REQUEST FOR COUNCIL ACTION

Title:	Premium pay for employees working during COVID-19
Preferred Agenda:	August 10, 2021
Submitted By:	Brandon Neish, Finance Director
Reviewed By:	Ray Towry, City Manager
Type of Action:	Resolution ____ Motion _X_ Roll Call ____ Other ____
Relevant Code/Policy:	SHMC § 2.48.030 – Adoption and Amendment of Rules Sweet Home Charter Section 6 Sweet Home Personnel Policy Section 3 (c)
Towards Council Goal:	Goal 2.3: Invest in long-term staff stability & training
Attachments:	- None -

Purpose of this RCA:

To review premium pay for employees who worked through the COVID-19 pandemic.

Background/Context:

In March 2019, the Federal government and the State of Oregon declared states of emergency related to COVID-19. On March 19, 2019, the City of Sweet Home followed suit with its own emergency declaration. Since then, the coronavirus pandemic has ravaged various elements of our daily lives. Businesses and employees alike have endured multiple closures, restrictions, and layoffs. Through it all, fifty-eight dedicated public servants worked tirelessly to maintain essential services for the community of Sweet Home, minimizing interruption to services the community needs and expects all while managing a changing world and a year in which change was inevitable.

In March 2021, the United States Congress passed, and the President signed the American Rescue Plan Act (ARPA) of 2021. As part of ARPA, municipalities received $130.2 billion with Sweet Home slated to receive approximately $2.2 million to use for any of four specific purposes. One of those options is to provide "premium pay to eligible workers performing essential work (as determined by each recipient government) during the pandemic." The City Council first heard a proposal from City staff regarding ARPA funds to provide employees a premium during a work session held on July 27, 2021. The City Council evaluated the proposal and indicated that they would be interested in seeing a full proposal during their next City Council meeting.

If providing premium pay using ARPA dollars, total, annual pay for an employee cannot exceed 150% of the state's average annual wage. This excludes six employees across the City from receiving premiums from ARPA funds. Of the remaining staff, 5% of the prior fiscal year salary plus associated retirement contributions totals $141,055.00, prorated based on time served during the pandemic (March 2020 to June 2021, sixteen months). For the other six employees who worked during the pandemic, the cost of providing a premium using City funds is $35,366 (includes retirement contributions standard with pay to employees).

The Challenge/Problem:

How does the City of Sweet Home reward its employees for their efforts during a dangerous pandemic?

Stakeholders:

- City of Sweet Home Citizens – During the pandemic, City employees kept essential services running and worked with citizens to navigate unchartered waters. Public Works kept water flowing to homes and sewer service operational; Finance staff worked with residents and businesses to minimize and/or eliminate penalties and keep utility services on; Police Officers and Dispatchers continued to engage with the public and provide emergency services; Library staff continued to operate the Library and provide books to those who needed it the most with being stuck at home. This non-exhaustive list is only a fraction of the work done during one of the most challenging years on record.
- City of Sweet Home Staff – Employees across the City handled drastic operational changes with poise and efficiency, never missing a beat to keep services going. This premium goes only part way in recognizing their efforts, thanking them for continually risking their own health to help others and making it through some of the toughest times in recent memory.
- Sweet Home City Council – The City Council benefited from employees' continued engagement and support. Council goals were met during the pandemic because of the team under them.

Issues and Financial Impacts:

72% of the total funds needed for premiums to employees would come from American Rescue Plan funds. Since budget was not established for those funds, additional expenditure authority would be necessary to utilize the funding in the current fiscal year. The remainder (28%) would come from a mix of existing expenditure authority and transfer appropriations as needed from contingency funds.

Elements of a Stable Solution:

One of the City Council's goals is to invest in long-term stability amongst staff. This premium demonstrates to employees the thanks and admiration the Council has publicly stated in a tangible form.

Options:

1. *Do Nothing* – Employees would not receive a premium for their support during the pandemic.
2. *Move to approve premium pay for employees using ARPA funds only.* – Fifty-two employees would receive 5% of their prior fiscal year BASE salary paid in a lump sum on their August 2021 paycheck. Subsequent budget authority would be necessary to allocate the funds.
3. *Move to approve premium pay for all employees.* – All City employees would receive 5% of their 2020-21 BASE salary paid in a lump sum on their August 2021 paycheck. Those not eligible to receive ARPA funds would be paid from City resources.
4. *Move to approve premium pay for employees at a determined percentage using ARPA funds only.* – The City Council could choose to revise the premium from 5% to an alternate percentage. All other conditions of option 2 above would remain.
5. *Move to approve premium pay for all employees using a determined percentage.* – The City Council could choose to revise the premium from 5% to an alternate percentage. All other conditions of option 3 above would remain.

6. *Request staff return with additional information.* – The City Council could determine it needs additional information before a decision can be made. Council would direct staff to complete necessary research and calculations and return with information during the August 24th Council meeting.

Recommendation:

Staff recommends either option 2 or 3, *move to approve premium pay for...* Staff believes that the City's workforce deserves these funds as thanks for their efforts during a trying time.