



Council Agenda Report

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SUBJECT: Resolution to Temporarily Amend the Salary Schedule and Delay Implementation of Negotiated Salary Increase for Employees Represented by the Monterey Executive Management Employees of Monterey (MEMEA) and Confidential Executive Employees (Not a Project Under CEQA per Article 20, Section 15378(b)(5))

RECOMMENDATION:

That the City Council adopt a resolution to temporarily amend the salary schedule by reducing salaries by 8% for those employees represented by the Monterey Executive Management Employees of Monterey (MEMEA) and the confidential executive employees (Assistant City Manager, Finance Director, and Human Resources Director) and delay implementation from July 1, 2020 to January 1, 2021 of the negotiated 2% salary increase for these employees.

POLICY IMPLICATIONS:

None identified. The City Council must meet and confer with MEMEA to any proposed changes to terms and conditions of employment. MEMEA volunteered these reductions to alleviate the impacts of layoffs to fellow employees.

FISCAL IMPLICATIONS:

On April 21, 2020, staff delivered a sobering report on the City's fiscal condition because of the Covid-19 pandemic. Staff estimates that the Covid-19 pandemic will devastate the City's General Fund revenues by approximately \$10 million (or 12%) through the remainder of fiscal year 2019/2020 (FY19/20). That \$10M loss represents the projected loss of revenue in less than a four-month period - from when the pandemic began to affect the City's budget in March 2020 through the end of the fiscal year in June 2020. Moreover, Covid-19 created financial losses in other funds (e.g., Tideland, Parking, Measure P&S, etc.) which will continue into future fiscal years.

Staff also delivered a recommendation to the City Council to reduce positions associated with public closures and revenue reductions until the City is able to resume operations. This represents a reduction of 106 positions, including 24 vacancies and 82 employees, which will provide the City with a total annual savings of approximately \$11,322,327 and a corresponding approximate monthly savings of \$943,527. The general fund annual savings is approximately \$8,174,105 and monthly savings is \$681,175. The parking fund annual savings is approximately \$2,553,592 with a corresponding monthly savings of \$212,799.

The reductions and delay in increases proposed will provide \$13,000 in monthly savings in May and June across all funds (\$11,300 per month for the General Fund), and \$16,200 in monthly savings July - October 2020 across all funds (\$14,100 per month for the General Fund), and \$3,200 in monthly savings November and December 2020 across all funds (\$2,800 per month for General Fund). These savings, however, may be utilized to lessen the impact of the layoffs approved by Council on April 29, 2020.

ENVIRONMENTAL DETERMINATION:

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 (CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability. This action is also exempt pursuant to Public Resources Code section 21080(b)(4) regarding actions to mitigate or prevent an emergency.

ALTERNATIVES:

None proposed.

DISCUSSION:

Executive Management (MEMEA) have volunteered to reduce salaries by 8% beginning May 1, 2020 through October 31, 2020. MEMEA has also volunteered to delay the July 1, 2020 salary increase to January 1, 2021. Confidential executives have agreed to match both of these proposals.

These concessions provide a cumulative expenditure reduction of \$97,400 to all funds (\$84,600 for the General Fund) for the months of July - December 2020. These concessions will not provide much impact to the total monthly loss in revenue, but will provide the funding for \$1,000 severance payments to each of the 82 employees temporarily laid off starting June 2, 2020.

Final Recommendation

Staff recommends that Council approve the changes to the salary schedule by reducing salaries by 8% for those employees represented by the Monterey Executive Management Employees of Monterey (MEMEA) and the confidential executive employees (Assistant City Manager, Finance Director, and Human Resources Director) effective May 1, 2020 and delay implementation from July 1, 2020 to January 1, 2021 of the negotiated 2% salary increase for these employees. We are just at the beginning of Monterey's fiscal crisis. Further reductions and adjustments will be necessary as part of our revised FY 20/21 budget.

ATTACHMENTS:

1. Draft Resolution
2. Attachment

Writings distributed for discussion or consideration on this matter within 72 hours of the meeting, pursuant to Government Code § 54957.5, will be made available at the following link:

<https://monterey.org/Submitted-Comments>