



DATE: December 5, 2023

TO: Mayor and City Council

FROM: Director of Human Resources

SUBJECT: Adopt a Resolution Approving the Memorandum of Understanding between the City of Hayward and the International Association of Firefighters, Local 1909, Hayward Fire Officers Association and Authorizing Staff to Execute the Agreement

RECOMMENDATION

That the Council adopts a resolution (Attachment II) approving the amendment to the Memorandum of Understanding between the City of Hayward and the International Association of Firefighters, Local 1909, Hayward Fire Officers Association and authorizing staff to execute the agreement.

SUMMARY

The current MOU with Local 1909, Hayward Fire Officers Association expires on December 31, 2023. The attached resolution will allow staff to execute Memorandum of Understanding with Local 1909, Hayward Fire Officers Association that amends the current agreement beginning January 1, 2024, through December 31, 2029. The amendments allow for administrative and legal language updates and salary and benefit adjustments, resulting in additional General Fund expenditures of approximately \$7.92 million when compared to the budget model for the same five-year contract period (FY 2019 – FY 2024). This is a combined fiscal impact for Local 1909 Firefighters and Local 1909 Fire Officers and was previously reported in the staff report approved by Council earlier this year on June 27, 2023.

BACKGROUND

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. While the City is experiencing positive economic improvement in many of its key General Fund revenues, such as Property Tax and Sales Tax, 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.

The City entered negotiations with Local 1909, Hayward Fire Officers Association in April 2023. Over the last five years, this group has acknowledged the need for reduced costs associated with salaries and benefits and contributed 6% of their salaries toward the City's share of retirement costs, saving nearly \$6.8 million in the General Fund over the contract period. The proposed agreement reflects a continued commitment to addressing the structural budget gap and offsetting increased costs of retirement and healthcare. The parties reached a tentative agreement on June 15, 2023, and the agreement was ratified by the bargaining unit members on June 16, 2023.

DISCUSSION

Throughout the negotiations, both sides agreed that to address the growing inflation costs and budget gap, a continued partnership between the City and its employee groups is essential and success would be the result of compromise from both sides.

In the new memoranda of understanding, benefit cost sharing will continue in the form of 6% contribution toward the City's share of retirement costs and a 1% contribution to the established Retiree Medical Trust. The City currently contributes \$2,400 per year to the deferred compensation account for all PEPRA members and \$600 per year to the VEBA account of all members. The City is proposing to replace the current deferred compensation plan with a 401(a) plan and continue the annual contributions in the amount of \$2,400 with an increase of an additional \$600 for a total annual contribution of \$3,000 effective January 1, 2024. Additionally, employees may use up to 120 hours of earned sick leave upon the birth or adoption of a child. Leave will run concurrently and in accordance with state and federal leave entitlement.

Another key part of the new agreement is salary adjustments. Recent total compensation surveys show that Local 1909, Hayward Fire Officers Association employees are approximately below market by -19.51%, and the City is contractually obligated to compensate this group at the average of the top four survey agencies. The City's budget model for the extended contract period (FY 2024-FY 2029) calls for no COLA increases during the new contract term. Instead, the proposed MOU calls for a salary increase of 19.51% in FY 2024. For each year thereafter, salary adjustments are to be made annually based on the survey formula, with no caps to salary adjustments. The survey shall be completed by November 30th each year and shall include all salaries and benefits effective January 1 of each year of the adjustment. If on July 1 of the year of the adjustment, any of the agencies in the survey reaches a settlement retroactive to January 1 thereby changing the average of the top 4 agencies, a one-time adjustment will be made to salaries to reflect the change within 3 months of July 1. Cost of health care will also be included as part of the total compensation formula. This results in overall savings to the City during the MOU period, which is maximized by the group taking potentially the largest increase in the first year.

Other MOU changes are generally administrative and include language changes to reflect changes in law and policy. The table below summarizes the key proposed changes:

Table 1: Key Proposed Changes

MOU SECTION	PROPOSED CHANGE	EFFECTIVE DATE
1.04 – Dues Deductions and Service Fees Payments	Language changes in accordance with Janus decision	January 1, 2024
4.01 – Work Schedules	Codifying 2x4 work schedule concept. 2 consecutive 24-hour shifts (set) with 4 consecutive 24-hour days off between each set of shifts.	January 1, 2024 (Codified schedule change that was agreed to via previous side letter.)
4.05 – Minimum Staffing	Increase minimum staffing from 35 to 38 throughout. Effective January 1, 2025, daily staffing shall consist of a minimum of 38 personnel and a combined total of 12 companies, and one specialized rescue squad. Each engine and truck company shall be staffed with 3 personnel qualified to function in the following roles: 1 Captain, 1 Apparatus Operator, and 1 Firefighter. The specialized rescue squad shall be staffed with minimum complement of 2 firefighters. Effective January 1, 2025, if the contract with the Fairview Fire Protection District is discontinued, minimum staffing shall revert to a combined total of 11 companies and 1 specialized rescue squad and from 38 to 35 staff members. There shall be no demotion as a result of any such reduction in staff except by attrition.	January 1, 2025
6.02 – Other Benefits	Create a 401(a) plan to replace deferred compensation, current annual contribution is \$2,400.00; Effective January 1, 2024, increase City contribution by \$600.00, annually for a total annual contribution of \$3,000.00.	January 1, 2024
6.09 – Comprehensive Cancer Screening	Adding annual comprehensive cancer screening during the month of February. Testing shall be scheduled and completed while on duty	January 1, 2024
6.10 – Supplemental Retirement Benefits 6.11 – Other Post-	Participate in Retiree Medical Trust in lieu of supplemental retirement benefit previously established; establish monthly employee contribution based on years of	January 1, 2024

Employment Benefits (OPEB) 6.12 – Retiree Medical Trust	service and monthly employer contribution to Trust or 401(a) of \$508.30 based on years of service. During term of this MOU only the City to make lump sum contributions to certain qualified employees to reach calculated benefit level of \$508.30/month.	
7.12 – Salaries	Moving survey from effective date of July 1 to January 1 of each year; no caps on salary adjustments. Add health coverage to the total compensation formula	January 1, 2024
9.03 – Vacation Leave Transfer	Adding vacation transfer option. Up to 120 hours of accrued vacation leave can be transferred into the Retiree Trust account under qualifying circumstances. Employees who are exempt from Trust contributions may receive cash payment for the vacation in lieu of transfer.	January 1, 2024
10.03 – Sick Leave Allowance	A new parent may use up to 120 hours of earned sick leave upon the birth or adoption of a child. Leave runs concurrently with FMLA/CFRA and must be used within one year of birth/placement.	January 1, 2024
10.07 – Payment for unused sick leave	Cleanup language only – no substantive change.	January 1, 2024
10.08 – Conversion of Leave Balances	An employee who works a 56-hour work week assumes a 40-hour work shift, unused vacation and sick leave shall be adjusted by dividing the balances by a factor of one and four tenths (1.4). Conversely, a 40 hour per week employee who assumes a 56 hour per week job shall have their vacation and sick leave balances multiplied by a factor of one and four tenths (1.4). This mirrors language from HFOA conversion. No substantive change	January 1, 2024
13.08 – Continuous Service Pay	Lowering 20 yrs. of service to 15 years (shall receive a 2% Continuous Service Pay). Lowering 30 yrs. of service to 25 yrs. (shall receive an additional 1% Continuous Service Pay).	January 1, 2024
19.00 – Duration	5-year contract term	January 1, 2024 – December 31, 2029

FISCAL IMPACT

The proposed changes result in an estimated additional expenditure of approximately \$7.92 million in comparison to projections in the General Fund budget model over the MOU period (FY 2024-FY 2029). This is a combined fiscal impact for Local 1909 Firefighters and Local 1909 Fire Officers and was previously reported in the staff report approved by Council earlier this year on June 27, 2023.

STRATEGIC INITIATIVES

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

NEXT STEPS

Staff will finalize the agreements and obtain the necessary review by the City Attorney and approval by the City Manager to execute them. HR will also work with Finance to implement the changes.

Prepared and Recommended by:

Brittney Frye, Director of Human Resources

Approved by:



Kelly McAdoo, City Manager