



CITY COUNCIL AGENDA ITEM

Date: November 26, 2013
To: Honorable Mayor and City Council Members
From: Brian Kischnick, City Manager
Subject: Termination of Required Furlough Hours – *(Introduced by Brian Kischnick, City Manager)*

History

Beginning in January 2010 classified and exempt employees were required to take annual unpaid furlough time in the amount of 104 hours per year (approximately 2.6 weeks or 5% reduction in wages). This was one of many techniques used in a larger strategy to reduce expenditures to a level that would keep the City sustainable in light of significant and inevitable revenue declines from the recession of 2008.

Subsequent to January 2010 all other employee groups opened their contracts and negotiated concessions, including in many instances, furlough concessions that supported the new strategy.

In addition to furlough hours, other concessions included:

- 5% wage reductions and changes in healthcare levels for AFSCME employees;
- An additional 39 hours annually of unpaid time for hours worked by classified and exempt employees;
- Reduced holiday pay for MAP employees;
- Reduced employer contributions to employee pension benefits;
- For TCOA and TCSA, forfeited contractual pay raises, reduced healthcare coverage and elimination of shift preparation pay;
- Elimination of longevity and reduced healthcare coverage by TFSSOA members;
- Wage reductions, deferments of contractual raises, reduced healthcare benefits and reduced concessionary time by TPOA members; and
- Salaries frozen city-wide for all positions unless otherwise addressed through union contract negotiations.



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The overall effect was to secure a 10% concession from all employee groups. Significantly, despite the amount and duration of these concessions, coupled with an increased workload due to a 35% reduction in the workforce, the remaining employees remained committed and supportive.

Beginning in July 2013, City Council established a Top 12 Strategy in order of priority as direction for city administration. Number 1 on the top 12 list is:

1. Attract and retain quality employees – Investigate programs to improve employee morale

All full time employees have participated in the furlough program for 3.5 years. In May of 2013, one half of the required furlough hours were eliminated and incorporated into the City's three year budget for fiscal years 2014, 2015 and 2016.

In addition, all new collective bargaining agreements eliminate more expensive health plans and require health insurance coverage through Community Blue PPO which saves on City expenditures.

Financial

It has been suggested that due to the stabilization of revenue sources and the current level of expenditures, that the remaining furlough requirements be terminated.

Current estimates would require a budget adjustment for the 2014 fiscal year (between \$250,000 to \$400,000 per department and funds to compensate for 6 months of eliminated furlough) which includes 26 hrs hours of additional pay for Classified/Exempt, AFSCME, and TFSOA employees; 15.5 hrs for TCOA members, and 12.5 hours for TPOA members.

From a productivity level, the City would gain approximately 6,400 hours in the first year and 12,800 hours in future years when compared to current requirements. It should be noted that the increased productivity would not have the additional fixed benefit costs, such as healthcare, that would be required by hiring additional employees to provide the same level of service.

Due to inequities between individual furlough banks, a time frame would need to be established to allow employees to use any required remaining furlough time that will be determined. At the end of this time frame if an employee has used more than the required furlough, the employee would be compensated for the difference.

Recommendation

It is recommended that required furlough be terminated effective January 1, 2014. That City Management compile a budget amendment by fund and/or department and submit to City Council for approval. Establish a required furlough bank representing one half of the current budgeted furlough amount and give employees until the payroll period ending January 31, 2014 to comply with the new requirements.