

STAFF REPORT

City Council Business Item

DATE: November 17, 2025

TO: Honorable Mayor and Council Members

FROM: Amy Nilsen, City Manager

SUBJECT: **Establishment of a Hiring Freeze for Staff Positions Funded Through the General Fund**

STAFF RECOMMENDATION:

1. Approve the establishment of a hiring freeze for staff funded through the General Fund;
2. Approve an automatic exception to the hiring freeze for Police Officer, Sergeant and part-time Parks and Recreation positions; and
3. Approve an exception to the hiring freeze for other essential and critical positions as approved by the City Council.

EXECUTIVE SUMMARY:

The Fortuna Police Department has 19 sworn staff as described below.

- 1 Police Chief
- 1 Lieutenant
- 4 Sergeants
- 13 Police Officers

As of this writing, the Fortuna Police Department has 3 vacant Police Officer positions out of 13, which have been difficult to fill likely due to the significant wage disparity among neighboring jurisdictions, and as documented in a April 21, 2025, staff report. This leaves 16 sworn personnel available to provide 24/7 coverage, two of which are the Police Chief and Lieutenant who typically perform administrative assignments. Of the 10 filled Police Officer positions, one Police Officer is on long-term leave. The remaining 9 Police Officers and 4 Sergeants have to provide public safety coverage on a 24/7 basis. This has led to significant amounts of documented overtime, upwards of 77 plus hours of overtime in a pay period for a single officer.

In addition to the significant levels of overtime, the retention of long-term sworn public safety staff has reached a critical concern as seasoned staff have been approached by neighboring jurisdictions offering increased wages and less overtime. Losing long-term sworn staff leaves a substantial void in experience and increases concerns about Police Officer safety and the safety of the community at large.

As a result of the significant levels of overtime, Police Officer vacancies, and the retention concerns of long-term sworn staff, the City Council has authorized a side letter to the Fortuna Police Employee Association Memorandum of Understanding (MOU) to increase the wages of Police Officer and Sergeant positions as documented below, in order to improve recruitment and retention issues of sworn staff in the Fortuna Police Department.

FPEA MOU - Side Letter Wage Increases			
	Police Officer	Sergeant	Cost
January 2026	9%	9%	\$198,243
January 2027	9%	6%	\$376,566
Total Cost			\$574,809

In order to pay for these wage increases, a hiring freeze is recommended for staff funded through the General Fund, with an automatic exception for Police Officers, Sergeants, and Parks and Recreation part-time positions in order to continue youth programs such as Hot Shots and youth break camps, as well as other critical and essential staff as approved by the City Council. This means departments whose positions are funded through the General Fund will need to seek approval from the City Council in order to fill future vacant positions. This hiring freeze will remain in place until ended by the City Council.

FISCAL IMPACT:

The total cost of these wage increases for the first year is \$198,243. This will be partially offset by, and as approved by the City Council separately, a payment to CalPERS in the amount of \$1,500,000 using funds in the General Reserve. The City has an unfunded liability (expected expenses are higher than expected revenues) for CalPERS pension benefits for employees. In order to reconcile the difference CalPERS mandates annual payments to reduce the unfunded liability. This fiscal year the mandated payment was over \$900,000. By making a one-time additional payment of \$1,500,000 it will reduce the interest cost to the City by approximately \$106,000 annually, leaving approximately \$92,243 in salary savings needed.

The total cost for wage increases in the second year is \$376,566 and again offset by the interest savings from CalPERS of approximately \$106,000, leaving approximately \$270,566 in needed salary savings.

Total annual ongoing cost/salary savings needed is \$362,809 unless/until additional revenue to the General Fund is recognized that can offset that additional cost.

RECOMMENDED COUNCIL ACTION:

1. Receive staff presentation and review Council questions
2. Open Public Comment
3. Close Public Comment
4. Motion to approve the following:
 - a. Establishment of a hiring freeze for staff funded through the General Fund;
 - b. Automatic exception from the hiring freeze for Police Officer, Sergeant, and part-time Parks and Recreation positions; and
 - c. Approve an exception to the hiring freeze for other essential and critical positions as approved by the City Council. Roll Call vote.

ALTERNATIVE TO STAFF RECOMMENDATIONS:

The City Council could choose not to approve the hiring freeze, this is not recommended as lay-offs would need to occur in order to fund these salary increases. The use of a hiring freeze uses natural staff attrition to utilize salary savings to fund ongoing wage increases for Police Officers and Sergeants.

ATTACHMENTS:

N/A