



Office of the City Manager

CONSENT CALENDAR

June 26, 2007

To: Honorable Mayor and
Members of the City Council

From: *PK* Phil Kamlarz, City Manager

Subject: Extension of Voluntary Time Off Program for FY 2008

RECOMMENDATION

Adopt a Resolution designating Voluntary Time Off (VTO) days in FY 2008 and authorizing the City Manager to temporarily close certain City offices and non-essential services for those days.

FISCAL IMPACTS OF RECOMMENDATION

The VTO payroll data shows that staff voluntarily taking time off as Authorized Leave Without Pay (ALWOP) results in immediate cost savings to the City of Berkeley. The extension of the VTO program into FY 2008 for 13 days could potentially result in ALWOP savings of \$300,000, as well as create additional opportunities for staff to reduce their excess vacation balances to below 320 hours, thereby reducing the City's unfunded accrued leave liability.

For FY 2007 to-date, 12 VTO days have produced \$258,000 in ALWOP savings and \$882,000 in other payroll savings for a total of \$1.1 million. One more VTO day is scheduled for June 22, 2007. The below summary considers this day and projects the annual savings for FY 2007.

Fiscal Year	VTO Days Per Year	ALWOP Savings	Other Payroll Reductions	Total Annual Savings
2005	10	\$195,000	\$821,000	\$1,016,000
2006	13	\$284,000	\$964,000	\$1,248,000
2007	13	\$279,500	\$950,000	\$1,229,500
Total		\$758,500	\$2,735,000	\$3,493,500

It is estimated for FY 2008 that VTO savings will exceed prior years in immediate cash savings due to ALWOP. As in FY 2007, the elimination of vacation payouts will not factor into the overall savings because the labor unions representing Locals 790, 1, 1245 and 535 have agreed to eliminate the vacation buy back provision through FY 2008. There will also be no vacation payouts for unrepresented career benefited or regular at-will employees.

CURRENT SITUATION AND ITS EFFECTS

The City is recovering from the budget crisis it faced two years ago. While the budget outlook is improved and some stability has returned, the City needs to still consider the VTO program as a viable, option to save additional money via direct payroll reductions and reduce the city's accrued leave balances.

The City reached agreement with the labor unions representing non-sworn employees, capping all vacation leave at 320 hours through the term of the labor contracts that expire in June 2008. The agreement also eliminates the City's obligation to buy back any excess vacation leave, requiring employees to use their vacation leave that might otherwise have been sold back to the City. The continuation of the VTO program into FY 2008 helps employees keep their vacation balances below 320 hours.

As in FY 2007, the VTO dates proposed for FY 2008 fall on the fourth Friday of every month beginning in July 2007, with exceptions for the months of November, December, and February:

- July 27, 2007
- August, 24, 2007
- September 28, 2007
- October 26, 2007
- (No VTO day in November)
- Wednesday, December 26 to Monday, December 31, 2007
- January 25, 2008
- (No VTO day in February)
- March 28, 2008
- April 25, 2008
- May 23, 2008
- June 27, 2008

BACKGROUND

The concept for a Voluntary Time Off Program was proposed in 2004 by the labor unions representing non-sworn employees as an alternative to a temporary closure of City offices and mandatory staff layoffs. A VTO Program essentially designates certain days City offices are closed to the public, while allowing staff to take paid or unpaid leave, or voluntarily report to work. The past VTO closures have permitted staff to reduce their vacation leave balances, which in turn has reduced the City's accrued vacation leave balances. As shown in the Fiscal Impacts section, the combined savings over the past three fiscal years have been significant and total about \$3.5 million.

In February 2005, Council authorized negotiations with employee labor unions to discuss impacts of proposed temporary layoffs and mandatory closures of offices. The unions representing non-sworn employees and senior management reached agreement to cap vacation leave earned at 320 hours and eliminate the vacation leave buy-back requirement.

The VTO program has generated minimal complaints from the public regarding the office closures and reduced services. The departments and divisions that consist of Police, Fire, Public Works Solid Waste, and Senior Centers, Rent Control Board, and the Animal Shelter maintain near normal service levels. Other services deemed necessary by department directors are available at reduced staffing levels or provided on a callback basis. During VTO days, customer service counters at the Permit Service Center and Finance Customer Service Center are closed. When 1947 Center is closed and access to the drop box for Finance Customer Service payments is cut off, customers are redirected through signage to the Rent Board Office at 2125 Milvia. Building inspection services continue to be available to the public where City approvals are required for time-sensitive projects and public noticing through the press, voicemail messages, signs, and special outreach to unique department clients will continue.

RATIONALE FOR RECOMMENDATION

The extension of the VTO program into FY 2008 could generate \$300,000 in direct cash savings when employees choose to take ALWOP. The program also creates additional opportunities for staff to keep their excess vacation leave balances below 320 hours.

ALTERNATIVE ACTIONS CONSIDERED

Council could consider limiting the number of days to fewer than 13, subsequently reducing the cash savings by an average of \$21,000 per VTO day.

CONTACT PERSONS

Dave Hodgkins, Director of Human Resources, 981-6800
Tracy Vesely, Budget Manager, 981-7000

Attachments:

1: Resolution

RESOLUTION NO. ##,###-N.S.

EXTENSION OF VOLUNTARY TIME OFF (VTO) PROGRAM FOR FISCAL YEAR 2008

WHEREAS, the City is continuing to recover from the budget crisis it faced two years ago, and while some budget stability has returned this fiscal year, it may still consider the VTO program as a viable, temporary option to save additional money via direct payroll reductions; and

WHEREAS, the City has reached agreement with the labor unions representing non-sworn employees, that caps all vacation leave at 320 hours through the term of the labor contracts that expire in June 2008, and the continuation of the VTO program into FY 2008 helps employees keep their vacation balances below 320 hours; and

WHEREAS, a VTO Program essentially designates certain days that City offices are closed to the public, while allowing staff to take paid or unpaid leave, or voluntarily report to work; and

WHEREAS, direct payroll savings are projected to be \$300,000 for FY 2008 when employees take leave without pay; and

WHEREAS, the VTO program for the past two years has generated minimal complaints from the public regarding the office closures and reduced services since most essential services continue to be provided such as Police, Fire, Public Works Solid Waste, and Senior Centers.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to implement a Voluntary Time Off Program (VTO) for the following designated dates: July 27, 2007; August, 24, 2007; September 28, 2007; October 26, 2007; (No VTO day in November); Wednesday, December 26 to Monday, December 31, 2007; January 25, 2008; (No VTO day in February); March 28, 2008; April 25, 2008; May 23, 2008; June 27, 2008.

BE IT FURTHER RESOLVED that the City Manager is authorized to temporarily close some City offices and non-essential services on the designated dates during fiscal year 2008, which permits staff to take time off on those days resulting in immediate cost savings to the City of Berkeley.