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## Newport Beach may lay off workers to reduce pension obligations

**The proposal by City Manager Dave Kiff includes layoffs for 25 workers and the elimination of 30 vacant positions, outsourcing parts of the city department that maintains streets, parks, beaches and more.**

By Mike Reicher, Los Angeles Times

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In a move to stave off rising pension costs and save money for capital improvement projects, Newport Beach officials may lay off 25 workers and eliminate 30 vacant positions.

City Manager Dave Kiff proposed cuts Thursday that would reshape the Municipal Operations Department, which maintains streets, parks, beaches and other public areas. Some lifeguards could be demoted to part-time.

"I'm trying to prepare the organization for the increase in [pension] costs and do it in a thoughtful way," he said. "This is the beginning of the discussion."

Kiff will present his fiscal 2011-12 budget to the City Council in May and hopes to know precisely who will be laid off then.

About 60 employees received letters Wednesday, saying someone in their position could be eliminated, but the actual layoffs will be based on seniority.

The plan would outsource all park maintenance, restroom maintenance, street light maintenance, street sweeping, parking meters and beach trash collection. Some of those services have already been approved by the council for partial or full outsourcing. Residential trash collection would remain a city-provided service.

Mayor Mike Henn said he believes the proposed cuts won't negatively affect residents.

"They're very targeted and carefully thought through," he said. "This is good and necessary for the long-term benefit for the city."

"We need to be focused on maximizing the city's efficiency," Henn added.

Compared with this fiscal year, the elimination of positions would reduce the city's workforce from 800 to 750. Some full-time employees have already been let go.

In total, Kiff said, he hopes the plan will save the city \$9.2 million annually in payroll and other costs, such as vehicles.

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But he said he does not know how much it will reduce the city's pension obligations.

The city annually pays about \$20 million to the California Public Employee Retirement System. Projections show that amount increasing by \$8 million to \$10 million in the next two years.

Public employee unions, which have increased their share of pension contributions in recent years, were caught off guard.

"We expected it to be a lean year, and not filling positions, but to actually go to layoffs was an eye-opener," said Brent Jacobsen, president of the Lifeguard Management Assn.

Four year-round lifeguards would be made seasonal guards, serving during the warm months only, under this budget proposal.

"It's a pretty dramatic cut in our staff," Jacobsen said. "It will have significant impacts on our service levels."

Kiff said he hopes these cuts will also free up some money for capital improvements, such as repaving streets, alleys and sidewalks; replacing street trees; and renovating medians.

"We've been shorting [capital improvements] in a way I don't think is sustainable," he said.

But some have criticized the city for building an expansive Civic Center, at a cost of more than \$130 million, during difficult fiscal times.

"I regard that as indicative of short-term thinking," Henn said. "These are tremendous valuable additions to our community ... for many generations to come."

[mike.reicher@latimes.com](mailto:mike.reicher@latimes.com)

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