



DATE: June 25, 2024

TO: Mayor and City Council

FROM: Director of Human Resources

SUBJECT: Adopt a Resolution Approving the Memorandum of Understanding (“MOU”) between the City of Hayward and the Hayward Police Officers Association (HPOA) and Authorizing Staff to Execute the Agreement

RECOMMENDATION

That the Council adopts a resolution (Attachment II) approving the MOU between the City of Hayward and the HPOA for the period beginning July 1, 2024 through December 31, 2029 and authorizing the City Manager to execute the MOU.

SUMMARY

The current HPOA MOU expires on June 30, 2024. The proposed resolution (Attachment II) will allow the City Manager to execute an agreement with HPOA for the term beginning on July 1, 2024 through December 30, 2029. The City entered negotiations with HPOA on October 30, 2023, the parties reached a tentative agreement on April 26, 2024, and the agreement was ratified by the bargaining unit members on May 23, 2024. The new agreement will grant salary and benefit adjustments; and, employees will also continue to contribute fifteen percent (15%) toward their California Public Employees’ Retirement System (CalPERS) costs and a one percent (1%) contribution towards Other Post-Employment Benefits (OPEB) costs. The amendments allow for administrative and legal language updates and salary and benefit adjustments, resulting in additional General Fund expenditures of approximately \$25.99 million dollars for a five and one half (5.5) year period (FY 2024-2029).

BACKGROUND AND DISCUSSION

The City of Hayward has worked hard to continue to provide quality services to the community and preserve employee benefits while taking significant steps toward attaining fiscal sustainability. The City continues to experience an unprecedented rise in employee benefit costs, particularly pension and healthcare costs. These increases will make it even more challenging for cities to fund ongoing operations and services to the communities we serve while continuing to provide our employees with sustainable retirement and quality healthcare benefit options. The City has partnered with employees who have stepped up to help address the budget gap by reducing expenses related to salaries and benefits such as sharing the cost of benefits including retirement and medical. Like other bargaining units, HPOA members have partnered with the City and helped to reduce personnel expenses through contributions toward the cost of retirement benefits and waiving and delaying salary increases during past contract negotiations. The new agreement will grant salary and benefit adjustments; and employees will also continue to contribute fifteen percent (15%) toward their California Public Employees’ Retirement System

(CalPERS) costs and a one percent (1%) contribution towards Other Post-Employment Benefits (OPEB) costs.

In addition to the continued cost sharing, HPOA has agreed to several significant MOU provision changes that include revising the grievance process extending the City's response period from seven (7) business days to fourteen (14) business days and updating the Bereavement and Reproductive Loss Leave in accordance with new California state legislation. Other changes to the MOU include restructuring the education incentive pay (EIP) from the current twelve and one half percent (12.5%) maximum earning potential to thirteen and one half percent (13.5%) maximum earning potential, restructuring continuous service pay (CSP) by one percent (1%) per tier for an overall increase of five percent (5%) and increasing the combined CSP/EIP cap increase maximum combination of EIP/CSP from twenty percent (20%) to twenty-six percent (26%) to account for these enhancements, and increase annual City deferred compensation contributions from two thousand four hundred dollars (\$2,400) to three thousand dollars (\$3,000), for employees hired on or after July 1, 2024, only CalPERS PEPRA tier employees will be eligible to receive the City's deferred compensation contribution. These changes will help the City retain police officers and will secure stability in the department long-term. Moreover, the addition of detective and specialized unit premium pay will allow staff assigned to receive compensation for these added assignments.

In October 2023, staff conducted a total compensation survey, and the survey data reflected HPOA is approximately ten and thirty-two hundredths percent (10.32%) below the average total compensation for Police Officers of the top four (4) agencies the corresponding salary increase shall be effective July 1, 2024. It was important to address external equity throughout the course of these negotiations to secure retention at the management level during a time when agencies nationwide are struggling to retain sworn staff at all levels. To that end, salaries for the Police Lieutenant classification shall be increased by an additional one and one quarter percent (1.25%) each year for four (4) years for a total additional salary increase of five percent (5%) over the term of the MOU. The totality of the proposed MOU revisions include modest salary adjustments that bring HPOA members within market and other incentives to commensurate and improve the compensation package the City offers our Police Officers in comparison to our comparator agencies.

In addition to the full survey differential in the second year of the contract, effective July 1, 2025, HPOA shall receive a five and one half percent (5.5%) salary increase.

In the third year of the contract, effective January 1, 2026, the City shall perform a full salary survey and pending final results salary increases shall be capped at seven percent (7%).

In the fourth year of the contract, effective January 1, 2027, the City shall perform a full salary survey and pending final results salary increases shall be five percent (5%) minimum and shall be capped at seven percent (7%) maximum. %).

In the fifth year of the contract, effective January 1, 2028, the City shall perform a full salary survey and pending final results salary increases shall be five percent (5%) minimum and shall be capped at seven percent (7%) maximum.

In the final year of the contract, effective January 1, 2029, the City shall perform a full salary survey with salary increases pending the final results.

Key provisions of the amended agreement are summarized in Table 1 below.

Table 1 – Key proposed Changes

MOU Section	Updated Language	Effective Date
MOU Clean-up Language	MOU clean-up language through out	July 1, 2024
6.08 Supplemental Retirement Medical Benefit	Implement side-letter to continue discussions via side table regarding Medical Expense Reimbursement Plan (MERP)	TBD
6.10 Other Benefits	Effective July 1, 2024, the City shall contribute three thousand dollars (\$3,000.00) annually to the deferred compensation account of employees hired on or after May 1, 2012 paid bi-weekly in the amount of one hundred fifteen dollars and thirty nine cents (\$115.39). This provision shall remain in effect until such time that a successor agreement has been negotiated.	July 1, 2024
7.11 Special Assignment Positions and Premium Pay, Subsections (A, B, D, and E)	<p>A. Field Training Officer (FTO) Pay increase from 2.5% to 5%</p> <p>B. Motorcycle Patrol Premium Pay 5%</p> <p>D. Canine Handler Incentive and On-Duty Time increase from 2.5% to 5%</p> <p>E. Detective Premium/Investigations Premium to remain a 5% pay with the following provisions:</p> <p>Sergeants, regularly assigned to specialized investigative units shall qualify for the premium. Clarify unit assignments as follows:</p> <ol style="list-style-type: none"> 1. Homicide 2. Special Victims Unit ("SVU") 3. Robbery 4. Special Duty Unit ("SDU") 5. Vice 	July 1, 2024
8.00 Salaries	<p>Salaries Effective:</p> <p>07/01/2024 – 10.32%</p> <p>07/01/2025 – 5.50 %</p> <p>01/01/2026 – Full Survey with 7% cap</p> <p>01/01/2027 – Full Survey with 5% minimum and 7% cap</p> <p>01/01/2028 – Full Survey with 5% minimum and 7% cap</p> <p>01/01/2029 – Full Survey</p> <p>Police Lietenant Classification Only</p> <p>07/01/2024 – shall receive an additional 1.25%</p> <p>07/01/2025 – shall receive an additional 1.25%</p> <p>07/01/2026 – shall receive an additional 1.25%</p> <p>07/01/2027 – shall receive an additional 1.25%</p>	July 1, 2024

9.02 Payment for Holidays Worked	Clarify language in accordance with CalPERS holiday pay.	July 1, 2024
12.01 Bereavement and Reproductive Loss Leave	<p>Increase bereavement leave from 3 days to 5 days.</p> <p>Add Reproductive Loss Leave. Reproductive loss events include failed adoption, failed surrogacy, miscarriage, stillbirth, or an unsuccessful assisted reproductive. Employees are allowed a maximum of twenty (20) days for reproductive loss in a twelve (12) month period if multiple events of reproductive loss occur. Full-time employees may utilize the initial three (3) paid workdays plus two (2) unpaid workdays for an initial event. The remaining seventeen (17) allowable reproductive loss days are unpaid.</p>	July 1, 2024
13.02 Grievance Procedure	Change City response time from seven (7) business days to fourteen (14) business days from date of receipt of the grievance in which to respond.	July 1, 2024
15.01 Police Education Incentive Program	<p>Restructure current EIP language to increase benefit as follows:</p> <ul style="list-style-type: none"> • Intermediate POST – 3.5% • Intermediate POST + BA – 6% • Advanced POST – 8.5% • Advanced POST + MA – 11% • Additional % Allowed with Continuing Education – 2.5% <p>- Increase maximum EIP from 12.5% to 13.5%</p> <p>- Increase maximum combination of EIP/CSP from 20% to 26%</p>	July 1, 2024
15.02 Continuous Service Pay	<p>Increase in continuous service pay as follows:</p> <ul style="list-style-type: none"> • 12 years – 5% • 16 years – 8% • 20 years – 11% • 21 years – 12% • 22 years – 13% • 23 years – 14% • 24 years – 15% <p>- Increase continuous service pay cap from 10% to 15%</p> <p>- Include ability to consider prior public sector service in vacation accrual rates upon hire</p>	July 1, 2024
17.02 Industrial Disability Retirement	Extend period by which an employee may receive monthly Advance Disability Pension Payments (“ADPP”) for disability retirement pursuant to Labor Code Section 4850.3 and Government Code Section 21419. Such advance payments shall continue until such time as CalPERS accepts or denies the employee’s application for disability retirement.	July 1, 2024

20.00 Duration	5.5-year term: July 1, 2024 – December 30, 2029	July 1, 2024
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FISCAL IMPACT

The total proposed changes result in estimated cost to the General Fund of approximately \$25.99 million for a five and one half (5.5) year period (FY 2024-2029). The FY 2025 fiscal impact of these changes is \$5.8 million above previously budgeted amounts, and will be included in the FY 2025 mid-year review process.

STRATEGIC INITIATIVES

This agenda item is a routine operational item and does not relate to one of the Council's Strategic Initiatives.

NEXT STEPS

If adopted, the City Manager will execute the agreement and staff will finalize the agreement and implement the above changes.

Prepared by: Marisa Guerrero, Human Resources Manager

Recommended by: Brittney Frye, Director of Human Resources

Approved by:



Dustin Claussen, Interim City Manager