



**DATE:** January 18, 2022

**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 Service Employees International Union, Local 1021 and Authorizing Staff to Execute the Agreement

### **RECOMMENDATION**

That the Council adopts the attached resolution (Attachment II) approving the Memorandum of Understanding between the City of Hayward and the Service Employees International Union, Local 1021 (SEIU) bargaining unit for the period of December 21, 2021 through June 30, 2024.

### **SUMMARY**

The current Memorandum of Understanding (MOU) between the City of Hayward and SEIU expired on June 30, 2021. The attached resolution will allow staff to execute a successor agreement with SEIU for the term of December 21, 2021 through June 30, 2024. The new agreement will grant salary adjustments totaling ten percent (10%) over the three-year contract term, provide continuous service benefits to staff with twenty-five or more years of service with the City, increase the night shift differentials while also settling an outstanding grievance related thereto, improve the overtime meal allowance to align with other bargaining units, and a lump sum payment to all SEIU represented employees in the amount of \$1,500. The new contract also includes operational, administrative, and legal language updates.

### **BACKGROUND AND DISCUSSION**

During the term of its prior contract with SEIU, 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 recognized it would need to provide competitive salary increases as part of any successor contract in order to maintain its ability to recruit and retain employees. In order to do so, however, the City also sought to maintain its cost sharing structure for major employee benefits, including health and retirement, to help mitigate those growing costs. As detailed below, the City was able to achieve both of these goals in the proposed contract.

The City and SEIU agreed to a total of 10% in cost-of-living adjustments during the contract term. In FY2022, SEIU represented employees will receive a two percent (2%) salary adjustment, effective the pay period including December 15, 2021. In FY2023, salaries will be adjusted by three percent (3%) effective the pay period including July 1, 2022, and in FY2024, salaries will be adjusted by five percent (5%), effective the pay period including July 1, 2023. This structure provides the City with a period of fiscal stability as it continues to navigate the impacts of the COVID-19 pandemic, while also providing employees with significant, competitive salary increases over the full contract term.

The tentative agreement also includes the creation of a continuous service pay benefit for employees with twenty-five or more years of continuous service with the City, in recognition of the dedication and institutional knowledge of such long-term employees and to encourage staff to remain with the City. The parties have also negotiated modifications to night shift differentials that, importantly, fully settle an outstanding grievance related to payment of shift differentials while improving the benefit for staff and clarifying when employees are eligible for shift differentials, and which differential they are eligible for.

The proposed contract contemplates the City and SEIU completing a total compensation survey in advance of the next round of contract negotiations. It is expected that the results of that survey will be used as a tool in future negotiations, but the parties did not agree to implement any equity adjustments as part of this contract. Importantly, the proposed contract maintains existing employee contributions toward the employer’s share of retirement costs, medical benefits, dental and vision plans.

The parties also agreed to a handful of operational, administrative and legal updates to the contract. Of note, the City agreed to (i) tie the value of holiday pay to the length of mandated alternative work shifts for employees working twelve-hour shifts, (ii) allow employees whose vacation requests are denied in writing based on operational needs to cash out up to 80 hours of denied leave and (iii) modify the health & wellness benefit while maintaining the status quo cap on the cost of that benefit.

The tables below summarize the key proposed changes in the new memorandum of understanding:

**Table 1: Key Proposed Changes**

<b>MOU Term</b>	<b>Summary of Changes</b>	<b>Effective Date</b>
Salaries	FY 2022 – 2% COLA	Pay Period including December 15, 2021
	FY 2023 – 3% COLA	July 1, 2022
	FY 2024 – 5% COLA	July 1, 2023

<b>MOU Term</b>	<b>Summary of Changes</b>	<b>Effective Date</b>
Lump Sum Payment	\$1,500 to each full time SEIU-represented employee (pro-rated for part-time employees)	Effective following Council adoption
Continuous Service Pay	2.5% of base pay for employees with 25+ continuous years of service with the City plus an additional 5% of base pay (for a total of 7.5%) for employees with 30+ continuous years of service with the City	Effective following Council adoption
Night Shift Differential	<ul style="list-style-type: none"> <li>• Increase swing shift differential to \$2 per hour (\$0.40 increase)</li> <li>• Increase graveyard shift differential to \$3 per hour (\$1.00 increase)</li> <li>• Modify language to clarify when employees are eligible for each differential pay</li> </ul>	Effective following Council adoption
Meal Allowance	Increase to \$15 per overtime meal (\$5 increase) to align with other bargaining units	Effective following Council adoption
Equity Study	<p>Survey jurisdictions and classifications for which City will review special districts are consistent with prior salary survey</p> <p>Parties to meet and confer over benchmark positions in early 2023</p> <p>No guaranteed equity adjustments during contract term</p>	Begin bidding and selection process by: January 1, 2023 and completed by December 31, 2023
Holiday Pay	Align holiday pay with mandated 12-hour schedules	Effective following Council adoption

<b>MOU Term</b>	<b>Summary of Changes</b>	<b>Effective Date</b>
Vacation Cash Out	Allow employees whose vacation requests are denied in writing for operational reasons to cash out denied leave, up to 80 hours per year	Effective following Council adoption
Health and Wellness	Maintain annual cap but allow employees to seek reimbursement in lump sums as opposed to monthly and expand items covered under reimbursement to include equipment, consistent with policy during pandemic	Effective following Council adoption

**FISCAL IMPACT**

The total proposed changes will result in an estimated fiscal impact of \$3,044,696 to the General Fund, and a net cost of approximately \$2,590,941 across all other funds, over the contract period when compared to projections in the City's budget model for the same three-year period (FY 2022-FY 2024).

**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:* Kakshi Master, Acting Deputy Director of Human Resources

*Recommended by:* Jana Sangy, Director of Human Resources

Approved:




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Kelly McAadoo, City Manager