



# ***Agenda Report***

## ***Fullerton City Council***

**MEETING DATE:** SEPTEMBER 15, 2020

**TO:** CITY COUNCIL / SUCCESSOR AGENCY

**SUBMITTED BY:** KENNETH A. DOMER, CITY MANAGER

**PREPARED BY:** ELLIS CHANG, DIRECTOR OF ADMINISTRATIVE SERVICES  
LAURA GIANNETTI-MERCER, HUMAN RESOURCES MANAGER II

**SUBJECT:** FINAL CONSIDERATION OF A PROPOSED SIDE LETTER TO MEMORANDUM OF AGREEMENT BETWEEN THE CITY OF FULLERTON AND THE FULLERTON MANAGEMENT ASSOCIATION IMPLEMENTING A 5% EARNINGS REDUCTION

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### **SUMMARY**

Final consideration for a proposed Side Letter to Memorandum of Agreement (MOA) between the City of Fullerton (City) and the Fullerton Management Association (FMA) implementing a 5% earnings reduction, presented for first review by City Council.

### **RECOMMENDATION**

Adopt Resolution No. 2020-XX.

RESOLUTION NO. 2020-XX – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, APPROVING THE SIDE LETTER AGREEMENT BETWEEN THE CITY AND THE FULLERTON MANAGEMENT ASSOCIATION.

### **PRIORITY POLICY STATEMENT**

This item matches the following Priority Policy Statement:

- Fiscal and Organizational Stability.

## FISCAL IMPACT

The 5% earnings reduction agreed to by the FMA unit will result in General Fund and other Fund budgetary reductions to which member labor costs are allocated. The budget reductions further assist the City in closing the Fiscal Year 2020-21 General Fund deficit.

## DISCUSSION

The MOA term for the FMA is set to expire June 30, 2021 by approval of Resolution No. 2020-18. The FMA is comprised of 54 non-safety supervisory and management classifications spread among several departments. There are currently 40 active members in the FMA.

In May of this year, the City initiated discussions with the various employee groups to address budgetary concerns, primarily due to COVID-19, in an effort to identify areas for potential cost savings. In addition, members of the Executive Team agreed to a 5% salary reduction and the City Manager agreed to a 7.5% salary reduction effective May 2, 2020. These salary reductions increased to 10% effective July 11, 2020.

City Staff and the FMA met on several occasions. The discussions included proposals by the City for cost reductions in the form of furloughs, or in the alternative, a tiered pay cut approach as well as a 5% earnings reduction proposal. After consideration of alternatives, the FMA accepted the City's proposal of a 5% earning reduction for all members with the understanding that should the City receive COVID-19 related funding eligible to backfill revenue loss or an increase to anticipated revenues prior to the end of Fiscal Year 2020-21, the City would consider, at a minimum, ending the 5% pay cut and, to the extent possible, "reinstate" the earnings that were reduced. The earnings reduction is to be structured as a pre-tax payroll deduction, so as to not to impact CalPERS compensable earnings, while satisfying the City's requested labor savings.

The proposed Side Letter will amend the current MOA, Resolution No. 2020-18, between the City and the FMA.

## Attachments:

- Attachment 1 – Draft Resolution 2020-XX and Side Letter Agreement