

Fresno city says pay cuts only way to balance budget

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Fresno City Manager Mark Scott is again asking city employees to accept a pay cut and contribute more toward their health insurance to help fix the budget.

"Despite painful downsizing that has already occurred, we are not operating a sustainable enterprise," Scott wrote in a long email sent Thursday to the city's approximately 3,100 employees.

Among Scott's requests:

At least 5% wage and salary cut.

A 30% contribution toward health-insurance premiums, compared to the current 20%.

Big reductions in accrued leave, such as vacation and holidays.

Scott told employees they must be realistic about the city's financial situation.

"There is not a single solution," Scott wrote in conclusion. "It is going to be hard work."

And with that, Scott opened yet another chapter in a three-year-long financial crisis marked throughout by fluctuating numbers, reduced services and employee anguish.

Labor groups were skeptical of Scott's email.

Dee Barnes, president of the Fresno City Employees Association, which represents about 650 white-collar workers, noted that Scott's request is much like his plea in March for employee concessions. She said anyone who's been paying attention to City Hall finances wasn't surprised by the email.

The Fiscal Year 2012 budget "was basically built on sand," Barnes said. "Anybody can balance a budget when you make up the numbers."

Marina Magdaleno, business representative for Stationary Engineers Local 39, the blue-collar workers' union, said her members are skeptical of the ever-changing financial figures emerging from City Hall.

"What's next?" Magdaleno said. "They have no plan. They're shooting from the hip."

Magdaleno represents more than 600 workers, but she said about 70 will be laid off Sunday by

the city's out-sourcing of commercial solid waste service.

Bill Trollinger, first vice president of the Fresno Police Officers Association, said he hasn't talked to his union's approximately 750 active sworn officers about Scott's email. But, Trollinger added, he could guess their response: "Probably not real positive."

Council President Lee Brand pulled no punches about the seriousness of Scott's email.

The budget "seems like it's an evolving disaster," Brand said.

In an interview on Friday, Scott refused to estimate the size of the budget shortfall, saying only that it's millions of dollars. The city's budget is about \$1 billion, but Scott's main concern is with the general fund – approximately \$200 million.

He tried to draw a simple, clear picture of City Hall's budget problems. But after three years of twists and turns, that probably isn't possible.

Tax revenues are down. Services ranging from parks to public safety have been slashed. Hundreds have been laid off. Reserve accounts are empty. The biggest slice of the budget pie – wages and benefits – is tied up in iron-clad contracts that, in FPOA's case, extend to June 30, 2015.

Yet, Fresno remains an impoverished, dangerous place where the demand for city services only grows.

Scott said he has no stomach for more service cuts.

"We've cut about all we can without affecting public services beyond what our mission" should be, he said.

Scott said he's not considering bankruptcy, saying that would only make matters worse.

Scott said his request to employees on Thursday is different from his March request in one significant way.

Back in the spring, Scott had no choice but to go hat-in-hand to the unions and ask for voluntary wage cuts. Most of the unions had contracts with a year or more to go.

Scott was only modestly successful. For example, Barnes' white-collar union, faced with a contract that expired June 30, agreed to a three-year deal that called for a cut in the first year and modest raises in the next two. The firefighters unions agreed to a similar change – cuts up front, raises on the back end – to its contract.

But most unions – in particular the police – didn't play ball with Scott. He said he hoped for \$7 million in permanent annual savings, but got only about \$1 million in short-term concessions.

That's why Scott, Mayor Ashley Swearingin and the City Council spent much of the past year plugging budget holes with threatened cuts and revenues that sometimes were only illusion.

On Friday, Scott said he'll again ask the unions for help. But this time, he said, he won't be so passive in the face of rejection. If the unions don't do a lot of giving, Scott said, "I've got to get much more aggressive."

He declined to give details, saying he and Swearengin will wait until the Feb. 16 council meeting to review the budget and reveal their solutions.

Council Member Sal Quintero said the council will have a big role in those solutions. He said an outside auditor recently hired by the council to review the city's books might unearth unexpected money or relatively painless cuts.

But Fresnoans shouldn't get comfortable, Quintero added: "We're not out of the woods."