



## Takoma Park City Council Meeting – October 14, 2020 Agenda Item 6

### **Work Session**

Personnel Matters

### **Recommended Council Action**

Review and discuss proposed Council resolutions regarding the personnel budget and a collective bargaining contract; review personnel “hold” list.

### **Context with Key Issues**

City staff provide essential services and work to advance the City Council’s goals. In Takoma Park, personnel costs for FY21 were budgeted at \$19.4 million, or about 57% of the City’s annual budget. Of that amount, \$12 million was budgeted for staff wages. Those amounts exceed the expected actual FY21 expenditures for personnel because of actions taken by the City Council and the City Manager in response to financial concerns and operational needs related to the pandemic health emergency. Besides savings from positions that were cut or put on hold, wage savings are expected in the range of \$300,000-\$500,000 for the year. These savings take into account the actions to be discussed in this Work Session.

As part of a holistic look at personnel needs and expenses, the City Manager is looking to gain Council approval for a retirement incentive program, a collective bargaining agreement with one of the City’s two unions that includes a 1.5% wage increase (totaling about \$25,000), and a 1.5% wage increase for lower level staff that are not represented by a union (totaling about \$12,000). In addition, the Council and City Manager will review the personnel “hold” list. The overall goal of these actions is to better match City staff to critical positions and allow for multi-year personnel savings. The difference between the amount budgeted for these positions and what is being proposed here is a savings of about \$75,000 in the current fiscal year. This amount can be redirected into other programs or the Unassigned Reserve. Other personnel funding/saving decisions will need to wait for the conclusion of negotiations with the City’s other union.

### **Council Priority**

Fiscally Sustainable Community; Engaged, Responsive, Service-oriented Government.

### **Environmental Considerations**

There are no environmental considerations related to this item.

### **Fiscal Considerations**

The retirement incentive program may net a small amount of money in FY21; cutting some positions or holding some positions vacant in coming years may save \$150,000 to 300,000 in upcoming years, depending on the positions affected. Approval of the Local 400 collective bargaining agreement will save over \$50,000 that had been included in the Police Department personnel budget. Approval of the reduced wage increase for the 12 non-management, non-union-represented staff will save over \$24,000 across several departments. For FY21, the combined savings of approximately \$75,000 may be redirected to other programs (such as for facilitation services for the Reimagining Public Safety Task Force) or may go to the Unassigned Reserve.

**Racial Equity Considerations**

It is unknown who will choose to accept the retirement incentive. Of the 29 members of Local 400, 7 are Black/African American, 6 are Hispanic/Latinx, and 16 are White. Of the 12 staff-members who are in non-management, non-union represented positions, 5 are Black/African, 1 is Hispanic/Latinx, 1 is Asian, and 5 are White. Among the 41 staff are persons who speak Amharic, Spanish, Greek, Russian and Tagalog.

**Attachments and Links**

[Additional background information](#)

## **Additional Background Information**

Many decisions related to personnel were put on hold when the pandemic closings took place in March and during the consideration of the City FY21 Budget in April and May.

- In March, City management and the City's two unions were in collective bargaining negotiations. When the pandemic hit, those negotiations were put on pause.
- Hazard pay was authorized for some essential workers, March through June 2020 only.
- Non-permanent part time staff were paid as if they were still working, March through June 2020 only; certain interns continued working.
- Staff was informed that wages would be frozen at the FY20 wage until further notice. Most staff normally receive a wage increase on July 1. The amount of a wage increase is what would have been approved through a collective bargaining agreement or City Manager recommendation (for non-union-represented staff), as ultimately approved by the Council.
- During the Budget preparation and consideration, a number of vacant positions were cut, put on hold, or identified for filling at a later time during the fiscal year. The Council noted that review of the "hold" list should occur periodically during the fiscal year, with the first discussion to occur in October, 2020.
- Adding to the uncertainty about personnel costs, but not associated with the pandemic, is the fact that the actual amounts the City will need to pay for employee health insurance and Workers Compensation are not known until after the Budget is adopted each year.

At the time the proposed budget was being prepared, the calculation of potential total salary increase for FY21 was approximately 4.5% (about \$500,000), which was a combination of an increase based on the December 2019 Employment Cost Index (ECI) for State and Local Government (2.5% for wages only), a 1.5% step increase, and some funds for an additional 1.5% increase for those receiving "Distinguished" on their evaluation and to cover adjustments to fringe benefits (such as social security and pension fund contributions) due to adjustments in wages. The 4.5% amount was kept in the budget so as to have flexibility in dealing with the uncertainties of the pandemic, even as staff salaries remained frozen. The amount includes funding for the positions on the hold list but not filled.

### Retirement Incentive Program

As it became clear that the pandemic would last many months, it also became clear that some positions that are heavily customer-service oriented would not be needed at pre-pandemic work levels for some time. A number of these positions are staffed with persons eligible for retirement. For that reason, the City Manager is proposing a retirement incentive program. This program may save money this fiscal year, and will save money in FY22 if certain positions are left vacant, as is anticipated. The City Manager has the authority to implement this program, but is proposing a Council Resolution specifying the purpose and terms. The incentive is a payment of \$750 per year of employment with the City and an option to continue with the City's health insurance for the retiree for up to three years if under 65 years of age. Members of the City's Senior Leadership Team (mostly department heads) are not eligible for this incentive. Of the approximately 15 employees eligible for this program, it is expected that perhaps four may accept. Of those positions, two or three of the positions could remain unfilled for more than a year. If the retirement incentive program is not successful, several positions will be proposed to be cut. Depending on the position, there may need to be union discussions about layoffs. The goal of the retirement incentive program is to work to match staff with work load, given changes brought on by the pandemic.

### Collective Bargaining Agreement

When it became clear that the pandemic would continue for an extended period of time, the union negotiations that had been paused until August 31 were restarted. United Food and Commercial Workers (UFCW) Local 400 represents police officers below the rank of sergeant. All of the City's officers hired since Chief DeVaul became Police Chief (except the Deputy Chief) are members of Local 400. Most other City non-management staff are represented by the American Federation of State, County and Municipal Employees (AFSCME) Council 67, Local 3399.

While negotiations with AFSCME will continue for some time, City management and Local 400 have come to a tentative agreement on a three-year collective bargaining agreement. The terms of the contract remain similar to the past three year agreement, but have the following changes:

- A wage increase of just 1.5% for FY21, with no additional increase for a rating of Distinguished. Wages for FY22 and FY23 would be negotiated in a re-opener each year when more financial information is known. No new hazard pay program is included.
- Provisions reflecting changes in federal law regarding payment of union service fees and changes related to the Maryland Healthy Working Families Act.
- Text changes regarding Emergency Pay that clarifies that the City Manager has the sole discretion of establishing the time period of a weather emergency for which Emergency Pay is paid.
- Text related to administrative leave for required training for National Guard or military reserve unit service.
- Provisions for compensation for work as a Field Training Officer or for additional job responsibilities when an Officer has been certified by the Maryland Police Training Commission in certain technical skill areas.
- Minor text changes related to the dates of holidays during the three years of the agreement and updating the grade classification numbers for the various positions.

It should be noted that the agreement has been reviewed with an eye to the reimagining public safety goals the City is pursuing and changes are not needed to the agreement; changes to policing operations and procedures may be accomplished through management direction, subject to State and Federal law.

Again, the major provision of this collective bargaining agreement is the wage increase that is limited to 1.5%. This increase for the 29 Local 400 members totals approximately \$25,000. The amount of wage increase in the budget for these positions was approximately \$75,000, so there would be a savings of about \$50,000. The \$25,000 proposed to be paid over the course of the year is significantly less than the amount that was being spent on hazard pay at the beginning of the pandemic. No new hazard pay program is included in the proposed collective bargaining agreement.

### Resolution Regarding Non-union, Non-management Staff Wages

Consistent with the discussions with Local 400, the City Manager would like to provide a 1.5% increase to the 12 employees who are non-management level employees and in neither Local 400 or AFSCME. These employees hold positions with access to confidential information, such as in Human Resources and the Finance office, or have some supervisory responsibilities, predominantly in Public Works. Because of their positions, most of these staff have had extremely heavy workloads during the pandemic. While decisions about pay for higher level staff can wait until more financial information is available, the City Manager recommends that these lower-paid staff receive a modest increase in pay, totaling about \$12,000. Again, there would be no increase for a rating of

Distinguished. The difference between a 1.5% increase and the approximately \$36,000 budgeted for a wage increase represents a savings of \$24,000.

The Personnel “Hold” List

During the Council’s consideration of the FY21 Budget, a number of vacant positions and interns were either cut or put on “hold” for some of the year. The positions on hold may be filled if the Council feels there is adequate need. The funding for the positions on hold is included in the personnel budget. Funds not spent may be allocated to other needs. The Council wished to review the list periodically during the fiscal year, beginning in October. Since that time, it has become clear that the pandemic is likely to affect customer service positions through the fiscal year. We do not know if child care (including afterschool and summer camps) will need to take place. No action is being asked of the Council regarding the Hold list at this time.

**General Government**

The Record Specialist in the City Clerk Division is cut for half the year and on hold for the other half.

**Police**

A crossing guard and crossing guard substitute are cut for half the year and on hold for the other half.

**Public Works**

The Vegetative Maintenance Supervisor is cut for half the year and on hold for the other half.

The Urban Forest Intern position is on hold.

(The Deputy Public Works Director position was cut for the first two months of the fiscal year but is NOT on hold.)

**Recreation**

A Recreation Supervisor position is cut for half the year and on hold for half the year.

**Housing and Community Development**

The Housing and Community Development Director position is cut for half the year and on hold for half the year. The Arts intern is cut for half the year and on hold for half the year.

<b>Department</b>	<b>Personnel Reduction</b>	<b>Personnel Hold</b>	<b>Total Budget Cut</b>
City Clerk Records Specialist	\$ (49,836)	\$ (36,092)	\$ (85,928)
HCD Director	\$ (92,569)	\$ (92,569)	\$ (185,138)
Arts and Humanities Intern	\$ (10,751)	\$ (9,400)	\$ (20,151)
Police Administration - Crossing Guards	\$ (40,363)	\$ (23,766)	\$ (64,129)
Urban Forest Intern		\$ (7,800)	\$ (7,800)
Vegetative Maintenance Supervisor	\$ (67,961)	\$ (59,961)	\$ (127,922)
After School Programs - Recreation Supervisor	\$ (26,657)	\$ (26,659)	\$ (53,316)
Camps - Recreation Supervisor	\$ (26,687)	\$ (26,688)	\$ (53,376)
<i>Other</i>	\$ (190,017)	\$ 17,776	\$ (172,241)
<b>TOTAL RECONCILIATION AMOUNT</b>	<b>\$ (504,841)</b>	<b>\$ (265,159)</b>	<b>\$ (770,001)</b>