

CITY^{OF}SAN PABLO

C A L I F O R N I A

**SUMMARY OF FY 2020/21 CITY-WIDE
LABOR COST ADJUSTMENTS
July 6, 2020**



Summary of Proposed Amendments

Approve documents to implement labor cost savings as part of balancing the FY2020/21 Budget.

1. Amend Schedule of Benefits for Contract Employees.
2. Approve Side Letters with Employee Representation Groups: Association of Intermediate Employees (AIE) and San Pablo Police Employees Association (SPPEA)
3. Approve changes to Terms of Employment/Schedule of Benefits for Unrepresented Employees in the Confidential, Division Manager and Executive Management Group
4. Approve adjusted Salary Schedules for AIE and Operating Engineers Local No. 3 pursuant to negotiated MOUs/Side Letters

Side Letters to MOUs with San Pablo Police Employees Association

- **San Pablo Police Employees Association (SPPEA)**
 - Includes both Police Unit and Management Unit
 - Defers July 1, 2020 3.0% COLA and 0.5% Retention Incentive to July 1, 2021
 - Add an additional Employee Contribution of 2 percent toward PERS retirement costs for the period of July 1, 2020 to June 30, 2021.
 - Reduces Uniform compensation
 - Freezes three Police Officer vacancies for FY2020/21
 - Avoids layoffs during FY2020/21
 - Option to extend MOU by one year
 - Provides for restoration of these concessions if certain financial criteria are met.



Side Letters to MOU with Association of Intermediate Employees

- **Association of Intermediate Employees (AIE)**
 - Defers 2.0 % of a 2.5% COLA from July 1, 2020 to July 1, 2021
 - Requires employees to take 37.5 hours of unpaid furlough time during FY2020/21
 - Freezes employee merit salary “steps” during FY2020/21
 - Avoids layoffs during FY2020/21
 - Option to extend MOU by one year
 - Provides for restoration of these concessions if certain financial criteria are met.



SCHEDULE OF BENEFITS for Contract Employees

- **Amend the Schedule of Benefits for Contract Employees (City Attorney and City Manager):**
 - Includes a 3% COLA but defers its implementation to July 1, 2021.
 - Adds an additional Employee Contribution of 4 percent toward the employer share of PERS retirement costs for the period of July 1, 2020 to June 30, 2021.
 - Provides for restoration of these concessions if certain financial criteria are met.



SCHEDULE OF BENEFITS for Executive Management

- **Amend the Schedule of Benefits for Executive Management (Department Heads):**
 - Defers implementation of the July 1, 2020 3.0% COLA until July 1, 2021.
 - Adds an additional Employee Contribution of 4 percent toward the employer share of PERS retirement costs for the period of July 1, 2020 to June 30, 2021.
 - Provides for restoration of these concessions if certain financial criteria are met.



Terms of Employment for Division Managers

- **Amend the Schedule of Benefits for Division Manager Employees:**
 - Defers implementation of the July 1, 2020 3.0% COLA until July 1, 2021.
 - Adds an additional Employee Contribution of 3 percent toward the employer share of PERS retirement costs for the period of July 1, 2020 to June 30, 2021.
 - Avoids layoffs during FY2020/21
 - Provides for restoration of these concessions if certain financial criteria are met.



Terms of Employment for Confidential Employees

- Amend the Schedule of Benefits for Confidential Employees:
 - Defers implementation of the July 1, 2020 3.0% COLA until July 1, 2021.
 - Adds an additional Employee Contribution of 2 percent toward the employer share of PERS retirement costs for the period of July 1, 2020 to June 30, 2021.
 - Freezes employee merit salary “steps” during FY2020/21
 - Avoids layoffs during FY2020/21
 - Provides for restoration of these concessions if certain financial criteria are met.



Discussions with Operating Engineers Local No. 3

- Discussions continue with Operating Engineers Local No. 3 (OE3)
- At this point, the City and OE3 aim to reach conceptual agreement on labor concessions by the end of the next scheduled meeting on July 8, 2020.
- If agreement is reached, concessions will be brought to the City Council for approval on July 20, 2020
- If the City and OE3 do not reach agreement, the City will proceed with layoff of one (1.0) FTE position to achieve the necessary cost savings to meet the FY2020/21 Budget adoption requirement pursuant to Resolution No. 2020-074.



Other Items

- Existing Salary Range Schedules will be amended consistent with the terms in the current MOU (OE3) and with the Side Letter to their MOU (AIE) – Effective July 1, 2020
- Whether concessions can be restored depends on the degree to which the FY2019/20 budget balancing measures require Budget Stabilization Reserve (BSR) funds by end of June 30, 2020 above the \$500,000 year-end GF revenues already pledged toward reducing the impact of labor concessions



Other Items (cont'd)

- The funds available for restoration of the labor cost reductions would be proportionate to the share of the overall labor budget represented by each unit and would go into effect no earlier than January 2021, pending audited closure of the FY2019/20 fiscal year financial statements.



SUMMARY OF ACTIONS TO DATE

- Budget, Fiscal & Legislative Standing Committee Review (*Pineda; Pabon-Alvarado*): Reviewed & Recommended for City Council approval the FY2020/21 Budget Balancing strategy which included labor cost reductions on 05/25/20
- Overall, \$2.5 million in labor cost savings was reduced by (\$500,000) to \$2.0 million as adopted in the FY2020/21 Budget on June 15, 2020 due to anticipated revenue from the Casino in FY 2019/20

SUMMARY OF ACTIONS TO DATE (cont'd)

- Seven of eight (7 of 8) employee labor units have already agreed on concessions and contributions to avoid FTE layoffs while saving the required amount of funding needed to balance the Adopted FY 2020/21 GF budget, as follows:
 1. This represents nearly 81% (or 119 FTEs) of the City's total 147 full-time FTE workforce contributing toward the \$2.0 million in labor cost savings needed to combat COVID-19 fiscal impacts to the City to date and the City appreciates the contributions of these employees
 2. The remaining nearly 19% (or 28 FTEs) are not yet contributing to this labor partnership to date
- Overall, the City needs FULL PARTNERSHIP from ALL represented and unrepresented 147 full-time FTEs to meet the \$2.0 million in labor cost savings as adopted in the FY 2020/21 GF Budget, effective July 1, 2020.