



DATE: April 21, 2026

TO: Mayor and City Council

FROM: Director of Human Resources

SUBJECT: Unrepresented Employees Salary and Benefits Resolution and Employment Agreements: Adopt Resolutions Amending the Unrepresented Employees Salary and Benefits Resolution, the City Clerk Employment Agreement, the City Attorney Employment Agreement, and the City Manager Employment Agreement

RECOMMENDATION

That the City Council adopts Resolutions (Attachments II, IV, V and VI) amending the Unrepresented Employees Salary and Benefits Resolution (Attachment III) for Executives and Non-Executives; the City Clerk Employment Agreement; and the City Attorney Employment Agreement to defer cost of living adjustment (COLA) increases and to Amend the City Manager Employment Agreement to continue forgoing cost-equivalent benefits for the full fiscal year 2026-27.

SUMMARY

The City of Hayward is facing a budget deficit and is taking measures to reduce costs. In order to lead the city forward in this initiative, the City Council has provided direction to forgo the salary increase for Mayor and Council, effective the pay period containing July 1, 2026, which is based on the Consumer Price Index. In addition, the City Manager has agreed to continue forgoing benefits that are cost equivalent to four and one-half percent (4.5%) in her overall salary through the end of fiscal year 2026-27. The City Attorney and City Clerk have agreed to defer the upcoming four percent (4%) COLA due in their respective employment agreements at the beginning of fiscal year 2026-27 to the end of the fiscal year 2026-27. In addition, the Executive team will defer the four percent (4%) COLA due in the Unrepresented Employees Salary and Benefits Resolution from the beginning of fiscal year 2026-27 to the end of fiscal year 2026-27, and Unrepresented Non-Executive employees will similarly defer the three percent (3%) COLA from the beginning of fiscal year 2026-27 to the end of fiscal year 2026-27. These deferrals are aligned with other concessions agreed upon with some non-safety labor unions.

FISCAL IMPACT

The proposed amendments include the following projected savings:

- Nearly \$300,000 in savings from amending the Unrepresented Employees Salary and Benefits Resolution
- \$9,000 in savings from amending the City Clerk Employment Agreement
- \$14,000 in savings from amending the City Attorney Employment Agreement
- \$18,000 in savings from amending the City Manager Employment Agreement

The total projected General Fund savings is approximately **\$340,000** in fiscal year 2026-27.

BACKGROUND

In response to the City's current financial state, the City implemented a number of cost saving measures, including but not limited to: a transfer of Measure C funds; a use of OPEB Trust fund balance; use of CDBG funds; update of master fee schedule; cost reductions and revenue offsets in the Navigation Center; maintaining the FY 2025-26 worker's compensation transfer amount into FY 2026-27 resulting in use of fund balance in the Worker's Compensation Fund; public safety overtime reductions; and other police department savings. Even after all these measures are assumed, the City still projects funding gap that will need to be closed by either labor concessions or departmental cost reductions, which will include additional layoffs or a combination of both, depending on the extent of concessions.

All bargaining groups in the City were asked for a concession equivalent to forgoing upcoming scheduled COLA increases. Cost savings contributed by bargaining groups are critical to the City's fiscal health as employee salaries and benefits costs make up over 90% of the General Fund budget.

DISCUSSION

In fiscal year 2025-26, Council decided to forgo the salary increase, for Mayor and Council, of one and one-half percent (1.5%) and reduced their salaries by an additional five percent (5%) to help lead the City in addressing the financial state of the organization. Mayor and Council have provided direction to forgoing the upcoming increase due the pay period containing July 1, 2026. This increase will be determined based on CPI and will not be applied for fiscal year 2026-27. This action will be brought back to Council with the next Salary Plan amendment in May 2026.

In fiscal year 2025-26, unrepresented executive and non-executive employees were subject to unpaid furloughs as a cost saving measure for the City. Executive employees furloughed for the equivalent of four percent (4%) of their annual salary and unrepresented non-executive employees were furloughed for the equivalent of three and one-half (3.5%) of their annual salary.

As the City's financial structural deficit continues, all unrepresented employees will defer their respective COLAs, initially scheduled for the pay period containing July 1, 2026. Pursuant to the

most recent salary resolution, unrepresented executive employees are due a four percent (4%) COLA increase and unrepresented non-executive employees are due a three percent (3%) COLA increase beginning the pay period containing July 1, 2026. These increases will instead be deferred to the end of the fiscal year and will now be effective at the beginning of the pay period containing June 30, 2027. This deferral creates a general fund cost savings in fiscal year 2026-27.

Similarly, the City Clerk and City Attorney previously agreed to a furlough equivalent to four percent (4%) of salary in fiscal year 2025-26. For fiscal year 2026-27, both the City Clerk and City Attorney have agreed to defer the four percent (4%) COLA due in their respective employment agreements the pay period containing July 1, 2026. The deferral will move the COLA increase from the beginning of the fiscal year to the end of the fiscal year and will now be effective at the beginning of the pay period containing June 30, 2027, creating a year of salary savings from the respective employment agreements for the City.

In addition, the City Manager previously agreed to forgo her personal equipment and vehicle allowance in the first year of her employment to lead the City in realizing additional cost savings. The City Manager has agreed to continue forgoing the personal equipment and vehicle allowance in her employment agreement for an additional six months, through the end of fiscal year 2026-27. These forgone benefits represent the equivalent of four and one-half percent (4.5%) of the City Manager's salary, and equivalent savings through the end of fiscal year 2026-27.

STRATEGIC INITIATIVES

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

NEXT STEPS

Staff will finalize the documents and obtain necessary review by the City Attorney and respective approval by the City Manager and the Mayor to execute them. The Human Resources Department will work with the Finance Department to implement these changes.

Prepared and Recommended by: Ian Tecson, Director of Human Resources

Approved by:



Jennifer Ott, City Manager