



**DATE:** April 21, 2026

**TO:** Mayor and City Council

**FROM:** 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 Modifying Cost of Living Adjustments Increases and Authorizing the City Manager to Execute the Agreement

### **RECOMMENDATION**

That the City Council adopts a resolution (Attachment II) approving a Side Letter of Agreement (Attachment IV) between the City of Hayward and the Hayward Police Management Unit (HPMU) modifying the Cost-of-Living Adjustment (COLA) increases in fiscal years 2027-28; 2028-29; and 2029-30 to create salary savings through the term of the current contract.

### **SUMMARY**

The City of Hayward is facing a budget deficit and is taking measures to reduce costs. The City and HPMU met and conferred in good faith and reached tentative agreement in which COLA increases for all HPMU represented classifications will be modified for FY 2027-28 and 2028-29 and 2029-30. The COLA increases are initially scheduled for a minimum of five percent (5%) and maximum of seven percent (7%) in the pay periods including July 1, 2027, and July 1, 2028; and based on salary survey in the pay period containing July 1, 2029. The parties agree to modify the COLA increase to four and one-half percent (4.5%) in the pay periods including July 1, 2027, and July 1, 2028; and to limit the COLA increase to a minimum of two percent (2%) and maximum of three percent (3%) in the pay period containing July 1, 2029. If approved, the proposed agreement would result in a General Fund savings of approximately \$60,000 through the remaining term of the contract.

### **FISCAL IMPACT**

This side letter results in an estimated savings of approximately \$30,000 in FY 2027-28 and \$30,000 in FY 2028-20. In addition, this side letter reduces exposure to unknown increases based on salary schedules and aligns with changes to the HPOA MOU.

## **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 a funding gap that needs to be closed by either labor concessions or departmental cost reductions or a combination of both.

In addition, 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.

In accordance with the MOU between the City and HPMU, there are scheduled COLA increases due for all HPMU represented employees based on salary surveys for the pay periods containing July 1, 2027; July 1, 2028; and July 1, 2029. Based on most recent salary study, no increase was due for Fiscal Year 2026-27.

## **DISCUSSION**

In partnership with the City to help address the current financial situation, HPMU and the City entered into a tentative agreement which was subsequently ratified by HPMU's membership on April 1, 2026. The tentative agreement modifies the scheduled COLA increases, for all classifications in Fiscal Years 2027-28; 2028-29; and 2029-30 limiting exposure to a fixed amount based on future salary surveys.

The City acknowledges and appreciates the collaborative engagement of HPMU in agreeing to these concessions despite being in a closed contract period. This partnership reflects a shared commitment to addressing the organization's fiscal challenges and maintaining service continuity for the community.

## **STRATEGIC INITIATIVES**

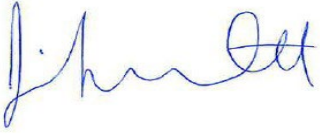
This agenda item is an operational item and does not relate to one of the Council's Strategic Initiatives.

## **NEXT STEPS**

Staff will finalize the documents and obtain necessary review by the City Attorney and respective approval by the City Manager 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:

A handwritten signature in blue ink, appearing to read "Jennifer Ott". The signature is fluid and cursive, with the first name "Jennifer" and the last name "Ott" clearly distinguishable.

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Jennifer Ott, City Manager