

## **LA's CAO Santana regarding budget issues: Oct 5, 2009.**

**Transcript:** Below is a partial transcript of CAO Santana's statements of October 5, 2009, to the Budget and Finance and Public Safety Committees Special Joint Meeting and Special Meeting of the Los Angeles City Council. The full meeting is available on Video On Demand at the website for the City of Los Angeles.

**Topic:** Item 4: City Administrative Officer (CA) and Chief legislative Analyst (CLA) to provide an update on the status of the City's 2009-2010 Budget, Department Operational Plans, furloughs, layoffs, alternative cost savings measures, and related matters. The discussion for Item 4 begins approximately 2 hours and 58 minutes into the session.

**Speakers:** Bernard Parks, Chair, Budget & Finance Committee  
Miguel Santana, City Administrative Officer

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Transcript: 02:58:32, October 5, 2009  
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**Parks:** Okay now we go to number 4 .

**Santana:** Okay, uh, this is a very quick report as to where we're at as it relates to the operational plans. As you know last week, the city council approved a new ERIP ordinance as well as a tentative agreement. That unfortunately started the clock of the 30 days, we're expected that the second reading of that ordinance will be on October 30th.

The agreement as you know provides about 78 million dollars worth of savings that we were able to work out with the Coalition. I have sent a letter to all the LACERS unions asking for ratification of the ordinance and agreement by the 23rd of October. And so many of them that will be participating will be asking their members to vote.

We're currently reworking the operation agreements with the assumption that ERIP passes. As was stated earlier today, the challenge is that we have a 58 million dollar gap that will have to be met among EAA and other non-coalition non civilian work groups.

And so that impact will be city wide, PD would be effected, obviously disproportionately those departments that have a higher number of EAA members will be impacted. And so we will be coming back with mitigation plans on how to address those layoffs at that time.

But in addition to that, we're also working on contingency plans in the event that the ERIP ordinance is not ratified. ... And, if that is the case, we will have a much more significant deficit to contend with, mainly because of the delay in time, and the savings that we were able to generate by working with the Coalition.

**Santana continues:**

We anticipate that our short fall would be somewhere in the neighborhood of 127 million dollars if the ERIP plan is not ratified by the various bargaining units. This would result in a shorter period of time to address that problem, which would mean we would, our options would be very limited. We, our only real options when you consider even implementing the operational plan assuming ERIP, which as you know has 900 elimination of positions, as well as the continuation of furloughs among EAA positions.

We would have to engage in additional curtailments. Our options are either increasing the number of furlough days among coalition members on top of the 26 days that they would have to take, an additional 17 days, bringing them close to 42 days of furloughs in a period of starting November till January, uh to July, or we would have to eliminate an additional 2000 positions on top of the 900 positions we've already identified, which would make it obviously very challenging.

My office has done sort of a preliminary exercise to see how we would even begin to do that kind of work, we without...., as a back of the napkin kind of scenario, we were able to identify 1000 positions that we would eliminate, that leaves still a gap of an additional 2000.

So the likelihood is that if ERIP were to fail and not be ratified, we would have to do a combination of layoffs, beyond the 900 positions that we've already identified, as well, so somewhere in the neighborhood of 2000 altogether. And more than 26 furloughs days that has been approved so far.

So the impact to the city would be significant. Moreover, it provides, we would have to deal with the COLA deferral for next year, which as you know is 27 million dollars.

So, but the worst thing we could do is not be prepared in the event that the ERIP is not ratified. So I have instructed my office to work with the CLA and the Mayors office to establish those contingency plans so that the council can move as quickly as possible once we get word from the various bargaining units.

**Parks:** Any questions to the CAO regarding our current budget status? (pause) Thank you very much, appreciate it.

**Santana:** Thank You.