

PROPOSAL FROM THE CITY OF COSTA MESA
MAY 19, 2020
CMFA

The City of Costa Mesa is experiencing unprecedented shortfalls in revenue caused by the impacts of the COVID-19 pandemic. This has caused the City to evaluate how to balance its budget. The City is looking at numerous ways to do so and has already implemented numerous strategies to reduce the deficit including the use of reserves, cuts to capital spending, elimination of non essential spending, and layoffs and furloughs of part-time staff, to name a few. Given that labor costs are the most significant expenditure from the City's general fund, the City makes the following proposal to the Association:

Effective the payroll that includes July 1, 2020, a reduction in the cost to the City equivalent to a ten percent (10%) reduction in compensation for all employees in the bargaining unit will be made temporarily to help avoid large reductions in the City's workforce. This reduction will be for Fiscal Year 2020-21. The City is willing to meet and confer with the Association over the specific way(s) in which the City can realize the savings equivalent to a ten percent (10%) reduction in compensation. The dollar equivalent of a ten percent (10%) reduction in compensation is \$1,078,211.

The City would be willing to consider any options such as a compensation reduction, furloughs (which can be implemented in various ways), a reduction in health insurance contributions by the City, a reduction in other pay or benefits, or any combination of reductions that are mutually agreeable that equate to a ten percent (10%) reduction in compensation for Fiscal Year 2020-21 that achieve the equivalent savings.

If the City's budget deficit is reduced because the President signs a federal stimulus bill or the equivalent into law, and the City receives such funds, the City is willing to immediately meet with the Association to determine how much of the reduction in labor costs described in the previous paragraph of this proposal can be withdrawn, i.e., not implemented, or reduced if after implementation.

This proposal automatically sunsets on June 30, 2021.

Lori Ann Farrell Harrison, City Manager