COVID-19 Pandemic Response: Recommendation to Impose Layoffs, Authorize City Manager to Reemploy, and Appoint HR Director to Negotiate with Labor Groups

Monterey City Council
April 21, 2020
Key Dates

• **October 15, 2019**: City Declares Fiscal Emergency, which would allow for less than 30 days notice of layoff

• **March 13, 2020**: City Manager issued Emergency Proclamation due to Covid-19

• **March 14, 2020**: Temporary Closures of Monterey Sports Center, Monterey Conference Center, Monterey Public Library, Museums, Parking Facilities

• **March 17, 2020**: Shelter in Place Declaration by Monterey County Health Officer
Immediate Fiscal Challenge

$10M devastating drop in General Fund revenues

- $5.3 million drop in Transient Occupancy Tax (Hotel Tax) revenue
- $1.1 million drop in Sales Tax revenue
- $3.6 million drop in other revenue (Sports Center, Rec, Conference Center fees)

... for a 3 ½ month period (Mid-March through June)
<table>
<thead>
<tr>
<th>Survey Agency</th>
<th>TOT Revenue</th>
<th>Population Served</th>
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The Unfortunate (and Devastating) Reality

- The Covid-19 pandemic is causing this crisis, not our employees.
- $13M strategic reserves are one-time funds needed to maintain critical public safety services and protect the City from fiscal insolvency.
- Layoffs, mostly temporary, are needed now to avoid more dire long-term catastrophic cuts to City services.
- We simply cannot afford to fully staff facilities that are temporarily closed, especially when revenues have plummeted and program fees associated with these positions have evaporated.
- We are proposing this to keep services open in the future.
Intent to Reemploy

- As soon as safe and economically feasible, the City intends to reopen closed facilities and re-employ as many employees as possible.
- This is not a request to permanently close facilities with no intent to reopen.
- City Manager, Departments, and Staff began working as soon as layoffs were considered to put plans in place for gradual reopening.
- Services may look different with social distancing requirements and budgetary constraints - full recovery will likely take time.
Phased Approach

General Cost Savings:

- Deappropriate NCIP/CIP Projects (Next Agenda Item)
- Organizational Restructuring/Cost Savings (TBD)
- Other Programmatic Budget Cuts Citywide (TBD)

Labor Cost Savings:

- Phase 1: Propose (Temporary) Layoffs Affecting Staff in Facilities Closed During Shelter in Place and Voluntary Salary/Benefit Reductions
- Phase 2: Additional Labor Concessions Affecting All Labor Groups
- Phase 3: Rehire Laid Off Staff as Facilities Reopen
Layoff Recommendation

● Approve Resolution to layoff 106 positions
  – 83 filled position
  – 23 vacant positions

➢ June 2, 2020 - proposed effective date of layoffs
➢ Allows employee coverage and City contribution to CalPERS health premiums through July 31, 2020
➢ Employees have COBRA right to continue health plans starting August 1st for 18 months
➢ City HR staff will assist with application to unemployment and Covered California
➢ Federal Pandemic Unemployment Compensation (FPUC) provides additional $600 per week to eligible employees for unemployment
Maintain Services

- Despite devastating losses of revenue, limited staff from all departments, including Sports Center, Library, and Recreation which will continue providing some virtual programs and services.
- Staff is developing plans to carefully reopen facilities (and retain/rehire staff) in an appropriate manner when it is safe to do so.
- Proposed layoff date is June 2, 2020, but if able to reopen facilities before this date, City can start to bring employees back to work and in some cases may not require layoffs at all for some staff.
Decision to Layoff vs. Furlough

- **Layoff** typically is a temporary separation from employment due to lack of work, but intent to reemploy when work resumes.

- **Furlough** typically is across-the-board unpaid time off for a fixed period of time to address financial challenges.
“Essential Services” per Order

• Public Safety and Emergency Management
  – Police
  – Fire
• Public Works
• Planning
• Building Inspection
• Staff that support these operations
  ➢ Employees providing these services continue to work at full capacity.
  ➢ Taking unpaid time off would impact services to community and public safety
  ➢ Furlough across the board would negatively affect these essential city services (less policing, fire services, etc.)
Impacted Services

• Due to the pandemic, the City was forced to reduce or temporarily close certain services deemed “non-essential” by County Health Officer’s Shelter in Place orders
• The City does consider these to be important and critical community services
• Most employees impacted by the Shelter In Place order offering these services have been unable to perform regular city services since mid-March
Impacted Services

- Library
- Sports Center
- Museums
- Conference Center
- Recreation
- Parking
- Various staff/programs in other departments

➢ Staff in these departments have worked hard to create some level of service remotely and online.
➢ The City will retain sufficient staff to continue some of these services.
Service Delivery Comparison

FTE (Full-Time Equivalent) City Employees per 10,000 Residents

- Monterey
- Salinas
- Seaside
- Pacific Grove
- Marina

- Recreation Centers & Sports Programs
- Sports Centers
- Library
- Museums
- Conference Center
- Parking Operations
Employees Pivoting to Support Community

• City Manager created “Operation Outreach” and opened the Emergency Operations Center on 3/16
• These employees rose to the occasion and provided:
  – Outreach to thousands of residents who are at risk for serious illness to Covid-19
  – Support to our Emergency Operations Center
  – Virtual Programs: Sports Center Exercise Classes, Recreation, Library Services/Programs/Lessons
  – Continued customer service to the public
• Staff hoped that the Shelter in Place orders would lift within a few weeks and these projects would get staff through closures, but this is not the reality of this pandemic or the economic impact
Supporting Employees During Pandemic

• The City Manager immediately provided 80 hours of paid leave to be used “as needed” during the Shelter-in-Place

• Employees unable to work remotely received an additional 80 hours of Paid Sick Leave from new federal law

• Assigned safety and harassment prevention training

• Loaned out laptops to any employee who needed one to work remotely
Decision to Layoff

- City cannot unilaterally impose furloughs, they must be negotiated
- City Code only provides City Council with ability to layoff with reemployment rights
- HR notified labor groups last Wednesday regarding layoff proposal and availability to negotiate impacts
- Many groups have already met with HR and offered concessions and other options to lessen the impact of layoffs
Labor Groups Respond to Support City Family

• City Manager and City Attorney have volunteered a 10% reduction in pay through 11/2020 and volunteered to defer the July 2% increase to 1/2021
• Executive Management group (MEMEA) have volunteered an 8% reduction in pay through 11/2020 and volunteered to delay the July 2% increase to 1/2020
• Miscellaneous Management group (MEA) approached me last week and we have started discussions on impacts
• Police Management (PLMA) and Fire Management (MFCOA) has also volunteered concessions, even through none of their members are impacted at this point.
Reemployment

- Recommendation to provide City Manager with discretion to reemploy as soon as possible based on status of Shelter in Place orders and availability of funds.

- Employees laid off retain right to reemployment to position for 24 months, when reemployed:
  - retain seniority rights
  - retain vacation accrual rates
  - leave balances not “cashed out” restored
  - “Classic” employees will reemploy with “Classic” plan under PERS rules
Next Steps

- **Between now and June 1st:**
  - Today’s proposal is first step needed to begin discussions and plan ahead
  - The City will have a better projection of how this pandemic will impact revenues for next fiscal year
  - The City hopes to have a better understanding of when and how the Shelter in Place Orders will lift, and how facilities might reopen
  - HR staff will meet with unions regarding other options and impacts
  - Concessions will need to be significant to mitigate the impacts - comparable across the board cut would be 20% and would include police and fire
Timeline

✓ April 15: HR Notified labor leadership of layoffs
✓ April 16: Proposed layoffs announced by City Manager via Citywide Google Meet Livestream
✓ April 16: Media release announcing proposed layoffs
✓ April 17: List of positions affected released in Agenda Report
  • April 21: City Council Meeting to consider proposal
  • April 22: Staff negotiates identified impacts through meet and confer
  • April 22: Potentially affected employees formally notified
  • Early May: City Council may consider changes to layoffs based on meet and confer in Closed Session
  • June 1: Layoffs take effect for final list of employees affected
• This is a very painful, difficult, yet necessary decision.
• We empathize with our employees (many longtime) and their families.
• These are intended to be largely temporary layoffs for closed facilities, and are needed now to avoid draconian cuts to public safety, and protect the City from insolvency.
• Virtual services will continue with core staff in Sports Center, Recreation, and Library.
• Basic custodial, parking maintenance, enforcement will continue.
• When safe to do so, we will reopen facilities and rehire staff as soon as possible. How we reopen facilities will depend on health/safety guidelines and fiscal state.