



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jim Shannon

**SUBJECT: EMPLOYEE SUGGESTION
PROGRAM**

DATE: June 8, 2020

Approved

Date: 6/8/2020

BACKGROUND

At the City Council meeting on April 7, 2020 during the discussion on Item 3.3, Estimated Budgetary Impacts of COVID-19, the City Council directed the Administration to leverage the existing Employee Suggestion Program to obtain thoughtful and creative suggestions from employees to help identify optimal cost savings and efficiencies in addressing the City’s General Fund shortfall. Between April 9, 2020 and April 29, 2020, a total of 48 employee suggestions were received. Of these suggestions, 17 employees gave permission to share their suggestions, and a summary of the suggestions were outlined in an Information Memorandum that was released on May 6, 2020 (see attachment). This Manager’s Budget Addendum outlines the employee suggestions that have been incorporated into the 2020-2021 Proposed Budget.

ANALYSIS

A total of 48 employee suggestions were received, 17 of them were given permission to share in the Information Memorandum that was released on May 6, 2020. For purposes of organization in the Information Memorandum, these suggestions were placed into the following categories: Reduce or Eliminate Certain Expenditures and Cost-Savings, Salary Reductions, Furloughs, and Increased Revenue and Fees. Those suggestions included in the 2020-2021 Proposed Operating Budget are listed below.

<i>Reduce or Eliminate Certain Expenditures and Cost-Savings</i>	
Employee Suggestion:	Incorporated in Proposed Budget
“Reduce printing costs by moving budget books, CAFRs, Council agenda packets, etc. to electronic only”	Included in the 2020-2021 Proposed Operating Budget is a reduction in the Office of the City Manager’s non-personal/equipment budget by \$15,000 to

	<p>recognize printing savings from printing reduced hard copies of the budget books as more users transition away from hard copies.</p>
<p>“Sell the golf course (Los Lagos), limit operations for community centers, and pay cuts for recreation leader classification”</p>	<ul style="list-style-type: none"> - Although the 2020-2021 Proposed Budget does not incorporate selling Los Lagos golf course, the Proposed Budget does include the payoff of the debt service for this golf course which will yield ongoing savings of approximately \$1.3 million. In addition, paying off the debt removes restrictions related to the vendor operating agreement, allowing for an agreement more beneficial to the City. - The 2020-2021 Proposed Operating Budget does include the recognition of one-time savings of approximately \$1.4 million to reflect the reduced operations at the community centers as a result of COVID-19 and social distancing requirements. - The 2020-2021 Proposed Operating Budget does not include the pay cuts for the Recreation Leader classifications as this is a meet and confer item with the bargaining unit.

<i>Furloughs</i>	
Employee Suggestion:	Incorporated in Proposed Budget
<p>“Add floating furlough days that employees are required to use within the fiscal year”</p>	<p>The City currently has a voluntary furlough program that employees can option to participate in. Annually, the program generates approximately \$200,000 in savings. As part of the 2020-2021 Proposed Operating Budget, an additional savings of \$100,000 is recognized, for a total savings of \$300,000, to reflect increase participation in the program.</p>

While a number of suggestions received were related to salary reductions, such actions would be subject to meet and confer with our bargaining units. Since the City is able to close the anticipated revenue shortfall in 2020-2021 without layoffs, recommendations for across the board salary reductions were not included in the 2020-2021 Proposed Operating Budget.

HONORABLE MAYOR AND CITY COUNCIL

June 8, 2020

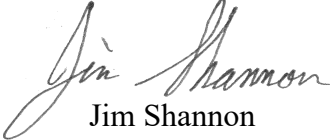
Subject: Employee Suggestion Program

Page 3

Hearing from the workforce continues to be a valuable component of the budget development process. Though the effort required to rebalance the 2019-2020 budget and dramatically re-vamp the development of the 2020-2021 budget placed a great deal of strain on the organization, City of San José employees were ready for the challenge. As this budget will likely be the first of several where we struggle with General Fund shortfalls, our options to resolve the shortfall without significant service and workforce reductions will become fewer. The ideas, and your collaborative engagement within and between departments during the budget development process, will continue to be important in order to maintain high-quality services to the community.

COORDINATION

This memorandum has been coordinated with the Office of Employee Relations.

A handwritten signature in cursive script that reads "Jim Shannon".

Jim Shannon
Budget Director

Attachment A:
2020-2021 Proposed Budget: Employee Suggestions
Information Memorandum



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: David Sykes

**SUBJECT: 2020-2021 PROPOSED BUDGET:
EMPLOYEE SUGGESTIONS**

DATE: May 6, 2020

INFORMATION

Due to the impact of the COVID-19 pandemic, as the City Council is aware, the City expects substantial revenue losses in both 2019-2020 and 2020-2021. The City Council approved one-time budget rebalancing actions last week to resolve the anticipated current year shortfall in the General Fund and several other funds, however, shortfalls anticipated for 2020-2021 are expected to be even more significant. While the Budget Office has been working with departments to identify ongoing and one-time budget balancing solutions to close projected shortfalls, employees were also asked to submit their own creative and thoughtful suggestions for expenditure reductions, cost savings, and/or additional revenue.

Employee Suggestions

The Budget Office received a number of employee suggestions offering ways the City could reduce expenditures, produce cost savings, increase revenue, and avoid layoffs. Although the employee suggestion program for the budget process was available beginning in January 2020, no suggestions were received. Based on the renewal of the program due to the revised budget shortfall situation, a total of 48 employee suggestions were received between April 9, 2020 and April 29, 2020, with 50% of the employee suggestions received anonymously. Of those suggestions that were made with attribution, employees were allowed to request that their suggestion remain confidential within the City Manager's Budget Office (without disclosure to anyone within the employee's department) or to be shared with all City Staff, the Council and the Public.

The 17 employee suggestions below represent those where the Administration was given permission to share them and are reproduced as submitted, with no or only minor edits, in the bullet points below.

We received the following suggestions regarding reducing or eliminating expenditures and cost-savings:

Reduce or Eliminate Certain Expenditures and Cost-Savings

- Reduce printing costs by moving budget books, CAFRs, Council agenda packets, etc. to electronic only

- Sell the golf course (Los Lagos), limit operations for community centers, and pay cuts for recreation leader classification.
- Each time I'm at City Hall during the public closure, I still see two SJPD vehicles parked on 6th St., suggesting the City is paying these for police OT shifts for building security. If so, it would seem unnecessary when there is no public access to the building.
- Shelving the computerized inspection dispatch program that has been attempted to be in production for over three years to date and is still not completely functional. Delay the digital inspection notice roll out to a time when the I.T. department can get the correct equipment and programs to make the program beneficial. To date the department has spent thousands of inspection hours (FTE'S senior inspectors and above) without exaggeration chasing programs that do not function to the benefit of the department. This does not include the hundreds or thousands of FTE hours for the I.T. department as well.
- Expand and grow the Police Departments Community Service Officer program.
 - Have Community Service Officers acquire most/all of Department of Transportation's Parking Control Unit's responsibilities. The Community Service Officers are already trained (and during the pandemic are currently facilitating) the jobs of the Parking Control Unit. The PCU is responsible for responding to police calls for service in regards to parking concerns- this can range from someone blocking a driveway, fire hydrants, vehicles, and the list goes on. The PCU has the ability to give a citation or tow the vehicles. PCUs also responds to towing and marking abandoned vehicles. The Community Service Officer program has already been trained how to properly cite and tow vehicles. Currently the CSOs do not respond to calls for service related to parking events as there is a conflict of interest between the two units. At this point CSOs only cite and tow for vehicles that they self initiate. By having CSOs handle all calls for service related to parking concerns this can reduce the number of PCU's that the city needs to hire (a lot that are part time workers).
 - Expand the Community Service Officer program into the Investigation bureaus in the Police Department. Currently CSOs are not working in the Investigation Bureau within the police department. CSOs have training and work experience that can fill roles within the units (financial crime, auto theft, robbery, homicide, assaults, etc.) CSOs have advanced training in crime scene investigation, have more classes than the basic police academy in regards to report writing, and have been trained on how to collect and document physical evidence that the units need on a daily basis. By staffing the units with civilian positions (already trained to assist/take over) this can be a major cost factor within the police department. This same cost cutting strategy was utilized within the patrol capacity in 2014 and the program has been a success. The numbers of calls for service and reports written by 60 CSOs to over 700 police officers (which are higher paid and have vastly more benefits) have been staggering. With percentages of over 80% in identified calls, and reaching higher and higher on all calls for service generated by SJ

citizens. Having a qualified civilian within the bureaus over a sworn officer also decreases the cost of hiring additional patrol police officers to fill the back need, saving the city future expenditures.

- Eliminate the Firefighter/Paramedic (FF/PM) Program in SJFD. This is a redundant service that is already provided by Paramedic staffed Private Ambulances who are strictly regulated by the County EMSA. Do not layoff FF/PMs, instead reclassify them as Firefighters. There is no reason to have FF/PMs other than to provide SJFD guarantees of that each Engine Co will have the NFPA minimum of 3 FFs. SJFD can still have their 3rd person, just will not be an FF/PM.
- Below is a prioritized list of suggestions.

(1) Since this is a pandemic, maybe the catastrophic illness restrictions could be give some leeway. One potential option for reducing potential expenditure liability that are on the books may be to loosen up the restrictions on sick pay to see if any employees could donate an allowed percentage of accrued sick time for catastrophic illness for those who are out sick or caring for others. Maybe a catchy campaign called something like 19 for 19, where employees could donate up to 19% of accrued sick time for Covid 19, with all unused sick time funds to be returned to the City.

(2) Maybe there's a way that rather than making comp. time payable within the 26 pay periods, this period it could be extended to something like 52 pay periods? There would be no interest on this and employees could still get the benefit should they choose to take the time later, thereby extending the immediate outgoing expenditure.

(3) Since Zoom is local and in San Jose maybe we could reach out to them and see if we could get a reduction fees or additional tech support to free up staff and potentially reduce the impact to our budget. Their stock is up right now, maybe they would consider it. Perhaps trying to renegotiate with other vendors city wide as well?

Salary Reductions

- Reduce salary by 5% across the board or Take furlough 1 day per week for all employees.
- I think it will be important to try to keep all of our employees employed, even if at a reduced salary, so the City is not adding more unemployed people to the community.
 - (a) reduce our salaries across the board, as has been done in the past, numerous times
 - (b) for those that can, and there should be a large % of mgt staff that could take some unpaid leave, especially if staggered thru the whole fiscal year. Offer extended unpaid furlough - 5, 10, 26 days - but have it be able to be taken every other week, one day at a time if 26 days. Not a whole week at a time which I think is how it's offered now. Some of us are able and willing to do that. Hopefully the executive team could lead by example.

- We need to avoid laying people off at all costs - this hurts people's livelihoods, families, medical costs, aspirations etc., etc. Unprecedented times call for unprecedented measures. Worker-Owned Cooperatives are known for coming into an agreement to cut every employee's pay during economic hardship until conditions improve. So this is exactly what I think we should propose - as opposed to terminating employees, staff should be able to sign a quarterly agreement, specifically due to COVID-19, to take a pay cut and guarantee that it will only last until we have returned to the condition we were in before the pandemic was in full force. A runner-up to this idea is for employees to work part-time until, through a COVID-19-related quarterly agreement, and guarantee to return to normal pay once the budget has been back to normal. I don't know what all the rules are, and particularly in a state of emergency, but this could be on a volunteer basis, unless the City Manager is able to do this in one fell swoop somehow - like through a vote by practicing workplace Democracy. Lastly, I really think that upper management should be able to take a proportionally higher cut to get us through this as well.
- COVID-19 placed a majority of City Staff on "Administrative Leave" and the "essential" employees were either placed on reduced office hours or provided remote access to conduct business. In either case, employees are not driving and the shelter in place has limited personal driving. Reducing our current pay by the pro-rated annual cost of gas and car maintenance to employees would financially impact employees, however, the impact would be negligible due to the reduction in need for such activity professionally and personally.

Another idea would be a voluntary pay reduction by City Employees. Pay reductions ranging from 2% to 10% given as options to staff, with the understanding that should you voluntarily choose to donate it would be returned in a systematic formula when funding becomes available. For example: 1 employee voluntarily provides 10%, 3 employees voluntarily provide 5% and 1 employee voluntarily provides 2%. When funding for pay reinstatements are identified in future budgets, the 10% employee would have their pay rate reinstated to the next tier of volunteers, making the group of 5% volunteers to a total of 4 employees. More funding is identified and the 4 employees who volunteered 5% would have their pay reinstated up to 2%. The City would then have 5 employees who donated 2%. Volunteers would have pay reinstated before any future mandatory cuts are reinstate.

Furloughs

- Add floating furlough days that employees are required to use within the fiscal year. Employees would use these furlough days in addition to the three furlough days during the holidays.

We received the following suggestions regarding increased revenues:

Increased Revenue and Fees

- To charge for parking once again at the Eagle Rock/ Rustic Lands Parking Lots at Alum Rock Park. For some reason the Ventek pay station for those two lots was closed down in 2017, making those two lots free for Alum Rock Park Visitors to park, and the Ventek parking losses totaled almost \$100,000. I have Ventek yearly revenue print outs to prove the loss. It will be as simple as removing the cover from the already installed parking fee machine, and removing the two signs that say Free Parking.
- To charge for parking in all parking lots at Alum Rock Park again. I oversee parking revenue for Alum Rock Park and in years prior to the free parking we made \$204,237 in 2015 & \$186,773 in 2016. Once we started the free parking program parking revenue dropped significantly: 2017 \$107,307.30, 2018 \$113,469, 2019 \$123,331.25. Our revenue gain would be between \$63,441.75 - \$96,929.
- Start charging employees for use of the City Hall employee parking garage, or alternately sell the garage to a private operator (with no requirement to let employees use it for free of course). Use ongoing (charges) or one-time (sale) revenue to help plug the budget gap.
- Overnight camping at Alum Rock Park. Proposal would be to use Eagle Rock & Rustic Lands picnic sites as a combination of either Picnic Reservations or Group Camping sites. Both sites are in remote areas that is less visible to hikers and less commonly reserved as picnic sites, because they are not near the playground and other recreational/leisure activities. I've talked to many scout troop leaders that would move their overnight camping trips to Alum Rock Park, because they would not have to travel outside of San Jose. Having these sites as a combination of reservation use will maximize the revenue that we would generate. We would need to make minor improvements that would include food lockers, fire pits & clearing brush.
- Use goats from Happy Hollow Zoo to do weed abatement on City owned lands or areas that are part of the City's Special Districts. Since Covid 19 has reduced revenue at the Zoo, the animals are reacting poorly to the loss of human contact and to reduce feeding costs, it would make great sense to take them out to some of the sites where the City would normally pay contractors to do weed abatement. We could even expand the effort to some of the larger areas where DOT normally contracts with the goat herder anyway. Thereby saving those costs as well.

Conclusion

We greatly appreciate all the employee suggestions received thus far and are reviewing and evaluating those suggestions for feasibility and potential budgetary savings or additional revenue. It should be noted that many of these suggestions would be subject to meet and confer with our bargaining units. The most promising suggestions will be incorporated into the Proposed Budget that is due for release on May 8, 2020. A Manager's Budget Addendum will also be issued later during the budget process indicating the approved-to-be disclosed employee suggestions that have been incorporated into the 2020-2021 Proposed Budget for City Council consideration.

A handwritten signature in black ink that reads "D. SYKES". The signature is written in a cursive, slightly stylized font.

DAVID SYKES
City Manager

For questions, please contact Jennifer Schembri, Director of the City Manager's Office of Employee Relations/Director of Human Resources, at (408) 535-8154 or Jim Shannon, Budget Director, at (408) 535-8142.