



**DATE:** May 19, 2020

**TO:** Mayor and City Council

**FROM:** Assistant City Manager/Interim Director of Human Resources

**SUBJECT:** Adopt a Resolution Approving the Side Letter of Agreement Amending the Current Memoranda of Understanding between the City of Hayward and Both the International Association of Firefighters, Local 1909 and the Hayward Fire Officers Association and Authorizing Staff to Execute the Agreement

### **RECOMMENDATION**

That Council adopts a Resolution (Attachment II) approving the Side Letter of Agreement amending Memoranda of Understanding between the City of Hayward and both the International Association of Firefighters, Local 1909 and Hayward Fire Officers Association (HFOA) and authorizing staff to execute the agreement.

### **SUMMARY**

The City of Hayward is suffering a sudden drop in revenue as a result of State and County Shelter in Place Orders due to the COVID-19 pandemic. As a result, the City has taken a number of cost-saving measures to limit the impact this crisis has on its employees and residents, such as reducing expenditures, laying off temporary staff, and seeking concessions from its bargaining groups. The City has met and conferred in good faith with Local 1909 and the HFOA, and members of the Union and Association have agreed to forego a previously agreed upon salary survey adjustment (capped at 2%) scheduled to take effect July 1, 2020, as provided in the groups' current Memoranda of Understanding in effect through December 31, 2023. In exchange, positions represented by the Union and Association shall be surveyed in the fourth and fifth years of their contract pursuant to the salary survey terms included in their Memoranda of Understanding.

### **BACKGROUND**

In response to the COVID-19 pandemic and the rapid spread of the disease, on March 16, 2020, the Health Officer of the County of Alameda, along with the Health Officers of Contra Costa, Marin, Santa Clara, San Mateo, and Santa Cruz counties, issued an Order for the public to shelter-in-place of residence, limiting the public's ability to leave their homes except to perform essential work and obtain essential services. The County has extended this order, which is currently in effect through May 31, 2020. On March 19, 2020, Governor Newsom also issued a state-wide Order to shelter-in-place of residence, followed by state

guidance on a phased reopening of businesses if certain quantifiable indicators are met to demonstrate progress in the battle to quell the spread of the virus.

As a result of these Shelter in Place Orders and the closure of all but non-essential businesses and services, City revenues have been severely impacted. Based on updated revenue projections, by the close of Fiscal Year 2020, the revenue decline resulting from COVID-19 is projected to require the use of approximately \$17 million of the City's \$36 million General Fund operating reserve (or savings account).

As a result, the City has implemented a number of cost saving measures. First, a vast majority of temporary staff were released from their positions. Second, City-wide non-emergency expenses have been limited to \$250,000 per month (previously averaged around \$750,000 per month) for the entire organization, with the Director of Finance and the City Manager closely reviewing all City expenditures. Third, the City Manager and Executive team have agreed to forego the value of their cost-of-living (COLA) increases scheduled for July 1, 2020, either by forgoing the COLA itself or agreeing to an 80 hour furlough obligation in Fiscal Year 2021. The City Council has asked all bargaining groups in the City to forego the value of their cost-of-living (COLA) increases scheduled for July 1, 2020, either by forgoing the COLA itself or agreeing to an 80 hour furlough obligation in Fiscal Year 2021. The City Manager, Finance Director, HR Director, and City negotiating team have been negotiating with all bargaining groups to try to implement cost savings that can be implemented as part of the FY2021 budget. Cost savings contributed by bargaining groups are critical to the City's fiscal health as labor costs make up approximately 85% of the General Fund budget and these labor cost savings help avoid layoffs and reductions in services to the community. Currently, the City has not laid off any permanent City employees and has paid full salary and benefits to all employees during the shelter-in-place order time period.

## **DISCUSSION**

Local 1909 and the HFOA have agreed to forego a cost-of-living increase of up to 2% based on a salary survey pursuant to the terms in the Local 1909 and HFOA MOUs. In exchange, both groups have agreed to defer pay increases to the later years of their five-year contracts. Specifically, effective the first pay period of Fiscal Year 2023, base wages shall be increased based upon the salary survey outlined in the Local 1909 and HFOA MOUs in an amount not to exceed 50% of the salary survey (for example, if the salary survey shows the classification of Firefighter is 6% below the average total compensation for the position of Firefighter at the top 4 agencies, employees shall receive a wage increase not to exceed 3%). In addition, effective the first pay period of Fiscal Year 2024, base wages shall be increased based upon the salary survey outlined in the Local 1909 and HFOA MOUs.

As first responders, Local 1909 members are on the front lines conducting screenings for COVID-19 and responding to emergencies, increasing their exposure to the illness. Therefore, this agreement also provides that members of both groups will receive eighty (80) hours of "COVID leave" as allowed under recently enacted Federal legislation to provide members paid

time off in the event they fall ill or they need to care for an ill family member as a result of COVID-19.

Finally, the agreement includes a provision to modify minimum daily staffing schedules to include two (2) additional personnel, both at the rank of Firefighter, to assist with the demanding workload members face, particularly with the increased demand resulting from the pandemic. This will not result in additional positions being added to the budget, just a reassignment of existing personnel to a more specialized response unit.

Although the City is currently working with the Deputy Fire Chiefs (DFCs) on a successor MOU, DFCs have received salary increases in conjunction with Local 1909 and HFOA in order to maintain agreed upon differentials between the Fire classifications. The City has met with the DFCs to inform them that, as a result of this agreement with Local 1909 and the HFOA, they will not receive a wage increase July 1, 2020.

### **FISCAL IMPACT**

The proposed cancellation of the July 1, 2020 COLA would result in an estimated savings of approximately \$480,709 in Fiscal Year 2021.

### **STRATEGIC ROADMAP**

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

### **NEXT STEPS**

Staff will finalize the side letter agreements and obtain necessary review by the City Attorney and approval by the City Manager to execute them and implement these changes.

*Prepared by:* Kakshi Master, Human Resources Analyst II

*Recommended by:* Maria A. Hurtado, Assistant City Manager/Interim Director of Human Resources

Approved by:



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Kelly McAdoo, City Manager