



CITY OF COMMERCE AGENDA REPORT

TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMMERCE, CALIFORNIA, APPROVING THE LETTER OF AGREEMENT BETWEEN THE CITY OF COMMERCE AND CCEA RELATED TO THE IMPACTS OF THE COVID-19 PANDEMIC ON THE CITY'S ECONOMIC CONDITION AND LOSS OF REVENUE

MEETING DATE: May 19, 2020

RECOMMENDATION:

The City Council will formally consider for approval and adoption a Resolution approving the attached Letter of Agreement between the City of Commerce and City of Commerce Employees Association related to the impact of the COVID-19 pandemic on the City's ability to provide services, economic condition and severe and sudden loss of critical revenues.

BACKGROUND:

The City Council passed a resolution on March 16, 2020 declaring a local state of emergency and passed a resolution on March 25, 2020 declaring an economic emergency related to the COVID-19 pandemic.

The City Council passed a resolution on April 7, 2020 approving a letter of agreement between the City of Commerce and the City of Commerce Employees Association (CCEA), representing full-time and part-time employees units related to the impact of the COVID-19 pandemic on the City's economic condition and loss of revenue.

City staff have been sounding warnings for the last year or so: Commerce, along with California was long overdue for an economic downturn, one in which tax revenues would decrease and leave city council with a series of painful choices in balancing the city budget, unless an array of mitigating measures were put into place.

But few thought that this day would come true so soon. No economic collapse in modern times has ever happened so fast. Cash receipts had us above projections through March with only three months left in the fiscal year; now revenues are projected to miss the mark by \$15.0 million through June 30.

Every state in this nation, will be struggling with unprecedented shortfalls that happened in such a very short period of time. And California is no different. Neither is Commerce. In the very near future, staff will offer the City Council ideas on how to eliminate a deficit that could total another \$15.0 million between July and June of next year, fueled by the coronavirus crisis

The City of Commerce Employees Association (CCEA), representing full-time and part-time employees units and the City of Commerce (City) have met and conferred regarding the continued impact of the COVID-19 pandemic on the City's economic condition and continued loss of revenue.

As a result, the contents and points of discussions contained in this Letter of Agreement is recommended for City Council's approval based on those discussions and the current circumstances the City faces. This is the second Letter of Agreement related to the COVID-19 pandemic.

The proposed letter of agreement amends section number two of the Letter of Agreement that was approved by the City Council on April 7, 2020 by changing the date that part-time employees return to work. The revised return to work date is proposed for July 1, 2020.

While it is understood that this is less than ideal for the City's furloughed part-time workforce, the reality is that Safer-At-Home restrictions make it impractical and unsafe to bring these individuals back to work even if the City's drastic and sudden loss of revenues wasn't a concern.

The following excerpt from an article in the San Francisco Chronicle (<https://www.sfchronicle.com/business/networth/article/Californians-can-refuse-some-work-during-15267447.php>) may help illuminate why this action should not be deemed as drastic for most of the City's part-time workforce that is currently furloughed.

"While many workers are eager to return to work, for some it would entail taking the equivalent of a pay cut. Some people are earning more on unemployment than they did in their previous low- or middle-wage job, thanks to the extra \$600 a week everyone on unemployment is getting from April through the end of July from the federal government under the Cares Act.

The \$600 a week, added to the average unemployment benefit nationwide, was designed to replace 100% of the average worker's wage. That means people making less than the average wage could get more on unemployment than they previously earned — and those above average could get less."

As it relates to Commerce, staff analysis indicates that a majority, if not all, of the 234 furloughed part-time employees are being made whole and/or being compensated at a higher level on furlough status than they would be back at work.

All other contents from the letter of agreement that was approved by the City Council on April, 7, 2020 remain unchanged.

FISCAL IMPACT:

The total financial savings and costs associated with the actions indicated in the Letter of Agreement is yet to be determined due to a continuously evolving set of circumstances, unforeseeable factors and vague guidance from state and federal agencies related to COVID-19 fiscal aid.

ALTERNATIVES:

The City Council can take the following action:

1. Approve staff recommendation
2. Revise staff recommendation
3. Provide staff with further direction

RELATIONSHIP TO STRATEGIC GOALS:

This agenda report relates to the 2016 City of Commerce Strategic Guiding Principle – City Organization, as follows: Implement city business processes and operational efficiencies to streamline the cost of government including the examination and identification of cost of services and cost of recovery policies.

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