

September 13, 2009

To Members of City Council:

The purpose of this letter is to outline in some detail for you what we have been doing to save the jobs of our city workers in recent months.

Several times each week, I have been meeting with a group of our top administrators to review data, to look at options, and to find the best way to meet the challenge of a \$10-\$12 million budget shortfall that was projected by December 31.

We have used a strategy of "CUT NON-SAFETY FORCES FIRST," and have informed our labor unions recently that any money they save from this point forward will be used towards saving jobs of those employees within their same police or fire union.

Before I talk about cuts, there are two issues of revenue that are important..

ADDITIONAL REVENUE

The good news I have to report to you is that one of our major employers has stepped forward during this crisis and offered to make a payment to the city in 2009, of over \$2 million that could otherwise be due the city at a later time. This assists our cash flow in a substantial way. It will be applied only to the number of police officers and firefighters that otherwise would be subject to layoff, if the bargaining units agree to needed changes to accomplish our savings..

I have also written to our twelve largest employers - asking them to consider similar pre-payments to avoid layoffs of safety personnel or any other creative ideas that may either assist us financially or help hire some of our laid off workers.

ARRA - STIMULUS FUNDS

Akron has received significant federal funding to date, but almost all such grants carry a requirement to be used for public works projects, and while that helps rebuild infrastructure and will eventually generate revenue through additional income taxes, most do not help our immediate budget shortfall.

Some categories of stimulus funds that will be available have not yet had rules for their distribution published. For example, firefighters may be hired back through a SAFER grant.(Staffing for Adequate Fire and Emergency Response,) created by the federal government to provide funding directly to fire departments in order to help them increase the number of trained, "front-line" firefighters available to us. On a daily basis, our Fire command staff is in contact with the agency that administers this funding, so that we will be first in line with our application when guidelines are published for re-employment of laid-off firefighters.

We applied for 40 officers through the COPS program and on July 29, the City received notice that we will receive \$5.7 million in COPS funding, that will allow us to pay the salaries of 23 patrol officers who are being laid-off and who will be immediately recalled under the federal rules that provide these funds..

COST CUTTING

VOLUNTARY SEPARATION PLAN

The number of layoffs which we face is directly related to our efforts to control expenses, including a Voluntary Separation Plan, which Council approved in July, and all of our bargaining units agreed to accept. Most city employees were eligible, although generally, those who accepted the incentive were those with at least 25 years of service and had the "safety net" of a retirement benefit.

I personally met with a number of long-time employees who shared with me the agony they went through in making the decision to leave the city before they expected to do so. It is difficult for me to know that we are losing some of our most dedicated and competent

employees and I thank them for being so conscientious.

One hundred twenty-three (123) of our employees accepted the Voluntary Separation Plan payout, which will not only save costs in 2009, but will permit significant savings over the next two years as we try to work through this economic crisis.

We will honor these dedicated employees September 30,. 6pm - 8pm at Tangier with a reception and awards ceremony, paid for by non-tax dollars.

VOLUNTARY FURLOUGH

I am grateful to the 136 city employees who have participated in the Voluntary Furlough Plan. Through September 11, those employees who have taken time off without pay have saved the city almost \$32,667 - funds which can be put towards saving at least one job.

MANDATORY FURLOUGH

Many of the cities in the U.S. Conference of Mayors' 187 page summary of what 94 cities have done to balance budgets this year have utilized time off without pay and made mandatory for all employees, including many cities in Ohio.

I have asked our unions to work with us on implementing such a plan. I have looked at closing city buildings around the Thanksgiving holiday, and also looked at shutting down city services early every Friday between October 1 and the end of the year.

Such a plan would not impact police or fire, and would result in pay cuts of approximately 5% to personnel who are members of CSPA, management, and non-bargaining employees.

PUBLIC SERVICE REDUCTIONS

What has not received a lot of attention in the media to date are the substantial steps we have been taking in Public Service, Public Utilities, and Public Works to re-allocate resources, cut expenses, and limit hiring and promotion to achieve budget savings.

Council members know that through programs such as *World Class Organization*, we have achieved our most significant reduction in employment over the last twenty years in Public Service.

From a division that once had over 1,500 full and part time employees, the current roster has shrunk to just over 660 full time and 205 part time employees, a **42% reduction in personnel**. What is remarkable, is that not only have service levels not been reduced for our citizens, but they have actually increased.

Service Director Rick Merolla has 32 fewer employees today than at the end of 2008, and, after the VSP program results are realized, another 45 employees will be removed from his workforce, leaving the division **down 77 employees in just the past nine months**. These reductions have occurred in both management and labor positions and except where required by federal and state laws - these employees will not be replaced.

Here is the city's best example of how responsible union leaders have worked with the administration to do what is right for our citizens: provide high levels of service, while doing what is right for their members: retain jobs without layoffs. This has been accomplished because of the excellent working relationship with CSPA and AFSCME Local 1360.

Every service we provide has been labeled as "essential" (required by law or for safety reasons— e.g. snow plowing, trash pick-up, water and sewer distribution and treatment), "support" (3-1-1, leaf pick-up, large item trash pickup), or "quality of life" (not required or needed, but enjoyed by Akron residents.) During this financial crisis, some of the services will be eliminated, ones that effect the least number of citizens, including:

Life guards at the Balch Street swimming pool.

Cancellation of ceramics, glassworks, cooking, sewing and other specialty classes at our
community centers

Unsupervised skating rink at Lock 3 from Sunday through Wednesday each week.

Reducing the supervision at each community center to the minimum needed to keep the
centers open.

To accomplish these tasks, we will reduce our normal winter seasonal staff from 103 to 41 employees. We will still need to offer activities for youth for obvious reasons, so programs like youth basketball and youth dance programs that serve well over 1,000 children, and are self-sufficient financially, will remain open.

One time events, such as holiday parties will also continue, but with limited City resources.

Most outside groups who use our CLCs and Community Centers for meetings will have access to the buildings, but Sunday closings may require some re-scheduling to different days or different public buildings.

Public Service utilizes a number of special revenue and enterprise funds that will be used to help other departments through this crisis. Starting September 17, for example, we are absorbing the fire department's maintenance staff into our Motor Equipment Bureau and the fire hydrant maintenance staff into our Public Utilities Bureau, changes that will enable the City to keep more fire/medics employed. These changes are short term and may be reversed later if service levels suffer.

The Service Department will also absorb at least one person from the Law Department onto one of our non-General fund funding sources.

Approximately 45 full time Service Department employees are being permanently removed from the General Fund An additional 62 seasonal employees will not be hired. Ten employees from the Fire Department will be removed - at least for the balance of this financial crisis.

REDUCTIONS IN CABINET / ADMINISTRATION

In every city, there are always criticisms of top management, including the number of people it takes to run the city. As you know, of over 2,100 city employees, I have exchanged (eliminated) some civil service management jobs (e.g. Deputy Planning Director, Deputy Finance Director) for similar positions in unclassified Cabinet positions. Not only has this

provided me with more diverse points of view in management meetings, but greater continuity on those occasions when directors are out of the office. I have had 17 professionals helping me lead this city as appointed members of my cabinet, 4 of whom are mandated by the Charter.

As of October 1, that number will be reduced to 12, a reduction of 30%.

My cabinet members were the first group in the city to voluntarily rollback their 2009 pay raise March 1, (later joined by City Council) and these top administrators have been among the first to take additional reductions in pay through voluntary furloughs.

Also, there are 5 vacancies in our law department, and two of my top employees - my Executive Secretary and my Scheduler have taken the VSP, positions. For over 40 years, there has been a scheduler dealing with mayors' appointments. From now until the end of the year, I will attempt to handle my own scheduling, with help from my office staff, so I am asking the public to be patient with me if I miss something.

During the recent election, one candidate for council was perpetuating the nonsense that Akron has more cabinet members than the city of New York. So it is clear to all, that was not true then, and after October 1, I will have three deputy mayors in strategic management positions, and 8 assistants not required by Charter. (And my friend Mike Bloomberg has 7 Deputy Mayors and 76 cabinet chiefs!)

LAYOFFS

Not since 1982 has the city been required to layoff employees for economic reasons, but not since then have we faced such severe restrictions on our income.

We have slashed expenses wherever possible, moved personnel from the general fund to dedicated budgets where appropriate, and have tried to be as creative as possible to avoid layoffs.

Nevertheless, in August, we laid off 41 seasonal, temporary and part-time employees,- none in police and fire - the first step before we layoff full time workers.

Layoffs in some number are unavoidable if we are to balance our budget.

Akron's operating budget has been hard hit due to decreasing revenue from income taxes, property taxes, investments, and state tax-sharing formulas that are impacting every Ohio city.

For 27 years, we have run city government without a tax increase for operations, but the circumstances we face in 2009 are extraordinary because we are connected to the global economy.

Because we right-sized our work force over the last decade, we have been the only large city in Ohio that has not had to implement lay-offs of safety forces. By implementing best practices in the workplace and taking advantage of new technology, we have gone from some 3,000 employees 30 years ago, to 2,673 in 1997, to 2,214 at the start of 2009. When the Voluntary Separation Plan is implemented fully on October 1, we will have 2,005 full time employees. Virtually every reduction has occurred in departments other than police and fire.

Akron's Safety forces - police and fire - have not experienced any actual reduction in the number of active duty officers on the streets. In 1970, when Akron had 275,425 residents, we had approximately 483 sworn officers. In 1980, our population had declined to 237,177 but we had 462 sworn officers. In 1990, with 217,000 residents, we did show a dip in sworn personnel to 429. By 1994, with the COPS program, we had 504 sworn officers.

More importantly, in the early 1990's because of organizational changes, namely, moving civilians into our 911 call center, we established that the number of uniformed officers necessary to protect the citizens of Akron was 487, and thus, we have about the same number of officers on the street in uniform today that we have had almost at any time.

It's also important to note that not all months are equal - calls for service decline some 20-30% from October through April.

Even with these layoffs of police officers - by careful scheduling and deployment during the winter months when few officers want vacation days off, we will have on duty, about the same proportional number of patrol officers on the street during the most important times .

Remember - calls for service decline some 30% in October- April, when compared to summer months.

Akron will be one of the last cities in Ohio required to layoff police officers and firefighters to balance this year's budget.

And as we have been offering since February, we are committed during the next two weeks prior to September 30, to work with the bargaining groups to minimize the actual number of officers laid off.

PROTECTING JOBS FOR POLICE OFFICERS AND FIRE/MEDICS

Because we will be laying off police officers and fire/medics, I have taken extraordinary steps to find city employment opportunities as well as outside employment for these highly-skilled workers in whom we have made substantial investments in training.

Every police officer and fire/medic laid off WILL be eligible to be called back to work if they choose to.

Thus, I have taken several steps in an effort to assure their opportunity for continued employment with both the City and outside organizations:

- **Akron Public Schools -Police.** I have proposed an agreement, subject to approvals, with Superintendent David James to employ laid-off Akron police officers in Akron schools. On an annual basis, APS spends approximately \$700,000 on security. APS would direct this budgeted amount to the City for employment of these police officers in the schools.

(This could create a new exempt position that might be called, "Community Safety Officer," that will serve us well - even after we get out of this current budget crisis.)

A Community Safety Officer could work in the schools September - May, and then (because they are fully-trained officers) will be available for deployment by Chief Gilbride in June, July, and August - months when calls for service rise by 30-40%.

- **Akron Public Schools - Fire.** I have also asked the Superintendent to give a priority preference to Akron fire/ medics - many of whom are qualified to teach in the schools - to be called as substitute teachers during these layoffs. It will place a highly-trained individual in the classroom, and provide interim employment to those who qualify
- **Akron Employers - Fire.** Chief Larry Bunner and I have written letters to every ambulance company, hospital, and emergency care provider asking them to consider employing laid-off fire/ medics and EMT's in their business during this period of time.
- **Akron Employers - Police.** Chief Craig Gilbride and I have written to every user of off-duty police officers in the city, asking them to give preference to laid-off police officers for what the department calls "secondary employment," during this period of time. Chief Gilbride and I have also contacted outlying departments including the University of Akron, who have expressed an interest in using Akron officers on layoff for assignments in their departments.

SAVING MORE JOBS OF POLICE AND FIRE

We have done everything we can do to save jobs of safety employees. Our other bargaining groups: AFSCME, CSPA, Professional Nurses - have all come to the bargaining table with ideas for new economies and have made constructive suggestions about how to save jobs of their members.

Since I asked managers and the unions to join me in focusing on solutions last February, and again in July, the FOP president has spent more time taking pot-shots in the media, complaining about a lack of information (when stacks of documents have been supplied to him,) instead of coming up with even one reasonable, practical idea to save jobs of his members.

Remember - the other three bargaining units joined me in cancelling the city picnic day - the 14th paid holiday for city employees - when police and fire would not even take this simple step - eliminating overtime for this day only - which would have resulted in savings that would have protected one or two of their own jobs, and not giving up a single one of their 14 paid

holidays!

IF THE FOP AND FIRE UNIONS BARGAIN IN GOOD FAITH OVER THE NEXT TWO WEEKS - we will be able to rescind a number of layoff notices. For example, if the firefighters would agree to forego longevity pay as others have, we may have enough money to eliminate all layoffs of firefighters.

We will use this required 14-day notification period to meet non-stop if necessary, to reach agreements that save taxpayers dollars and assure our residents of the best service we can provide.

BUMPING RIGHTS - DISPLACEMENT

You need to be aware that Rule 11 of the Rules of the Civil Service Commission allow “displacement” or “bumping” upon layoff.

An employee who has at least five years of service, and who qualifies for a position in the civil service may displace or “bump” the employee that holds that job, if he/she has less service.

Thus - it’s important to remember that an employee with more than 5 years service who receives a layoff notice may have other rights to retain a position with the city in a lower-ranked job classification, depending on the circumstances.

This complicates the layoff picture but is legally required.

Keep in mind some of the management positions in the police department were eliminated for efficiency reasons, but the ranked officers will not be leaving the city payroll and will be eligible to bump to a lower-ranked position.

CITY-COUNTY COLLABORATION.

We have continued to look for ways to reduce our costs by increasing cooperation with the county. Summit County Executive Russ Pry has been a great partner in helping to address regional problems, and we will have further announcements regarding new collaborations in

the near future.

Regionalization of two departments with Summit County - Weights and Measures and Building Inspection - removed over 20 employees from the city's payroll and will provide the County with the necessary staffing levels to be improve efficiency.

BACKGROUND

As I said in my state of the city presentation in February, we have "held our own" during recent recessions compared to other Ohio cities.

But we have always indicated a concern about the national and world wide economic downturn negatively affecting us.

Since August, 2002, I have personally reviewed each and every personnel requisition that managers submit, as a way of controlling our total employment, and judiciously trying to make sure that each position can be justified.

In January, 2004 Akron started the year with about 20-million dollars less "in the bank" than we had at the start of 2003. Pittsburgh laid off 731 employees and closed recreation centers; Cleveland had 667 layoffs; Columbus had every worker take 3 days without pay; and Toledo furloughed city workers for 10 days. In Akron, not only were we able to avoid layoffs in 2003, gave a 2% raise across the board to all our employees, and importantly - at a time when almost all employers are requiring contributions for health care from workers, we kept our expensive benefits package intact. But we did feel the effects of the national downturn: 2004 was the first year since the 1980's – over 20 years – that the city of Akron experienced negative growth, a decline in income tax revenue of 1.7%. And State Government cut our Local Government Fund by 20%.

In 2005, the Finance Director started e-mailing weekly reports of overtime usage to Directors, so that this budget line could be monitored regularly and used sensibly. We knew then that we could not afford to increase hiring.

On February 10, 2009, and again in June, I met with our managers and our unions to tell

them that changes in fiscal conditions would require us to take more drastic actions to maintain the service our residents have come to expect. I told them that Ohio's Local Government Fund cut payments to Akron by 15% in 2009; property tax payments to the city are down 8%; and revenue from the city income tax - the major funding mechanism of the city's operating budget - declined 6.5% so far in 2009.

When I met with our union leaders in June, I offered them the US Conference of Mayor's 187 page report of what 94 cities around the country were doing to meet their budgets and asked them to provide to us, any ideas to work together to save money and minimize the impact on their members and our citizens.

WHAT IS HAPPENING AROUND OHIO in 2009

In Cincinnati, firefighters worked with the city to make cuts of \$1.4 million by shutting down 4 units and re-assigning 16 firefighters.

A majority of Dayton firefighters joined one other city union in agreeing to wage freezes and a give-back of holiday pay to save \$1.4 million. Dayton has laid off 11 police officers to fill its budget hole.

Toledo firefighters agreed to relieve the city from paying their pension, and take on the responsibility of paying the 7% cost themselves, as have firefighters in Warren - who also agreed to a wage reduction to avoid 18 more layoffs. 11 Warren firefighters have been let go this year.

In Columbus, union employees agreed to give up five holidays without pay.

State union employees agreed to take-off 10 days without pay in the coming two years

CONCLUSION

Please be assured that we have done everything we can to this point to cut costs, to avoid layoffs, to minimize any necessary layoffs and to be as creative as possible to keep the excellent services the citizens of Akron have come to expect. We will continue to work diligently during these next two weeks with our managers and unions to reach (hopefully) agreements that may because of our creativity, keep all of our safety forces and other essential employees on the job working for the people of Akron.