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MONTEREY CITY BUDGET CLOSES $5 MILLION GAP

Monterey, CA – City Manager Fred Meurer will present his **proposed budget** for the 2011-2012 fiscal year to the Monterey City Council on **Tuesday, May 17th at 7:00 p.m.** in the Council Chambers at Few Memorial Hall on 580 Pacific Street in Monterey. The budget recommendation closes a $5 million budget gap in a $57 million General Fund budget with a combination of employee concessions by labor groups representing all of the City's employees, and reductions in staffing and services. It is expected the final budget will be adopted in June.

Employee concessions will save the City $1.2 million and will reduce the number of position eliminations and reductions. The Monterey Police Association (MPA) and the Police Lieutenants' Management Association (PLMA) approved concessions in the last several weeks. The General Employees of Monterey (GEM) voted for concessions this week. The Management Employees Association (MEA) was the first labor group to support concessions several months ago. A City Council vote to ratify the amended agreements is expected Tuesday night. The Council previously ratified concessions by the Monterey Firefighter Association (MFFA) and the Monterey Fire Management Association (MFMA).

"Monterey's employees stepped up in economically challenging times with concessions that will help our City maintain essential services for our citizens," said City Manager Fred Meurer.

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Employee Concessions

All of the employee labor organizations voted to re-open existing contracts and re-negotiate previously agreed-upon terms. Executive Management, Deputy Police Chiefs and Regular Part-time employees, who are not represented by labor groups, also agreed to the concessions. In general, all employees agreed to:

a) Contribute more to their retirement, thereby reducing the City's retirement contribution to CalPERS and,

b) Implement a two-tiered retirement system for new employees.

Although exact terms differ slightly, all Monterey City employees will use scheduled cost-of-living raises to pay 3-4% more toward their retirement, raising employee retirement contributions to 11-13%. These are costs that were previously born by the City.

The two-tiered retirement system would put most new non-safety employees on a 2% at 60 plan, and new public safety employees on a 2% at 50 plan. Ongoing savings for the two-tiered retirement system would be modest initially, and will become significant in future years.

Staff and Service Reductions

Even with the employee concessions, the City must eliminate or reduce a number of positions to balance its budget. Executive Management is working to place as many of the impacted employees in other City positions that are unfilled. Many departments also are eliminating vacant positions to save money. Staff and service reductions will close the remaining $2.8 million gap.

"As staff positions are eliminated or reduced, the level of service our citizens have come to expect from the City will be affected," said City Manager Meurer. "We are losing some very talented and dedicated employees who have helped make Monterey a great place to live and visit. We are grateful for their service. They will be missed."

Employee concessions since FY 2008-2009 total nearly $3.5 million.

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