



**DATE:** September 21, 2021

**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 International Federation of Professional and Technical Engineers - Local 21 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 International Federation of Professional and Technical Engineers, Local 21 ("Local 21") bargaining unit for the period of August 20, 2021 through June 30, 2024.

### **SUMMARY**

The current Memorandum of Understanding ("MOU") with Local 21 expired on June 30, 2021. The attached resolution will allow staff to execute a successor agreement with Local 21 for the term of August 20, 2021, through June 30, 2024. The new agreement will grant salary adjustments totaling ten percent (10%) over the three-year contract term as well as an improvement in the allowance for safety equipment, including safety glasses and safety shoes. The new contract also includes operational, administrative, and legal language updates.

### **BACKGROUND AND DISCUSSION**

During the term of its prior contract with Local 21, 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.

As part of the prior contract, the City and Local 21 conducted a total compensation equity salary study for all represented classifications and implemented equity adjustments up to ten percent (10%) of salary in an effort to bring the salary for those positions up to the market median. In an

effort to maintain its market position, and provide employees with salary adjustments that reflect the growing cost of living in the Bay Area, the sole major economic adjustment in the contract is the agreed-upon salary adjustments. In FY2022, Local 21 represented employees will receive a three percent (3%) salary adjustment, effective the pay period including August 20, 2021, which is the date on which the parties reached a tentative agreement. In FY2023, salaries will be adjusted by two percent (2%) 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 while 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 proposed contract contemplates the City and Local 21 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 the proposed 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 number of operational, administrative and legal updates to the contract. Of note, the City agreed to (i) increases to the safety glasses and shoe allowance, in recognition of the growing cost of this critical equipment, (ii) limitations on subcontracting that will not allow the City to contract out work that would result in the layoff of represented staff except in the case of a reorganization, and (iii) modifications to the health & wellness, education reimbursement, and professional development benefits while maintaining the status quo cap on the cost of those items.

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 – 3% COLA	August 20, 2021 (to align with date on which the parties reached a tentative agreement)
	FY 2023 – 2% COLA	July 1, 2022
	FY 2024 – 5% COLA	July 1, 2023

MOU Term	Summary of Changes	Effective Date
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>	<p>Begin bidding and selection process by: <u>January 1, 2023 and completed by December 31, 2023</u></p> <p>Begin meeting no later than January 2023</p>
Safety Glasses	City will increase its contribution to safety glasses by \$25 per year (for a total of \$150)	Effective following Council adoption
Safety Shoes	Increase of up to \$100 annually per employee who is eligible for safety shoe allowance and added four classifications to safety shoe eligibility list	Effective following Council adoption
Holidays	Agree to discuss observance of newly declared state and federal holidays as part of labor management committee	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
Education Reimbursement	Increase the per-person cap per fiscal year from \$1000 for full time employees/\$500 for part-time employees to \$1,500/\$1,000 respectively – but maintain overall cap of \$10,000.	Effective following Council adoption

## FISCAL IMPACT

The total proposed changes will result in an estimated fiscal impact of \$1,488,787 to the General Fund, and a net cost of approximately \$2,249,585 across all 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 HR.

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

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

*Approved by:*

A handwritten signature in black ink, appearing to read 'K. McAdoo', is written over a horizontal line.

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Kelly McAdoo, City Manager