



**DATE:** June 17, 2025

**TO:** Mayor and City Council

**FROM:** Assistant City Manager

**SUBJECT:** Adopt a Resolution Approving the Memorandum of Understanding between the City of Hayward and the Hayward Police Management Unit 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 Hayward Police Management Unit ("HPMU") for the period beginning July 1, 2025, through June 30, 2030.

### **SUMMARY**

The current HPMU MOU expires on June 30, 2025. The attached resolution will allow staff to execute a successor agreement with HPMU for the term of July 1, 2025, through June 30, 2030. The City entered negotiations with HPMU on February 25, 2025, the parties reached a tentative agreement on May 29, 2025, and the agreement was ratified by the bargaining unit members on May 30, 2025. The new agreement will grant salary and benefit adjustments; and employees will 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 benefit adjustments, resulting in additional General Fund expenditures of approximately \$1.5 million dollars for a five (5) year period.

### **BACKGROUND AND DISCUSSION**

During the term of its prior contract with HPMU, the City worked hard to achieve and maintain fiscal sustainability. Though the City continues to face the challenges of growing pension and retiree health liabilities, the City also recognizes the need to provide fair salary increases as part of any successor contract to maintain the ability to recruit and retain employees. To do so, and to help mitigate growing costs, the City sought to maintain its cost-sharing structure for major employee benefits including health and retirement. As detailed below, the City was able to achieve both of these goals in the proposed contract.

The tentative agreement includes a salary adjustment in the first contract year of eleven and eighty-two hundredths percent (11.82%) to maintain internal alignment and equity, and salary adjustments based on the MOU's outlined salary survey for the last three years of the contract; an update from one calendar year to a 12-month rolling period for calculating unused sick leave; the addition of special assignment pay (SAP) to certain cash out provisions; changes to continuous service pay tiers; addition of allowing deferral of certain payments upon retirement; and incorporating the Voluntary Employee Beneficiary Association (VEBA) Plan from a side letter into the contract with updates to payouts.

In support of the City's current financial structural deficit, HPMU has agreed to no salary increases in the second year of the contract and will continue to contribute fifteen percent (15%) to the City's cost share of PERS and one percent (1%) towards OPEB. The new contract also includes operational, administrative, and legal language updates.

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

**Table 1: Key Proposed Changes**

<b>MOU Section</b>	<b>Summary of Update</b>	<b>Effective Date</b>
<b>5.09 B Cost Sharing</b>	Continue 6% additional PERS Cost Sharing (15% total)	July 1, 2025
<b>5.11 OPEB</b>	Continue current 1% base pay to OPEB	July 1, 2025
<b>6.13 Salary Adjustments</b>	11.82% Salary Increase	July 1, 2025
	No Increase	July 1, 2026
	Increase based on survey, between 5% and 7%	July 1, 2027
	Increase based on survey, between 5% and 7%	July 1, 2028
	Increase based on survey	July 1, 2029
<b>9.05 Payment for Unused Sick Leave</b>	Change calculation timeframe used to determine percentage of payment to a rolling 12-month period versus one calendar year.	July 1, 2025
<b>12.10 Duration</b>	5-year term July 1, 2025 – June 30, 2030	July 1, 2025
<b>Multiple Sections – Include SAP in Cashout</b>	Add Special Assignment Pay, restricted to one assignment as second-in-command when assigned for at least 13 contiguous pay periods, to the following provisions: <ul style="list-style-type: none"> <li>• Payment for unused sick leave</li> <li>• Conversion of compensatory time</li> <li>• Leave Cash Out (vacation and management leave)</li> </ul>	July 1, 2025

MOU Section	Summary of Update	Effective Date
<b>11.03 Continuous Service Pay</b>	Update section to “Longevity Pay” and update tiers to the following: <ul style="list-style-type: none"> <li>• 12 years – 5%</li> <li>• 16 years – 8%</li> <li>• 20 years – 11%</li> <li>• 21 years – 12%</li> <li>• 22 years – 13%</li> <li>• 23 years – 14%</li> <li>• 24 years – 15%</li> </ul> Maintain CSP cap of 15% Maintain combined CSP/EIP of 27.5%	July 1, 2025
<b>New Section</b>	Allow members to request deferral of certain payments upon retirement	July 1, 2025
<b>New Section – VEBA</b>	Update and incorporate language into MOU <ul style="list-style-type: none"> <li>• 50% of vacation leave balances at retirement paid to employee</li> <li>• Remaining 50% to VEBA or deferred compensation account, or combination of the two</li> </ul>	July 1, 2025

## FISCAL IMPACT

The total proposed changes will result in an estimated fiscal impact of \$1,509,698 to the General Fund over the five (5) year contract period (FY 2026-FY 2030).

## STRATEGIC ROADMAP

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

## NEXT STEPS

If adopted, Human Resources staff will finalize the agreement, the City Manager will execute the agreement, and the Finance Department will implement the above changes in coordination with Human Resources.

*Prepared by:* Ian Tecson, Deputy Director of Human Resources

*Recommended by:* Regina Youngblood, Assistant City Manager

*Approved by:*




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Michael Lawson, J.D., Acting City Manager