



DATE: June 26, 2018

TO: Mayor and City Council

FROM: Director of Human Resources

SUBJECT Adoption of a Resolution Approving Extensions and Modifications to Employment Agreements with the City Attorney and City Clerk and Authorizing the Mayor to Execute Those Agreements on Behalf of the Council

RECOMMENDATION

That the City Council adopts the attached Resolutions (Attachments II and III) authorizing extensions and modifications to employment agreements between the City of Hayward and the City Attorney and City Clerk and authorizing the Mayor to execute those agreements on behalf of the Council.

SUMMARY

If approved, the proposed Resolutions will authorize the Mayor to execute employment agreements with the City Attorney and City Clerk that extend the agreements through June 30, 2019. The Resolutions also provides compensation terms for FY 2019-FY 2021 should the parties mutually agree to extend the agreements in the future.

BACKGROUND

The current employment agreements with the City Attorney and City Clerk will expire on June 30, 2018. Each year, the Council reviews the performance of the City Attorney and City Clerk. In 2017, the Council implemented a more comprehensive evaluation process to include 360-degree feedback, and provided goals for each Council Appointed Officer consistent with the Council Priorities. Based on the outcome of the recent performance evaluations, the Council has expressed a desire to extend the terms of the employment for the City Attorney, and City Clerk through June 30, 2019.

The City Council has consistently maintained that all employees should be compensated in an equitable manner and that they should contribute toward the cost of their benefits in order to preserve the quality and level of the benefits provided, address the City's structural deficit, provide long-term financial stability, and maintain services to the Hayward taxpayers and community. In FY 2016, after a five-year period of no salary adjustments and increased contributions toward the cost of benefits, the City Council approved a salary adjustment of fifteen percent (15%) for the Council Appointed Officers that was paid in equal increments of 7.5% in FY 2016 and FY 2017. This fifteen percent was substantially less than the amount

required to move the City Attorney and City Clerk to mid-market based on the City’s comparable survey cities. In FY 2018, the Council approved a five percent (5%) salary adjustment, which was offset by an additional two percent (2%) contribution toward retirement costs. A total compensation salary survey conducted in 2018, revealed that both the City Attorney and City Clerk are below mid-market by approximately thirteen percent (13%).

The City of Hayward continues to face challenges balancing its General Fund budget. While the City is experiencing moderate growth in many of its key General Fund revenues such as Property Tax and Sales Tax, employee benefit costs, such as pension and healthcare benefits, continue to grow at significant rates. It is even more challenging for cities to fund ongoing operations and services to the communities they serve while continuing to provide their employees with a sustainable retirement and quality healthcare benefit options.

The City has worked hard to continue to provide quality services to its community and preserve employee benefits while taking significant steps towards attaining fiscal sustainability. This includes partnering with employees who have committed to helping address the City’s structural budget deficit by reducing expenses related to salaries and benefits. The City Attorney and City Clerk contribute toward the cost of their benefits as follows:

Table 1: Current Contributions to benefits

Benefit	Contribution
Retirement	13% (8% employee and 5% employer share)
Medical	20%
Vision	50%
Dental	20%

To continue on the path of fiscal sustainability, in October 2017 during the Fiscal Sustainability Work Session, the Council identified a number of budget balancing strategies and directed staff to explore potential revenue enhancements while partnering with City labor groups to address the increasing costs of employee benefits and other strategies to reduce total personnel costs. The Council expressed its expectation that the City Attorney and City Clerk continue to partner and do their share to reduce total personnel costs. Moreover, the Council has proposed compensation terms for the period of FY 2019-FY 2021, eliminating the need for lengthy discussions should the parties mutually agree to extend the current agreement.

DISCUSSION

The City Attorney and City Clerk recognize the fiscal challenges the City is facing and have agreed to a compensation package that results in a savings of approximately \$11,000 in comparison to the City’s budget model for FY 2019-FY2021. These savings are achieved through a combination of cash in lieu of salary adjustments and delayed salary adjustments

that are less than what is projected in the budget model. The compensation terms of the agreement are detailed in Table 2.

Table 2: Proposed Compensation Terms

Fiscal Year	Salary Adjustment	Effective Date
2019	5% Cash in Lieu of Salary Adjustment	July 1, 2018
2020	2% Salary Adjustment	January 1, 2020
2021	2% Salary Adjustment	July 1, 2010

In addition to the salary adjustments detailed above, the proposed agreement will allow the City Attorney and City Clerk to cash-out an additional 40 hours from their accrued vacation and/or management leave, for a total of 120 hours each fiscal year. All contributions detailed in Table 1 above continue.

FISCAL IMPACT

The approximate cost of the salary adjustments for the City Attorney and City Clerk result in an approximate General Fund savings of \$11,000 for the period of FY 2019 – FY 2021.

STRATEGIC INITIATIVES

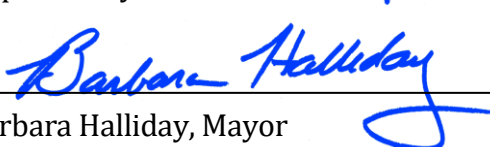
This agenda item is a routine operational item and does not relate to one of the Council's Strategic Initiatives.

NEXT STEPS

Human Resources staff will finalize the employment agreements for execution by the Mayor. Human Resources staff will also work with the Finance Department staff to implement the salary adjustments.

Prepared and Recommended by: Nina S. Collins, Director of Human Resources

Approved by:



Barbara Halliday, Mayor