



# CITY OF HAYWARD

Hayward City Hall  
777 B Street  
Hayward, CA 94541  
www.Hayward-CA.gov

## Cover Memo

---

**File #:** CONS 15-389, **Version:** 1

---

**DATE:** December 15, 2015

**TO:** Mayor and City Council

**FROM:** Director of Human Resources

**SUBJECT**

Resolution Approving a Memorandum of Understanding between the City of Hayward and the Hayward Police Management Unit

**RECOMMENDATION**

That the City Council adopts the attached Resolution approving the Memorandum of Understanding (MOU) between the City of Hayward and the City of Hayward Police Management Unit (“HPMU”)

**BACKGROUND**

Employee salaries and benefits comprise approximately eighty percent (80%) of the City’s expenses. Over the last five years, the City of Hayward has worked hard to close a growing structural General Fund gap each fiscal year. Significant changes to employee salary and benefit packages are a key element in closing this gap. For FY 2016, the City Council was able to balance the General Fund with minimal use of the General Fund Reserves. This was accomplished through difficult decisions made by City Council and increased sharing of compensation costs by most of the City’s bargaining units. Unfortunately, it is projected that the structural gap in the General Fund will continue in FY 2017; and absent additional cost reduction efforts (or significant increases in revenues), it will continue to grow in future years.

Despite many financial challenges, the City remains committed to providing fair and competitive benefits packages in a manner that is both fiscally responsible and addresses the structural gap. This task is extremely challenging because any reasonable solution to achieve long-term financial stability must include an increase in employee contributions toward the growing cost of benefits

**DISCUSSION**

The City entered into negotiations with HPMU in May 2015. Consistent with its approach with other City bargaining units, the discussions were structured to provide appropriate salary adjustments for employees, maintain employee cost sharing, and assure market competitiveness. This tentative agreement achieves internal and external equity; continues employee cost sharing; achieves market competitiveness and internal equity, and recognizes the executive level role of Captains in the Police Department.

Accordingly, HPMU members will receive a 13% market adjustment paid in two equal installments of 6.5% in FY 2016 and FY 2017. In addition, they will continue to pay 15% to PERS, 6% of which is the employee paid share of the employers cost. Currently, the members receive salary increases and benefits equal to those of the Hayward Police Officers Association (“HPOA”).

Recognizing that their role is executive in nature within the Police Department, the members have agreed that compensation discussions will, in the future (i.e., after FY 2019), be more directly based on equity, (i.e., external market and internal compaction and compensation philosophies), rather than mirror the terms negotiated by HPOA. The tentative agreement reached with this group consists of on-going structural changes to wages and benefits, effective November 16, 2015. The new contract term is November 16, 2015 through June 30, 2019. Table 1 summarizes the key changes to the agreement:

**Table 1: Summary of Key Differences**

Provision	Current Terms	Proposed Terms
<b>COLA</b>	FY17 - 3%, FY18 - 0%, FY19 - 5%	FY17 - 3%, FY18 - 0%, FY19 - 5%
<b>Equity Adjustments</b>	N/A	6.5% FY16, 6.5% FY17
<b>Management Leave Cashout</b>	N/A	Up to 40 hours
<b>Supplemental Retirement Benefits</b>	If appointed to HPMU prior to 06/12/12 & retiring, benefit is equal to Kaiser North single party; If appointed to HPMU after 06/12/12 & retiring, benefit is equal to max \$508.30	If hired into HPOA position prior to 05/01/12 & eligible to retire (vesting), benefit is equal to Kaiser Bay Area single party; If appointed to HPMU and not hired into HPOA prior to 05/01/12, benefit is equal to max \$508.30
<b>Supplemental Retirement Benefits (OPEB)</b>	Effective pay period including 07/01/14, EEs pay 1% of base salary (post-tax)	Effective pay period that includes 07/01/15, EEs no longer pay 1% (post-tax) of base salary; will begin with pay period including 07/01/18
<b>Uniform Allowance</b>	\$440 per year	\$900 per year
<b>Vacation Leave Cashout</b>	N/A	During term of this agreement only, EEs may cashout up to 40 hours
<b>Health And Wellness</b>	N/A	\$100 per month
<b>Increased Alternate Benefit</b>	\$150, \$270, \$350	Increase current monthly amounts to \$210, \$380, \$500

Other changes are generally administrative in nature and reflect updated language that is more concise and consistent with recent legal changes such as the Affordable Care Act and AB1522.

**FISCAL IMPACT**

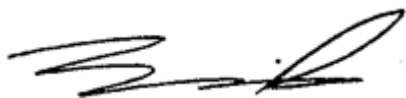
The estimated cost of additional salary and benefits for the proposed MOU is approximately \$477,681 over the three-year period.

**NEXT STEPS**

Human Resources in partnership with the Finance Department will work with HPMU to implement the terms of the Memorandum of Understanding.

*Prepared and Recommended by:* Nina S. Collins, Director of Human Resources

Approved by:



Fran David, City Manager

**Attachments:**

Attachment I

Resolution Approving Memorandum of Understanding

Attachment II

Exhibit 1: Memorandum of Understanding