

Dean Fletcher

From: Greg Gammon
Sent: Tuesday, December 01, 2009 1:09 PM
To: Fire Services - All Staff
Subject: Important!

Importance: High

As we have all read and heard from the media or city news releases, our economical situation is getting worse with each passing week. We have city employee's, friends and neighbors losing their jobs and there are no clear signs of a recovery for Las Vegas. As your fire chief and the e-staff, we have done all we can to keep all of our units in service and provide the professional care and service that our citizens deserve and you have all responded by giving your best. There is no finer department than the LVFR.

I have been faced with how to guide our department through the worst economical times that any of us have faced. I have done all I can to this point to keep our department moving along as we have all been use to. We have had to make adjustments to operating with less clerical, fire prevention and support personnel. I now am faced with implementing measures that will result in additional cost savings to address the city's \$430 million dollar deficit which very possibly could get even worse. These measures are temporary but keep in mind that it may be a few years before we begin to see signs of a recovery, and can go back to operating at full staffing measures.

The following cost saving measures are effective beginning January 1, 2010.

- Water Tender being taken out of service has already happened. The three engineers that operated that unit will not be promoted for at this time since that would give us three additional engineers.
- When the EMS 1 position is vacant for a day because of sick leave the position will not be filled for that day.
- When a 56 hour Battalion Chief position is vacant for a day because of any type of leave, the position will not be filled for that day, and the BC Aid position will go and serve as a captain on a unit. We will not drop below two on duty BC's though. Battalion 1 position will always have a BC/Aide assigned to it. One of the outlying BC's will be brought in for the day to operate as B-1 when that position is vacant for the day.
- When a BC Aide position is vacant for a day because of any type of leave, the position will not be filled for that day. We will always keep a BC Aide for B-1. Since this will usually put a captain back onto a suppression unit each day we will only promote four new captains off of the new captains promotional list instead of the seven vacancies we currently have.
- The firefighter assigned to the Air Resource unit will be reassigned as a firefighter on an engine, truck or rescue.
- When a Arson/Bomb Investigator position is vacant for a day because of any type of leave, the position will not be filled for that day.
- If we have any type of large scale incident the Assistant Chief of Operations may make changes and have personnel called back to work.

I know these changes will not be easy but I have to address our share of the cost savings of our city's economical deficit. It is my hope that things don't get worse and more changes will not have to take place. If another set of changes are to occur the units affected will be E-203, R-301, R-204 being taken out of service. If still more reductions are needed, then the CBRNE and TRT units will be removed from service. It is my goal that at the very least, each station has an engine and a rescue housed, and that we have all our truck companies in place. I know you will have additional questions, please send them to Chiefs Fuller or Miramontes and we'll get an answer to you.

This has not been easy to do. The responsibility of these changes rest with me and not the other members of the e-staff. We have all tried our best to keep us out of this situation but this is what we are currently faced with.

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Submitted at City Council

Date 12/2/09 Item CP



November 20, 2009

Dean Fletcher, President
International Association of Firefighters
5650 W. Charleston Blvd. #2
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RE: BUDGET REDUCTIONS (FY 2011) – OPEN DISCUSSIONS

LAS VEGAS CITY COUNCIL

OSCAR B. GOODMAN
MAYOR

GARY REESE
MAYOR PRO TEM

STEVE WOLFSON

LOIS TARKANIAN

STEVEN D. ROSS

RICKI Y. BARLOW

STAVROS S. ANTHONY

ELIZABETH N. FRETWELL
CITY MANAGER

Dear Dean:

As you are aware the City of Las Vegas ("City") has already undertaken significant steps to combat the revenue shortfall including but not limited to, the freezing or eliminating vacant positions; Voluntary Separation Programs; Reduction in Force, and reduction and elimination of salary adjustments for appointive and executive employees. The International Association of Firefighters ("IAFF") has also been part of the solution to date. I take pride in the many aggressive steps the CITY has taken to date in dealing with this time of economic uncertainty, including but not limited to the previous considerations the IAFF has committed to. It is clear however, we have more work ahead of us in the coming years.

The most recent modeling of our city budget indicates an annual operational deficit of approximately \$69 million dollars in fiscal year 2011. The total shortfall over the five year period is now estimated at approximately \$430 million effectively doubling our forecast reported last May. These amounts are even after considering the prior steps taken by management and labor considerations obtained to date from all unions. We recently undertook our six-month review of the fiscal model with our outside Financial Oversight Committee. As you are aware we presented the new modeling target to Council on November 18, 2009. All options are being reviewed that will allow us to meet our reduction target goal of \$69 million for FY11 according to our most recent financial modeling shortfall. Given the gravity of the economic downturn and the uncertainty that accompanies one of the largest recessions since the great depression and with no way to know if the revenue shortfalls will continue to worsen, we attempted to come up with a plan that allowed us to target that \$69 million dollars over two years, rather than one.

My priorities continue to be maintaining our fiscal integrity, maintaining critical services and preserving existing city jobs. Anticipated or desired savings as a result of contract negotiations, including those with IAFF, are clearly a part of the solutions. However, other areas of savings must be identified and implemented in the very near future starting with FY11, in order to maintain fiscal stability. While we are pursuing all avenues (revenue enhancements, program reductions, additional labor considerations, etc.) it is clear that we need to identify more, or additional and larger Reductions in Force will be necessary.

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FM-0044-08-09

I am asking you and your board to assist us in achieving our budget reduction goal. We are simultaneously asking all labor groups to engage in frank discussions concerning additional considerations that will reflect labor costs savings for their bargaining units, at the same level set forth herein. Additionally we are including un-represented groups in this plan at the same participation levels.

As part of a comprehensive approach to meeting the FY11 estimated shortfall of \$69 million, we have identified reduction in wage costs of \$21.5 million in FY11 and additional \$20.0 million in FY12. In addition, normal contractual growth (COLA, Steps, Merits, Longevity, etc) must be eliminated for both FY11 and FY12 without any provision to catch up at a later date. While we clearly understand the difficulty these may impose on our employees, we have targeted wages as the compounding nature of these fixed recurring costs in early years, provides increased savings over the five year period. The remainder of the \$69 million revenue shortfall will still need to be achieved through other efforts.

In an attempt to be as equitable as possible, we are proposing a uniform reduction of wages from each group of employees, in direct proportion to the overall percentage of the total wage costs of the City. This approach only works if every group participates proportionately. The following chart sets forth our estimate of those percentages, based on 2008 W-2's:

<u>GROUP</u>		<u>FY11</u>	<u>FY12</u>
Executive and Elected	7.3%	\$1.6M	\$1.5M
Appointive	6.8%	1.5M	1.4M
LCVEA	48.2%	10.4M	9.6M
IAFF	27.5%	5.9M	5.6M
POA	7.5%	1.6M	1.5M
PPA	<u>2.7%</u>	<u>.5M</u>	<u>.4M</u>
	100.0%	\$21.5M	\$20.0M

As a result, according to those percentages, we are asking the IAFF to consider reducing wages in an amount that will account for \$5.9 million in FY11 and an additional \$5.6 in FY12. The above amounts equate to an 8% reduction of wages in FY11 and another 8% reduction in wages in FY12. While at one time it was our hope the situation could be dealt with by slowing or eliminating growth in labor costs, the current reality is we must seek significant wage roll backs in addition to eliminating the normal contractual growth (COLA, Steps, Merits, Longevity, etc) for FY11 and FY12 to hopefully avoid an even larger deficit in coming years.

If the sheer magnitude of this problem was not vexing enough, the timing of the decisions we are forced to make is equally problematic. Regrettably, certain statutory deadlines and requirements are driving this process at a pace that equals or exceeds that of the failing revenues. For example, the savings we are targeting must be in place to be effective starting with the budget in July. The budget workshop where the City Council considers the budget is set for the third Tuesday in May. Keeping with that deadline, the tentative budget is to be approved on or about April 15, 2010.

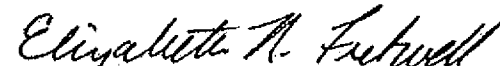
We certainly understand the magnitude of this request. We are also appreciative of the efforts you have undertaken to date. Lastly we acknowledge that the pace and depth at which this problem has worsened offers significant difficulty in terms of timing. However, absent the above salary reductions, significant service elimination and reductions, and corresponding Reductions in Force must be implemented. If this unfortunate option must be considered, it would have to be presented to City Council as an option months in advance of the budget. A council workshop has been scheduled for January 7, 2010, and at that point we need to present a list of options to balance the budget. Ideally, an agreement to terms before the January 7th workshop would greatly influence the nature of the recommendations made to the Council. If an agreement cannot be reached by that time, we will have to present alternative options for the City Council, one that primarily relies on Reductions in Force.

These significant considerations that we are requesting are in addition to any previously reached agreements. In short, as good stewards of public monies, we need to continue to make sure that no rock remains unturned, and all potential savings points must be discussed. Difficult and unpopular choices lie ahead, but I hope that the IAFF continues to engage in meaningful discussions. Should you have suggestions on other means of balancing our budget and reducing the project deficit, we remain open to those ideas.

Lastly, I feel compelled to set forth our unequivocal position on a significantly intertwined issue, and one I anticipate you will want to discuss and that is Reduction in Force. Unfortunately the City of Las Vegas cannot guarantee that these actions will correct the problem in its entirety, or that revenues will not continue to fall further than what is now predicated in this bleak message. But we do believe these reductions we are requesting will minimize the risk and magnitude of future Reductions in Force. It is an unfortunate reality that future Reductions in Force may also have to be considered, even if the above option is agreed to. As a result, I cannot consider any requests that would impair my ability to exercise that unilateral right in the future. Please recognize that our priorities continue to include, but are not limited to the maintenance of critical services as well as preserving existing jobs to the extent possible. We cannot achieve those goals without your earnest cooperation. I truly wish the situation set forth herein were different, but it is not.

A similar communication is being sent to all the City's labor organizations leaderships. I have always appreciated the efforts you undertake in making the CITY the fine organization it is. My gratitude to you and your members is even more existent in these difficult times. As I have said in the past, we are all in this together and I look forward to working with you and your Board to achieve our budget reduction goals.

Sincerely,


Elizabeth N. Fretwell
City Manager

Cc: Mayor & Council