



Legislation Text

File #: 20-0938, **Version:** 1

Recommendation to allow City Council to participate in a work furlough program by a voluntary reduction in Councilmember effective pay by ten percent (10%), beginning with the pay period of September 26, 2020 and request all Elected City Officials and other City Officials not covered by a Memorandum of Understanding to also participate in the work furlough program in Fiscal Year 2021 by voluntary reductions in their effective pay by ten percent (10%), beginning with the pay period of September 26, 2020. (Citywide)

Given the difficult financial situation the City faces in Fiscal Year 2021 (FY 21), and to avoid even further layoffs and reduction of services to the community, the City Manager has asked all City employees to participate in generating one-time savings in the amount of \$11 million for FY 21. With the exception of safety and bargaining units with closed contracts, all bargaining groups have agreed to take work furloughs, amounting in most cases to a ten percent (10%) reduction in wages. The City is in negotiations with one bargaining group. Given the sacrifices being made by City employees, it is appropriate that the City Council and Elected Officials also consider participating in the work furlough program for FY 21 by voluntarily reducing their effective pay by ten percent (10%) through a contribution to the City because of the City Charter and tax and pension regulations, other pay reductions alternatives may not be able to be accomplished.

Additionally, other City Officials not covered by a Memorandum of Understanding (MOU) may also voluntarily participate in the work furlough program. As with City employees, it is not expected that the City Council, Elected City Officials or City Officials not covered by an MOU work on furlough days, but they are expected to be available in the event of an emergency or other situation. The City Attorney's Office cannot opine on the personal tax consequences that may result from a Councilmember's, Elected City Official's or other City Official's (not covered by a MOU) voluntary participation in the furlough program, therefore, individuals wishing to participate are advised to consult with their tax attorney.

Tax law and CalPERS regulations combined with the City Charter make it impractical to actually reduce pay due to tax and regulatory consequences that the City and affected employees may face. As a result, the likely practical implementation would be voluntary contribution to the City whereby the equivalent of a ten percent (10%) pay reduction is returned to the City, similar to as if the City had reduced the Councilmember's or Elected Official's salary by ten percent (10%). The savings to the City would be slightly less than ten percent (10%) because of the tax and CalPERS contributions the City would need to make under the law.

Approve recommendation.

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