



**DATE:** May 26, 2020

**TO:** Mayor and City Council

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

**SUBJECT:** Adopt a Resolution Approving a Side Letter of Agreement between the City of Hayward and the Hayward Police Management Unit for Implementation of an Eighty Hour Furlough in Fiscal Year 2021 and Authorizing the City Manager to Execute the Agreement

### **RECOMMENDATION**

That Council adopts a Resolution (Attachment II) approving a Side Letter of Agreement between the City of Hayward and the Hayward Police Management Unit (HPMU) for implementation of an eighty hour furlough in fiscal year 2021 and authorizing the City Manager to execute the agreement.

### **SUMMARY**

The City of Hayward is suffering a sudden drop in revenues 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 HPMU, and members of HPMU have agreed to meet an eighty (80) hour unpaid furlough obligation in fiscal year 2021.

### **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. Bargaining groups were asked 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, interim HR Director, and the City negotiating team have been negotiating with all bargaining groups to try to effectuate 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.

The International Association of Fire Fighters Local 1909 and the Hayward Fire Officers Association were among the first of the employee groups to forego a previously agreed upon salary survey adjustment (capped at 2%) scheduled to take effect July 1, 2020. Similarly, the City Manager volunteered to forego the July 1, 2020 scheduled 2% COLA currently provided for in her employment agreement, and the Mayor and City Council volunteered to reduce their salary by 2% and reduce their travel and miscellaneous budget by 50% for FY 2021. The City Council approved these actions on May 19, 2020.

## **DISCUSSION**

To contribute to the cost savings, HPMU has agreed to participate in an eighty (80) hour unpaid furlough program in fiscal year 2021. The HPMU unit represents the Police Captain classification within the Police Department. Currently, there are three Captain positions. To mitigate the financial impact of the furlough on employees, members may elect to have the payback of the furlough obligation spread evenly throughout the fiscal year, resulting in less than four (4) hours of paid time deducted from each employee's paycheck.

Because members must meet the unpaid furlough obligation within FY 2021, maximum vacation accrual caps shall be lifted for the duration of calendar year 2021.

**FISCAL IMPACT**

The proposed eighty (80) hour unpaid furlough would result in an estimated savings of approximately \$37,056 in Fiscal Year 2021.

**STRATEGIC ROADMAP**

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

**NEXT STEPS**

Staff will finalize the side letter agreement and obtain necessary review by the City Attorney and approval by the City Manager to execute 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