



**ATA Membership Meeting re: Contract Amendment for FY 08-09**  
**May 20, 2009**

**In attendance:** ATA Members, Mr. Lamont Ewell, City Manager and Ms. Donna Peter, Director of Human Resources

**Call to order: 12:00 p.m.**

Mr. Ewell opened the meeting by explaining that the City began planning for challenging financial times last winter by making cuts to non-public safety budgets and by close monitoring of City investments. The guidelines he provided to managers in providing FY 09-10 budgets were to avoid future deficits and layoffs.

However, with double digit decreases in all five City tax revenue bases and the assumption that the Governor will exercise 2004's Prop 1A (which requires municipalities to contribute monies to closing the state budget gap), the City remains in a precarious fiscal position.

Mr. Ewell's goal at this time is to take a "scalpel vs. hatchet" approach to creating balance budgets for the next two years. Consequently, he has proposed to EPP, MTA and ATA unions a one-time agreement to forgo cash payments for performance-based bonuses in exchange for between 1 and 5 non-cashable days off that could be used until June 2011. If all three unions agreed to this proposal, Mr. Ewell projects it would save the City approximately \$2.6 million in FY 09-10.

**The following are questions asked by ATA members and the answers provided by Mr. Ewell:**

**Question 1: Can the City explain what the savings, obtained from bonus elimination, will be used for?**

Answer 1: To offset one-time expenses being incurred due to economic challenges to the City budget brought on by double-digit decreases in all five major tax revenue sources since January 2009.

**Q2: Can/why can't the City give employees who earned a performance-based bonus in FY 08-09 an "I owe you" for their cash payment?**

A2: Mr. Ewell explained that he does not support fiscal strategies that "kick the can down the road", and since he does not foresee the economic climate improving in the near future he does not see this as a sound option.

**Q3: How are Police and Fire contributing their share of sacrifices to the City in this economic downturn, considering their salaries are almost 50% of General Fund salaries and wages?**

A3: Because public safety is considered a top priority by the City and the community, those employees are not being asked to forgo bonuses, which are considered to be a part of their regular salary. However, supervisors have been instructed to curtail

overtime expenditures. Because of constant staffing requirements of the Fire Department, overtime expenses cannot be avoided.

**Q4: Were Police and Fire asked to give up their bonuses that are paid for longevity, etc?**

A4: See A3 above. Also, Mr. Ewell avoided strategies that required re-opening contract negotiations and/or impacting cost of living adjustments since there was not enough time for those processes before the FY 09-10 budget needs to be presented to City Council.

**Q5: Were the hourly staff bargaining units asked to give anything up to help ease the budget burden?**

A5: The unions were not, but their supervisors were instructed to curtail overtime expenditures.

**Q6: Will the City attorneys and their secretaries still be receiving their bonuses?**

A6: Under the City structure, that is not a decision Mr. Ewell can make. It is a decision the City Attorney will have to make.

**Q7: What is the reasoning for choosing a budget strategy that targets selective groups instead of a strategy that more equitably requires all employees to share the fiscal responsibility?**

A7: To make develop a city-wide proposal that would require multi-Union approval takes time. Although it was not feasible to take this approach at this time, since the proposed FY 09-10 budget needs to be presented to City Council the last week in May and approved in June, Mr. Ewell does plan to have such discussions with the unions in preparation for the FY 10-11 budget and beyond.

**Q8: As a city leader, will you forego a cash payment for your bonus this year?**

A8: Yes. Mr. Ewell considers himself a member of EPP, so when that union agreed to forego cash payments for any performance-based bonuses, so did he.

**Q9: Was consideration given to the fact that the top performing employees are being hit worse than anyone else within the same bargaining units? For example, a lower performer who only got a 2% bonus last year is not being penalized as much as the 10% performer.**

A9: Mr. Ewell explained that he philosophically disagrees with the question since he does not consider the performance-based bonus a guarantee. Although the City appreciates high performers, no one should consider cash payment for exceptional performance guaranteed.

**Q10: Considering the City's fiscal situation, why are signing bonuses being given to new hires?**

A10: Signing bonuses are only given in the cases of hard to fill positions.

**Q11: Can any of the MTBE settlement funds be used to pay performance bonuses?**

A11: Legally this is possible, but Mr. Ewell does not think it is a fiscally sound strategy. Additionally, the funds could not be accessed until all projects designated by the settlement are completed, which would not help the current situation we are in.

**Q12: What alternatives is the City considering if ATA members vote against the current proposal?**

A12: Simply that the cash payments for the performance-based bonuses earned in FY 08-09 would be awarded at the lowest end of the 1% to 10% scale.

**Q13: What did the MTA and EPP unions receive in exchange for agreeing to forgo cash payments for performance-based bonuses earned in FY 08-09?**

A13: Both unions were made the same offer as ATA: between 1 and 5 days of non-cashable leave that could be used until June 30, 2011.

**Q14: Will there be cash payments for performance-based bonuses next year?**

A14: At this time, Mr. Ewell's proposal that ATA employees forgo cash payments for bonuses earned in FY 08-09 is a one-time request. However, at this time he cannot guarantee whether cash payments for performance-based bonuses will be possible or not next year.

**Q15: Is the City looking to borrow money from the private sector, like the City of Los Angeles?**

A15: No. Mr. Ewell recommends against such strategies that "kick the can down the road." Also, he is trying to keep the City's credit rating high so it is able to pay for Redevelopment Agency debt service.

**Q16: How much would the City save if ATA members voted to forgo cash payments for performance-based bonuses earned in FY 08-09?**

A16: Approximately \$1.3 million.

**Q17: Wouldn't freezing the annual cost of living adjustment (COLA) to all City employees for FY 10-11 save the City more money and be more fair, since all employees would be contributing?**

A17: Because Mr. Ewell has to propose a budget to City Council the last week of May for approval in June, there was not enough time to explore and execute this option. Since he expects the next few years to be fiscally challenging for the City, Mr. Ewell plans to hold discussions with employee unions throughout 2009-2010 regarding compensation issues as they relate to balancing the budget – during which he expects the COLA issue will be revisited.

**Q18: Will the sick leave payout still occur for ATA members?**

A18: Yes, that was built into the budget.

**Q19: Would the City be willing to consider a reduction of employees' 6.7% CalPRS contribution in exchange for the bonus cash payments instead of awarding between 1 and 5 non-cashable leave days?**

A19: Mr. Ewell explained that this was not an option he could consider at this time. Since the City will need to pay approximately \$5 million to CalPRS in 2012, he plans to raise this issue during future discussions about overall compensation packages (see A5 above).

**Q20: Would the City be willing to let ATA employees who have earned a performance-based bonus but have already maxed out their non-cashable leave accrual buy down their vacation days, so that they could still benefit from being awarded between 1 and 5 non-cashable leave days under Mr. Ewell's proposal? If not, would the City be willing to extend the expiration of the non-cashable days beyond June 30, 2011?**

A20: Mr. Ewell said he could not accommodate either request, since (a) there are no funds budgeted for paying out vacation and (b) since he could not project the fiscal climate beyond June 2011 he was not comfortable extending any offers beyond that time.

**Q21: Since not all ATA members are supportive of the performance-based bonus policy, could it be revisited at this time?**

A21: Mr. Ewell believes bonuses should be awarded for exceptional performance, which is why the City invested resources into restructuring the evaluation process last year and training managers in how to properly administer it. He believes both should have started making the process more objective, especially the new quarterly check-ins that should already have started occurring between managers and employees.

**Q22: Could employees donate non-cashable days off to other employees?**

A22: Mr. Ewell deferred to Ms. Peter, who said that was not possible since there is no cash value to these days. Also, like other non-cashable days, these are not transferable.

**After Mr. Ewell and Ms. Peter left, the following questions were answered by ATA Board President, Benjamin Steers:**

**Q23: If ATA members vote to reject Mr. Ewell's proposal and he exercises his right to set bonuses at the lowest level (i.e. 1%), how much would the City save?**

A23: Approximately \$1.17 million.

**Q24: Can ATA request a guarantee of "no layoffs for any employees" be added to Mr. Ewell's proposal before voting?**

A24: The ATA Board already requested that guarantee but it was rejected by Mr. Ewell.

**Q25: Was the possibility of rolling the bonuses into management incentive pay presented to the City Manager?**

A25: The ATA Board already requested that guarantee but it was rejected by Mr. Ewell.

**Q26: Should ATA have a presence at the City Council meeting when the annual budget is voted upon?**

A26: The Coalition of Santa Monica Employees plans to have a presence. Mr. Steers has recommended to the ATA Board that it organize an ATA member presence as well.

**Q27: What can ATA do to contain future requests from the City that would ask members to forgo other parts of our compensation package and/or contract?**

A27: Cultivate a relationship with City Council and develop a communications strategy for outreach to residents via local press.

**Q28: Regarding the 6.7% CalPRS contribution issue, could ATA request a salary study of its membership be conducted by HR?**

A28: ATA and HR were in the process of initiating a salary study, but did not proceed since ATA decided to roll over our contract in March 2009. It is something that is still

on the table for the future negotiations. A study would make sure that ATA members' salaries are comparable to those in other cities similar to Santa Monica.

**Q29: When Mr. Ewell proposed the exchange of cash payments for between 1 and 5 days of non-cashable leave, did the ATA Board request additional days?**

A29: Yes. The Board requested up to 15 days of non-cashable leave, the value of which is more comparable to the high end of the bonus scale (i.e. 10%). Mr. Ewell rejected this request. A second option the Board suggested was that all ATA employees be awarded 5 days of non-cashable leave, which was also rejected by Mr. Ewell.

**Additional comments made before the meeting adjourned:**

- (ATA Member) Santa Monica is one of the only cities still offering bonuses of any type, and that is not currently considering/using furloughs as a fiscal management strategy.
  
- (ATA Member) ATA should pursue a restructuring of the annual bonus so it is not performance-based but more intrinsic to salary, e.g. make it longevity and/or education based, like the incentive-based bonuses used by public safety departments.
  
- (Benjamin Steers) The ATA's attorney counseled us against pursuing a legal challenge to Mr. Ewell's proposal to forgo this year's performance-based bonus and/or his setting it at 1%. He said it was not worth the "good will" value ATA will need at contract negotiation times over the next couple of years if the City's fiscal situation is not any different than it is today.

**Meeting Adjourned: 1:30p.m.**

**Minutes respectfully submitted by:**  
Linda Gamberg, ATA Secretary