



Council Agenda Report

From: Thomas Frutchey, City Manager

Subject: Ongoing and Planned Actions to Further Reduce Personnel Costs as a Result of the Impact of the Pandemic on the City's Revenues

Date: September 1, 2020

Facts

1. The City of Paso Robles is a full-service City; it currently provides several major services that other cities in the County do not. For example, the City is the only one of the seven cities in our County that operates either an Airport or a Library.
2. The City's Fiscal Policy is established to ensure that the City's finances are managed to: 1) provide for the delivery of quality services and products effectively, 2) provide for an acceptable level of services and products as the community grows, 3) provide for the City's long-term fiscal stability by ensuring that the City is living within its means, and 4) provide reserves for natural disasters, bonding collateral, major projects, and unbudgeted needs that might arise from time to time.
3. Furthermore, the Fiscal Policy aims to achieve the appropriate balance between and among financial security, programs and services, and salaries and benefits. Specifically, City staff and negotiators work with employees and employee associations to manage salary and benefit expenses to ensure that labor agreements are sustainable in the long-term and provide competitive salary and benefits for employees so that the recruitment and retention of high-quality employees is achieved.
4. The City has implemented personnel policies and practices that achieve a high level of cost effectiveness. These include: (a) lean staffing and (b) conservative pay ranges. In addition, the Great Recession and the coronavirus pandemic have led to (c) additional workloads for existing staff and (d) worsening fiscal realities. As a result, the City has worked with employee groups to (e) update the Layoff Protection Plan (now called the Graduated Personnel Cost Reduction Plan) and (f) make ongoing personnel cost reductions in concert with service reductions. Each of these is addressed below, in turn.

A. Lean Staffing

5. To keep operating costs low, but still provide high levels of service in the full range of program areas, the City's philosophy has been to staff leanly. The Police Department, for example, has only 3 management personnel—the Chief and two Commanders—to cover all operations of the department 24/7/365. Similarly, the Emergency Services Department has only the Chief and the Fire Marshal, plus one Battalion Chief on each shift (note: Battalion Chiefs are part of the response complement.) This means that in order to provide appropriate and effective operations of the Emergency Services Department, both the Fire Chief and the Fire Marshal regularly work outside of their normal work hours. These hours are continually escalating due to the lengthening fire season. As is also true of Police Management, in that they have to remain in the area, cannot undertake any other activity that would prevent them from being available to be on site, performing their full range of duties, within 30 minutes of being called out. They are not compensated extra for this additional burden.
6. This lean staffing saves the taxpayers significant money. As an example, the Police Department's immediate staffing needs include the addition of: one Commander, seven Police Officers, one Dispatch Supervisor, one Records Supervisor and a reclassification of the current civilian supervisor to a Professional Manager. But because of the City's "live within your means" mindset, we cannot fund these positions, as they would cost the City approximately \$1.7 million per year.

7. Similarly, implementation of the City’s paramedic squad (i.e., hiring of six Firefighter/Paramedics) and increasing the department’s response capabilities has been achievable only because the City received a the Staffing for Adequate Fire and Emergency Response (SAFER) Grant. The SAFER Grant covers 75% of the total salary and benefits for the first two years, and 35% for the third year (FY 2021-22). As a result, the City will save approximately \$1.4 million over three years.
8. Lean staffing can be seen throughout the City, not just in Police and Emergency Services. According to the California State Library Foundation, the average staff per 1,000 population for library services is 0.4649 full-time equivalent (FTE). The City’s currently staffing level at the library is 10.33 FTE, or 0.3309 FTE per 1,000 population, and is under the state averages by 4.2 FTEs. The cost of two additional librarians and two library assistants (those positions in immediate need) is approximately \$500,000. Furthermore, half of the staffing of the Library are part-time employees, which receive significantly less in wages and are typically not eligible for benefits such as CalPERS retirement, health, dental, vision, etc.
9. In FY 2008-09, prior to the Great Recession, the City employed 6.13 General Fund FTEs per 1,000 in population. However, since the Great Recession, the City had to reduce positions even further and has also not had the resources to continue paying fairly for the higher level of talent and contributions expected of our employees. For FY 2019-20, City employment was 5.52 FTEs per 1,000, resulting in overall less staff now than in FY 2008-09, despite the increased calls for service and other resident needs. Savings to the General Fund due to our lean staffing in the General Fund are estimated to be in excess of \$800,000 per year.
10. A 2019 survey compared the number of full-time employees compared to population. The results show that Paso Robles has slight less than one fewer all funds operating budget employee per 1,000 residents compared to the City of San Luis Obispo, and two fewer than Pismo Beach per 1,000 residents. If we were staffed at the average of those two cities, we would have 47 more employees, at an additional cost of approximately \$6.2 million per year.
11. As a result, the taxpayers of Paso Robles are benefitting from a baseline of staffing levels and resulting costs that are several million dollars less than comparable cities.

B. Conservative Pay Ranges

12. The 2019 survey compared the total cost of personnel-related expenditures with total operating budgets. The results showed that Paso Robles allocates approximately 45.6% of the total budget towards personnel, the third lowest compared to the seven cities in San Luis Obispo County as well as the City of Santa Maria.

| City | Total Operating Budget (All Funds) | Total Portion of Operating Budget Related to Personnel Costs | Percent of Budget Related to Personnel Services |
|--------------------|---|--|---|
| Atascadero | \$ 28,142,430 | \$ 18,686,030 | 66.4% |
| San Luis Obispo | 104,872,000 | 63,756,000 | 60.8% |
| Pismo Beach | 32,589,676 | 17,633,878 | 54.1% |
| Morro Bay | 30,107,986 | 15,566,036 | 51.7% |
| Grover Beach | 18,303,358 | 8,966,894 | 49.0% |
| Paso Robles | 68,768,185 | 31,364,300 | 45.6% |
| Santa Maria | 222,142,196 | 90,475,187 | 40.7% |
| Arroyo Grande | 34,129,621 | 12,925,900 | 37.9% |

13. The City’s Class and Compensation Study conducted in July 2019, showed our compensation range for Police Officers is 14.9% lower than the average for the comparable cities; Fire Engineers, 17.9% less; Parks Maintenance Personnel, 8.6% less; Dispatcher, 9.1% less. Similar shortfalls are being incurred by our employees in many other (but not all) classifications. Had we paid these four positions

(affecting 55 total employees) at the same rate as our comparable cities, personnel costs would be \$650,000 higher than they are currently.

14. The City's management employees are being paid, on average, only 8.2% higher than they were in 2014, which is an average annual increase of only 1.4%, well behind the 3% average annual increase in the CPI since then. Compounded over the six-year period, inflation has been 18.9%; thus, management employees have fallen behind inflation by 10.7%.
15. As a result, we have been losing good, dedicated employees and leaders to other cities and private sector opportunities that pay better or expect less. Over the past few months, several employees have left the City, citing primarily their need to make more money than we can offer.

C. Additional Workloads for Existing Staff

16. The Coronavirus pandemic has had a significant negative impact on the economy nationally as well as locally, even as we were still recovering from the long-term effects of the Great Recession. Since March, revenues to the General Fund are about \$1.0 million per month less than the original, pre-pandemic, projections.
17. The pandemic has also required us to load many additional duties onto people who were already stretched by the breadth and depth of their job responsibilities. For example, Warren Frace, in addition to being Community Development Director, and having to shepherd forward the Olsen/South Chandler, Gateway, and Beechwood specific plan projects, is also the City's Planning Section Chief for the Emergency Operations Center (EOC). Similarly, Angelica Fortin, in addition to operating and managing our library services, has also served as the City's Public Information Officer (PIO) for the EOC.
18. There are dozens of key staff members for whom this type of scenario exists due to the pandemic; exempt employees are not compensated for hours worked in excess of 40 each week. As a result, exempt employees are working, on average, 6.5 hours more every two weeks now than they did prior to the COVID-19 pandemic, or 5,239 additional, non-compensable hours per year.
19. Having existing staff take on these additional workloads is resulting in a savings to the General Fund of approximately \$350,000 per year.

D. Worsening Fiscal Realities Due to the Pandemic

20. The above facts are just some of the challenges we face. However, because of the additional fiscal challenges resulting from the pandemic, the overriding fact is that we must take every possible opportunity to identify appropriate savings over and above those already achieved.
21. As a result, immediately upon the onset of the pandemic, the City implemented a hiring freeze, stopped all discretionary, non-essential spending, suspended its Section 115 Trust payment (both for FY 2019-20 and 2020-21), and deferred or eliminated several low-priority capital projects. Taken together, this has saved the City approximately \$5.7 million in FY 2019-20.
22. Earlier this year, the City approved Memorandums of Understanding (MOU) with the Service Employees International (SEIU), Police Officers Association (POA), and Paso Robles Professional Firefighters (IAFF) as well as the Wage and Benefit Agreement with Unrepresented Confidential, Professional and Management Group (MGMT), part-time employees and the City Manager. In each of these agreements, employees were given a guaranteed wage increase as well as an additional wage increase dependent on certain revenue and expenditure outcomes being met. Since the coronavirus pandemic has significantly lowered City revenues, employees will likely not receive the full increase.
23. Additionally, each MOU and agreement increased employee contributions towards CalPERS retirement costs, also known as cost sharing. By the end of the three-year agreements, sworn public safety personnel (e.g., police and firefighters) will contribute 19% of their salary towards retirement costs; dispatchers, 13%; and all other employees, 10%. City employees pay some of the largest contributions toward CalPERS in our County.
24. The Public Employees' Pension Reform Act of 2013 (PEPRA) altered the way CalPERS retirement benefits are established and calculated. As a result of that legislation, the City can hire people in lower

retirement benefits than those hired prior to 2013. Because of turnover, there are currently only 46 employees out of the total 228.66 FTE positions that still have this enhanced benefit.

25. Cost sharing has saved (or will save by the end of the term of the MOUs) the City approximately \$980,000 per year in pension costs.

E. Graduated Personnel Cost Reduction Plan

26. The City is fundamentally a service-based organization. Without retaining employees, essential City services cannot be provided to the public.
27. The actions cited in Fact 18 are among the initial strategies that were open to the City and authorized in the City's Layoff Prevention Plan (LPP), which was originally adopted by City Council on April 28, 1992.
28. The purpose of the LPP was to meet any needed personnel expenditure reductions during periods of economic and business downturn, but do so in a way that maintains the integrity of the City's workforce to the highest extent possible and makes personnel reductions in the fairest manner possible. What the LPP didn't do was connect personnel reductions to the concomitant reductions in services that would be necessary.
29. In general, the original LPP prioritized voluntary efforts over imposed reductions, reduced part-time hours and compensation before reducing those for full-time employees, assumed the same sequence of solutions will be appropriate across all departments and programs of similar priority, and did not always distinguish lower-priority programs from higher-priority programs.
30. Given that the LPP is nearly 30 years old, it needs to be updated to reflect current conditions and laws. For example, one of the provisions of the LPP allows people staying in the same job to request to be paid less; this is no longer legal.
31. As a result, on [June 16, 2020](#), City Council authorized staff to meet with represented employee groups on proposed amendments to the LPP and the layoff selection prioritization procedures, as well as to find additional areas of savings.
32. The LPP has been renamed the Graduated Personnel Cost Reduction Plan. Although not as mellifluous a title, it better reflects the Plan's broad purposes: to achieve needed personnel cost reductions in that manner which has the least impact on services and treats employees fairly and humanely.
33. The updated Plan (Attachment A) has been reviewed by each employee group. There are still elements of the Plan that, to be implemented, would require additional meet-and-confer obligations as established under the Meyers-Milias-Brown Act (MMBA). However, each bargaining unit has agreed to an expedited meet and confer process, should it become necessary.

F. Ongoing Personnel Cost Reduction Efforts for FY 2020-21

34. The City adopted its FY 2020-21 budget on [June 16, 2020](#) with three main goals: 1) maintain ending reserves balances of the General Fund to no less than 30% of operating expenses; 2) minimize the impact of services to the community; and 3) allow for flexibility in that further expenditure reductions can be made should revenue declines be worse than projected.
35. The budget assumes the General Fund will be able to recognize personnel savings through turnover, the hiring chill, and other measures.
36. The other measures, include a reduction in full- and part-time hours, additional job realignments, and incentives for voluntary resignations, as follows:

Hour Reductions: This would be open to all non-management full-time employees where an employee can reduce the number of hours worked in a week (by a minimum of 5 hours per week).

Job Realignment: Open to non-management full-time employees, which would allow an employee to downgrade their position with a corresponding reduction in job responsibilities. For example, a police sergeant could choose to become a police officer. Positions must downgrade to an already existing job and classification.

Resignation Incentive: Open to employees in the MGMT, SEIU, or part-time group within the departments of Administrative Services, Public Works, Community Services, Community Development, and the City Manager's Office (other than the City Manager). This incentive would offer a lump-sum cash payment of 15% of base pay to full-time employees and 15% of City wages paid in previous 12 months to part-time employees. The program would be available initially to the first 15 employees on a first come, first serve basis. For this option to save the City money, it is anticipated that the positions will be held vacant for approximately 6-12 months. Further enhancements of this incentive may be necessary, depending on the number of employees who accept it; similarly, a second round could be offered to additional employees.

37. The savings to the General Fund from these efforts was conservatively estimated at \$704,000.

Options

1. Take no action;
2. Adopt the updated Graduated Personnel Cost Reduction Plan (previously known as the Layoff Prevention Plan) and authorize the implementation of the Voluntary Incentives/Options;
3. Meet with employee groups to further implement additional aspects of the Graduated Personnel Cost Reduction Plan such as across-the-board compensation reductions and/or position reductions in areas other than the highest priority service areas; or
4. Provide other direction to the City Manager.

Analysis and Conclusions

Option 1: The Plan is nearly 30 years old; it needs to be updated to reflect current conditions and laws. By taking no action, the City will continue to have an outdated and elements of a policy that are no longer legal. Additionally, the City may not generate the additional savings in personnel costs assumed in the adoption of the budget. This assumption does not have to be met if revenues come in at greater rates than budgeted or if there are additional personnel savings from vacant but unfilled positions, however, there is no reason to believe at this time that the levels of revenues as budgeted are too low nor personnel cost savings will be met with current employee turnover.

Option 2: The Plan as originally adopted was designed for another era. It is not attuned to the current organization and does not give adequate flexibility to consider all factors that should be considered to determine if a given vacancy should be filled or not. The updated Plan maintains different levels of priority (some priority items shifted) but now includes the following statement:

“The general intent is to take only those necessary steps that have the least negative impact on City services and on employees. The steps are listed in a rough order of priority, meaning that in general, steps higher on the list will be taken before those lower on the list. However, the specific situation in effect at the time of the fiscal crisis may require adjustments in order to best serve the community and minimize the impacts on employees.”

By now including this statement, it ensures all of the relevant factors can be considered on a program-by-program basis, while still preserving the ability of the Plan to protect employees and prevent forced layoffs by implementing other solutions first wherever possible.

Further amendments to the Plan include removing elements that are no longer lawful due to changes in Federal and State employment law and the Public Employees' Pension Reform Act (PEPRA) as well as removing elements that are no longer practical to implement (e.g., job sharing).

Further reductions in personnel or compensation may also become necessary in the future, as we continue to monitor the pandemic and its fiscal impacts on the City. Adoption of any such approach would require the meet and confer process.

By adopting the updated Plan, the City can move forward with the next element of the plan, the voluntary incentives/options.

Option 3: Could also generate significant amount of savings, A 3% across-the-board salary reduction would generate savings of \$600,000 for the General Fund. This is not recommended, as it is essentially balancing the budget on the backs of our employees. Most of our employees are already being paid less than their peers, even though we are asking more from them. Implementing an across-the-board pay reduction would just drive our employees to seek employment elsewhere, as some already have. In addition, greater savings is achieved by the combination of measures already planned.

Position reductions could also generate savings. A reduction of four FTEs, for example, assuming they were at the median level of fully burdened compensation in the General Fund (i.e., salary plus benefits), could save an additional \$600,000. Assuming that these position reductions would not come from Police, Fire, Public Works (street maintenance, the enterprise funds/utilities), or Community Development (given that the costs of those positions are recouped by application fees), means that service levels in the remaining departments (i.e., Administrative Services, Community Services and the City Manager's Office), which total only 54.95 FTEs, would be significantly reduced. Position reductions would necessarily lead to further reductions in services.

The popular conception is that public sector employees are overpaid. Although that may or may not be true in other levels of government, the data demonstrate that it is clearly not true in Paso Robles. The community is already benefitting from the City's lean staffing and low compensation levels. In addition, as a result of the pandemic, the City's management employees are already putting in considerably more hours of work, for the same level of compensation. Across-the-board pay cuts or position reductions would be significantly less cost-effective for the community, given the state of the City organization, and considerably less just in its treatment of current employees, than the approach proposed in Option 2.

Fiscal Impact

Implementation of certain elements of the Plan, as updated, will enable the City to meet the budget savings targets, but will have adverse impacts on the services provided to the residents of the City.

Recommendation (Option 2)

Approve Resolution 20-XXX adopting the updated Graduated Personnel Cost Reduction Plan (previously the Layoff Prevention Plan) and authorizing the City Manager to implement the additional cost-reduction steps already planned and/or discussed with labor groups.

Attachments

1. Resolution 20-XXX
 - a. Graduated Personnel Cost Reduction Plan--redlined to show changes from the current policy.

Attachment 1

RESOLUTION NO. 20-XXX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES ADOPTING RECOMMENDED CHANGES TO THE CITY'S GRADUATED PERSONNEL COST REDUCTION PLAN

WHEREAS, the City's Graduated Personnel Cost Reduction Plan (previously known as the Layoff Prevention Plan) was originally adopted by City Council on April 28, 1992 and has not been amended since 1993; and

WHEREAS, the purpose of the Graduated Personnel Cost Reduction Plan is to maintain the core integrity of the City's workforce, even during periods of economic and business downturn;

WHEREAS, the Coronavirus pandemic has had significant negative impacts on the economy nationally as well as locally, resulting in significant revenue reductions at all levels of government;

WHEREAS, it is desirable to update all City policies, guidelines, and procedures to reflect current practice and other fiscal-related realities from time-to-time; and

WHEREAS, it is important to establish policies and guidelines that provide the City with the tools necessary to continue all needed services that can be afforded, to retain the appropriate level of flexibility to make needed changes, and to treat employees in the most just and fair manner by having a variety of tools for achieving personnel cost savings when needed; and

WHEREAS, the updated Graduated Personnel Cost Reduction Plan has been reviewed by each exclusive employee representative group; and

WHEREAS, the updated Graduated Personnel Cost Reduction Plan does not change any of the rights or protections each bargaining group has, as provided by Federal and State Law;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of El Paso de Robles that the amended Graduate Personnel Cost Reduction Plan (previously known as the Layoff Prevention Plan) attached hereto as Exhibit A is hereby approved.

APPROVED this 1st day of September 2020, by the following vote:

AYES:

NOES:

ABSENT;

ABSTAIN:

Steven W. Martin, Mayor

ATTEST:

Melissa Martin, Interim City Clerk

Exhibit A: Graduated Personnel Cost Reduction Plan, as amended

Exhibit A

LAYOFF PREVENTION PLAN

It is the policy of the City to maintain the core integrity of its workforce throughout periods of economic or business downturn. To this end, the City will endeavor to examine and reduce non-personnel operating costs and services to the degree practically feasible, and consistent with Council policy and service objectives, ~~before considering personnel modifications and as established in the City's Fiscal Policy.~~ Personnel cost controls shall be considered and implemented as provided, ~~and in the order specified, herein.~~ The general intent is to take only those necessary steps that have the least negative impact on City services and on employees.

The steps are listed in a rough order of priority, meaning that in general, steps higher on the list will be taken before those lower on the list. However, the specific situation in effect at the time of the fiscal crisis may require adjustments in order to best serve the community and minimize the impacts on employees.

Regardless, any action taken by the City will require advanced notice to each bargaining unit, with an expedited meet and confer process, if necessary. The City will fulfill its obligations under the Meyers-Milias-Brown Act (MMBA) to meet and confer with affected employee units.

This plan does not cover situations in which, as determined by City Council, programs or services no longer meet the needs of the community. In those situations, employees may be transferred to a new department, division, program, and/or function if practical and as allowed by negotiated memorandums of understanding. However, positions may end up needing to be eliminated, regardless of the guidelines outlined in this plan.

Plan Component Summary

1. ~~Hiring Freeze~~
 - a. ~~Immediate/Current Vacancies (may result in position consolidations)~~
 - b. ~~Attrition/Future Vacancies (basic service exemptions possible)~~
2. ~~Voluntary Reduction Incentives/Options~~
 - a. ~~Early Retirement Incentives~~
 - b. ~~Work Furlough for Education (w/ fee support)~~
 - c. ~~Work Hour Reduction~~
 - d. ~~Job Sharing~~
 - e. ~~Wage Reduction~~
 - f. ~~Resignation Incentives~~
3. ~~Reduce Temporary Workforce~~
4. ~~Defer Negotiated Annual Wage Adjustment (MOU, Salary Resolution)~~
5. ~~Suspend Negotiated Annual Wage Adjustment (MOU, Salary Resolution)~~
6. ~~Reduce Part-Time, Seasonal & New Hire Probationary Work Force~~
7. ~~Defer Merit Pay Increases~~
8. ~~Suspend Merit Pay Increases~~
9. ~~Wage Reduction~~
10. ~~Reduce Full-Time Work-Force~~
 - a. ~~Work Hour Reduction~~
 - i. ~~Selective (rotational)~~
 - ii. ~~All workers (all-inclusive)~~
 - b. ~~Work Furlough~~
 - c. ~~"Indefinite"~~

Exhibit A

Layoff Selection Prioritization Procedures:

1. A Department/Division: *(selection criteria are to be considered as a single test, i.e., from a general perspective; one ~~criteria~~ criterion does not necessarily hold greater significance than another)*
 - a. Essential basic services test *(does department/division provide basic health/safety services)*
 - b. Workforce and/or service capacity comparative assessment *(has the department/division experienced proportionately greater loss than other due to earlier actions)*
 - c. Can work be assimilated by management
 - d. Position consolidation possibilities
 - e. Funding source
2. Staff:
 - a. Document performance (during preceding 24-months)
 - b. Documented discipline (during preceding 24-months)
 - c. Flexibility *(capacity for diverse assignments)*
 - d. Seniority *(bumping options)*
 - e. Needed future skills

Plan Component Definitions ~~&~~ and Stipulations

1. Hiring Freeze: Positions will be ~~frozen (held vacant)~~ as they become available due to voluntary turnover, subject to consideration of ~~freezethe~~ impact upon a basic and/or essential service, and a workforce/service capacity comparative assessment. Hiring freeze may result in position consolidations.
2. Voluntary Reduction Incentives/Options^[TF1]:
 - a. ~~Early Retirement Incentive is available to any employee with a minimum of 5 years continuous City service.~~
 - i. ~~Full Retirement: Offer package of incentives totaling 30% of one year's salary which may include:~~
 1. ~~Payment of Health Insurance premiums following retirement;~~
 2. ~~Continued "retirement" contributions into deferred compensation type plans (IRA, ICMA, etc.);~~
 3. ~~Immediate or Deferred Cash payment (payment may be deferred up to 12 months);~~
 4. ~~PERS Military &/or Other Service Credit Buy-Back (Military Service Credit option requires PERS contract amendment).~~
 - ii. ~~Partial Retirement: Upon mutual agreement, offer part-time employment for a maximum of 12 months from date of retirement.~~
 1. ~~Up to 960 hours of compensated time;~~
 2. ~~Payment of health insurance premiums;~~
 3. ~~Agreement may be extended at the City's options.~~~~This option presumes employee would be eligible for PERS retirement benefits, although it is not a requirement for participation.~~
 - b. ~~Work Furlough for Education Incentive provides for a formal unpaid leave of absence, of a defined period, to pursue education, at City expense, related to any work performed by the City. Incentives would be made available to any fulltime employee other than temporary or new-hire probationary workers as follows:~~

Exhibit A

- ~~i. Approved Education proposals will be supported by the City for actual program costs (including required materials) to a maximum of \$10,000 per annum, per participant prorated for program duration on a monthly basis (i.e., 4 month program eligible for 4/12ths of the \$10,000 maximum) payments available upon return to work;~~
- ~~ii. Following return to work, 12 months continuous satisfactory service is required to retain full reimbursement, otherwise proportional repayment is obligatory;~~
- ~~iii. Participant's insurance benefits will be maintained (paid) by the City at same level as would have been otherwise if there were no break in employment;~~
- ~~iv. Participants are assured employment upon completion of the work furlough if the position vacated and/or incumbent has been/will be identified for layoff, participant will receive advance written notice of pending layoff and a minimum of 6 months employment, with continued satisfactory performance, upon completion of work furlough;~~
- ~~v. Work furlough subject to a maximum 12 month duration – extension available upon mutual agreement;~~
- ~~vi. Work furlough proposals subject to advance approval by City Manager;~~
- vii. Regular base compensation, PERS contributions, and other wage based "benefits" will be discontinued during leave;

~~e.a.~~ Work Hour Reduction: Individual employees may reduce work hours upon mutual agreement.

- ~~i.~~ City insurance contributions toward insurance benefits will be maintained at a level equivalent to that which they subscribed as a full-time employee if work hours are maintained at a minimum of 2435 hours weekly (or whichever minimum number of hours required per City insurance contract);
- ~~ii.~~ Work hour reduction subject to a maximum 12-month duration. Extension available upon mutual agreement;
- ~~iii.~~ CalPERS retirement contributions, and vacation, holiday, & sick leave benefits accruals will be prorated in accordance with the work/pay reduction^[TF2].
- ~~d.~~ Job Sharing. Upon mutual agreement, employees may jointly reduce work hours to consolidate positions resulting in the participants sharing the remaining job(s) (i.e., 1 job may be shared by 2, 2 jobs may be shared by 3, etc^[TF3]).
- ~~i.~~ City insurance contributions will be maintained at a level equivalent to that which they subscribed as a full-time employee if work hours are maintained at a minimum of 24 hours weekly;
- ~~ii.~~ Job sharing subject to a maximum 12 month duration. Extension available upon mutual agreement;
- ~~iii.~~ PERS contributions, vacation, holiday & sick leave benefits will be prorated in accordance with the work/pay reduction.

~~e.b.~~ Voluntary Job Realignment and Wage Reduction: Employees may take a voluntary demotion or change in job responsibilities with a corresponding wage reduction without any detrimental impact to benefits other than equivalent reductions in contributions to Social Security, CalPERS, withholding taxes, etc.

~~f.c.~~ Resignation Incentive: Package of incentives totaling 30% of one year's salary which may include: A lump-sum cash payment, or 12 equal monthly cash payments, of a percentage of an employee's one-year base wages. When the City provides resignation

Exhibit A

incentive to targeted departments, the percentage shall be the same to all targeted departments at the time [KH4] of the offering [TF5].

- ~~i. Payment of health insurance premiums following resignation;~~
- ~~ii. Continued "retirement" contributions into deferred compensation type plans (IRA, ICMA, etc.);~~
- ~~iii. Immediate or Deferred Cash payment (payment may be deferred up to 12 months);~~
- ~~iv. PERS Military and/or other service credit buy-back (military service credit option requires PERS contract amendment).~~

~~3. Reduce Temporary and Contract Work Force Workforce:~~

~~a. Pursuant to Layoff Selection Prioritization Procedures [TF6].~~

~~3. Temporary work force to be expunged before proceeding to Step 4 of Layoff Prevention Plan.~~

~~4. Suspend vacation/compensatory time-off buy-back and education reimbursement policies.~~

~~5. Work Furloughs provide for the use of unpaid leaves of absence which some or all employees may be subject to for a defined period.~~

~~a. Reduced work hour furlough~~

~~b. Leave of absence:~~

~~i. Individual employee leave of absence subject to a maximum 3-month duration in any fiscal year;~~

~~i.ii. Regular base compensation, CalPERS contributions, other wage based "benefits" [KH7], and insurance benefits will be discontinued during leave. Applicable employees will be offered continued insurance coverage under COBRA.~~

~~4.6. Defer/Suspend Negotiated Annual Wage Adjustment (MOU, Salary Resolution)~~

~~a. Postpone/interrupt receipt of annual wage adjustment for mutually agreed upon (negotiated) terms/period;~~

~~b. Payment of deferred adjustment retroactive to originally intended effective date upon attainment of negotiated terms/timing [KH8];~~

~~c. Postponement subject to 12-month maximum.~~

~~5. Suspend Negotiated Annual Wage Adjustment (MOU, Salary Resolution)~~

~~a. Interrupt receipt of annual wage adjustment for mutually agreed upon (negotiated) terms/period.~~

~~6. Reduce Part-Time, Seasonal & New Hire Probationary Work Force:~~

~~a. Pursuant to Layoff Selection Prioritization Procedures.~~

~~7. Defer/Suspend Merit Pay Increases:~~

~~a. Postpone/interrupt receipt of merit pay increases for all employees for mutually agreed upon (negotiated) terms/period;~~

~~b. Postponement subject to 12-month maximum;~~

~~c. Payment of deferred merit pay increase retroactive to originally intended effective date upon attainment of negotiated terms/timing; [KH9]~~

~~d. Promotional opportunities which may be partially conditioned upon achievement of a specific merit pay step, or progress thereto, (such as Senior Officer & classifications subject to the Flexible Staffing Policy) shall not be negatively impacted by merit step deferrals. Eligibility for such promotions, to the degree they may be partially-conditioned upon-achievement of a specific salary wage step, will be tracked against the date the employee would have otherwise received the deferred/suspended increase.~~

~~8. Suspend Merit Pay Increases:~~

~~a. Interrupt receipt of merit pay increase for mutually agreed upon (negotiated) terms/period;~~

Exhibit A

~~b. Promotional opportunities which may be partially conditioned upon achievement of a specific merit pay step, or progress thereto, (such as Senior Officer & classifications subject to Flexible Staffing) shall not be negatively impacted by merit step suspensions. Eligibility for such promotions, to the degree they may be partially conditioned upon achievement of a specific salary step, will be tracked against the date the employee would have otherwise received the suspended increase.~~

~~9. Wage Reduction:~~

~~a. Across the board, temporary wage reduction to a maximum of 5%; amount and duration subject to mutual agreement. Workers who previously reduced work hours voluntarily, may opt to increase work hours (original level maximum) in order to diminish/offset additional impact of wage reduction. [TF10]~~

~~10.8. Reduce Part-Time, Seasonal and New Hire Probationary Workforce: Pursuant to Layoff Selection Prioritization Procedures.~~

~~11.9. Reduce Full-Time Work Force Workforce: Reductions may be accomplished via temporary, partial, rotational and/or indefinite work hour reductions and layoffs pursuant to Layoff Selection Prioritization Procedures [TF11] and successively as follows:~~

- ~~a. Work Hour Reduction to a maximum of 20% may be applied to non-exempt classifications on a selective or all-inclusive basis (based upon department/division needs), or may be applied on a rotational or across-the-board/simultaneous basis.
 - ~~i. Work Hour Reduction subject to a maximum 12 month duration – extension available upon mutual agreement.~~
 - ~~ii. City insurance contributions will be maintained at a level equivalent to that which they subscribed as a full-time employee if work hours are maintained at a minimum of 24 hours weekly.~~
 - ~~iii. PERS contributions, vacation, holiday & sick leave benefits will be prorated in accordance with the work/pay reduction.~~
 - ~~iv. Reductions of at least 10% (10% of workers plus 10% of work hours) in work units, and affecting at least 2 individuals, may qualify for California Work-Sharing Unemployment Insurance.~~~~
- ~~b. Work Furloughs provide for a partial or rotational layoff scheme through the use of unpaid leaves of absence which some or all workers are alternately subject to for a defined period.
 - ~~i. Individual employee work furloughs are subject to a maximum 3-month duration in any fiscal year;~~
 - ~~ii. Furloughed worker's insurance benefits will be maintained (paid) by the City at same level as would have been otherwise if there were no break in employment;~~
 - ~~iii. Regular base compensation, PERS contributions, and other wage-based "benefits" will be discontinued during leave/~~~~
- ~~c. "Indefinite" Layoffs of non-probationary full-time workers may be implemented following execution of all other actions, as appropriate/feasible, outlined in this policy.~~
- ~~i.a. 30 calendar day written notice of impending lay off to the affected worker/employee(s) is required. Advance notice may be foregone/waived when the worker/employee is compensated for an equivalent period of time.~~
- ~~ii. Laid-off worker's insurance benefits will be maintained (paid) by the City at same level as would have been otherwise if there were no break in employment for a maximum period of 3 months.~~

Exhibit A

iii.b. _____ Recall of laid off non-probationary full-time ~~worker~~employees to vacant positions for which they are qualified will hold priority over other applicants for a period of 12 months following lay off; ~~R~~Response to a notice of recall must be exercised within ~~two weeks~~14 calendar days of receipt ~~or response will be deemed negative~~. Recalled ~~work-er~~employee must start work no later than 80 days following notice of recall receipt or forfeit right of recall. Once the recall list of laid off employees has expired, Following 12 months, laid off workers employees may continue to seek re-employment with the City by be eligible for employment under established reinstatement policy and/or may applying for any vacant position available under open/competitive standard recruitment procedures.

GLOSSARY

For the purposes of this policy, the following definitions will hold:

Employee:

Contract: An individual under contract to perform assigned functions under the terms and conditions of a written agreement; assignment may be full or part-time, temporary, seasonal or continuous; contract "employees" may be subject to Layoff Prevention Plan policy consistent with their employee class that of temporary employees (as defined below).

Full-Time: An employee who works full-time (40 hours weekly) on a continuous basis other than new hire probationary.

New Hire Probationary: A newly hired full-time employee serving an initial City service probationary period.

Part-Time: An employee who works less than full-time on a continuous basis.

Seasonal: An employee serving part or full-time in a specific seasonal program support position of limited duration which typically recurs annually.

Temporary: An employee serving part or full-time in a position of limited duration.

Exempt: Employee occupying a position wherein the nature of the duties and required qualifications are definitionally exempt from the overtime provisions of the Fair Labor Standards Act, i.e., they are not paid for overtime.

Non-Exempt: Employee occupying a position wherein the nature of the duties and required qualifications are definitionally not exempt from the overtime provisions of the Fair Labor Standards Act, i.e., they are paid for incurred overtime hours.

Minimum Work Week: For the purposes of this policy, and determining eligibility for continued receipt of City contributions to employee insurance benefits, the minimum work week is defined as 2435 hours (or whichever minimum number of hours required per the City insurance benefit contracts).

Exhibit A

Mutual Agreement: Typically, the negotiated agreement of two parties pursuant to a meet & and confer process.