



# *CITY COUNCIL AGENDA REPORT*

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**MEETING DATE:** October 6, 2009

**ITEM NUMBER:** Item Number

**SUBJECT:** ADOPT RESOLUTION OF THE CITY COUNCIL AND APPROVE A FURLOUGH PLAN AND BENEFIT REDUCTIONS FOR UNREPRESENTED FIRE MANAGEMENT EMPLOYEES

**DATE:** SEPTEMBER 30, 2009

**FROM:** ADMINISTRATIVE SERVICES DEPARTMENT/HUMAN RESOURCES DIVISION

**PRESENTATION BY:** STEPHEN N. MANDOKI, ADMINISTRATIVE SERVICES DIRECTOR

**FOR FURTHER INFORMATION CONTACT:** STEPHEN N. MANDOKI (714) 754-5069

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## **RECOMMENDATION:**

1. Adopt Resolution Number 09 - \_\_\_\_\_ (Attachment I) approving a mandatory unpaid furlough and benefit reductions for unrepresented Deputy Fire Chiefs and Battalion Chiefs.
2. Approve Budget Adjustment BA 10-009 (Attachment II) for \$22,800 to appropriate funds to the various City departments for the above-listed salary and benefit adjustments.

## **BACKGROUND:**

At the August 4<sup>th</sup> City Council Meeting, the City Council approved resolutions implementing furloughs, employee benefit changes and salary reductions for employees. Absent from that action, was the Costa Mesa Fire Association (CMFA), which subsequently Council agreed to and approved a new memorandum of understanding. Since some CMFA negotiated items either directly or indirectly impacted the Fire Management classifications of Deputy Fire Chief and Battalion Chief, a decision regarding Fire Management employees was held in abeyance until the resolution between the City and CMFA.

## **ANALYSIS:**

The City Manager and City Staff have been meeting with the unrepresented Deputy Fire Chiefs and Battalion Chiefs to implement budget reductions which will result in savings during the current and next fiscal year. Specifically, these discussions have focused on two (2) areas: (1) five percent (5%) salary reduction or the equivalent dollar amount, and (2) the suspension of the Post Retirement Health Savings (RHS) Program.

The Deputy Fire Chiefs and Battalion Chiefs have agreed to a 5% salary reduction through a Mandatory Furlough Plan (for administrative employees) or a reduction in the executive flexible benefit contribution in combination with the suspension of the RHS program.

Adoption of the Resolution is necessary to implement a furlough plan and/or benefit reductions for the Deputy Fire Chiefs and Battalion Chiefs.

**ALTERNATIVES CONSIDERED:**

Adoption of the Resolution noted herein brings to conclusion the City's budget development strategies ten point plan presented at the April 14, City Council meeting specifically addressing reductions in employee compensation and benefits.

**FISCAL REVIEW:**

The salary reduction through benefit reductions for unrepresented fire management employees will provide an annual savings to the City of approximately \$60,000. Since the effective date is after the start of the fiscal year, throughout the next 8 months the City will realize a savings of approximately \$40,000, with the remaining \$20,000 realized in the 2010-2011 fiscal year.

The suspension of the RHS plan will provide an annual savings to the City of approximately \$8,500. Since the effective date is after the start of the fiscal year, throughout the next 8 months the City will realize a savings of approximately \$5,700, with the remaining \$2,800 realized in the 2010-2011 fiscal year.

Since the annual savings of \$68,500 (stated above) were included in fiscal year 2009-2010 Adopted Budget, the attached budget adjustment increases the budget by \$22,800 or the amount of savings the City will realize in the 2010-2011 fiscal year. Staff will include these savings in the fiscal year 2010-2011 budget, thereby reducing the budget from what it would otherwise be.

**LEGAL REVIEW:**

The City Attorney's Office has reviewed the attached documents and, where appropriate, approved them as to form.

**CONCLUSION:**

City Council approval is needed at this meeting so that staff can implement a furlough plan and/or benefit reductions for the remaining unrepresented Fire Management employees.

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STEPHEN N. MANDOKI  
Administrative Services Director

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LANCE M. NAKAMOTO  
Human Resources Administrator

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COLLEEN O'DONOGHUE  
Assistant Director of Finance

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KIMBERLY HALL BARLOW  
City Attorney

DISTRIBUTION: City Manager  
City Attorney  
Department Directors  
City Clerk

ATTACHMENTS: I [100609 Resolution # 09 -  
Unrepresented Executives –  
Deputy Chiefs & Battalion Chiefs](#)  
II [Budget Adjustment BA #10-009](#)

Fire Management Reductions LN/KL

September 30, 2009

4pm