

CITY OF YUBA CITY
STAFF REPORT

Date: June 15, 2010
To: Honorable Mayor and Members of the City Council
From: Human Resources Department
Presentation By: Steven R. Jepsen, City Manager

Summary

Subject: Amendments to current Memoranda and Letters of Understanding continuing the current work furloughs salary reductions, deferring flat rate pay increases and cost of living adjustments providing for additional concessions.

Recommendation: Adopt a resolution approving the contract amendments providing for the continuation of current concessions from all bargaining units and additional concessions from the Firefighters' Association and Fire Management unit.

Fiscal Impact: FY 10/11 cost savings in the amount of \$3.0 Citywide and \$2.4 million to the General Fund.

Background:

For Fiscal Year 2009/10, the City's bargaining units agreed to defer cost of living adjustments and flat rat pay increases and agreed to salary reductions and/or participation in a furlough program equal to five (5) percent of payroll. In exchange for their agreement, the City made the commitment to retain employee positions through Fiscal Year 2009/10.

City staff has been meeting and conferring with all of the City's bargaining units in order to negotiate further salary concessions as the State and local economies have continued to decline. All bargaining units recognize the seriousness of the ongoing economic conditions and have agreed to continue Fiscal Year's 2009/10 concessions. In addition, both the Firefighters' Association and Fire Management unit have agreed to additional concessions of either salary reductions, additional furloughs for non-front line staff, or paying a portion of the City's contribution for the retirement plan (CalPERS).

Analysis:

The adopted budget for Fiscal Year 2009/10 included a structural deficit of \$2.5 million. Additional losses in sales tax revenues of approximately \$500,000 caused that deficit to grow to an estimated \$3.0 million by the end of Fiscal Year 2009/10. With the economy continuing to deteriorate, the City is projecting further revenue losses in both sales tax (estimated \$350,000) and property taxes (estimated at \$500,000) for Fiscal 2010/11.

All bargaining units have agreed to defer pending cost of living adjustments and flat rate pay increases scheduled for Fiscal Year 2010/11. In addition, the bargaining units have agreed to extend all agreements for an additional one year period.

The Fiscal Year 2010/11 furlough program is a continuation of the established Fiscal Year 2009/10 furlough program. Those employees with non-traditional 40 hour work schedules will take off 13 unpaid days per year. Those employees who work a regular 40 hour schedule will, in addition to taking off 13 unpaid days a year, will continue to work an additional 30 minutes a day Monday through Thursday. This additional time, when used in conjunction with the furlough time, will allow employees to take off 26 days per year which will occur every other Friday. Employees who have agreed to an additional five percent furlough, will be taking off 26 unpaid days a year.

Staff is recommending that the City Council approve the bargaining unit amendments as submitted.

Fiscal Impact:

FY 10/11 cost savings in the amount of \$3.0 million City wide and \$2.4 million to the General Fund.

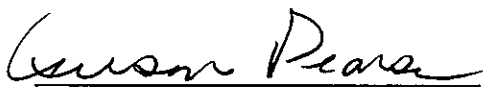
Alternatives:

Do not approve the contract amendments and/or examine alternatives to furlough program schedules.

Recommendation:

Adopt a resolution approving the extension of current labor contract agreements and amendments providing for a five and 10 percent salary reductions through a work furlough program, additional salary reductions and partial payment of the City's contribution to the retirement plan (CalPERS).

Prepared By:



Susan Pearson
Director of Human Resources

Submitted To Council By:



Steven R. Jepsen
City Manager

Reviewed By:

Finance

City Attorney

RESOLUTION NO. 10-

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY APPROVING
THE AMENDMENTS TO CURRENT MEMORANDA AND LETTERS OF
UNDERSTANDING PROVIDING FOR WORK FURLOUGHS**

WHEREAS, City staff and bargaining units have negotiated salary concessions in light of current ongoing local and state economic conditions;

WHEREAS, bargaining units have agreed to defer pending cost of living adjustments and flat rate pay increases and to continue the current furlough programs equal to five (5) percent of payroll;

WHEREAS, the Firefighters' Association and the Fire Management unit have agreed to additional concessions of a five (5) percent furlough, further salary reductions, and partial pick-up of the City's contribution to the retirement plan;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Yuba City as follows:

Approve the attached labor contract amendments and the implementation of the additional five percent salary reduction through a work furlough program; further salary reductions and partial pick-up of the City's contribution to the retirement plan.

The Director of Finance is hereby authorized to make the necessary budget adjustments to implement the provisions of this resolution.

The forgoing Resolution of the City Council of the City of Yuba City was duly introduced, passed and adopted at a regular meeting thereof held on the 20th day of April 2010.

AYES:

NOES:

ABSENT:

ATTEST:

Kash Gill, Mayor

Terrel Locke, City Clerk