



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 Hayward Police Management Unit (HPMU) and Authorizing Staff to Execute the Agreement

RECOMMENDATION

That the Council adopts a resolution (Attachment II) approving the Memorandum of Understanding (MOU) between the City of Hayward and the HPMU for the period beginning July 1, 2023 through June 30, 2025 and authorizing the City Manager to execute the MOU.

SUMMARY

The Memorandum of Understanding (MOU) with HPMU expired on June 30, 2023. The proposed resolution (Attachment II) will allow the City Manager to execute an agreement with HPMU for the term beginning on July 1, 2023 through June 30, 2025. The City entered negotiations with HPMU on April 11, 2023, the parties reached a tentative agreement on November 27, 2023, and the agreement was ratified by the bargaining unit members on November 27, 2023. The new agreement will grant salary and benefit adjustments; and, employees will also continue to contribute fifteen percent (15%) toward their Public Employees' Retirement System (PERS) 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 \$1.18 million dollars for a two (2) year period (FY 2024-2025).

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. 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. Like other bargaining units, HPMU 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 Public Employees' Retirement System (PERS) costs and a one percent (1%) contribution towards Other Post-Employment Benefits (OPEB) costs.

In addition to the continued cost sharing, HPMU has agreed to several significant MOU provision changes that include removing "Me Too" clauses with Hayward Police Officers Association (HPOA). This is primarily due to the City's bargaining team negotiating with HPMU separately from HPOA. Other changes to the MOU include implementing a hard cap for vacation accruals, codifying and formalizing which specific incentives are included with leave payouts such as vacation leave allowance, unused sick leave, management leave and education incentive, restructuring the education incentive pay (EIP) from the current twelve and one half percent (12.5%) maximum earning potential to fifteen percent (15%) maximum earning potential, and 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-seven and one-half percent (27.5%) to account for these enhancements. These changes will help the City retain police management staff and will secure stability in the department long-term. The health and wellness program was also amended to allow various ways to use the benefit while the annual allotment will remain at twelve hundred dollars (\$1,200).

In April 2023, staff conducted a total compensation survey, and the survey data reflected HPMU is approximately 12.45% below the average total compensation for Police Captains of the top four (4) agencies. 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, the proposed MOU includes modest salary adjustments that bring HPMU members within market and other incentives to commensurate and improve the compensation package the City offers our Police Captains in comparison to our comparator agencies. In addition to the full survey differential, HPMU shall receive a six percent (6%) adjustment in recognition of internal alignment and increases received by bargaining units within the Police Department in sworn ranks for a total first-year increase of 18.45% effective August 28, 2023. HPMU will also receive a previously agreed upon Cost of Living Adjustment (COLA) of four percent (4%) effective July 1, 2024. Finally, HPMU members in a paid status as of December 1, 2023, shall receive a one-time lump sum payment of ten thousand dollars (\$10,000) for each of the five (5) members, payable during the first pay period of December 2023. Again, the proposed agreement was ratified by the HPMU membership on November 27, 2023.

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

Table 1 - Key Proposed Changes

MOU Section	Updated Language	Effective Date
5.09 Cost Sharing of Employer Contributions	HPMU Continues their current cost share (15%) and removes all “me-too” language with HPOA	July 1, 2023
5.11 Other Post Employment Benefits	HPMU Continues their current cost share (1%)	July 1, 2023
6.13 Salary Adjustments	18.45% Effective August 28, 2023 4% COLA Effective Pay Period containing July 1, 2024	August 28, 2023
8.01 Vacation Leave Policy	Allow combined cash out of vacation/management leave up to 120 hours annually. Requests must be made in the preceding calendar year. Incentive pays included in cash-out: <ul style="list-style-type: none"> • Permanent Education Incentive • Temporary Education Incentive • Continuous Service Pay 	July 1, 2023
8.02 Vacation Leave Allowance	Lower years of service needed for last tier of accrual and increase last two accruals by .01: <ul style="list-style-type: none"> • Up to 5 years – 3.08 hrs/pp • 5 to 9 years – 4.62 • 10 to 14 years – 6.16 (was 10-19yrs and 6.15) • 15 to 19 years – 7.70 (was 20+yrs and 7.69) Hard cap for vacation accrual of two times annual plus 40 hours effective 1/1/2024.	July 1, 2023
9.05 Payment for Unused Sick Leave	Incentive pays that are included in the payout calculation: <ul style="list-style-type: none"> • Permanent Education Incentive • Temporary Education Incentive • Continuous Service Pay 	July 1, 2023
10.11 Management Leave	Allow combined cash out of vacation/management leave up to 120 hours annually. Requests must be made in the preceding calendar year. Incentive pays included in cash-out: <ul style="list-style-type: none"> • Permanent Education Incentive • Temporary Education Incentive • Continuous Service Pay 	July 1, 2023
11.01 Police Education Incentive	Restructure current EIP language by removing “me-too” clause with HPOA and: <ul style="list-style-type: none"> • Increase maximum EIP from 12.5% to 15% • Increase maximum combination of EIP/CSP from 20% to 27.5% • Intermediate POST – 2.5% • Intermediate POST + BA – 5% • Advanced POST – 7.5% • Advanced POST + MA – 10% • Management POST + MA – 12.5% • Additional 2.5% Allowed with Continuing Education 	July 1, 2023

11.03 Continuous Service Pay	<p>Increase in continuous service pay as follows:</p> <ul style="list-style-type: none"> • 15 years – 3% • 20 years – 6% • 24 years – 10% (lowered from 25 years) <p>Members who complete 25 years as a COH employe on or after July 1, 2023:</p> <ul style="list-style-type: none"> • 25 years – add 1% (11% total) • 26 years – add 1% (12% total) • 27 years – add 1% (13% total) • 28 years – add 1% (14% total) • 29 years – add 1% (15% total) <p>Increase continuous service pay cap from 10% to 15% Increase combined CSP/EIP cap from 20% to 27.5%</p>	July 1, 2023
12.05 Conversion of Compensatory Time	<p>Allow a combination of the following upon entry into the HPMU bargaining unit from HPOA:</p> <ul style="list-style-type: none"> • Leave comp time on the books for use as paid leave on an hour-for-hour basis at the rate +incentives held at the time of usage • Transfer all or some into deferred comp at the rate +incentives held at the time of transfer • Cash out all or some at the time of promotion only at the rate +incentives held just prior to promotion <p>Incentive pays included in options listed above:</p> <ul style="list-style-type: none"> • Permanent Education Incentive • Temporary Education Incentives • Continuous Service Pay 	July 1, 2023
12.08 Health and Wellness Benefit	<p>Add ability to have lump sum payments up to the current allowance of \$100/monthly reimbursements. Benefit to remain at current maximum of \$1200 annually. Update processing to reflect 45 days from 90 days.</p>	July 1, 2023
12.09 Duration	<p>2-year term: July 1, 2023 – June 30, 2025</p>	July 1, 2023
Lump Sum Benefit	\$10,000 per member	December 1, 2023

FISCAL IMPACT

The total proposed changes result in estimated additional General Fund expenditures of approximately \$1.18 million dollars for a two (2) year period (FY 2024-2025).

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 and Recommended by: Brittney Frye, Director of Human Resources

Approved by:



Kelly McAdoo, City Manager