



FOR IMMEDIATE RELEASE – July 16, 2010

FOR MORE INFORMATION, CONTACT JOANN WEST, PUBLIC INFORMATION OFFICER (707) 651-7152

IBEW'S APPEAL WILL DIVERT MORE FUNDS FROM CITY SERVICES

On July 15th, one month after the United States District Court affirmed the rejection of their collective bargaining agreement (CBA), the International Brotherhood of Electrical Workers (IBEW) filed an appeal to the Ninth Circuit Court of Appeals. The appeal, which likely will not be decided for 18 months to two years, will cause the City of Vallejo to expend more of its dwindling resources on attorneys rather than on city services, including public safety and other critical General Fund expenses.

United States Bankruptcy Judge Michael McManus approved the rejection of the IBEW CBA on September 1, 2009. In his ruling, Judge McManus cited "...the City's insolvency, its previous efforts at reducing expenses (without modifications to the CBA's), and the need for economic concessions from its labor force given that labor costs represent approximately three-quarters of its annual expenditures." Judge McManus concluded that "(g)iven the state of the City's financial situation, the City cannot afford the IBEW CBA."

IBEW appealed that ruling to the United States District Court. United States District Judge John A. Mendez affirmed the ruling on June 15, 2010, concurring with the bankruptcy court findings, including the fact that the IBEW contract was burdensome upon the City, and that the City had made reasonable efforts to reach an agreement outside of contract rejection.

IBEW and the other city labor unions issued a joint release on May 12, 2008, in which they stated that "filing bankruptcy will cost the city millions of dollars in legal fees..." What they didn't say was that the millions of dollars would be spent as a result of the unions disputing the City's eligibility for bankruptcy, contesting virtually every motion and appealing adverse rulings. This latest appeal is an example of how IBEW will force the City to throw away money that could be better spent on the employees that the union represents. This scorched earth policy was confirmed in late August 2009, just before Judge McManus determined that the IBEW CBA should be rejected, when IBEW's counsel was quoted in a national publication as saying that "... if the court approves rejection of the contract, IBEW will appeal. And my understanding is IBEW will appeal all the way to the Supreme Court because they have very strong support from their national union."

The City has already spent millions of dollars to prove the City's insolvency and the burden of its employee contracts. The recent appeal alone has cost approximately \$140,000. Additionally, the City has been trying to negotiate a new contract with IBEW since the September 2009 rejection of the previous contract. Impasse was declared in November 2009. The City was hopeful that the parties could reach an agreement without more delays and the distraction of further litigation after the district court affirmed the rejection of the CBA, and the City is disappointed that IBEW has made the decision to file yet another meritless, costly and time-consuming appeal. As the City continues to spend money defending the appeal, it can only further exacerbate the City's financial situation.

More information regarding the City of Vallejo bankruptcy can be found on the city website at www.ci.vallejo.ca.us.