



Agenda Report

Fullerton City Council

MEETING DATE: JUNE 1, 2021

TO: CITY COUNCIL

SUBMITTED BY: STEVE DANLEY, ACTING 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 5% EARNINGS REDUCTION FOR THE FULLERTON MANAGEMENT ASSOCIATION AND CONFIDENTIAL / NON-REPRESENTED EMPLOYEES AND AUTHORIZATION TO REINSTATE FUNDS CONTRIBUTED BY CITY EMPLOYEES

SUMMARY

Consideration of discontinuing the 5% earnings reduction for the Fullerton Management Association (FMA) and Confidential / Non-represented employee groups and reinstating funds contributed by applicable employees.

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 / NON-REPRESENTED EMPLOYEES AND SUPERSEDING
RESOLUTION NO. 2020-78

3. As the City of Fullerton received its first tranche of American Rescue Plan Act (ARPA) allocation in the amount of \$16,332,650.50 on May 17, 2021, authorize the City Manager to implement a full reinstatement of all funds contributed by Fullerton Management Association, and Confidential / Non-represented and Executive / Council Appointed employees as a result of implemented earnings reductions in response to the City's budgetary challenges, primarily due to 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 be reinstated to employees is approximately \$220,000; see the table on page 3 for detail.

DISCUSSION

In April of 2020, the City initiated discussions with all represented bargaining units to address budgetary concerns, primarily due to COVID-19, to identify areas for potential cost savings. 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, this group increased to a 10% earnings reduction. After ongoing discussions, the FMA agreed to return to a 5% earnings reduction in August of 2020. Also in August, the City approached and met with the Confidential / Non-represented employees and they too accepted the 5% earnings reduction. Reductions for both the FMA and Confidential / Non-represented employees became effective on September 19, 2020, and continue to the present time.

With the American Rescue Plan Act (ARPA) signed into law on March 11, 2021, and the City having received the first half of the estimated \$32.7 million on May 17, 2021 in the amount of \$16,332,650.50, it is recommended that the 5% earnings reduction be discontinued. Matters related to employee compensation are required to be approved by the City Council and, as such, this agenda requests a discontinuation of the earnings reduction to the FMA and Confidential / Non-represented employees to be effective May 28, 2021. As the City Manager has authority over Executive salaries up to 10%, the earnings reduction to Executive employees was ended on 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 the salary reduction discussions and their approval, it was understood by affected employees and the City that, should the City receive COVID-19 related funding eligible to backfill revenue loss, or if the City were to see 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 that were reduced. The following is a table showing the amounts that were contributed by each employee group and the estimated amount that would be reinstated. The reduction amounts for Confidential / Non-represented and FMA include estimated payroll through May 28, 2021.

Employee Group	Reduction Time Frame	Earnings Reduction Amount	Estimated Reinstatement Amount
Executive / Council Appointed	5/2/2020 – 3/19/2021	\$113,000	\$77,000
Confidential / Non-represented	9/19/2020 – 5/28/2021	\$33,000	\$27,000
FMA	9/19/2020 – 5/28/2021	\$121,000	\$113,000
	Totals	\$267,000	\$217,000

The actual earnings reduction amount and estimated reinstatement amounts differ as the actual reduction time frame will be through pay period ending May 28, 2021, and final reinstatement amounts will be calculated based on this revised pay period end date. This amount will also vary based on any changes to staffing or salary within those employee groups through pay period ending May 28, 2021. The amount contributed by Executives and Council Appointed employees is settled as their earnings reduction was discontinued on March 19, 2021. Reinstatement amounts may vary as they will only be applicable to employees on payroll at the time funds are allocated and reimbursements are made. The reinstatement amounts listed takes into consideration any employees that have already left City employment.

Attachments:

Attachment 1 – Draft Resolution No. 2021-XX – FMA Side Letter Agreement

Attachment 2 – Draft Resolution No. 2021-XX – Relating to Compensation for Confidential / Non-represented Employees – Redline Version

Attachment 3 – Draft Resolution No. 2021-XX – Relating to Compensation for Confidential / Non-represented Employees