



**CITY OF LODI  
COUNCIL COMMUNICATION**

**AGENDA TITLE:** Introduction of Phase III Budget Reduction Options  
**MEETING DATE:** February 10, 2004  
**PREPARED BY:** Deputy City Manager

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**RECOMMENDED ACTION:** That Council review and discuss with staff a portion of Phase III options for budget reductions.

**BACKGROUND INFORMATION:** The City Manager has presented the City Council with Phases I and II budget reduction recommendations; approved by Council respectively on December 17, 2003 and February 4, 2004. As demonstrated during the February 4<sup>th</sup> presentation, the City is still "challenged" by a budget shortfall as a primary result of proposed State take-aways. This is where Phase III comes into play. Phase III reduction options could begin to cut into the core of City services and could directly impact service levels and employee compensation and benefits. Many of the options will require labor negotiations.

The City Manager, working with Department Heads, has developed over \$7 million of Phase III options for Council's consideration. Please keep in mind that with the approval of the Phase I and II reductions, the "challenge" is now approximately \$225,000. However, until such time as the State budget issue is resolved, the City must proceed with caution and be conservative with regard to assumptions. Thus, the Phase III options exceed what is currently needed to solve the "challenge" but can be in the City's back pocket should the need arise to take a chainsaw to the budget.

The City Manager will begin to present the Phase III options to Council during the Shirtsleeve Session and expects that it will take a few sessions to fully cover all options. As a starting point Mr. Flynn will discuss the following options for further budget cuts:

1. Continued Hire Freeze
2. Deferral of Scheduled Pay Raises
3. Establishment of a 2-Tier PERS Benefit for New Employees
4. Temporary Work Furloughs of 2-6 Weeks
5. Deferral of 8 New Positions in FY 04/05
6. Institute Layoffs of Contract Employees
7. Suspension of Administrative leave Pay-Out
8. Reduction of Overtime by 50% other than Public Safety
9. Mandatory Work Furlough (every other Friday) Excepting Public Safety

**FUNDING:** Not Applicable

  
Janet S. Keeter  
Deputy City Manager

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APPROVED:   
H. Dixon Flynn, City Manager

2004/05 Phase III Options (partial list)	GF Savings	Enterprise Savings	Negotiable For Implementation?	Notes
Continued Hire Freeze	375,000		No	Budgeted 20 vacant positions
Defer 8 New Positions FY 04/05	656,845		No	6 Paramedics 1 Firefighter 1 High Tech Crime Investigator
50% Reduction of OT Exempting Public Safety	116,900		No	
Temporary Work Furloughs 4 Weeks	1,064,180	623,634	Yes	
Mandatory Work Furlough (every other Fri.) Exempting Public Safety	1,064,380	623,635	Yes	
Suspension of Administrative Leave Pay-Out	122,984	21,544	Yes	
2-Tier PERS Benefit for New Employees	0	0	No	Prospective
Deferred Comp Match – 100%	344,719	136,753	Yes	
Defer Scheduled Pay Raises	310,061	22,961	Yes	
Temp. & Contract Employee Layoffs	260,000		No	
Employee Layoffs	65,000/position		No	