



CITY OF MILPITAS AGENDA REPORT (AR)

Item Title:	Adopt a Resolution to Eliminate 2021 Pay Raise for Unrepresented Miscellaneous and Safety Employees
Category:	Consent Calendar-Leadership and Support Services
Meeting Date:	12/1/2020
Staff Contact:	Jeannine Seher, Human Resources Director, 408-586-3086
Recommendation:	Adopt a resolution eliminating pay raise for unrepresented miscellaneous employees effective in 2021, previously authorized on June 18, 2019, as specified in Resolution No. 8888, and eliminating the 2021 raise for Unrepresented Police Management classifications and Unrepresented Fire Management classifications.

Background:

Unrepresented employees are not organized nor represented for the purposes of collective bargaining and meeting and conferring over salary, benefits, and working conditions. However, in order to avoid compaction, and to aid in the ability to attract and retain employees, the Council periodically provides direction and authorizes increases to the Classification Plan, often consistent and timed with increases provided to other bargaining units. The most recent general salary increases authorizing these adjustments occurred on June 18, 2019, which was during a thriving economic period and prior to the global pandemic. The unrepresented employees, pursuant to Resolution No. 8888 are authorized to receive their next pay increase of 3% effective with the first pay period in July 2021. Further, on March 19, 2019, the City Council approved tying future raises for unrepresented Police and Fire management classifications to those for the respective employee organizations (MPOA or IAFF).

City leadership acknowledges that the global pandemic and stay at home orders have resulted in unforeseen, significant decreases in revenues. The losses that have materialized make the pending raises ill-timed and not a prudent course of action. As such, staff recommends the pending raises scheduled for miscellaneous Unrepresented employees for July 2021 be eliminated. Further, any raise due to Unrepresented Police Management classifications (5% in January 2021) and Fire Management classifications (4% in July 2021) will also be eliminated.

Analysis:

When the City adopted the Resolution in 2019, it did so under extremely different circumstances. The labor market was very competitive, and competition for talent was fierce. With the global pandemic, the economic impacts have been severe and revenue losses deep. Although the unrepresented employees do not bargain for their salary, benefits or terms and conditions of employment, the City Manager's Office met with these employees to discuss the fiscal situation, and the need to lead by example by foregoing the 2021 salary increases. The savings as a result of this action is projected to reduce anticipated expenditures by approximately \$25,000 for Fiscal Year 2020-21 and \$341,000 for Fiscal Year 2021-22.

Policy Alternative:

Alternative: Provide the raises as previously approved or approve and authorize a lesser raise.

Pros: Will provide a previously committed benefit to City employees.

Cons: The City is facing a structural deficit. The elimination of the pay raise specified above is an action that assists in the effort to bridge that gap.

Reason not recommended : Providing pay raises to the City's unrepresented employees is not a prudent course of action in light of the pandemic and resulting impacts on the economy and the City's fiscal situation. Additionally, elimination of the raises provides cost savings that will mitigate the impact of the structural budget deficit without reducing services to the community.

Fiscal Impact:

The above action is projected to reduce anticipated expenditures by approximately \$25,000 for Fiscal Year 2020-21 and \$341,000 for Fiscal Year 2021-22. The budget amendment for the expenditure savings for the current fiscal year will be brought forward as part of the FY 2020-21 Mid-Year Budget Review and the expenditure savings for FY 2021-22 will be incorporated into the FY 2021-22 Proposed Budget scheduled for release early May 2021.

California Environmental Quality Act:

Not a project requiring environmental review under the California Environmental Quality Act (CEQA).

Recommendation:

Adopt a resolution eliminating pay raise for unrepresented miscellaneous employees effective in 2021, previously authorized on June 18, 2019, as specified in Resolution No. 8888, and eliminating the 2021 raise for Unrepresented Police Management classifications and Unrepresented Fire Management classifications.

Attachments:

- 1) Draft Resolution
- 2) Adopted Resolution No. 8888