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**Title:** Staff Report for a City of San Leandro City Council Resolution Approving the San Leandro Management Organization (SLMO) Memorandum of Understanding and Authorizing the City Manager to Execute Employment Agreements for Police Chief and Assistant City Manager with no Salary Increases in the Current Fiscal Year 2020-2021.

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**Attachments:** 1. Unsigned SLMO MOU 2020-21, 2. 9.28.20 Unsigned Employment Agreement for Police Chief Tudor 2020-22, 3. 9.28.20 Unsigned Employment Agreement for Asst City Mgr L.Warmerdam 2020-22

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Staff Report for a City of San Leandro City Council Resolution Approving the San Leandro Management Organization (SLMO) Memorandum of Understanding and Authorizing the City Manager to Execute Employment Agreements for Police Chief and Assistant City Manager with no Salary Increases in the Current Fiscal Year 2020-2021.

**SUMMARY AND RECOMMENDATIONS**

Staff recommends that the City Council approve a resolution ratifying the Memorandum of Understanding (MOU) between the City of San Leandro and the San Leandro Management Organization (SLMO) and authorizing the City Manager to execute employment agreements for the Police Chief and Assistant City Manager. In acknowledgement of the financial challenges the City faces due to the COVID-19 pandemic, the entire executive team and management group has agreed to forego a salary increase in Fiscal Year 2020-21.

**BACKGROUND**

The COVID-19 pandemic has resulted in significant impacts to revenue sources that will affect the City’s budget. Activities in San Leandro continue to be restricted due the State and County’s public health orders to shelter-in-place (“SIP”). While the SIP is gradually lifting, it is still unknown when businesses will be allowed to fully reopen and when revenue-generating activities will return back to normal levels.

To mitigate the anticipated financial shortfalls caused by this crisis, the City has already implemented a number of cost saving measures, including the reduction of expenditures, implementation of a soft hiring freeze of non-essential positions, elimination of non-essential travel, and deferral of General Fund contributions to Capital Improvement Projects.

Employees would typically receive an annual cost-of-living (COLA) adjustment, which has averaged 3% over the last 5 years. In recognition of the City's critical financial condition, the San Leandro Management Organization (SLMO), Police Chief, and Assistant City Manager have agreed to forego a COLA salary increase in FY 2020-2021. The City Manager has also volunteered to waive a salary increase in the current fiscal year, and an amendment to the City Manager's employment agreement will be brought forward at the next regular meeting, to comply with CalPERS regulations on executive compensation. Concessions in labor costs from the entire executive team and management group will greatly contribute to cost savings and help to avoid layoffs or reductions in services to the community.

### **Analysis**

The San Leandro Management Organization (SLMO) Memorandum of Understanding (MOU) expired on June 30, 2020. SLMO represents 35 employees and is comprised of Department directors and managers across all departments. During several meetings, the City and SLMO discussed ways to achieve budget savings and negotiated a new contract to effectuate the savings in the current fiscal year budget. A tentative agreement was reached for the period July 1, 2020 through December 31, 2021, in which employees will forego a cost of living salary adjustment in FY 2020-2021. The City agreed to provide a non-pensionable contribution towards employees' deferred compensation 457 plan, match employee's contributions up to 2% of base salary, and an administrative leave bank of 40 hours per calendar year for each employee.

The Police Chief and Assistant City Manager also agreed to forego salary increases in their respective employment agreements for the current fiscal year. The Police Chief's employment agreement expired on January 30, 2020 and a successor agreement is proposed for the period January 31, 2020 through December 31, 2022. The updated agreement was originally delayed to allow time for completion of the City's negotiations with the Police Management Association. The Assistant City Manager classification is currently a part of SLMO, but an individual employment agreement is proposed for the period September 1, 2020 through December 31, 2022. Since the Assistant City Manager manages the overall preparation of the annual budget, being unrepresented by a bargaining unit ensures that the City Manager will receive neutral and independent analyses and recommendations related to the budget and other finance issues.

The proposed agreements are recommended for approval.

### **Previous Actions**

- On November 7, 2016, by Resolution No. 2016-148, the City Council approved the Police Chief's employment agreement effective October 18, 2016 through January 30, 2020.
- On February 16, 2016, by Resolution No. 2016-016, the City Council approved the prior SLMO MOU for the period July 1, 2015 through June 30, 2020.

### **Fiscal Impacts**

By foregoing a 3% cost-of-living salary increase, and the proposed changes to the SLMO MOU, the net savings to the 2020-21 budget is \$69,719. The remaining provisions in the proposed agreements for the Police Chief is a savings of \$13,576 and will not require any additional funding in the adopted City budget. The total net savings for FY 2020-21 amount to \$83,295.

**ATTACHMENT**

- San Leandro Management Organization Memorandum of Understanding (MOU)
- Employment Agreement for the Police Chief
- Employment Agreement for the Assistant City Manager

**PREPARED BY:** Emily Hung, Human Resources Manager, City Manager's Office