatever is necessary to move ERIP applicants off the payroll within the next 30 days. Moving all ERIP applicants off the payroll immediately would have saved much more.

Since the Coalition’s September 2009 agreement, as revenue estimated soured, Coalition leaders urged the City to expand ERIP to 2,763, the maximum that had been contemplated in actuarial studies of the program. The impact of an additional 363 retirees could be as much as \$10 million this year and as much as \$32 million next year.

As City employees retired through ERIP from Proprietary Departments and Special Funds, the City was to transfer workers from the General Fund as quickly as possible to fill those new openings. This does not appear to be happening, which would mean a loss of nearly \$20 million in savings to the General Fund.

It has been widely reported that Proprietary Departments and Special Funds have refused to implement labor agreements, and City management has not compelled managers to do so. The Coalition agreement had counted on the City being able to harness even a small portion of the estimated savings – \$6.5 million – to the General Fund by shifting employees and responsibilities. This number could be much higher with a serious initiative given the current situation.

We are deeply concerned that without leadership, the City is on course to lose as much as \$58 million in savings that could preserve critical services and keep Angelenos working.

Estimated Savings At Risk

	2009-10 <u>General Fund</u>
Expedited ERIP	\$22.0
Expanded ERIP	\$9.0
Transfers from GF	\$20.0
Special Fund Shift	\$6.5
Vol. Alt. Schedules	<u>\$0.8</u>
Total	\$58.3

The Coalition is not in receipt of the full budget and financial estimates behind the shortfall you have now proclaimed to the media. Given your failure to maximize negotiated savings and expenditure reduction opportunities discussed through the mutual gains process, we find it unacceptable to be presented – directly or indirectly – with demands for layoffs, privatization, and health care cuts. We remind you that our contracts clearly and explicitly prohibit layoffs of any Coalition unit member for the purposes of privatization. In addition, health care costs have already been lowered thanks to aggressive control by Coalition leaders.

We remain steadfast in our pledge to protecting City services, City workers, and the regional economy as much as possible through this historic downturn. As soon as possible, we expect to review detailed budget information in order to be effective partners in protecting quality services through this year and into the future.

Sincerely,



Cheryl Parisi, Chair
AFSCME District Council 36



Lance Bedolla
Operating Engineers Local 501



Victor Gordo
LIUNA Local 777



Robbie Hunter
Los Angeles County Building &
Construction Trades Council



Julie Butcher
SEIU Local 721



Carlos Rubio
Teamsters Local 911

cc: Hon. Mayor Antonio Villaraigosa
Members of the Los Angeles City Council