

REPORT TO CITY COUNCIL

DATE: MAY 27, 2020

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: GREG RAMIREZ, CITY MANAGER

BY: NATHAN HAMBURGER, ASSISTANT CITY MANAGER

SUBJECT: REQUEST TO ADOPT RESOLUTION NO. 20-1935; DETERMINING THE NECESSITY OF BUDGET REDUCTIONS DUE TO THE COVID-19 PANDEMIC THROUGH THE USE OF LAYOFFS AND FURLONGHS AND AUTHORIZING THE CITY MANAGER TO IMPLEMENT THESE ACTIONS IN ACCORDANCE WITH THE CITY'S PERSONNEL RULES

As the mid-year budget cycle review moves forward, the City has continued to shift and adjust course to incorporate the economic results related directly to the COVID-19 pandemic. What started as a public health crisis has now become a financial crisis in which the City is forced to swiftly react and prepare for large projected revenue decreases. City staff, through the support of the City Council, has been reviewing options to accomplish the need for budgetary reductions through various options. The economic vitality of the region will be effected for the foreseeable future and now requires the City to make some difficult decisions, as the City strives to present a balanced budget for adoption.

At the April 29, 2020, Goal Setting Workshop, the City Council was presented dire news indicating an expected revenue decrease of \$1.3 million in the upcoming fiscal year 2020-2021. This doesn't include current revenue reductions in the current fiscal year. These shortfalls relate directly to the decline of sales tax, transit occupancy taxes created by overnight stays in local hotels, a loss of revenue due to the closure of the City's Recreation and Event Center, and losses related to the temporary cancellation of all Community Services programs. In addition, there will be some delay in the distribution of property taxes all tied to the Safer at Home directives. Due to the uncertainty of when this directive and the correlated restrictions will be lifted for Los Angeles County, it is necessary for the City to make decisions related to programs and services provided to the community.

City staff has worked diligently to review the ability to provide continuity of vital services while looking for opportunities to recommend budget reductions. This has included an investigation into optional methods to provide services and programs or the delay of projects that require the use of General Funds. As part of the budget reduction plan, the City has also instituted a new employee hiring freeze, and reached an agreement with

the City's employees on concessions related to salary and benefits, previously agreed upon. Although these are important steps towards accomplishing a balanced budget, further reductions are required. Faced with the reality that certain work responsibilities and duties will not be necessary during some, if not all, of the upcoming fiscal year due to program cancellations and limited public access to City facilities and services, there is a need to consider a reduction in the City's labor force.

The recommendations within this report, are not made lightly and are done so with the previously mentioned review in mind that considers a reduction in funding available and a decrease in work duties available. There will be some duties and responsibilities that will need to be absorbed by existing staff, but it is felt that this can be done with a minimal effect on the overall productivity of the organization. The City would also be able to use existing contractual providers on a reduced number of hours basis, to assist in delivering some basic services at a more effective cost.

The City's adopted Personnel Rules, under Rule IX, Section 2 (A), provides the City Council with the authority to layoff employees due to a reduction or lack of work or a lack of funds. Section 2 also provides the prescriptive process in which these layoffs and or furloughs (work reduction) would occur.

The initial action that is being requested is related to the layoff of all temporary and seasonal part-time employees, consistent with the City's Personnel Rules and would be effective immediately. Currently, these positions are inactive with no work assignments available nor anticipated for the foreseeable future, due to the reduction in programs and services offered through the Community Services Department for the upcoming fiscal year. In addition, it is requested that the City Council provide the City Manager the authorization to identify the appropriate departments and full-time and three-quarter job classifications to apply either a layoff or furlough, which would be dictated by positions affected by a work reduction and the overall financial shortfall.

These actions, relative to any full-time or three quarter time employees are recommended to take effect immediately, with the employee to be paid through the closure of the current pay-period ending June 4, 2020. Furloughed employees would still receive their medical benefits but not any working hours or salary until either October 1, 2020 or such time that there are relative work assignments and the financial ability to support the positions. These actions are requested to be implemented May, 29, 2020, so as to lessen the impact of the crisis on our community later.

These recommended actions and other personnel related actions would be intended to provide a budget reduction target in the amount of \$622,000 for Fiscal Year 2020/2021 and is a significant step in addressing the necessary budget reductions. Should additional reductions be necessary, the City Manager would need to do additional analysis and possibly take further personnel actions under the proposed resolution.

RECOMMENDATION

Staff respectfully recommends the City Council approve Resolution No. 20-1935, determining the necessity of budget reductions due to the COVID-19 pandemic, through the use of layoffs and furloughs and authorizing the City Manager to implement these actions in accordance with the City's Personnel Rules.

Attachment: Resolution 20-1935

RESOLUTION NO. 20-1935

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AGOURA HILLS, CALIFORNIA, DETERMINING THE NECESSITY OF BUDGET REDUCTIONS DUE TO THE COVID-19 PANDEMIC THROUGH THE USE OF LAYOFFS AND FURLOUGHS AND AUTHORIZING THE CITY MANAGER TO IMPLEMENT THESE ACTIONS IN ACCORDANCE WITH THE CITY'S PERSONNEL RULES

THE CITY COUNCIL OF THE CITY OF AGOURA HILLS HEREBY FINDS, RESOLVES, AND ORDERS, AS FOLLOWS:

WHEREAS, in an effort to prevent the spread of the novel coronavirus (COVID-19) pandemic, on March 19, 2020, the California State Health Officer issued Executive Order No. N-33-20 establishing a Stay at Home Order; and

WHEREAS, on March 19, 2020, the Los Angeles County Public Health Officer issued a "Safer at Home Order" in response to the COVID-19 pandemic; and

WHEREAS, on March 16, 2020, the City closed public facilities and on March 20, 2020, the City issued Executive Order 2020-01 imposing emergency regulations and closures of certain businesses; and

WHEREAS, the economic impacts of the COVID-19 pandemic now require budgetary reductions due to a decrease in revenues; and

WHEREAS, the City's Personnel Rules, Rule IX, Section 2, (A) provides that the City may lay off employees due to reduction of work or lack of work, technological change, lack of funds or other appropriate reasons as determined by the City Council. Rule IX also prescribes the process for any layoffs or work reductions (furlough).

NOW, THEREFORE IT IS HEREBY RESOLVED, ORDERED, AND FOUND by the City Council of the City of Agoura Hills, California, as follows:

1. The foregoing recitals are true and correct.
2. The City Council has determined that the use of layoffs and furloughs shall be implemented by departments and job classifications.

3. The City Manager is authorized to implement layoffs and furloughs in accordance with this resolution to address the budgetary reductions.

PASSED, APPROVED, AND ADOPTED this 27th day of May, 2020, by the following vote to wit:

AYES: ()
NOES: ()
ABSENT: ()
ABSTAIN: ()

Illece Buckley Weber, Mayor

ATTEST:

Kimberly, M. Rodrigues, City Clerk