



# ***Agenda Report***

## ***Fullerton City Council***

**MEETING DATE:** APRIL 6, 2021

**TO:** CITY COUNCIL

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

**PREPARED BY:** ELLIS CHANG, DIRECTOR OF ADMINISTRATIVE SERVICES  
EDDIE MANFRO, CONSULTANT/SPECIALIST – HUMAN RESOURCES  
LAURA GIANNETTI-MERCER, HUMAN RESOURCES MANAGER II

**SUBJECT:** CONSIDERATION OF DISCONTINUING FIVE PERCENT EARNINGS REDUCTION FOR FULLERTON MANAGEMENT ASSOCIATION AND CONFIDENTIAL / NON-REPRESENTED EMPLOYEES AND AUTHORIZATION TO REINSTATE FUNDS CONTRIBUTED BY CITY EMPLOYEES UPON RECEIPT OF ELIGIBLE FUNDS

---

### **SUMMARY**

In 2020, the Fullerton Management Association (FMA) and Confidential / Nonrepresented employee groups took 5% earnings reductions due to COVID-19 financial impacts to the City. This item would discontinue the 5% earnings reduction for these two employee groups and reinstate funds contributed by applicable employees based on receipt of federal revenue loss funding.

### **RECOMMENDATION**

1. Adopt Resolution No. 2021-XX.

RESOLUTION NO. 2021-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 AND SUPERSEDING RESOLUTION NO. 2020-79

2. Adopt Resolution No. 2021-XX.

RESOLUTION NO. 2021-XX - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, RELATING TO COMPENSATION FOR CONFIDENTIAL / NONREPRESENTED EMPLOYEES AND SUPERSEDING RESOLUTION NO. 2020-78

3. Upon receipt of American Rescue Plan Act of 2021 funding, authorize City Manager to reinstate all funds contributed by FMA, Confidential / Nonrepresented and Executive / Council Appointed employees resulting from earnings reductions in response to the City's budgetary challenges caused by the COVID-19 pandemic.

#### PRIORITY POLICY STATEMENTS

This item matches the following Priority Policy Statement:

- Fiscal and Organizational Stability.

#### FISCAL IMPACT

Total fiscal impact of amount to reinstate to employees is approximately \$230,000 (see table on page 3 for detail). Funding source is American Rescue Plan Act of 2021.

#### DISCUSSION

In April 2020, the City initiated discussions with all represented bargaining units to address budgetary concerns due to COVID-19 and identify areas for potential cost savings in response to expected City revenue decreases. In response to these concerns and at the direction of the City Manager, Executive employees accepted a 5% earnings reduction (7.5% for the City Manager) effective May 2, 2020. Effective July 11, 2020 Executive employees and the City Manager increased their earnings reduction to 10%. After several discussions, the FMA agreed to a 5% earnings reduction in August of 2020. Also in August, the City approached and met with the Confidential / Nonrepresented employees and they too accepted a 5% earnings reduction. Reductions for both the FMA and Confidential / Nonrepresented employees became effective on September 19, 2020.

With the American Rescue Plan Act (ARPA) signed into law on March 11, 2021 and the estimated \$34.7 million expected to be available to Fullerton over two years, staff recommends discontinuing the earnings reductions. Since both groups had the earnings reduction enacted by City Council action, staff requests City Council consider discontinuing the earnings reduction to the FMA and Confidential / Nonrepresented employees effective April 16, 2021. The Executive employees voluntarily took reductions to assist with the unknown revenue decline. As such, the City Manager authorized the earnings reduction to Executive employees to end effective March 19, 2021. Also, as Council Appointed employees and their decision to voluntarily reduce earnings, the City Manager and Chief of Police have likewise had their earnings reduction ended and restored to the stipulated amount in their employment agreements effective March 20, 2021.

Throughout discussions and upon approval, affected employees and the City understood if the City received COVID-19 related funding eligible to backfill revenue loss or if the City

saw an increase to budgeted revenues prior to the end of Fiscal Year 2020-21, the City would consider, at a minimum, ending the earnings reduction and, to the extent possible, reinstate the earnings reduced since the City implemented the reductions to temper the unknown revenue loss projected due to the pandemic.

In anticipation of funds received and earmarked for this purpose, staff requests City Council authorize the City Manager to implement reinstatement of all funds contributed by affected employees as a result of the earnings reductions upon receipt of such ARPA funds. The following table shows amounts contributed by employee group and the estimated amount to reinstate:

Employee Group	Reduction Time Frame	Earnings Reduction Amount	Estimated Reinstatement Amount
Executive / Council Appointed	5/02/2020 – 3/19/2021	\$113,000	\$100,000
Confidential / Nonrepresented	9/19/2020 – 4/16/2021	\$28,000	\$28,000
FMA	9/19/2020 – 4/16/2021	\$106,000	\$102,000
	<b>Totals</b>	\$247,000	\$230,000

The reduction amounts for Confidential / Nonrepresented and FMA include estimated payroll through April 16, 2021. This amount may vary based on any changes to staffing or salary within those employee groups over the next two pay periods. The amount contributed by Executives and Council Appointed employees is final as of March 19, 2021. Reinstatement amounts may vary as they will only apply to employees on payroll at the time funds are allocated and reimbursements made. The reinstatement amounts listed takes into consideration any employees that have already left City employment.

Attachments:

- Attachment 1 – PowerPoint Presentation
- Attachment 2 – Draft Resolution – FMA Side Letter Agreement
- Attachment 3 – Draft Resolution – Relating to Compensation for Confidential / Nonrepresented Employees – Redline Version
- Attachment 4 – Draft Resolution – Relating to Compensation for Confidential / Nonrepresented Employees